



STATE OF MISSISSIPPI
PHIL BRYANT, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
JAMES L. BARKSDALE
EXECUTIVE DIRECTOR

TO: SMALL RENTAL ASSISTANCE PROGRAM (SRAP) AND NEIGHBORHOOD RENTAL RESTORATION PROJECT (NRRP) APPLICANTS

DATE: JANUARY 25, 2012

SUBJECT: POTENTIAL TAX LIABILITY FOR LOAN FORGIVENESS IN SRAP AND NRRP PROGRAMS

The following is notification regarding potential tax liability related to your SRAP Round 1 and 2 or NRRP loan with the Mississippi Development Authority (MDA).

If you are participating in SRAP Round 1 or 2, and you maintain compliance with all program terms for the full five (5) year loan-period, the loan principal will be forgiven, and no interest will be charged. One third of the loan principal will be forgiven on the third, fourth, and fifth anniversaries of the loan. If you received a completion bonus, the full amount of the bonus will be forgiven in one installment on the fifth anniversary of your loan.

If you are participating in the NRRP, and you maintain compliance with all program terms for the full ten (10) year loan-period, the loan principal will be forgiven, and no interest will be charged. One third of the loan principal will be forgiven on the eighth, ninth, and tenth anniversaries of the loan.

As provided in your MDA SRAP Round 1, SRAP Round 2 or NRRP Application Guidebooks, the forgiveness of loan principal may be taxable, depending on your personal tax situation. *SRAP Round 1 Guidebook, p.10; SRAP Round 2 Guidebook, p. 19; NRRP Guidebook, p.14.* Please note that MDA will not submit a form 1099-S to the Internal Revenue Service (IRS) regarding the forgiveness associated with your loan.

MDA has no information regarding your tax liability related to the forgiveness of the loan. MDA strongly urges you to consult a tax professional as soon as possible in order to determine what effect the forgiveness of the loan will have on your taxes and to timely report forgiveness to the IRS if required.

Sincerely,
Mississippi Development Authority