

Do You Know Where Your Tax-Exempt Bond Records Are?

On August 21, the IRS issued its long-awaited tax-exempt bond financings “compliance check questionnaire,” which has reportedly been mailed to hundreds of tax-exempt borrowers across the country, including universities, hospitals, and cultural organizations.

As anticipated, the questionnaire seeks detailed information about a borrower’s record-keeping and compliance assurance practices. A copy of the questionnaire may be viewed by clicking [here](#). For a copy of our previous Client Alert about this matter, which encouraged the adoption of an appropriate record-keeping policy, click [here](#). If you have not yet adopted such a policy, you may wish to consider doing so at this time.

Why does this matter? Tax-exempt bonds are subject to post-closing operational requirements until the bonds are redeemed, such as limitations on “private use” of bond-financed property. The IRS has the authority to revoke retroactively the tax-exempt status of bonds issued on behalf of any borrower that fails to comply with these requirements. Any threatened or actual revocation of the tax-exempt status of a non-profit organization’s bonds may have a material, adverse effect on that organization’s access to and cost of capital, in addition to the expense of defending against such action and potential penalties.

How to find out more: On September 7, 2007, Ropes & Gray will review the questionnaire and suggest compliance strategies in an educational teleconference. Please contact [Amy Holley](#) at Ropes & Gray if you would like a teleconference invitation.

Contact Information

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