



**Tennessee Housing Development
Agency - Board of Directors
Meeting Materials
May 21, 2019**



Tab 1 – Agenda

**Tab 2 – Memo from Ralph M.
Perrey, Staff Awards,
Quarterly Board Report**

**Tab 3 – Minutes from
March 21, 2019**

**Tab 4 – Bond Finance Committee
Meeting Materials**

**Tab 5 – Grants Committee
Meeting Materials**

**Tab 6 – Lending Committee
Meeting Materials**

**Tab 7 – Tax Credit Committee
Meeting Materials**

Tab 8 – Blank

Tab # 1

Items:

Agenda

All meetings will be held in The Nashville Room

AGENDA (Tab #1)

Public Comment to the Board	Brown, Perrey, Board Members
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- A. Opening Comments and Introductions..... Brown**
- B. Staff Recognition (Directors) (Tab #2) Perrey**
- C. Approval of Minutes from March 26, 2019 Meeting (Tab #3) Brown**
- D. Executive Director’s Report Perrey**
- E. Committee Reports and Committee Matters**
 - 1. Bond Finance Committee (Monday, May 20 – 2:00 p.m. State Capitol; Room G-11) (Tab #4) Brown**
 - * a. Schedule of Financing FY 2019-2020 Miller
 - * b. Conventional Lending Miller
 - c. THDA Debt Management Policy Review Miller
 - d. Issue 2019-1 State Form CT-0253 Miller
 - 2. Grants Committee (Tuesday, May 21 – 10:00 a.m.) (Tab #5) van Vuuren**
 - * a. 2015/2016 HOME Grant Extension Requests Watt
 - * b. Grant Extension Request: 2017 Rebuild and Recover Program – Sevier County – RR-17-01 Watt
 - * c. 2020 Tennessee Housing Trust Fund Set-Aside to Habitat for Humanity of Tennessee Watt
 - * d. 2020 Challenge Grant Program Description Watt
 - * e. 2019 Home Modifications and Ramp Program Description Watt
 - 3. Lending Committee (Tuesday, May 21 – 10:15 a.m.) (Tab #6)..... Cleaves**
 - * a. Conventional Lending Miller
 - * b. Income Limits Arik
 - 4. Tax Credit Committee (Tuesday, May 21 – 10:30 a.m.) (Tab #7) Tully**
 - * a. 2018 Allocation Cap Waiver Requests Yandell
 - * b. Amendments to the 2019-2020 QAP and 2019 MTBA Program Description
(Noncompetitive LIHC Limits) Yandell
 - c. 2019 Multifamily Tax-Exempt Bond Authority Activity Update Yandell
 - d. IRS Compliance Monitoring Requirements Update Yandell

Tab # 2

Items:

Memo from Ralph M. Perrey, Executive Director
Service Award Recipients
Quarterly Board Report



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

TO: THDA Board of Directors
FROM: Ralph M. Perrey, Executive Director
DATE: May 14, 2019
SUBJ: THDA Board of Directors Meeting

THDA Board Members –

We look forward to seeing you at our Board and Committee meetings next week, May 20-21. Several action items await your attention this month:

- Bond Finance Committee will take up THDA's 2019-20 Scheduling of Financing and receive an update on THDA's Debt Management Policy. Supporting materials may be found behind the Bond Finance tab in your binder.
- Bond Finance and Lending Committees will both take up a more specific authorization related to our plan to offer conventional mortgage loans and to sell these into the secondary market. While the Board has provided such authorization at several points in the past few years, some circumstances have changed and our specific approach to a secondary market execution have changed. We want to be sure you are aware of – and remain in support of – our plans. A cover memo is included in behind both committee tabs.
- Grants Committee will consider a number of extension requests on HOME grants. The reasons are several, ranging from delays caused by the federal government's delay in approving budgets and updating program rules, to the delay caused by fire codes issues at the state level, to more localized factors such as bad weather and difficulty finding qualified contractors. Specifics may be found behind the Grants Committee tab. Grants Committee will also take up our annual \$500,000 grant to Tennessee Habitat for Humanity, as well as updated program descriptions for the Home Modification, Ramps, and Challenge Grant programs.
- Tax Credit Committee will consider waiver requests on three 2018 tax credit developments. We also offer an amendment to the 2019-20 Qualified Allocation Plan to increase several of the caps, which, if approved, will eliminate the need for the kinds of waiver requests we have seen in the past year.

Please feel free to contact me if you have questions or concerns about any item on the agenda or in the board packet. Let Cindy Ripley know if you need assistance in making your travel plans for the meeting.

Celebrating *Years of Service*

5 Years

Theresa Smith

KMTH Specialist
Single Family Special Programs
THDA Hire Date: October 30, 2016
State Hire Date: July 1, 2010

5 Years

Fabiola Caferri

Accounting Specialist
Accounting
THDA Hire Date: June 2, 2014

10 Years

Sarita Hafford

S8RA Specialist
Section 8 Rental Assistance
THDA Hire Date: February 5, 2017
State Hire Date: June 1, 2009

20 Years

Gathelyn Oliver

Director of Internal Audit
Internal Audit
THDA Hire Date: September 15, 2013
State Hire Date: February 1, 1988

30 Years

Pamela Norris

Mortgage Loan Underwriter
Loan Operations
THDA Hire Date: December 19, 1988

30 Years

Lorraine Shearon

Chief Strategy Officer
Executive
THDA Hire Date: February 13, 1989

35 Years

Shelia White

Resident Issues Specialist
Section 8 Contract Administration and
Compliance
THDA Hire Date: June 1, 1984



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Bettie Teasley, Director of Research and Planning

DATE: May 14, 2019

RE: Quarterly Board Report

Please find attached the Quarterly Board Report for Q1 (January – March) 2019.

The 2018 third and fourth quarter reports are also now available on THDA's website at <https://thda.org/research-planning/quarterly-board-reports>. These prior reports were delayed due to some data availability lags.

If you have any questions, please do not hesitate to contact me at bteasley@thda.org or (615) 815-2125.

THDA QUARTERLY BOARD REPORT

January I, 2019 – March 31, 2019

Summary of Quarterly Activities

Finances and Resources

Available Volume Cap (March 31, 2019)		\$1,104,000,000
Bonds Outstanding (March 31, 2019)		\$2,432,575,000
	<i>Current Year</i>	<i>Prior Year</i>
Operating Income (6 Months ended December 31, 2018)	\$6,989,000	\$12,639,000
Net Assets (December 31, 2018)	\$513,846,000	\$519,564,000

Homeownership Activities

	<i>Number</i>	<i>Value</i>
Loans Committed During Quarter	972	\$132,344,462
Loans Funded During Quarter	1,026	\$142,343,957
	<i>Q1 2019</i>	<i>Q1, 2018</i>
Loans Active	25,489	22,933
Value of Loans (in millions)	\$2,379	\$1,969
Loans Paid Off during Quarter	392	329
Loans 60-days Delinquent	2.09%	1.59%
Loans 90-days Delinquent	5.07%	5.80%
Loans in Foreclosure	0.27%	0.37%
	<i>Q1, 2019</i>	<i>Total Served</i>
Foreclosure Counseling (AG)	7	18,053

Section 8 Housing Choice Voucher Program

Rental Vouchers	5,784
Homeownership Vouchers	47
Total HAP Payments	\$9,024,249.99

Project Based Section 8

Properties	373
Units	28,515
Total HAP Payments	\$46,697,147.43

Multifamily Tax Exempt Bond Authority

2019 Applications		
Bond Authority:	\$200,000,000	
	<i>Applications</i>	<i>Bond Authority</i>
Firm Bond Authority Requested	8	\$99,500,000
Conditional Authority Requested	1	\$8,500,000
Committed	9	\$108,000,000
Closed	0	\$0

Low Income Housing Tax Credit Program

2019 Applications		
	<i>Noncompetitive (4%)</i>	
	<i>Applications</i>	<i>Credits (\$)</i>
Received/Requested	9	\$7,782,140
Allocated	0	\$0
	<i>Competitive (9%)</i>	
	<i>Applications</i>	<i>Credits (\$)</i>
Received/Requested	2	\$1,397,318
Allocated	0	\$0

Developments Under Construction

	<i>Properties</i>	<i>Units</i>
Noncompetitive LIHTC	41	6,322
Competitive LIHTC	33	3,348

Placed in Service/Compliance

	<i>As of 12/31/18</i>
Properties	608
Units	52,411

THDA QUARTERLY BOARD REPORT

January I, 2019 – March 31, 2019

Summary of Grant Programs

<u>Program</u>	<u>Funds Awarded /</u> <u>Allocated</u>	<u>Paid this Quarter</u>	<u>Paid to Date</u>	<u>Awarded Funds</u> <u>Remaining</u>	<u>Unallocated</u> <u>Program \$</u>	<u>Percent Expended</u>
<i>Tennessee Housing Trust Fund (active grants)</i>						
Home Modification and Ramps	\$300,000	\$39,553	\$191,807	\$108,193		64%
Emergency Repair	\$8,100,000	\$461,099	\$5,539,096	\$2,560,904		68%
Competitive Grants	\$14,675,827	\$345,334	\$8,758,999	\$5,916,828		60%
Habitat for Humanity	\$1,000,000	\$616,682	\$616,682	\$383,318		62%
Challenge Grant	\$1,500,000	\$0	\$0	\$0		0%
<i>National Housing Trust Fund</i>						
2017	\$2,844,252	\$0	\$0	\$2,844,252		0%
2016	\$2,700,000	\$0	\$0	\$2,700,000		0%
<i>HOME</i>						
2018	\$12,000,000	\$9,000	\$238,582	\$11,761,418		2%
2017	\$10,890,000	\$58,132	\$626,982	\$10,263,018		6%
2016	\$7,328,292	\$246,306	\$3,218,577	\$4,109,715		44%
2015	\$8,671,000	\$562,855	\$3,064,029	\$5,606,971		35%
2014	\$9,874,036	\$232,776	\$5,734,902	\$4,139,134		58%
2012 & 2013	\$16,506,409	\$227,714	\$13,561,865	\$2,944,544		82%
<i>Emergency Solutions Grant</i>	\$6,575,633	\$820,300	\$4,894,478	\$1,681,155		74%
<i>Weatherization</i>	\$7,833,074	\$350,563	\$3,004,797	\$4,828,277		38%
LIHEAP Set-Aside	\$12,040,106	\$183,543	\$6,265,272	\$5,774,834		52%
<i>LIHEAP (excluding Weatherization Set-Aside)</i>	\$175,150,966	\$19,078,001	\$89,172,160	\$85,978,806		51%
<i>Treasury/Recovery Programs</i>						
Appalachian Renovation Loan Program	\$396,912	\$49,242	\$396,912		\$1,103,088	26%
Blight Elimination Program	\$958,208	\$88,940	\$958,208		\$4,041,792	19%
Principal Reduction Program	\$491,854	\$94,442	\$491,854		\$1,008,146	49%
Reinstatement Only Program	\$457,444	\$90,207	\$457,444		\$3,742,556	12%
Downpayment Assistance	\$70,950,000	\$7,785,000	\$68,130,000		\$9,835,000	84%

Notes:

Finances and Resources

Available Volume Cap: This is the total tax-exempt bond volume THDA currently has available to use for housing purposes.

Bonds Outstanding: This is the current value of bond volume outstanding. Pursuant to TCA 12-23-121(a), THDA has a maximum bonding authority of \$2,930,000,000.

Operating Income: This number reflects THDA's operating income for the most recent time period as provided by Accounting (not including changes in the fair value of investments).

Net Assets: This number reflects THDA's net assets from the end of the previous quarter.

Multifamily Programs

LIHTC projects are stated in terms of the annualized amount of credit a project applies for and receives. Over the life of a LIHTC award, the dollar totals shown are granted each year for ten years.

Homeownership Activities

All numbers shown in this section do not include those loans which are held in the general fund of the 1974 General Resolution and that are not security for any THDA bonds.

Loans Delinquent/In Foreclosure: On August 1, 2018, THDA transferred the servicing of 20,527 mortgage loans to Volunteer Mortgage Loan Servicing. Under federal law, a 60 day transition period is granted to borrowers impacted by the transfer of servicing.

Summary of Grant Programs

Housing Trust Fund: This includes all active grants (those with funds available to be drawn) since the start of the Housing Trust Fund.

Hardest Hit Fun Downpayment Assistance: During Q1 of 2019, THDA committed \$7,020,000 in downpayment assistance, but as of March 31, had funded \$7,875,000 of loans. The funds remaining, as displayed in the "Unallocated Program \$" column, reflects the updated funds available for the program, which was increased to \$80,785,000 during Q1 2019.

Tab # 3

Items:

Meeting Minutes from March 26, 2019

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS
March 26, 2019

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Tuesday, March 26, 2019, at 1:00 p.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following Board members were present: Kim Grant Brown (Chair); Dorothy Cleaves; Jonathan Rummel for Secretary of State Tre Hargett; Regina Hubbard; John Krenson; Kevin Bradley for Treasurer David Lillard; Samantha Wilson for Commissioner of Finance & Administration Stuart McWhorter; Erin Merrick; Lynn Tully; and Katie Armstrong for Comptroller Justin Wilson. Daisy Fields; Austin McMullen; John Snodderly and Pieter van Vuuren were absent.

Ralph Perrey, THDA Executive Director, recognized the following THDA staff members for their years of service:

Nancy Herndon	Single Family	10 years
Rhonda Ronnow	Single Family	15 years
Betesia Harris	Section 8 Rental Assistance	15 years
Debra Perkins	Section 8 Rental Assistance	25 years

Mr. Perrey announced the pending retirement of Bob Farrar, paralegal with the legal team, after eight years with THDA and over 40 years in practice as an attorney and paralegal.

Seeing a physical quorum present, Chair Brown called the meeting to order, and offered a time for public comment. With no one wishing to address the Board, Chair Brown called for consideration of the January 29, 2019, minutes. Upon motion by Ms. Merrick, second by Mr. Krenson, the minutes were approved.

Chair Brown recognized Mr. Perrey to present the Executive Directors Report. Mr. Perrey reported:

- Loan production remains strong. The first quarter of 2019 appears to be the best first quarter in THDA history. A reduction in the interest rate on the Great Choice Program to 4.5% and the Home Ownership for the Brave Program to 4.0% was announced.
- Mr. Perrey recognized Jeremy Heidt, Director of Industry and Government Affairs, who reported that recent extensive flooding across Tennessee resulted in damage in 85 counties. As a result, 58 counties are covered under a new Presidential Disaster Declaration and a decision is pending regarding individual assistance. Several counties had significant damage, but do not qualify for federal assistance, so staff reached out to advise the mayors of Blount, Carter, Hamblin and Washington Counties regarding the possible availability of THDA’s Rebuild and Recover Program.
- Mr. Perrey recognized Laura Swanson, Civil Rights Compliance and Housing Strategy Advisor, who provided the Strategic Plan First Quarter 2019 update.
- Mr. Perrey recognized Lindsay Hall, Chief Administration Officer, Single Family Programs, who provided an update on the Community Reinvestment Act (“CRA”)

initiative that involves banking partners funding certain THDA programs as a way to meet their CRA obligations. Staff has been part of bank examiner education panels with the FDIC, so that the bank examiners understand the programs that are offered through THDA that might meet CRA requirements. Staff has been asked to be the guest at the CRA Association of Banks in Shelby County and staff has been talking to banks individually as well.

- THDA Budget Hearings are on April 2 with the House Finance Ways and Means Committee and on April 9 with the Senate State and Local Committee.

Chair Brown then called for the Bond Finance Committee report and recognized Bruce Balcom, Assistant Chief Legal Counsel. Mr. Balcom noted that the Committee approved the Plan of Financing for Issue 2019-2 and recommended approval of the Authorizing Resolution and the Reimbursement Resolution. Mr. Balcom noted Issue 2019-1 closed on March 21 with approximately \$69 million reimbursed to THDA. He indicated that, with strong mortgage loan production, staff expects to begin committing against Issue 2019-2 by late April or early May. Mr. Balcom referenced the following documents in the Board materials:

- a memorandum regarding Issue 2019-2 from Ms. Miller, dated March 19, 2019, that described the documents to be considered, explained how the authorization for Issue 2019-2 complied with THDA's Debt Management Policy, and included recommendations regarding bookrunning senior manager and rotating co-manager based on information provided by CSG Advisors Incorporated ("CSG"), financial advisor for THDA;
- a memorandum from CSG dated March 14, 2019, that recommended authorization of Issue 2019-2 under the 2013 General Resolution, through a negotiated sale, in an aggregate principal amount not to exceed \$200 million, including a new money component as well as a small refunding component, for Citigroup Global Markets, Inc. to serve as bookrunning senior manager, and for Wiley Brothers-Aintree Capital to serve as the rotating co-manager;
- the Plan of Financing for Issue 2019-2 in an aggregate principal amount not to exceed \$200 million that was approved by the Committee ("Plan of Financing");
- the Resolution of the Board of Directors authorizing the issuance and sale of Issue 2019-2 under the 2013 General Resolution, and delegating authority to the Bond Finance Committee to determine all final terms and conditions of the Issue 2019-2 bonds (the "Authorizing Resolution");
- the form of Series Resolution for Issue 2019-2; and
- the Resolution of the Board of Directors authorizing reimbursement of THDA from proceeds of Issue 2019-2 in an amount not to exceed \$60 million (the "Reimbursement Resolution").

Upon motion by Ms. Cleaves, second by Mr. Rummel, the Authorizing Resolution and the Reimburse Resolution were approved.

Chair Brown then called for the Grants Committee report and recognized Ms. Tully who chaired the meeting in the absence of Pieter van Vuuren. Ms. Tully noted the first item on the agenda was the 2019 Weatherization Assistance Program ("WAP") Model Plan. She referenced the memorandum dated March 18, 2019, from Don Watt, Director of Community Program, for details about the Program Year 2019 Weatherization Assistance Program. Ms. Tully explained the following proposed changes to the 2019 WAP Model Plan:

- 1) Increase the maximum cap per household from \$7,371 to \$7,541.
- 2) Allow sub-grantees to use in-house crews to implement improvements with THDA approval.
- 3) Add activities under the training & technical assistance component, including:
 - a) build an additional training house to train energy auditors around the state, and
 - b) develop data to show actual energy savings and the health impact of weatherization activities.
- 4) Require all HVAC unit replacements to be Energy Star certified (or equivalent).

Upon motion by Ms. Tully, second by Ms. Hubbard, motion carried to approve the 2019 WAP Model Plan for submission, with authority for the Executive Director to make any additional changes as may be required or to not submit the 2019 WAP Model Plan if deemed appropriate.

Ms. Tully noted that she recused herself and Ms. Brown acted as Chair when the Committee took up the grant extension request from Kingsport Housing and Redevelopment Authority (“KHRA”) for a Tennessee Housing Trust Fund (“THTF”) 2016 Spring Round Competitive Grants award. Ms. Brown referenced a memorandum dated March 18, 2019, from Mr. Watt and the attached request letter from KHRA. Chair Brown noted that THDA awarded \$500,000 to KHRA under the 2016 Spring Round of the Competitive Grants program to rehabilitate Charlemont Apartments in Kingsport, TN. She indicated that the Committee recommended the KHRA request for a 6-month extension to December 31, 2019, based on the reasons contained in the referenced memo. Upon motion by Ms. Brown, second by Mr. Bradley, motion carried to approve the extension to December 31, 2019, for the KHRA 2016 THTF Spring Round Competitive Grants award. Ms. Tully recused herself from the vote.

Ms. Tully presented several HOME Program grant extension requests. She referenced a memorandum dated March 18, 2019, from Mr. Watt and the attached request letters that described the issues encountered by the following 2015-2016 HOME grantees: the Town of Benton, Bledsoe County, the City of Bolivar, the City of Cleveland, and the City of Oak Ridge and a 2014 HOME grantee: Rutherford County Area Habitat for Humanity (“Habitat”). She noted that the Committee recommendation was to approve all extension requests. Upon motion by Ms. Tully, second by Mr. Krenson, motion carried to approve extensions to June 30, 2020, for the indicated 2015-2016 HOME grants and the 2014 Habitat HOME grant.

Ms. Tully next referenced a memorandum dated March 18, 2019, from Mr. Watt and the attached proposal regarding the 2019 Building Trades Demonstration Program. She noted that the Committee recommended approval of the demonstration program and funding in the amount of \$450,000 to support a building trades vocational training program in the Shelby County school system by providing one-time support for program start-up costs to the Tennessee Builders Education Foundation. Upon motion by Ms. Tully, second by Ms. Merrick, motion carried to authorize THDA to make a one-time grant in the amount of \$450,000 from the Rebuild and Recover fund to the Tennessee Builders Education Foundation to support the start-up of this program in the Shelby County school system. Chair Brown recused herself from the vote.

Chair Brown called for the Lending Committee report and recognized Ms. Cleaves who called on Mr. Balcom to present the Freddie Mac Authorizing Resolution. Mr. Balcom explained that part of the approval process for THDA to become a Freddie Mac Seller/Servicer is to provide funds transfer instructions to Freddie Mac and the resolution titled “Resolution of the Tennessee Housing Development Agency Authorizing Certain Staff To Provide Fund Transfer Instructions

To Freddie Mac”, dated March 26, 2019, included with board materials, authorizes designated THDA staff to provide wire transfer or Automated Clearing House instructions to Freddie Mac. Upon motion by Ms. Cleaves, second by Ms. Wilson, motion carried to approve the resolution titled “Resolution of the Tennessee Housing Development Agency Authorizing Certain Staff To Provide Fund Transfer Instructions To Freddie Mac”.

Ms. Cleaves next called on Ms. Hall who referenced her memo dated March 18, 2019, that describes the New Start Program and recommends increasing the maximum sales price limit to \$190,000 for Maury, Williamson, Davidson, Rutherford, Wilson, and Sumner Counties to allow the non-profit housing entities to maintain sales prices at the current market value without forfeiting equity and continue to meet the needs of low-income homebuyers in the middle Tennessee market. Upon motion by Ms. Cleaves, second by Mr. Krenson, motion carried to approve the referenced sales price limits.

Ms. Cleaves next called on Cynthia Peraza, THDA Director of Special Programs, referenced her memo dated March 18, 2019, describing the Hardest Hit Fund Program (HHF) THDA has administered since 2010 and recommending the following changes to the HHF-DPA Program: (1) move \$5,000,000 of Blight Elimination Program funds to the HHF-DPA; (2) modify, if necessary, the ZIP Codes within which HHF-DPA may be offered, effective July 1, 2019; and (3) authorize staff to make changes as U.S. Treasury may require. She noted that the Lending Committee recommended these changes. Upon motion by Ms. Cleaves, second by Ms. Merrick, motion carried to approve the referenced changes, subject to U.S. Treasury approval.

Next, Chair Brown called for the Tax Credit Committee report and recognized Ms. Tully. Ms. Tully noted that in her Grants Committee report she overlooked mentioning that the Committee received a HOME Beneficiary report, a copy of which was included in the Board materials.

Ms. Tully began with a waiver request from Buffalo Trail (TN19-206) to increase the per development cap for noncompetitive Low-Income Housing Credits to \$1.5 million. She referenced a memo dated March 18, 2019, from Ed Yandell, Senior Housing Credit Advisor, that explains the rationale for the request. She indicated that the Committee recommends authorizing staff to allocate up to, but not more than, \$1.5 million of annual noncompetitive Low-Income Housing Credits to the proposed development, subject to the following conditions:

1. Applicant must confirm that the proposed development remains viable with regard to property control and ability to proceed. Confirmation must be acceptable to THDA, in is sole discretion; and,
2. Confirmation must be received no later than April 2, 2019.

Upon motion by Ms. Tully, second by Ms. Cleaves, motion carried to approve the waiver request, subject to the described conditions.

Ms. Tully recognized Mr. Perrey who explained that to explain that all 2017 and 2018 housing credit developments approved for an exchange will have a December 31, 2020 placed in service date. Mr. Perrey also noted that Don Watt, Director of Community Programs, will be the Acting Director of the Multifamily Programs Division.

With no further business, and motion by Ms. Cleaves, second by Ms. Hubbard, meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 21st Day of May, 2019.

Pending

Tab # 4

Items:

Bond Finance Committee Meeting Materials

**Tennessee Housing Development Agency
Bond Finance Committee**

**May 20, 2019
2:00 P.M. Central Time**

AGENDA

1. Call to OrderBrown
2. Approval of minutes from March 25, 2019, meetingBrown
3. Schedule of Financing FY 2019-2020Miller
4. Conventional Lending.....Miller
5. THDA Debt Management Policy ReviewMiller
6. Issue 2019-1 State Form CT-0253Miller
7. AdjournBrown

LOCATION

Conference Room G-11
State Capitol, Ground Floor
Nashville, Tennessee 37243

COMMITTEE MEMBERS

Kim Grant Brown, Chair
Secretary Tre Hargett
Treasurer David Lillard
Commissioner Stuart McWhorter
Comptroller Justin Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
March 25, 2019

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met on Monday, March 25, 2019, at 2:00 P.M. in Conference Room G-11, State Capitol, Nashville, Tennessee. The following members were present: Jonathan Rummel (for Secretary of State Tre Hargett), Treasurer David Lillard and Comptroller Justin Wilson. Kim Grant Brown (*Chair*) and Samantha Wilson (for Commissioner of Finance & Administration Stuart McWhorter) participated by conference call.

At the request of Chair Brown, Comptroller Wilson chaired the meeting. Comptroller Wilson noted a physical quorum was present and called the meeting to order. He indicated the first item of business was approval of the February 12, 2019, minutes. Upon motion by Comptroller Wilson, second by Treasurer Lillard, and with the following roll call vote, the motion carried to approve the February 12, 2019, minutes:

Chair Brown:	Yes
Mr. Rummel for Secretary Hargett:	Yes
Treasurer Lillard:	Yes
Ms. Wilson for Commissioner McWhorter:	Yes
Comptroller Wilson:	Yes

Comptroller Wilson next recognized Ms. Miller to present the next agenda item, authorization of Issue 2019-2 and the Issue 2019-2 Reimbursement Resolution. Ms. Miller noted Issue 2019-1 closed on March 21 with approximately \$69 million reimbursed to THDA. She indicated that, with strong mortgage loan production, staff expects to begin committing against Issue 2019-2 by late April or early May. She referenced the following documents in the Board materials:

- a memorandum regarding Issue 2019-2 from Ms. Miller, dated March 19, 2019, that described the documents to be considered, explained how the authorization for Issue 2019-2 complied with THDA’s Debt Management Policy, and included recommendations regarding bookrunning senior manager and rotating co-manager based on information provided by CSG Advisors Incorporated (“CSG”), financial advisor for THDA;
- a memorandum from CSG dated March 14, 2019, that recommended authorization of Issue 2019-2 under the 2013 General Resolution, through a negotiated sale, in an aggregate principal amount not to exceed \$200 million, which includes a new money component as well as a small refunding component, and for Citigroup Global Markets, Inc. to serve as bookrunning senior manager and Wiley Brothers-Aintree Capital to serve as the rotating co-manager;
- the Plan of Financing for Issue 2019-2 in an aggregate principal amount not to exceed \$200 million to be approved by the Committee (“Plan of Financing”);
- the Resolution of the Board of Directors authorizing the issuance and sale of Issue 2019-2 under the 2013 General Resolution, and delegating authority to the Bond Finance Committee to determine all final terms and conditions of the Issue 2019-2 bonds (the “Authorizing Resolution”);
- the form of Series Resolution for Issue 2019-2; and
- the Resolution of the Board of Directors authorizing reimbursement of THDA from proceeds of Issue 2019-2 in an amount not to exceed \$60 million (the “Reimbursement Resolution”).

Ms. Miller indicated that approximately \$7.85 million of Issue 2010-A, issued under the 2009 General Bond Resolution, would be refunded for savings. It was noted that this refunding would not reduce the amount of the moral obligation of the State since the 2009 General Bond Resolution does not carry the moral obligation pledge. Upon motion by Comptroller Wilson, second by Mr. Rummel, and with the following roll call vote, the Committee unanimously approved the Plan of Finance and recommended Board approval of the Authorizing Resolution and the Reimburse Resolution:

Chair Brown:	Yes
Mr. Rummel for Secretary Hargett:	Yes
Treasurer Lillard:	Yes
Ms. Wilson for Commissioner McWhorter:	Yes
Comptroller Wilson:	Yes

There being no further business to come before the Committee, Comptroller Wilson adjourned the meeting.

Respectfully submitted,

Assistant Secretary

Approved the 20th day of May, 2019.




Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 14, 2019
TO: THDA Board of Directors
FROM: Lynn E. Miller 
Chief Legal Counsel
SUBJECT: Schedule of Financing for Fiscal Year 2019-2020

The attached Schedule of Financing is required by Tennessee Code Annotated Section 13-23-120(e)(1). The statutory language directs THDA to submit a Schedule of Financing to the State Funding Board showing the financings THDA proposes during the fiscal year. While the preparation of a Schedule of Financing is required, THDA is not required to carry out its financings precisely as shown on the attached Schedule. The attached Schedule is THDA's best estimate with respect to the financings for the upcoming fiscal year.

Both the Bond Finance Committee and the Board will be asked to review and approve this Schedule of Financing. Assuming such approval occurs, the Schedule will be forwarded to the State Funding Board for their consideration.

LEM/ds

Attachment

TENNESSEE HOUSING DEVELOPMENT AGENCY

**SCHEDULE OF FINANCING
FISCAL YEAR 2019-2020**

SUMMARY

The Tennessee Housing Development Agency (“THDA”) is required, under Tennessee Code Annotated Section 13-23-120(e)(1), to submit a schedule to the State Funding Board showing financings proposed for the fiscal year. The proposed schedule for fiscal year 2019-2020 is attached.

Total amount of bonds or notes reflected on Schedule
of Financing for Fiscal Year 2019-2020:

\$475,000,000*

*Approximately \$30,000,000 of this amount is expected to be used to refund bonds eligible for refunding on or after January 1, 2020.

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULE OF FINANCING
FISCAL YEAR 2019-2020

ISSUE 2019-3 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
August 2019

Sources of Funds

Proceeds of the Issue	\$ 110,000,000
-----------------------	----------------

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 110,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)
	\$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

ISSUE 2019-4 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP
November 2019

Sources of Funds

Proceeds of the Issue	\$120,000,000*
-----------------------	----------------

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 120,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)
	\$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

*Approximately \$30,000,000 of this amount is expected to be used to refund bonds eligible for refunding on or after January 1, 2020.

**ISSUE 2020-1 - RESIDENTIAL FINANCE BONDS –NEW VOLUME CAP/REFUNDING
February 2020**

Sources of Funds

Proceeds of the Issue	\$ 115,000,000
-----------------------	----------------

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 115,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)
	\$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

**ISSUE 2020-2 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
May 2020**

Sources of Funds

Proceeds of the Issue	\$130,000,000*
-----------------------	----------------

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$130,000,000*
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)
	\$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

*Approximately \$95,000,000 of this amount is expected to be used to purchase loans in early fiscal year 2020-2021.

Single Family Bonds Sold in FY 2018-2019

\$ 149,000,000	Issue 2018-3 Residential Finance Program Bonds, Dated September 6, 2018
\$ 225,000,000	Issue 2018-4 Residential Finance Program Bonds, Dated November 15, 2018
\$ 175,000,000	Issue 2019-1 Residential Finance Program Bonds, Dated March 21, 2019
\$ 200,000,000	Issue 2019-2 Residential Finance Program Bonds, Expected to close June 27, 2019
TOTAL	\$749,000,000

Multifamily Bonds Sold in FY 2018-2019 \$ 0

**Volume Cap Used by Local Issuers
For Multi-Family Housing in 2018** \$ 335,725,000 From THDA's 2018 Volume Cap Allocation

**Volume Cap Available to Local Issuers
For Multi-Family Housing in 2019** \$ 200,000,000 From THDA's 2019 Volume Cap Allocation

ASSUMPTIONS

1. A bond issue may include any structure authorized by the Board and approved by the Bond Finance Committee, including, without limitation, convertible option bonds, short term notes, variable rate debt, taxable debt, planned amortization class bonds.
2. Dates of bond issues are based on estimated absorption of available funds and expected need for additional funds for three to four months, subject to the actual rate at which mortgage loans are currently being purchased.
3. THDA anticipates taking the maximum spread allowed under federal law for each bond issue, which is 112 basis points. The maximum spread could, however, be reduced based on program requirements at the time of sale. Interest rates for THDA loans could be further subsidized.
4. THDA anticipates future bonds will be issued under the 2013 General Resolution to continue to reduce the moral obligation of the state for THDA bonds.
5. The volume cap assumption is that 35% of the annual total tax-exempt bond authority amount available in Tennessee is made available to THDA at the beginning of each calendar year. This is the allocation to THDA for all tax-exempt housing bond issuance in the state in the current Department of Economic and Community Development plan. For bond issues in calendar year 2019, volume cap carried forward from 2016 will be used. THDA currently has \$409,692,988 in 2016 carried forward volume cap available. For bond issues in calendar year 2020, volume cap THDA carried forward from 2017 will be used. THDA currently has \$467,019,000 in 2017 carried forward volume cap available. Unused 2016 volume cap, if any, will be made available for the THDA Mortgage Credit Certificate Program by making the required elections on or before December 31, 2019.
6. A THDA contribution may be made with each bond issue as needed to over-collateralize the bond issue for the benefit of THDA borrowers, to fund required reserves, to pay cost of issuance and to ensure that the maximum amount of bond proceeds is used to fund mortgage loans. The amount and source of the THDA contribution is determined at the time it is needed. The amount of the contribution, if needed, is based on the structure of the bond issues, an analysis of debt service requirements of the general resolution under which the bonds are issued, the fee paid to underwriters and an estimate of other costs of issuance expected to be incurred. The source of such THDA contribution is assets available for such purpose under the 2013 General Resolution, 1985 General Resolution or the 2009 General Resolution.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 14, 2019
TO: THDA Board of Directors
FROM: Lynn Miller, Chief Legal Counsel
Lindsay Hall, Chief Operating Officer of Single Family Programs
SUBJECT: Conventional Lending

Recommendation

In order to offer a conventional loan product, THDA staff recommends authorizing THDA to work through a secondary market execution as a Seller/Servicer to both Freddie Mac and Fannie Mae, both government sponsored entities (GSE). This will allow THDA to offer a conventional loan product outside of the bond program. With this method, revenue is earned on the loans once they are sold into the secondary market; earning income on the sale to either Fannie Mae or Freddie Mac. THDA will retain the servicing rights to these conventional loans and will earn servicing revenue monthly.

There are advantages to THDA to use the services of a MBS TBA provider, initially, in order to limit some interest rate risk from loan commitment to loan delivery. Once THDA staff develop experience, the expectation is that THDA staff will sell directly to the GSE(s).

THDA will also require the use of a line of credit to purchase closed loans from THDA Originating Agents prior to delivery/sale to the GSE(s). The estimated duration between purchasing loans from THDA Originating Agents to loan delivery to the GSE(s) averages 45 days.

To carry out the functions described above, the following authorizations are needed:

1. Authorize an insured conventional loan product through a secondary market execution.
2. Authorize staff to engage a provider experienced in packaging, selling and delivering loans to GSEs on behalf of housing finance agencies in order to mitigate interest rate risk and who is willing to train THDA staff and lenders in the processes required.
3. Authorize staff to create loan pools to sell to the GSE(s) using best efforts or other methods at the point the Executive Director determines that THDA staff have sufficient knowledge and experience to carry out this function.
4. Authorize staff to apply for and receive a revolving line of credit up to a maximum of \$75 million to use to purchase loans from Originating Agents prior to selling them to the GSE(s) through the provider or otherwise, with terms and conditions satisfactory to the Executive Director.
5. Authorize all appropriate staff to execute all documents and do all things necessary to carry out the authorizations described in #1-#4 above.

Background

In March, 2015, the Board authorized an insured conventional loan product using a master servicer who would pool the THDA conventional loans and sell them to the GSEs with THDA holding the resulting mortgage backed securities as permitted investments in the 2013 General Resolution. Since this 2015 authorization, other changes were made that resulted in creating Volunteer Mortgage Loan Servicing as a division of THDA ("VMLS"). VMLS began operations in February, 2016 and, as of May 1, 2019, all THDA loans are serviced by VMLS. This 2015 authorization does not accommodate the model for offering insured conventional loans THDA is now pursuing, so this additional authorization is needed.

In March, 2018, the Board approved applications to both Fannie Mae and Freddie Mac for THDA to become an approved Seller/Servicer for Fannie Mae and for Freddie Mac. With approval from Fannie Mae and/or Freddie Mac, THDA will be able to originate insured conventional loans and sell them directly to Fannie Mae or Freddie Mac via the secondary market. THDA was conditionally approved by Freddie Mac as a Seller/Servicer in the third quarter of 2018 and the plan is to submit an application to Fannie Mae by the last quarter of 2019.

With Seller/Servicer approval, THDA will be able to offer insured conventional loans that will provide revenue when the loans are packaged and sold to Fannie Mae or Freddie Mac. With servicing of these loans through VMLS, THDA will also receive ongoing servicing revenue.

With the assistance of the provider who will be selected to initially package, sell and deliver insured conventional loans purchased by THDA, THDA staff will learn how these processes actually work. This includes gaining knowledge about how interest rates are set on a daily basis, determining the revenue THDA wishes to earn, and identifying and mitigating risks involved in these processes. As a result, the expectation is that, at some appropriate point, THDA staff will assume responsibility for these activities rather than continuing to use an outside provider.

THDA will need a source of funds to purchase eligible insured conventional loans because bond proceeds cannot be used for this purpose. A bank funded line of credit will enable THDA to draw down funds as needed to purchase eligible insured conventional loans, with the drawn down amount repaid once the eligible insured conventional loans are packaged, sold and delivered to Fannie Mae or Freddie Mac. With a lag time between the THDA purchase of eligible insured conventional loans and sale of the pooled loans to Fannie Mae or Freddie Mac averaging 45 days, the \$75,000,000 maximum size of the line of credit should be sufficient to cover at least two months of production.

Overview

THDA believes that there are advantages to providing an insured conventional loan product. In many of Tennessee's rural communities where local banks and credit unions are the preferred financial institutions, conventional loans are the primary product offered. These small community banks and credit unions many times do not meet asset requirements or have a DE approved underwriter on staff, therefore they cannot participate offer FHA loans, which is the majority of THDA's current product. In addition, after the mortgage crisis, the national banks pulled away from offering FHA loans due to the strict repurchase requirements. These same banks have a strong presence in Tennessee, but are currently not offering the THDA Great Choice loan product. These banks were some of THDA's top Originating Agents before the crisis. THDA staff believe that all eligible borrowers should have the opportunity to access THDA downpayment assistance and this opportunity can be enhanced with an insured conventional loan product.

Additionally, by offering an insured conventional mortgage loan product through the secondary market execution, THDA will be serving Tennessee citizens that neither THDA nor other lenders are serving at this time.




Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 14, 2019
TO: Bond Finance Committee
THDA Board of Directors
FROM: Lynn E. Miller 
Chief Legal Counsel
SUBJECT: THDA Debt Management Policy Review

Section XXIII of the current THDA Debt Management Policy (the "Policy") requires annual review of the Policy at the same time the annual Schedule of Financing is considered. To comply with this requirement, THDA staff and staff of the Office of State and Local Finance reviewed the current Policy and have no changes to recommend.

Attached is the current Policy. Please let me know if you feel changes are needed.

LEM/ds

Attachment

Tennessee Housing Development Agency

Debt Management Policy

Approved November 29, 2011
Amended July 29, 2014, May 24, 2016

**Tennessee Housing Development Agency
Debt Management Policy**

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Tennessee Housing Development Agency Debt Management Policy

Approved November 29, 2011
Amended July 29, 2014, May 24, 2016

I. Background

The Tennessee Housing Development Agency (“THDA”) is a body, politic and corporate, and a political subdivision and instrumentality of the State of Tennessee (“State”). THDA was established under TCA Section 13-23-101 et seq. for the purpose, among other things, of raising capital through the issuance of its bonds and notes to assure a steady flow of production of new housing units for lower and moderate income persons and families. THDA’s mission is to create safe, sound, and affordable housing opportunities across the State by providing competitive interest rates on a variety of mortgage loan products approved by THDA’s Board of Directors (“Board”). THDA’s mortgage loans, resulting revenues, and any other assets under THDA’s bond resolutions are pledged assets for the payment of principal and interest on THDA bonds.

The Bond Finance Committee of the Board (“BFC”) is responsible for, among other things, overseeing THDA debt issuance. In this capacity, the BFC approves a Plan of Financing for each THDA bond issue and recommends the proposed debt issuance transaction to the Board for consideration. Upon the Board’s authorization, the sale of the debt proceeds under BFC oversight. The BFC is also authorized to approve the pricing of a debt issuance on behalf of THDA. The Secretary of the BFC, subject to this Debt Management Policy (“Policy”) and other policies of the Board and the BFC, is responsible for the execution of all matters relating to the issuance and servicing of the debt of THDA.

THDA debt is payable solely from the revenues or assets of THDA available therefore and pledged to the bondholders under the terms of THDA’s general bond resolutions. THDA debt is not a debt, liability, or obligation of the State or of any other political subdivision of the State. THDA debt is not secured by a pledge of the full faith and credit of the State or of any other political subdivision of the State.

II. Purpose

In December 2010, the Tennessee State Funding Board adopted a statement on debt management directing governmental entities in Tennessee to draft and adopt their own debt management policies. All public entities incurring or issuing debt, including THDA, are required to adopt a debt management policy by January 1, 2012. This Policy provides clear objectives for THDA’s debt transactions and transparency as to what is being considered, including the associated cost and risks. It also establishes requirements to assist in avoiding conflicts of interest.

III. Policy

THDA’s goal is to raise capital to maintain a steadily available supply of funds to finance its mortgage loan programs at cost levels that provide competitive, fixed interest rate mortgage loans that benefit low and moderate income families, while maintaining or improving THDA’s overall financial strength and flexibility, managing associated risks and complying with all applicable federal and state laws.

To achieve this goal, THDA will:

1. Maintain a conservative approach relative to debt financing and financial decisions.

2. Maintain at least a five year Strategic Financial Plan, with at least annual updates, inclusive of the general financial objectives as set forth in this Policy, which may change in response to economic and other factors.
3. Maintain a debt management policy that provides for optimally-structured financing options, giving consideration to associated risks of debt structure components and current market conditions, while enabling broad distribution capabilities, both to institutional and retail investors.
4. Maintain compliance with requirements of the Internal Revenue Code of 1986, as amended (the “Code”), as applicable to THDA’s bonds and mortgage loans financed with the proceeds of such bonds.

IV. Long-Term Financial Objectives

1. Maintain financial self-sufficiency.
2. Effectively balance the use of financial resources to fund mortgage loans and other initiatives that fulfill THDA’s statutory purpose and mission without compromising THDA’s financial strength.
3. Maintain or improve the current credit ratings for each THDA bond resolution.
4. Maintain financial flexibility.
5. Whenever possible, maximize yield spread between mortgage loan interest rates and the cost of debt to provide program and operational sustainability and resources for other investments in affordable housing.
6. Effectively balance financial creativity and risks.
7. Whenever possible, seek to reduce the extent of the State’s moral obligation pledge with respect to THDA debt.

V. Long-Range Financial Planning

THDA will maintain a five year Strategic Financial Plan (Plan) to be used as a liquidity analysis tool for decision-making purposes. At a minimum, this Plan will incorporate projections and assumptions for mortgage loan production, resources (including, but not limited to volume cap, tax-exempt debt, and taxable debt), costs and expenses of anticipated debt issuance, other housing program and operational liquidity needs, and liquidity and balance sheet analyses to assess the long-term financial position of THDA. The Plan will be developed and maintained by THDA in cooperation with the Financial Advisor and the Office of State and Local Finance and will incorporate the financial objectives listed in this Policy. THDA anticipates at least annual updates to the Plan.

VI. Finance Team

THDA will maintain a team of finance professionals consisting of internal and external experts for the purpose of executing and maintaining debt financings and other financings as may be approved by the Board. The team will include THDA staff (including at least the THDA Executive Director, Chief Legal Counsel and Chief Financial Officer), underwriters (when appropriate), Bond Counsel, underwriter’s counsel (when appropriate), Financial Advisor, and Office of State and Local Finance staff.

All non-employee professionals engaged in the THDA debt issuance process shall clearly disclose all compensation and consideration received related to services provided in the THDA debt issuance process. This includes “soft” costs or compensations in lieu of direct payments.

The time period over which Bond Counsel, Financial Advisor, and potential underwriters serve shall end in staggered fiscal years in order to avoid disruption by either transition or selection processes. Contracts or agreements, if any, shall reflect such terms.

Bond Counsel: THDA shall enter into an engagement letter agreement with each lawyer or law firm representing THDA as bond counsel or tax counsel in a debt transaction. Bond Counsel shall be selected by the BFC pursuant to a Request for Proposal Process primarily weighted towards qualifications and price. Bond Counsel shall serve for a stated period of time. The Bond Counsel team shall include at least one lawyer who is licensed to practice in Tennessee and who is involved in all analysis and opinions regarding the Tennessee Constitution and Tennessee law arising in the course of Bond Counsel’s engagement.

Financial Advisor: THDA shall utilize the services of an independent financial advisor, who is registered with the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”) as a registered municipal advisor. The Financial Advisor shall enter into a written agreement with the Office of the Comptroller of the Treasury for debt management and transaction services for a stated period of time, however, the Financial Advisor shall have a fiduciary responsibility to THDA. The Financial Advisor shall be selected by the Board pursuant to a Request for Proposal Process primarily weighted towards qualifications and price. The Financial Advisor shall have demonstrated expertise in providing financial advice on housing related debt and financial planning on projects of state housing finance agencies, completely independent of the underwriting of municipal securities by banks and securities dealers.

Whether in a competitive or negotiated sale, a financial advisor shall not bid on, privately place or underwrite a THDA debt issue if it is or has been providing advisory services for the same THDA debt issue.

Underwriter: THDA shall utilize the services of a pool of potential underwriters for a stated period of time for negotiated sales. BFC shall select underwriters pursuant to a Request for Proposal/Request for Qualifications Process primarily weighted toward qualifications. Each underwriter in a negotiated sale shall clearly identify itself in writing e.g., in a response to a request for proposals or in promotional materials provided to THDA as an underwriter and not as a financial advisor from the earliest stages of its relationship with THDA with respect to that issue. Each underwriter must clarify its primary role as a purchaser of securities in an arm’s-length commercial transaction and that it has financial and other interests that differ from those of THDA. In the context of negotiated sales, THDA will evaluate structuring or other proposals only from members of its pool of underwriters. Underwriters may include senior managers (including a bookrunning senior manager), co-managers and selling group members, all as determined by the BFC.

Underwriter’s Counsel: While underwriter’s counsel is part of the financing team in connection with a negotiated bond issuance, such counsel is selected by the bookrunning senior manager with input from the BFC.

Trustee: The BFC shall periodically review and evaluate the performance of the Trustee and report its findings to the Board.

VII. Conflicts

Professionals involved in a debt transaction hired or compensated by THDA shall disclose to THDA existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow THDA to appreciate the significance of the relationships.

Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

VIII. Statutory Debt Limit

THDA shall not issue bonds and notes in an aggregate principal amount that at any one time exceeds the statutory debt limit established in TCA Section 13-23-121. No less than annually, THDA staff shall assess THDA's potential of reaching this limit within a 24 month period following the assessment. THDA staff shall communicate this assessment to the BFC and Board.

IX. Schedule of Financing

Pursuant to TCA Section 13-23-120(e), THDA shall submit a Schedule of Financing to the State Funding Board, prior to the beginning of each fiscal year of the State. The Schedule of Financing will be THDA's best estimate of the financings required for the upcoming fiscal year and will contain the required information as set forth in the statute. The Schedule of Financing will contain assumptions as necessary to understand the proposed financings and resources.

X. Bond Issue Planning, Method of Sale, Structuring, and Execution

THDA's general strategy is to determine the par amount of bonds to be issued based on financing three to four months of mortgage loan production and the availability of refunding opportunities. However, the size and timing of a particular bond issue may vary depending on mortgage loan production levels, other programmatic requirements or current market conditions.

Before a bond issue is authorized, THDA staff will monitor mortgage loan production, available resources, and market conditions and provide such information to Financial Advisor and the Office of State and Local Finance. When it is determined that authorization of a new bond issue is appropriate, whether for a new bond issue or an economic refunding, THDA staff in coordination with the Assistant Secretary of the BFC will prepare all authorizing documentation and circulate such documentation, along with necessary documentation from Bond Counsel and Financial Advisor, to the BFC and the Board. The Financial Advisor will prepare memoranda containing information about market conditions and various recommendations, including method of sale and possible bond issue size. All authorizing documentation and memoranda, including, without limitation, a Plan of Financing which shall specify the expected costs of issuance, capitalized interest, interest rates, redemption terms, and all other items required by TCA Section 13-23-120(e)(4), will be submitted to the Board and BFC. Following approval of a Plan of Financing by the BFC and authorization of a debt issuance by the Board, the BFC will be authorized to proceed with the sale of debt obligations on behalf of THDA.

Since 2002, THDA debt issuance has occurred via negotiated sale. THDA, however, intends to consider the method of sale for each debt issuance on a case by case basis with consideration of a number of factors, including without limitation, the following factors:

- Complexity of the transaction, including whether the debt issuance incorporates structured bond components (such as planned amortization class bonds) and, generally, more complex redemption features.
- Including AMT or taxable components.
- Complexity of credit features, including multiple collateral pools and detailed loan portfolio histories, performance, and mortgage insurance characteristics.
- Importance of retail sales and institutional pre-marketing as part of the marketing plan.
- Volatility of bond market and other market conditions.
- Degree of investor concern about housing-backed transactions – especially secured by “whole loans.”
- Confidence in the rating agencies’ ability to evaluate structured credits.

While the above factors may favor negotiated sales, THDA reserves the right to consider the use of competitive sales at any time on a case by case basis. The determination of method of sale shall rest with the BFC with advice and recommendations from THDA staff, the Office of State and Local Finance staff and the Financial Advisor.

Before pricing, THDA staff and the Office of State and Local Finance staff will consider bond structure options prepared by the Financial Advisor and recommend the bond structure determined to be most beneficial to THDA based on bond yield, programmatic considerations and other financial considerations. The Office of State and Local Finance staff will informally circulate the recommended bond structure to BFC members individually and, with THDA staff and Financial Advisor, address issues or concerns raised. Thereafter, THDA staff, Office of State and Local Finance staff, Bond Counsel and Financial Advisor will carry out the pricing process, either competitive or negotiated, as determined by the BFC.

The Financial Advisor will clearly communicate the benefits and risks of each bond type used in the bond structure options. The THDA staff and the Office of State and Local Finance staff will consult with Financial Advisor, and the bookrunning senior manager for negotiated sales, to determine a pricing strategy designed to yield the best results given the then current market conditions.

For negotiated sales, the pricing will generally be handled by conference calls involving THDA staff, Office of State and Local Finance staff, Financial Advisor, as well as Bond Counsel and underwriters, as appropriate. THDA staff and the Office of State and Local Finance staff, with the advice of Financial Advisor, will have primary responsibility for making pricing determinations to be presented to the BFC for approval. The Financial Advisor will provide THDA staff and the Office of State and Local Finance staff with summary information regarding all pertinent aspects of a financing and will make specific recommendations regarding the acceptance of a pricing. This information, along with all other pertinent pricing documents, will be submitted to the BFC, which shall meet to consider approval of the debt sale. If the pricing is approved by the BFC, the results will be communicated to the Board. A formal post-sale analysis will be prepared by the Financial Advisor and reviewed with the BFC. The post-sale analysis shall include sufficient information to permit the BFC to judge the performance of the underwriters.

XI. Investment of Proceeds

The proceeds of each THDA bond issue shall be invested as provided in each series resolution applicable to a particular debt issuance, the relevant general resolution under which the debt issuance occurred, applicable state law, and the Tennessee Housing Development Agency Investment Policy dated September 14, 1993, as amended.

XII. Debt Issuance Review

The Financial Advisor will prepare a report in cooperation with THDA staff and the Office of State and Local Finance staff that shows the results of THDA's debt issuance and the performance of underwriters to be reviewed by the BFC on no less than an annual basis.

XIII. Initial and On-going Federal Compliance

THDA staff will work with Bond Counsel and Financial Advisor to ensure initial bond offerings comply with all applicable federal laws and program requirements. The THDA Executive Director, working with this group will be responsible for continued compliance with such federal laws and program requirements including, among other things, post issuance compliance, arbitrage rules, 10 Year and 32 Year rules, maintenance of records, and continuing disclosure requirements.

Secondary Market Disclosure: THDA is currently disseminating and presently intends to continue to disseminate information relating to its various single-family mortgage revenue bonds in accordance with the quarterly secondary market disclosure project sponsored by the National Council of State Housing Agencies. THDA has filed quarterly reports, beginning with the quarter ending June 30, 1994, with each then nationally recognized municipal securities information repository and currently with the MSRB through its Electronic Municipal Market Access ("EMMA") system. THDA also expects that its official statements, which contain audited financial information about THDA, with respect to debt issued under the General Residential Finance Program Bond Resolution ("2013 General Resolution"), the General Homeownership Program Bond Resolution ("1985 General Resolution"), and the General Housing Finance Resolution ("2009 General Resolution") will be filed with the MSRB through its EMMA system if and when debt is so issued. It is the present intent of THDA to continue making voluntary secondary market disclosure as described above.

Continuing Disclosure Undertaking: THDA shall include in each series resolution applicable to a particular debt issuance a continuing disclosure undertaking designed to meet the requirements of SEC Rule 15c2-12 ("Rule"), if and to the extent required by the Rule. Thereafter, THDA shall meet its continuing disclosure undertaking and comply with the Rule. Bond Counsel shall provide necessary guidance regarding requirements to be met and compliance with the Rule.

XIV. Short-Term Financings

Depending on market conditions, the availability of liquidity, or Board-approved housing programs, THDA may borrow funds on a short-term basis from a bank or other financial institution or entity. Before any such undertaking, THDA staff and the Office of State and Local Finance staff, together with Financial Advisor and Bond Counsel, as needed, will consult to determine the feasibility of such short-term borrowings and present to the BFC and Board the benefits, risks, and impact of such short-term borrowings. In connection with short term financings, the Board may establish guidelines pursuant to which the Executive Director may cause THDA to enter into any such short-term borrowing.

Any such borrowing may be secured by collateral consisting of mortgage loans or other assets of THDA to be specifically pledged thereto, but may not be secured by the general obligation of THDA or be evidenced by a bond or note, unless approved by resolution of the Board. The BFC and Board

shall approve the principal amount of such borrowings that may be outstanding at any one time. Tennessee law as set forth in TCA Section 13-23-121 will determine if any short-term borrowings will count against THDA's statutory debt limit.

XV. Types of Bonds

Pursuant to TCA Section 13-23-115(15), THDA is authorized to borrow money and to enter into debt for its authorized purposes. THDA debt may include bonds or notes which may be tax-exempt or taxable and secured by the general obligation of THDA, by specific revenues of THDA, by any combination thereof, or as may otherwise be provided in TCA Section 13-23-120(b). Under TCA Section 13-23-120(b), THDA may issue such types of bonds or notes as it may determine, including without limitation, the following:

1. ***Serial Bonds*** mature in such manner that principal amounts become due and payable on specified dates, usually every 6 or 12 months. Serial Bonds are Bonds of an issue in which some Bonds mature in successive years without interruption. Generally, Serial Bonds comprise the first 8 to 12 years of a bond issue and are sold to private individuals (retail).
2. ***Term Bonds*** come due in a single maturity at intervals of greater than one year after the last Serial Bond's maturity and usually comprise a large part of each particular issue. The Issuer usually agrees to make periodic payments into a sinking fund for mandatory annual or semiannual redemption of a portion of the Term Bonds before maturity or for payment at maturity. A housing Bond issue is generally structured with an intermediate Term Bond maturity around year 20 and a final Term Bond maturity in year 32 of the issue; other Term Bond maturities are often added which are designed at the request of major purchasers.
3. ***Floating (Variable) Rate Demand ("Lower Floater") Bonds*** are Bonds which bear interest at a floating rate, usually set every week by an investment banker (as remarketing agent) at the fair market rate for seven-day-maturity debt. Such Bonds can normally be tendered by the owner (strictly at its option) to a tender agent (usually the trustee) at par after giving seven days' notice; the Bonds are then remarketed to new investors by the investment banker, as remarketing agent. A bank typically agrees to buy tendered Bonds if they cannot be otherwise sold to new investors. These Floating Rate Demand Bonds are usually sold to money market funds.
4. ***Current Interest Bonds ("CIBs")*** are the most common type of housing Bonds. Interest is paid every six months until the Bond matures or is retired early from optional or mandatory redemption.
5. ***Zero Coupon Bonds***
 - a. ***Capital Appreciation Bonds ("CABs")***. Payment of the semiannual interest is deferred until maturity or redemption with Capital Appreciation Bonds. The payment made at maturity or on the redemption date consists of principal and compounded semiannual interest. CABs are sold to investors at a large discount and accrete to par value at maturity.
 - b. ***CAB Converters***. Interest on CAB Converters is deferred and semiannually until the Conversion Date—the date when the Bond converts to a current interest paying Bond and thereafter interest is earned and paid semiannually on the accreted value.
 - c. CABs and CAB Converters both reduce interest cost by enabling the issue to be structured with lower interest rate Serial Bonds in the early years. Zero Coupon Bonds are sometimes priced at higher yields than Current Interest Bonds of the same maturity and generally require higher fees to bond salesmen to be effectively marketed.

6. **Original Issue Premium Bonds** are fixed rate Bonds (sometimes PAC Bonds) sold at a price greater than 100% of their par value (the “premium”). The interest rates on Premium Bonds are somewhat higher than the rates on comparable Bonds sold at 100% of their par value, but when the premium is taken into account, the effective interest cost to the Issuer is less than the interest cost on a traditional Bond.
7. **Original Issue Discount (“OID”) Bonds** are Term Bonds sold at a price less than 100% of their initial par value. They are sold at a slightly lower yield and are used as a marketing device to institutional investors. OIDs sometimes require an Issuer contribution to the cash flows. They are rarely used for single-family Bonds due to the risk of early redemption at par from unexpended proceeds and prepayments.
8. **Super Sinker Bonds** are term Bonds which are redeemed before any other maturity from mortgage prepayments and, occasionally, excess revenues. While a super sinker will have a stated maturity of 10 to 20 years, the average life of a super sinker at 100% of the FHA mortgage prepayment experience will be approximately three to five years. A super sinker provides other Bonds in the issue with limited call protection because the super sinker is redeemed first. Super sinkers are priced at a lower yield than a regular Bond of the same stated maturity and are priced off their average life as opposed to their stated maturity. Super sinkers also require special rating agency cash flow stress tests. If the Bond issue receives prepayments at a rate less than 100% of the FHA experience, the actual average life of the Super Sinker Bonds will be extended. This average life risk is borne by the buyers of the Super Sinkers.
9. **Planned-Amortization Class Bonds (“PACs”)**, typically used only in a single family issue, are a type of Super Sinker Bonds in that they are the first Bonds within the Bond issue to be called from mortgage prepayments, but unlike Super Sinkers there is a limit on how quickly they can be redeemed. PACs may also have a stated maturity of 10 to 30 years, but based on a specified Securities Industry and Financial Markets Association (“SIFMA”) mortgage prepayment speed, their average life is approximately three to five years. PACs are priced at a lower yield than a regular Bond of the same stated maturity and are priced off their average life as opposed to their stated maturity. If the average life is determined at a percentage of the SIFMA prepayment rates, prepayments above that amount are allocated to redeem Bonds other than the PAC Bonds. If the bond issue receives prepayments at a rate less than the predetermined SIFMA rate, the actual average life of the PAC Bonds will be extended. However, if the prepayments are higher than the predetermined of the SIFMA rate, the average life is not reduced. Thus, the average life of the PAC is less volatile than for Super Sinker Bonds, and, as a result, investors are willing to accept a slightly lower yield.
10. **Convertible Option Bonds (“COBs”)** are marketed for an initial short-term period (usually six to 12 months) and may, at the Issuer’s option, be reoffered or converted into additional short-term remarketings or converted and remarketed or refunded as long-term, fixed rate Serial and Term Bonds. The interest on COBs converts from a short-term interest rate to a long-term interest rate on the conversion date. The single-family mortgage rates are also determined upon a conversion date. Conversion dates occur upon predetermined dates or upon the occurrence of certain events. Until the conversion date, Bond proceeds are invested in securities or a guaranteed investment contract and are not available for the purchase of loans until the COB is remarketed or refunded. COBs are used by the Issuer to preserve single-family bonding authority from loss due to various legal reasons. However, federal tax law changes in 1997 eliminated many of the tax advantages of COBs and have resulted in the increased use of short-term (one- to two-year) notes which are then simply refunded by long-term bonds instead of being “converted” to long-term Bonds.
11. **Call Protected Bonds (Lockout Bonds)**, typically used only in a single family issue, are protected from early redemption for a specified period, usually five or 10 years. The Issuer agrees to not call these Bonds from prepayments or excess revenues for a specified number of years. The investor will generally accept a lower yield for these Call Protected Bonds. This structure reduces the

prepayment call risk borne by the investor (Bonds may otherwise be called earlier than their stated maturity because of mortgage prepayments), and thus results in lower Bond rates.

12. **Other Bonds**, other bonds may be included in the structure of any bond issue at the discretion of BFC and the Board.

XVI. Refundings

THDA staff, together with Office of State & Local Finance staff, Financial Advisor and Bond Counsel, shall regularly analyze outstanding bond issues for refunding opportunities and shall evaluate refunding proposals submitted by underwriters. The Financial Advisor shall analyze outstanding bond issues at least semiannually and report to THDA staff and Office of State & Local Finance staff if a potential refunding issue appears viable. The applicable provisions of this Policy shall apply to a refunding bond issue in a similar manner as set forth herein for a bond issue designed to produce proceeds for THDA mortgage loan programs.

The following issues shall be considered in connection with evaluating refunding opportunities:

Whether a refunding results in an aggregate present value savings deemed sufficient by the BFC; or

Whether a refunding is necessary due to a change in tax status of the bonds; or

Whether a refunding is necessary to further THDA program objectives; or

Whether a refunding is necessary to preserve volume cap; or

Whether a refunding results in a reduction of the State's moral obligation pledge with respect to THDA debt obligations.

Refunding bonds will be structured to meet then applicable Code requirements and to provide maximum benefit within the general resolution under which the refunding bonds are to be issued.

XVII. Redemptions

To the extent THDA has discretion to redeem bonds and select the maturities and issues to be redeemed, THDA will first redeem those bonds bearing the highest interest rate; however, due to universal cap considerations, THDA will call term bonds on a pro-rata basis within bond issues or redeem the highest coupon serial bonds when the result will be to reduce debt service requirements. When making a redemption decision, THDA will consider, among other applicable things, (i) restrictions or limitations imposed by the Code including, but not limited to, 10-year rule requirements and universal cap considerations; (ii) limitations or restrictions imposed by THDA resolutions including, but not limited to, redemption provisions; (iii) economic considerations; (iv) cash flow requirements; and (v) the amount of prepayments and other monies available to THDA for optional redemption of Bonds.

XVIII. Transparency

THDA shall comply with state and federal legal requirements for notice and for public meetings related to debt issuance. In the interest of transparency, all costs (including interest, issuance, continuing, and one-time) shall be disclosed to the BFC and Board in a timely manner. In connection with each THDA bond issue, THDA staff shall complete and file with the Office of State and Local Finance the most current version of the required Report on Debt Obligation (State Form CT-0253) ("Report") and shall present such Report to the BFC and the Board at public meetings within the required time periods to meet this disclosure obligation.

XIX. Interest Rate and Forward Purchase Agreements

Pursuant to TCA Section 13-23-120(a)(2) and (3), THDA is authorized to enter into interest rate and forward purchase agreements. At such time as the BFC and Board determine it is in the best interest of THDA to enter into such agreements, appropriate amendments to this Policy will be considered and submitted to the BFC and Board for consideration and approval.

XX. Conduit Debt

For purposes of this section, a “conduit bond issue” is a bond issue in which the obligation of THDA as the issuer to pay principal of and interest on the bonds is limited to the payments it receives from a private third-party under a loan relating to revenues derived from the facilities financed or other assets of the third-party borrower. At such time as the BFC and Board determine it is in the best interest of THDA to enter into such financing agreements, appropriate amendments to this Policy will be considered and submitted to the BFC and Board for consideration and approval.

XXI. Variable Rate Debt

At such time as the BFC and Board determine it is in the best interest of THDA to enter into variable rate debt, appropriate amendments to this Policy will be considered and submitted to the BFC and Board for consideration and approval.

XXII. Taxable Debt

At such time as the BFC and Board determine it is in the best interest of THDA to enter into taxable debt, appropriate amendments to this Policy will be considered and submitted to the BFC and Board for consideration and approval.

XXIII. State Moral Obligation Pledge

All THDA debt currently outstanding under the 1985 General Resolution is secured by, among other things, the moral obligation pledge of the State of Tennessee. It is THDA’s present intent to issue future debt obligations under the 2009 General Resolution or the 2013 General Resolution, neither of which carry the State’s moral obligation pledge. In the event THDA creates additional resolutions under which debt obligations are sold, such resolutions are expected to not carry the State’s moral obligation pledge. It is also THDA’s present intent to evaluate, in connection with each debt issuance, whether debt obligations outstanding under the 1985 General Resolution are eligible for refunding to, among other things, remove additional debt obligations from the State’s moral obligation pledge.

XXIV. Adoption and Amendment

This Policy was considered by the BFC at its meeting on November 28, 2011, and approved by the Board at its meeting on November 29, 2011. Amendments to the Policy were considered by the BFC at its meetings on July 28, 2014, and on May 23, 2016, and approved by the Board at its meetings on July 29, 2014, and on May 24, 2016. The Policy shall be reviewed at least annually by the BFC at the time of consideration of the Schedule of Financing. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 15, 2019
TO: Bond Finance Committee
Board of Directors
FROM: Lynn E. Miller, Chief Legal Counsel *LEM*
SUBJECT: Issue 2019-1 State Form CT-0253 (the "State Form")

Attached please find the State Form for Issue 2019-1 that priced on February 12, 2019, and closed March 21, 2019. The State Form was filed with the Office of the Comptroller within the required time period on April 8, 2019.

The form, with attachments, provides basic information including maturity dates, amounts and interest rates for the bonds. It also shows the costs associated with the transaction in Item 11 of the form. These costs are consistent with costs of prior transactions and, in general, are on the lower end of costs for the industry.

This chart compares fee and expense information for the current bond issue and the three prior bond issues.

	2013 Resolution			
	\$175,000,000 Issue 2019-1	\$225,000,000 Issue 2018-4	\$149,900,000 Issue 2018-3	\$160,000,000 Issue 2018-2
Fees/Expenses ¹ Paid To:				
Financial Advisor	\$ 70,000	\$ 37,500	\$ 47,500	\$ 60,000
Bond Counsel	35,000	35,000	35,000	35,000
Trustee	8,750	11,250	7,495	8,000
Bookrunning Underwriter	1,041,754	1,327,395	913,269	970,197
Moody's	90,000	105,000	70,000	90,000
Standard & Poor's	91,000	110,000	67,000	84,000
i-Deal	1,500	1,500	1,500	1,500
General Services Print Shop	1,250	1,249	1,290	1,265
Total Fees/Expenses Per Bond Issue	\$ 1,339,254	\$ 1,628,894	\$ 1,143,054	\$ 1,249,962

1. rounded to the nearest \$

If you have questions, please call me at 615-815-2025 or by email at LMiller@thda.org

LEM/ds

Attachment

Tennessee Comptroller of the Treasury
Office of State and Local Finance

Received Date: April 8, 2019

Page 1 of 3

State Form No. CT-0253
Revised Effective 1/1/14

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:

Name: _____

Address _____

Debt Issue Name: _____

If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount:

\$ _____

Premium/Discount: \$ _____

3. Interest Cost:

_____ %

☐ Tax-exempt

☐ Taxable

☐ TIC ☐ NIC

☐ Variable: Index _____ plus _____ basis points; or

☐ Variable: Remarketing Agent _____

☐ Other: _____

4. Debt Obligation:

☐ TRAN ☐ RAN ☐ CON

☐ BAN ☐ CRAN ☐ GAN

☐ Bond ☐ Loan Agreement ☐ Capital Lease

If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").

5. Ratings:

☐ Unrated

Moody's _____

Standard & Poor's _____

Fitch _____

6. Purpose:

☐ General Government _____ %

☐ Education _____ %

☐ Utilities _____ %

☐ Other _____ %

☐ Refunding/Renewal _____ %

BRIEF DESCRIPTION

7. Security:

☐ General Obligation

☐ General Obligation + Revenue/Tax

☐ Revenue

☐ Tax Increment Financing (TIF)

☐ Annual Appropriation (Capital Lease Only)

☐ Other (Describe): _____

8. Type of Sale:

☐ Competitive Public Sale

☐ Interfund Loan _____

☐ Negotiated Sale

☐ Loan Program _____

☐ Informal Bid

9. Date:

Dated Date: _____

Issue/Closing Date: _____

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:☐ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$	
Legal Fees	\$	
Bond Counsel	\$	
Issuer's Counsel	\$	
Trustee's Counsel	\$	
Bank Counsel	\$	
Disclosure Counsel	\$	
_____	\$	
Paying Agent Fees	\$	
Registrar Fees	\$	
Trustee Fees	\$	
Remarketing Agent Fees	\$	
Liquidity Fees	\$	
Rating Agency Fees	\$	
Credit Enhancement Fees	\$	
Bank Closing Costs	\$	
Underwriter's Discount _____%		
Take Down	\$	
Management Fee	\$	
Risk Premium	\$	
Underwriter's Counsel	\$	
Other expenses	\$	
Printing and Advertising Fees	\$	
Issuer/Administrator Program Fees	\$	
Real Estate Fees	\$	
Sponsorship/Referral Fee	\$	
Other Costs _____	\$	
TOTAL COSTS	\$	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:☒ No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other		

13. Disclosure Document / Official Statement:☐ None Prepared☐ EMMA link☒ Copy attachedSee Attachment 3: Issue 2019-1 Supplemental Resolution
and Attachment 4: Issue 2019-1 Official Statement _____ or**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?

☒ Yes ☐ No

Is there a continuing disclosure obligation agreement related to this debt?

☒ Yes ☐ NoIf yes to either question, date that disclosure is due 210 days after end of each Fiscal YearName and title of person responsible for compliance Trent Ridley, Chief Financial Officer/Lynn Miller, Chief Legal Counsel**15. Written Debt Management Policy:**

Governing Body's approval date of the current version of the written debt management policy

11/28/2011, as amended

Is the debt obligation in compliance with and clearly authorized under the policy?

☒ Yes ☐ No**16. Written Derivative Management Policy:**☒ No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy?

☐ Yes ☐ No**17. Submission of Report:**

To the Governing Body:

on 05/15/2019

and presented at public meeting held on

05/21/2019

Copy to Director to OSLF:

on 04/08/2019

either by:

☐ Mail to:505 Deaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402

OR

☒ Email to:StateAndLocalFinance.PublicDebtForm@cot.tn.gov**18. Signatures:**

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>R. Perrey</u>	<u>Lynn E. Miller</u>
Title	<u>Executive Director</u>	<u>Chief Legal Counsel</u>
Firm	<u>Tennessee Housing Development Agency</u>	<u>Tennessee Housing Development Agency</u>
Email	<u>RPerrey@thda.org</u>	<u>LMiller@thda.org</u>
Date	<u>03/21/2019</u>	<u>03/21/2019</u>

Deborah Sanders

From: SLF.PublicDebtForm <SLF.PublicDebtForm@cot.tn.gov>
Sent: Tuesday, April 9, 2019 8:32 AM
To: Deborah Sanders; SLF.PublicDebtForm
Subject: RE: THDA Issue 2019-1 State Form CT-0253

EXTERNAL EMAIL

The report on Debt Obligation was received by the office of State and Local Finance. Thank you for sending the report to this office. A date stamped copy of the report will be emailed back to you.

Should you have any questions, please contact the financial analyst assigned to you based on the first letter of the name of your local government (i. e. Knoxville, "K", Analyst – Steve Osborne). For your convenience, the alphabet range for each financial analyst is included at the end of this email.

Report On Debt Obligation For Electronic Submission Has A New Email Address. SLF.PublicDebtForm@cot.tn.gov

Analysts:

Lori Barnard, Financial Analyst – (A–F)
Email: lori.barnard@cot.tn.gov
Phone: 615-747-5347

Steve Osborne, Financial Analyst – (G–N)
Email: steve.osborne@cot.tn.gov
Phone: 615-747-5343

Ron Queen, Financial Analyst – (O–Z)
Email: ron.queen@cot.tn.gov
Phone: 615-401-7862

If I may be of further assistance, please do not hesitate to call.

Kathy Palmer | Finance Support Specialist
Comptroller of the Treasury | Office of State and Local Finance
Cordell Hull Building, 4th Floor
425 Fifth Avenue North
Nashville, TN 37243-3400
Phone: 615-747-5376 | Fax: 615-741-5986

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2. PREMIUM/DISCOUNT:

Includes the original issue premium of \$208,470.60 on the Issue 2019-1 Term Bonds maturing July 1, 2044; and

Includes the original issue premium of \$4,126,487.20 on the Issue 2019-1 PAC Bonds maturing January 1, 2050.

10. MATURITY DATES, AMOUNTS AND INTEREST RATES

\$175,000,000 Issue 2019-1 (Non-AMT)

\$51,930,000 Serial Bonds						
Year	Principal Amount Due January 1	Interest Rate	CUSIP Number⁽¹⁾	Principal Amount Due July 1	Interest Rate	CUSIP Number⁽¹⁾
2020	\$ 1,480,000	1.60%	880461XG8	\$ 1,695,000	1.65 %	880461XH6
2021	1,715,000	1.75	880461XJ2	1,735,000	1.80	880461XK9
2022	1,755,000	1.85	880461XL7	1,780,000	1.90	880461XM5
2023	1,800,000	1.95	880461XN3	1,825,000	2.05	880461XP8
2024	1,850,000	2.15	880461XQ6	1,875,000	2.20	880461XR4
2025	1,900,000	2.25	880461XS2	1,930,000	2.30	880461XT0
2026	1,960,000	2.40	880461XU7	1,990,000	2.50	880461XV5
2027	2,020,000	2.60	880461XW3	2,050,000	2.65	880461XX1
2028	2,085,000	2.75	880461XY9	2,120,000	2.80	880461XZ6
2029	2,155,000	2.85	880461YA0	2,195,000	2.90	880461YB8
2030	2,230,000	2.95	880461YC6	2,270,000	3.00	880461YD4
2031	2,315,000	3.10	880461YE2	2,355,000	3.15	880461YF9
2032	2,400,000	3.20	880461YG7	2,445,000	3.25	880461YH5

\$123,070,000 Term Bonds			
Maturity Date	Principal Amount Due	Interest Rate	CUSIP Number⁽¹⁾
July 1, 2034	\$ 10,270,000	3.40 %	880461YJ1
July 1, 2039	29,735,000	3.75	880461YK8
January 1, 2044	6,000,000	3.90	880461YN2
July 1, 2044	27,180,000	4.00	880461YL6
January 1, 2050 (PAC)	49,885,000	4.25	880461YM4

PRICE OF ISSUE 2019-1 BONDS DUE JULY 1, 2044: 100.767%

PRICE OF ISSUE 2019-1 BONDS DUE JANUARY 1, 2050 (PAC): 108.272%

PRICE OF ALL REMAINING ISSUE 2019-1 BONDS: 100.000%

⁽¹⁾ The CUSIP Numbers have been assigned to this issue by an organization not affiliated with THDA and are included solely for the convenience of the bondholders. Neither THDA nor the Underwriters shall be responsible for the selection or use of these CUSIP Numbers nor is any representation made as to their correctness on the bonds or as indicated herein.

13. DISCLOSURE DOCUMENT:

TENNESSEE HOUSING DEVELOPMENT AGENCY

**A Supplemental Resolution
Authorizing the Sale of
Residential Finance Program Bonds
\$175,000,000 Issue 2019-1 (Non-AMT)**

Adopted November 13, 2018
as amended and supplemented
by the Bond Finance Committee
of THDA on February 12, 2019

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EXHIBIT C	FORM OF BOND

**A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
\$175,000,000 ISSUE 2019-1 (Non-AMT)**

BE IT RESOLVED by the Board of Directors of the **TENNESSEE HOUSING DEVELOPMENT AGENCY** (“THDA”) as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution may hereafter be cited by THDA as the Issue 2019-1 Supplemental Residential Finance Program Bond Resolution.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.2 of the resolution of THDA adopted January 29, 2013, as amended and supplemented by the Bond Finance Committee on April 18, 2013, and entitled “General Residential Finance Program Bond Resolution” (the “General Resolution”) have the same meanings in this Resolution as such terms are given in Section 1.2 of the General Resolution.

(b) In addition, as used in this Resolution, unless the context otherwise requires, the following terms have the following respective meanings:

“*400% PSA Prepayment Amount*” means the cumulative amount of principal prepayments on the Program Loans allocable to the Issue 2019-1 Bonds at a rate equal to 400% PSA, as set forth in Exhibit B hereto.

“*Bond Purchase Agreement*” means the contract for the purchase of the Issue 2019-1 Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A.

“*Business Day*” shall mean any day except for a Saturday, Sunday or any day on which banks in Tennessee or New York are required or authorized to be closed.

“*Co-Managers*” means J.P. Morgan Securities LLC, Wells Fargo Bank, National Association and Wiley Brothers—Aintree Capital, LLC.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended.

“*DTC*” means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Excess 2019-1 Principal Payments” means, as of any date of computation, 100% of all regularly scheduled principal payments and prepayments on Program Loans, or portions thereof, allocable to the Issue 2019-1 Bonds to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2019-1 Bonds.

“Issue 2019-1 Bonds” means the Issue 2019-1 Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“Issue Date” means the date on which the Issue 2019-1 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on March 21, 2019.

“MSRB” means the Municipal Securities Rulemaking Board by operation of its Electronic Municipal Market Access System.

“Official Statement” means the Official Statement dated February 12, 2019 used in connection with the sale of the Issue 2019-1 Bonds.

“PAC Bonds” means the Issue 2019-1 Bonds in the aggregate principal amount of \$49,885,000 maturing January 1, 2050.

“PAC Bonds Planned Amortization Amount” means the cumulative amount of PAC Bonds expected to be redeemed upon the receipt of Excess 2019-1 Principal Payments at a rate equal to 100% PSA, as set forth in Exhibit B hereto.

“Preliminary Official Statement” means the Preliminary Official Statement dated February 5, 2019 used in connection with the offering of the Issue 2019-1 Bonds.

“Rating Agency” shall mean Moody’s Investors Service, Inc. (or any successor thereto), and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLP business (or any successor thereto).

“Resolution” means this Supplemental Resolution adopted by THDA on November 13, 2018, as amended and supplemented by the Bond Finance Committee on February 12, 2019.

“Serial Bonds” means the Issue 2019-1 Bonds which are not Term Bonds.

“Term Bonds” means, collectively, the Issue 2019-1 Bonds maturing July 1, 2034, July 1, 2039, January 1, 2044, July 1, 2044 and January 1, 2050.

“Underwriters” means, collectively, RBC Capital Markets, LLC, Citigroup Global Markets Inc., and Raymond James & Associates, Inc., their

respective successors and assigns, and the Co-Managers as purchasers of the Issue 2019-1 Bonds.

(c) Unless the context otherwise indicates, words of the masculine gender will be deemed and construed to include correlative words of feminine and neuter genders, words importing the singular number include the plural number and vice versa, and words importing persons include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms as used in this Resolution refer to this Resolution and such terms used in the form of registered bond herein refer to such bonds.

(e) Unless the context otherwise indicates, the term “Program Loan” as used herein shall include Program Securities and the phrase “Program Loans allocable to the Issue 2019-1 Bonds” shall include any new Program Loans and Program Securities acquired with proceeds of the Issue 2019-1 Bonds.

Section 1.03. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and the General Resolution.

ARTICLE II

TERMS AND ISSUANCE

Section 2.01. Issue Amount and Designation. In order to provide funds necessary for the Residential Finance Program in accordance with and subject to the terms, conditions and limitations established herein and in the General Resolution, Residential Finance Program Bonds, Issue 2019-1 are hereby authorized to be issued in the aggregate principal amount of \$175,000,000. In addition to the title “Residential Finance Program Bond,” the Issue 2019-1 Bonds will bear the additional designation “Issue 2019-1 (Non-AMT).” The Issue 2019-1 Bonds shall be issued only in fully registered form. The Issue 2019-1 Bonds will consist of \$51,930,000 principal amount of Serial Bonds and \$123,070,000 principal amount of Term Bonds.

Section 2.02. Purposes. The Issue 2019-1 Bonds are being issued (a) to finance Program Loans, or participations therein, on single family residences located within the State, (b) if required, to pay capitalized interest on the Issue 2019-1 Bonds, (c) if required, to make a deposit in the Bond Reserve Fund, and (d) if required, to pay certain costs of issuance relating to the Issue 2019-1 Bonds.

The proceeds of the Issue 2019-1 Bonds shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2019-1 Bonds will mature on the dates, in the principal amounts and bear interest from their Issue Date, calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each January 1 and July 1, commencing July 1, 2019, at the rate set opposite such date in the following tables:

Issue 2019-1 Bonds

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
January 1, 2020	\$1,480,000	1.60%	July 1, 2026	\$1,990,000	2.50%
July 1, 2020	1,695,000	1.65	January 1, 2027	2,020,000	2.60
January 1, 2021	1,715,000	1.75	July 1, 2027	2,050,000	2.65
July 1, 2021	1,735,000	1.80	January 1, 2028	2,085,000	2.75
January 1, 2022	1,755,000	1.85	July 1, 2028	2,120,000	2.80
July 1, 2022	1,780,000	1.90	January 1, 2029	2,155,000	2.85
January 1, 2023	1,800,000	1.95	July 1, 2029	2,195,000	2.90
July 1, 2023	1,825,000	2.05	January 1, 2030	2,230,000	2.95
January 1, 2024	1,850,000	2.15	July 1, 2030	2,270,000	3.00
July 1, 2024	1,875,000	2.20	January 1, 2031	2,315,000	3.10
January 1, 2025	1,900,000	2.25	July 1, 2031	2,355,000	3.15
July 1, 2025	1,930,000	2.30	January 1, 2032	2,400,000	3.20
January 1, 2026	1,960,000	2.40	July 1, 2032	2,445,000	3.25

Term Bonds

Maturity Date	Principal Amount	Interest Rate
July 1, 2034	\$10,270,000	3.40%
July 1, 2039	29,735,000	3.75
January 1, 2044	6,000,000	3.90
July 1, 2044	27,180,000	4.00
January 1, 2050 (PAC)	49,885,000	4.25

(b) Whenever the due date for payment of interest on or principal of the Issue 2019-1 Bonds or the date fixed for redemption of any Issue 2019-1 Bond shall be a day which is not a Business Day, then payment of such interest, principal or Redemption Price need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date for payment of principal, interest or Redemption Price and no additional interest shall be payable on such Business

Day which, merely by operation of this paragraph, may have accrued after the original due date.

Section 2.04. Denominations, Numbers and Letters.

(a) The Issue 2019-1 Bonds maturing in each year are to be issued in denominations of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount of Issue 2019-1 Bonds maturing in such year. The Issue 2019-1 Bonds are to be lettered “R” and numbered separately from 1 consecutively upwards.

(b) The Issue 2019-1 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2019-1 Bond will be outstanding for each maturity and interest rate of the Issue 2019-1 Bonds in the aggregate principal amount of such maturity and interest rate. Subject to the provisions of the General Resolution, purchases of ownership interests in the Issue 2019-1 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2019-1 Bonds will not receive certificates representing their interest in the Issue 2019-1 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2019-1 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2019-1 Bonds and THDA will have no responsibility to any DTC participant or beneficial owner thereof.

Section 2.05. Paying Agent. The Trustee is hereby appointed as paying agent for the Issue 2019-1 Bonds pursuant to Section 11.2 of the General Resolution. The Trustee may appoint an agent for presentation of transfers in New York, New York and DTC may act as such agent.

Section 2.06. Execution of Bonds. The Issue 2019-1 Bonds shall be executed by the manual or facsimile signature of the Chairperson or Vice Chairperson and the seal of THDA or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Issue 2019-1 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2019-1 Bonds shall be delivered to the Trustee for proper authentication and delivered to DTC pursuant to the DTC FAST delivery program, as the registered owner of the Issue 2019-1 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2019-1 Bonds are registered in book-entry only form in the name of Cede & Co. as nominee of DTC, payments of principal, Redemption Price and interest on the Issue 2019-1 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2019-1 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2019-1 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2019-1 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2019-1 Bonds in a principal amount equal to or exceeding \$1,000,000 may receive payments of interest by wire transfer if written notice is given to the Trustee at least ten Business Days before an applicable Interest Payment Date. The Record Date for payment of interest on the Issue 2019-1 Bonds shall be the 15th day of the month next preceding an Interest Payment Date.

Section 2.08. Sinking Fund Redemption Provisions.

(a) The Issue 2019-1 Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2019-1 Bonds at a Redemption Price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amounts for each of the dates set forth below:

Issue 2019-1 Term Bonds due July 1, 2034

Date	Amount Due	Date	Amount Due
January 1, 2033	\$2,495,000	January 1, 2034	\$2,590,000
July 1, 2033	2,540,000	July 1, 2034*	2,645,000

*Maturity

Issue 2019-1 Term Bonds due July 1, 2039

Date	Amount Due	Date	Amount Due
January 1, 2035	\$2,695,000	July 1, 2037	\$3,000,000
July 1, 2035	2,755,000	January 1, 2038	3,065,000
January 1, 2036	2,815,000	July 1, 2038	3,130,000
July 1, 2036	2,875,000	January 1, 2039	3,200,000
January 1, 2037	2,935,000	July 1, 2039*	3,265,000

*Maturity

Issue 2019-1 Term Bonds due January 1, 2044

Date	Amount Due	Date	Amount Due
January 1, 2040	\$610,000	July 1, 2042	\$680,000
July 1, 2040	625,000	January 1, 2043	695,000
January 1, 2041	635,000	July 1, 2043	710,000
July 1, 2041	650,000	January 1, 2044*	730,000
January 1, 2042	665,000		

*Maturity

Issue 2019-1 Term Bonds due July 1, 2044

Date	Amount Due	Date	Amount Due
January 1, 2040	\$2,730,000	July 1, 2042	\$3,050,000
July 1, 2040	2,790,000	January 1, 2043	3,115,000
January 1, 2041	2,855,000	July 1, 2043	3,190,000
July 1, 2041	2,915,000	January 1, 2044	3,255,000
January 1, 2042	2,980,000	July 1, 2044*	300,000

*Maturity

Issue 2019-1 Term Bonds due January 1, 2050 (PAC)

Date	Amount Due	Date	Amount Due
July 1, 2044	\$3,775,000	July 1, 2047	\$4,695,000
January 1, 2045	4,170,000	January 1, 2048	4,810,000
July 1, 2045	4,270,000	July 1, 2048	4,925,000
January 1, 2046	4,375,000	January 1, 2049	5,040,000
July 1, 2046	4,480,000	July 1, 2049	3,925,000
January 1, 2047	4,585,000	January 1, 2050*	835,000

*Maturity

(b) Upon the purchase or redemption of Issue 2019-1 Bonds of any maturity for which Sinking Fund Payments have been established other than by application of Sinking Fund Payments, each future Sinking Fund Payment for such Issue 2019-1 Bonds and maturity will be credited by an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Issue 2019-1 Bonds of such maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such maturity of Issue 2019-1 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2019-1 Bonds maturing on and after January 1, 2029, are subject to redemption at the option of THDA prior to their respective maturities, either as a whole or in part at any time, on or after July 1, 2028 (any such date to be determined by THDA or selected by the Trustee subject to the provisions of and in accordance with the General Resolution, and when so determined or selected will be deemed and is hereby set forth as the redemption date), upon notice as provided in Article VI of the General Resolution, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Section 2.10. Special Optional Redemption. The Issue 2019-1 Bonds are subject to redemption, at the option of THDA, as a whole or in part at any time prior to maturity, in accordance with the provisions of the General Resolution in an amount equal to amounts available for such purpose from (i) proceeds of the Issue 2019-1 Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans allocated to the Issue 2019-1 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2019-1 Bonds as described in Sections 2.11(b) or 2.11(c) hereof or to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2019-1 Bonds, (iii) repayments and prepayments of Program Loans made with the proceeds of any other Bonds issued under the General Resolution, subject to limitations contained in the Code, (iv) other amounts on deposit in the Revenue Fund in excess of the amounts required for the payment of Debt Service and Program Expenses, and (v) amounts on deposit in the Bond Reserve Fund in excess of the Bond Reserve Requirement; provided however, that the PAC Bonds (A) are only subject to redemption as described in clause (ii) above as described in Section 2.11(b) hereof and (B) shall not be subject to redemption as described in clauses (iii), (iv) and (v) above if such redemption would cause amortization of a PAC Bond to exceed the PAC Bonds Planned Amortization Amount.

The date of redemption pursuant to this Section 2.10 shall be determined by the Trustee upon the direction of THDA subject to the provisions of and in accordance with the General Resolution (and when so determined such date will be deemed and is hereby set forth as the redemption date). The Issue 2019-1 Bonds to be so redeemed shall be redeemed at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable; provided, however, that the Redemption Price for the PAC Bonds in the event of a redemption described in clause (i) of the paragraph above shall be the issue price thereof (par plus premium), plus accrued interest to the redemption date.

The Issue 2019-1 Bonds to be redeemed pursuant to this Section 2.10 shall be selected by THDA in its sole discretion; provided, however, that the PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2019-1 Bonds then Outstanding in the event of any redemption pursuant to clause (i) of the first paragraph of this Section 2.10.

Section 2.11. Special Mandatory Redemptions.

(a) ***Unexpended Proceeds.*** The Issue 2019-1 Bonds are subject to mandatory redemption on November 1, 2019 in the event and to the extent that there are unexpended proceeds of the Issue 2019-1 Bonds on deposit in the Issue 2019-1 Subaccount of the Loan Fund on October 1, 2019; provided that such redemption date may be extended, at the option of THDA, and subject to the satisfaction of the conditions set forth in Section 4.01 hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2019-1 Bonds are subject to mandatory redemption on September 1, 2022, to the extent any amounts remain on deposit in the Issue 2019-1 Subaccount of the Loan Fund on August 1, 2022.

The redemption price of the Issue 2019-1 Bonds to be so redeemed shall be 100% of the principal amount thereof plus interest accrued to the date of redemption, if applicable; provided, however, that the redemption price for the PAC Bonds shall be the issue price thereof (par plus premium) plus accrued interest to the redemption date. The Issue 2019-1 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided, however, that the PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2019-1 Bonds then Outstanding.

(b) ***Excess 2019-1 Principal Payments (PAC Bonds).*** The PAC Bonds are subject to redemption prior to their maturity, in whole or in part at a Redemption Price of 100% of the principal amount of such PAC Bonds to be redeemed, plus interest accrued to the date of redemption, from amounts transferred to the Redemption Account representing Excess 2019-1 Principal Payments. Any Excess 2019-1 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of PAC Bonds on any Interest Payment Date commencing July 1, 2019; provided, however, that PAC Bonds may be redeemed between Interest Payment Dates on the first Business Day of any month for which adequate notice of redemption may be given.

While any PAC Bonds remain Outstanding, Excess 2019-1 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Issue 2019-1 Bonds are equal to or less than the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2019-1 Principal Payments shall first be applied to redeem the PAC Bonds up to an amount correlating to the PAC Bonds Planned Amortization Amount and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds under the Resolution, other than the PAC Bonds.

SECOND, if principal prepayments on the Program Loans allocable to the Issue 2019-1 Bonds are in excess of the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2019-1 Principal Payments shall first be applied to redeem PAC Bonds up to an amount correlating to the PAC Bonds Planned Amortization Amount (as set forth in "FIRST" above) and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds issued under the Resolution, including the PAC Bonds (any such remainder used to redeem PAC Bonds being an "Excess Principal PAC Bond Redemption"); provided, however, that (i) the source of an Excess Principal PAC Bond Redemption is restricted to that portion of available Excess 2019-1 Principal Payments which is in excess of 400% PSA and (ii) the principal amount of an Excess Principal PAC Bond Redemption may not be an amount in excess of the PAC Bonds' proportionate amount of all Issue 2019-1 Bonds then Outstanding.

The PAC Bonds Planned Amortization Amount and the 400% PSA Prepayment Amount set forth in Exhibit B hereto are each subject to proportionate reduction to the extent PAC Bonds are redeemed from amounts on deposit in the Issue 2019-1

Subaccount of the Loan Fund which are not applied to finance Program Loans in accordance with Section 2.11(a) hereof.

(c) Ten Year Rule.

(i) To the extent not required to make regularly scheduled principal payments on the Issue 2019-1 Bonds (including Sinking Fund Payments) or otherwise required to be used to redeem the PAC Bonds as described in Section 2.11 (b) above, repayments and prepayments of principal on the Program Loans, or portions thereof, financed with proceeds of the Issue 2019-1 Bonds received more than ten years after the Issue Date of the Issue 2019-1 Bonds shall be applied to redeem the Issue 2019-1 Bonds on or before the next Interest Payment Date with respect to the Issue 2019-1 Bonds, which Interest Payment Date is at least six months from the date of receipt of such Program Loan principal payments, in such principal amounts as required to satisfy requirements of the Code. The Redemption Price of Issue 2019-1 Bonds so redeemed shall be 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable.

(ii) THDA shall advise the Trustee of the appropriate Redemption Date for any redemption pursuant to this Section 2.11(c). The Issue 2019-1 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided however, that the PAC Bonds may be redeemed in an amount that exceeds the PAC Bonds Planned Amortization Amount only if there are no other Issue 2019-1 Bonds Outstanding.

Section 2.12. Selection by Lot. If less than all of the Issue 2019-1 Bonds of like maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in accordance with Section 6.4 of the General Resolution.

Section 2.13. Purchase of Bonds by THDA or Trustee. Whenever moneys are available for redemption of Bonds under Sections 2.08, 2.09, 2.10 or 2.11 above, THDA or the Trustee is authorized to purchase Bonds at a price not to exceed the applicable Redemption Price.

ARTICLE III

SALE AND DELIVERY

Section 3.01. Sale.

(a) The Issue 2019-1 Bonds are hereby authorized to be sold to the Underwriters at the prices and on the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations, warranties and agreements therein set forth. The Chair, Secretary or Assistant Secretary of the Bond Finance Committee and the Executive Director of THDA are hereby authorized to execute the Bond Purchase Agreement. The Board of Directors of THDA hereby authorizes the Committee to adopt a resolution approving the purchase price of the Issue 2019-1 Bonds.

(b) The Secretary of the Bond Finance Committee of THDA is hereby authorized to make public and to authorize distribution of the Official Statement relating to the Issue 2019-1 Bonds in substantially the form presented to THDA with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Chair, Vice Chair, Executive Director and Secretary of the Bond Finance Committee are hereby authorized to sign and deliver such Official Statement to the Underwriters. The distribution of the Preliminary Official Statement relating to the Issue 2019-1 Bonds to the public is hereby authorized and approved.

(c) The Issue 2019-1 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this 2019-1 Supplemental Resolution.

ARTICLE IV

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 4.01. Loan Fund; Bond Reserve Fund Requirement. Upon receipt of the proceeds of the sale of the Issue 2019-1 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2019-1 Bond Subaccount of the Loan Fund and in the Bond Reserve Fund, if applicable, as shall be set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2019-1 Bonds. Amounts on deposit in the Issue 2019-1 Bond Subaccount of the Loan Fund shall be applied to (i) the financing of Program Loans, or participations therein, in accordance with the provisions of the General Resolution and Section 4.03 hereof, (ii) deposits to the Bond Reserve Fund and the Debt Service and Expense Account of the Revenue Fund, (iii) payment of Costs of Issuance and (iv) payment of capitalized interest to the extent, if any, specified by written instructions of an Authorized Officer.

Amounts on deposit in the Issue 2019-1 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of Issue 2019-1 Bonds as described in Section 2.11(a) hereof. The date of such redemption provided in Section 2.11(a) may be extended upon the delivery by THDA to the Trustee and the Rating Agency of a Projected Cash Flow Statement which satisfies the requirements of Section 7.11 of the General Resolution; provided further that the date of such redemption shall not be extended beyond the date set forth in the second paragraph of Section 2.11(a) unless THDA is in receipt of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Issue 2019-1 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2019-1 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2019-1 Bonds shall not exceed 2% of the proceeds of the Issue 2019-1 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2019-1 Bond Subaccount of the Loan Fund which are to be used to finance Program Loans (or other available funds of THDA), shall be made available for owner financing of “targeted area residences” (as defined in Section 143(j) of the Code) until March 21, 2020.

The Bond Reserve Fund Requirement with respect to the Issue 2019-1 Bonds shall be an amount equal to 3% of the then current balance of Program Loans (other than Program Loans underlying Program Securities) allocable to the Issue 2019-1 Bonds plus the amount on deposit in the Issue 2019-1 Subaccount of the Loan Fund which has not been designated to provide for the payment of Costs of Issuance or capitalized interest. On the Issue Date, THDA shall deposit an amount in the Bond Reserve Fund which, together with any excess amounts on deposit in the Bond Reserve Fund, shall satisfy the Bond Reserve Requirement.

Section 4.02. Proceeds of Issue 2019-1 Bonds. Proceeds of the Issue 2019-1 Bonds, together with any contribution from THDA of available THDA funds, initially shall be deposited in the Issue 2019-1 Bond Subaccount of the Loan Fund.

Section 4.03. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2019-1 Bonds unless (i) such Program Loan is made for the acquisition of residential housing for occupancy by not more than four families and (ii) the deed of trust securing such Program Loan shall constitute and create a first lien subject only to Permitted Encumbrances, on the fee simple or leasehold estate, of real property located in the State or on the interest in the real property constituting a part of the residential housing with respect to which the Program Loan secured thereby is made and on the fixtures acquired with the proceeds of the Program Loan attached to or used in connection with such residential housing.

In addition, the Program Loan must either:

- (a) have been pooled into a Program Security; or
- (b) have been insured or guaranteed or have a commitment for insurance or guaranty by:
 - (i) the United States or any instrumentality thereof (inclusive of the Federal Housing Administration, the Farmers Home Administration, the Veteran's Administration, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred, or which is exercising similar powers with reference to the insurance or guaranty of Program Loans), or
 - (ii) any agency or instrumentality of the State authorized by law to issue such insurance; or
- (c) be made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value (as determined in an appraisal by or acceptable to THDA) or the sale price of the property securing the Program Loan; or
- (d) be made in an amount not exceeding the value, as determined in an appraisal by or acceptable to THDA, or sale price of the property securing the Program Loan, whichever is less, but only if (i) THDA is issued a mortgage insurance policy by a private mortgage insurance company, qualified to issue such insurance or guarantee in the State and approved by THDA, and the claims paying ability of which private mortgage insurer is rated by each Rating Agency in a rating category at least as high as

the then current rating assigned to the Bonds, under which the insurer, upon foreclosure of the property securing the Program Loan, must pay the holder of the Program Loan the unrecovered balance of a claim including unpaid principal, accrued interest, taxes, insurance premiums, and expenses of foreclosure, if any, or in lieu thereof may permit the holder of the Program Loan to retain title and may pay an agreed insured percentage of such claim; and (ii) the insured percentage of the Program Loan equals the amount by which the original principal amount of the Program Loan exceeds 78% of the value, as determined by an appraisal by or acceptable to THDA or sale price of the property securing the Program Loan, whichever is less.

ARTICLE V

FORM OF BONDS, AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Section 5.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2019-1 Bonds in fully registered form shall be in substantially the form attached hereto as Exhibit C, with such variations as shall be appropriate in order to conform to the terms and provisions of the General Resolution and this Resolution.

Section 5.02. Form of Trustee's and Authenticating Agent's Certificate of Authentication. The Issue 2019-1 Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication in substantially the following form:

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, Issue 2019-1 (Non-AMT) of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

ARTICLE VI

MISCELLANEOUS

Section 6.01. No Recourse Against Members or Other Persons. No recourse may be had for the payment of principal of or premium or interest on the Issue 2019-1 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2019-1 Bonds and neither the members of THDA nor any person executing the Issue

2019-1 Bonds may be liable personally on the Issue 2019-1 Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 6.02. Bonds not Debt, Liability or Obligation of the State or the United States of America. The Issue 2019-1 Bonds are not a debt, liability or the obligation of the State or any other political subdivision thereof. Neither the full faith and credit nor the taxing power of the State, or of any other political subdivision thereof, is pledged for the payment of the principal of or interest on the Issue 2019-1 Bonds. The Issue 2019-1 Bonds are not a debt, liability or obligation of the United States of America or any agency thereof. Neither the full faith and credit nor the taxing power of the United States of America is pledged for payment of the principal of or interest on the Issue 2019-1 Bonds.

Section 6.03. Delivery of Projected Cash Flow Statements. THDA shall deliver such Projected Cash Flow Statements at the times and on the occasions set forth in the General Resolution or this Resolution.

Section 6.04. Authorized Officers. The Chair, Vice Chair, Executive Director, General Counsel, Deputy Executive Director and Secretary of THDA and the Secretary and any Assistant Secretary of the Bond Finance Committee and any other proper officer of THDA, be, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the General Resolution and the Official Statement.

Section 6.05. Authorized Trustee. THDA authorizes and directs the Trustee to perform any and all acts contemplated to be performed by the Trustee pursuant to the terms and provisions of this Resolution.

Section 6.06. Covenant to Comply with Federal Tax Law Requirements. THDA hereby covenants to comply with all applicable requirements of the Code so that interest on the Issue 2019-1 Bonds will be excluded from gross income of the holders thereof for federal income tax purposes, including the rebate requirement of Section 148(f) of the Code. THDA also covenants to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements. In accordance with the rebate requirement, THDA agrees that there will be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Issue 2019-1 Bonds from time to time.

Section 6.07. Continuing Disclosure Undertaking.

(a) THDA shall deliver to the MSRB, within 210 days after the end of each Fiscal Year:

(i) a copy of the annual financial statements of THDA prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board; and

(ii) an annual update of the type of information in the Official Statement (A) contained in Appendix E, (B) regarding annual required contributions for employee pension plan and other post-employment benefits to the extent not included in annual financial statements and (C) of the nature disclosed under the following headings (including, without limitation, information with respect to the outstanding balances of Program Loans, by mortgage type, delinquency information, acquisition costs and income limits):

(A) Residential Finance Program Bonds; and

(B) Residential Finance Program Loans.

The information described in this subsection (a) may be provided by specific reference to documents (including official statements, to the extent the official statements include the information described in this subsection (a)) previously provided to the MSRB or filed with the Securities and Exchange Commission.

If unaudited financial statements are provided as part of the information required to be delivered under this subsection (a) within the time period specified above, THDA shall provide, when and if available, a copy of THDA's audited financial statements to the MSRB.

(b) THDA shall deliver to the MSRB and the Trustee, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events (if applicable) with respect to the Issue 2019-1 Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on the Bond Reserve Fund (or other debt service reserves) reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity provider, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issue 2019-1 Bonds, or other material events affecting the tax status of the Issue 2019-1 Bonds;

(vii) modifications to rights of the holders of the Issue 2019-1 Bonds, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Issue 2019-1 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of THDA (which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for THDA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of THDA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of THDA);

(xiii) The consummation of a merger, consolidation or acquisition involving THDA or the sale of all or substantially all of the assets of THDA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Issue 2019-1 Bonds or defeasance of any Issue 2019-1 Bonds need not be given pursuant to this Section 6.07 any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Issue 2019-1 Bonds pursuant to the Resolution;

(xv) Incurrence of a financial obligation of THDA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of THDA, any of which affect Bondholders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of THDA, any of which reflect financial difficulties.

For the purposes of the events identified in clauses (xv) and (xvi) above, the term “financial obligation” means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation”

shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”).

(c) THDA shall give notice to the Trustee and the MSRB in a timely manner of any failure by THDA to provide any information required pursuant to subsection (a) above within the time limit specified therein.

(d) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) THDA agrees that the provisions of this Section 6.07 shall be for the benefit of the beneficial owners of the Issue 2019-1 Bonds whether or not the Rule applies to such Issue 2019-1 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2019-1 Bonds (except to the extent required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of THDA or the type of business conducted thereby; (ii) these agreements as so amended would have complied with the requirements of the Rule as of the date of this Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) THDA shall have delivered to the Trustee an opinion of counsel, addressed to THDA and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) THDA shall deliver to the Trustee an opinion of or determination by a person unaffiliated with THDA (which may include the Trustee or bond counsel), acceptable to THDA and the Trustee, addressed to THDA and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Issue 2019-1 Bonds or (B) the holders of the Issue 2019-1 Bonds consent to the amendment pursuant to the same procedures as are required for amendments to the General Resolution with consent of the holders of Bonds pursuant to the General Resolution as in effect on the date of this Resolution; and (v) THDA shall have delivered copies of such opinion(s) and the amendment to the MSRB.

(g) THDA’s obligations with respect to the beneficial owners of the Issue 2019-1 Bonds under these agreements as set forth above terminate upon a legal defeasance pursuant to the General Resolution, prior redemption or payment in full of all of the Issue 2019-1 Bonds. THDA shall give notice of any such termination to the MSRB.

(h) Failure by THDA to comply with this Section 6.07 shall not constitute an Event of Default under the General Resolution but the undertaking in this Section 6.07 may be enforced by any beneficial owner of the Issue 2019-1 Bonds exclusively by an action for specific performance. The obligations of THDA in this Section 6.07 shall be

construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of the obligations under this Section 6.07 shall be instituted in a court of competent jurisdiction in the State.

Section 6.08. Confirmation and Adjustment of Terms by Committee. The terms of the Issue 2019-1 Bonds are herein established subject to confirmation by the Committee upon the sale of the Issue 2019-1 Bonds by the Committee. The Committee is hereby authorized to make such changes or modifications in the principal amounts, maturities and interest rates for the Issue 2019-1 Bonds and in the application of the proceeds thereof, paying agents, terms of redemption and the schedule of prepayment amounts to be used for accrued principal installments in such manner as the Committee determines to be necessary or convenient to better achieve the purposes of the Act and in the best interests of THDA.

Section 6.09. Effective Date. This Resolution will take effect immediately.

EXHIBIT A

BOND PURCHASE AGREEMENT

EXHIBIT B

PLANNED AMORTIZATION AMOUNTS FOR PAC BONDS

<u>Date</u>	<u>PAC Bonds</u> <u>Planned Amortization Amount</u>
July 1, 2019	\$ 175,000
January 1, 2020	315,000
July 1, 2020	1,490,000
January 1, 2021	3,670,000
July 1, 2021	6,790,000
January 1, 2022	10,750,000
July 1, 2022	14,975,000
January 1, 2023	19,050,000
July 1, 2023	22,920,000
January 1, 2024	26,580,000
July 1, 2024	30,035,000
January 1, 2025	33,295,000
July 1, 2025	36,365,000
January 1, 2026	39,240,000
July 1, 2026	41,930,000
January 1, 2027	44,435,000
July 1, 2027	46,770,000
January 1, 2028	48,925,000
July 1, 2028	49,885,000

**400% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2019-1 BONDS**

Date	Cumulative Amount	Date	Cumulative Amount
July 1, 2019	\$ 273,325	January 1, 2035	\$157,713,894
January 1, 2020	3,211,905	July 1, 2035	158,004,392
July 1, 2020	10,090,149	January 1, 2036	158,251,366
January 1, 2021	20,710,671	July 1, 2036	158,461,067
July 1, 2021	34,429,926	January 1, 2037	158,638,873
January 1, 2022	50,147,921	July 1, 2037	158,789,408
July 1, 2022	65,137,437	January 1, 2038	158,916,646
January 1, 2023	78,228,820	July 1, 2038	159,024,002
July 1, 2023	89,535,947	January 1, 2039	159,114,405
January 1, 2024	99,298,883	July 1, 2039	159,190,370
July 1, 2024	107,725,703	January 1, 2040	159,254,052
January 1, 2025	114,996,730	July 1, 2040	159,307,297
July 1, 2025	121,268,202	January 1, 2041	159,351,687
January 1, 2026	126,675,466	July 1, 2041	159,388,573
July 1, 2026	131,335,748	January 1, 2042	159,419,111
January 1, 2027	135,350,556	July 1, 2042	159,444,288
July 1, 2027	138,807,772	January 1, 2043	159,464,945
January 1, 2028	141,783,464	July 1, 2043	159,481,801
July 1, 2028	144,343,456	January 1, 2044	159,495,465
January 1, 2029	146,544,697	July 1, 2044	159,506,456
July 1, 2029	148,436,445	January 1, 2045	159,515,217
January 1, 2030	150,061,293	July 1, 2045	159,522,120
July 1, 2030	151,456,063	January 1, 2046	159,527,483
January 1, 2031	152,652,577	July 1, 2046	159,531,572
July 1, 2031	153,678,329	January 1, 2047	159,534,613
January 1, 2032	154,557,067	July 1, 2047	159,536,798
July 1, 2032	155,309,295	January 1, 2048	159,538,285
January 1, 2033	155,952,713	July 1, 2048	159,539,208
July 1, 2033	156,502,592	January 1, 2049	159,539,680
January 1, 2034	156,972,105	July 1, 2049	159,539,812
July 1, 2034	157,372,609	January 1, 2050	159,539,825

EXHIBIT C

FORM OF BOND

REGISTERED

R[-1]

\$[_____]

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2019-1 (Non-AMT)**

Interest Rate	Dated Date	Maturity Date	Cusip
[____]%	March 21, 2019	[_____]	880461[_____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: [_____]

TENNESSEE HOUSING DEVELOPMENT AGENCY (hereinafter sometimes called “THDA”), a body politic and corporate and a political subdivision of the State of Tennessee (herein called the “State”), created and existing under and by virtue of the laws of the State, acknowledges itself indebted, and for value received hereby promises to pay to the Registered Owner (shown above), or registered assigns, the principal sum (shown above), on the maturity date specified above, and to pay interest on said principal sum to the Registered Owner of this Bond from the dated date hereof until THDA’s obligation with respect to the payment of said principal sum shall be discharged, at the rate per annum specified above payable on each January 1 and July 1 commencing July 1, 2019. The principal of and interest on this Bond are payable at the designated corporate trust office of U.S. Bank National Association, Nashville, Tennessee in any coin or currency of the United States of America, which, on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

This Bond is one of the bonds of THDA designated “Residential Finance Program Bonds” (herein called the “Bonds”) authorized to be issued in various series under and pursuant to the Tennessee Housing Development Agency Act, Sections 13-23-101 et seq., of the Tennessee Code Annotated, as amended (herein called the “Act”), a resolution of THDA adopted January 29, 2013, as amended and supplemented by the Bond Finance Committee on April 18, 2013, and entitled “General Residential Finance Program Bond Resolution” (herein called the “General Resolution”) and a supplemental resolution authorizing each issue. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series of various principal amounts, may bear interest at different rates and subject to the provisions thereof, may

otherwise vary. All Bonds issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This bond is one of a series of bonds additionally designated “Issue 2019-1” (herein called the “Bonds”) issued in the aggregate principal amount of \$175,000,000 under the General Resolution, a resolution of THDA adopted on November 13, 2018, as amended and supplemented by the Bond Finance Committee of THDA on February 12, 2019 (collectively with the General Resolution, the “Resolutions”). Copies of the Resolutions are on file at the office of THDA in Nashville, Tennessee and at the principal corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as trustee under the General Resolution (said trustee under the General Resolution being called herein the “Trustee”) and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds have been issued and may be issued thereunder.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by THDA with the written consent of the holders of at least two-thirds in principal amount of the Bonds then outstanding, and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding. If such modification or amendment will by its terms not take effect so long as any Bonds of any specified like series and maturity remain outstanding, however, the consent of the holders of such Bonds shall not be required. In addition, certain other modifications or amendments to the Resolutions can be made which are not contrary to or inconsistent with the Resolutions without the consent of the Bondholders.

The holder of this Bond shall have no right to enforce the provisions of the Resolutions, to institute actions to enforce the provisions of the Resolutions or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the General Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the General Resolution, the principal of all the Bonds issued thereunder and then outstanding, together with accrued interest thereon, may become or may be declared due and payable before the maturity thereof.

This Bond is transferable, as provided in the Resolutions, only upon the books of THDA kept for that purpose at the office of the Trustee by the registered owner hereof in person or by such owner’s attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner’s attorney duly authorized in writing, and thereupon a new registered Bond or Bonds in the same aggregate principal amount and of the same series and maturity shall be issued to the transferee in exchange therefor as provided in the General Resolution and upon the payment of the charges, if any, therein prescribed. THDA and the Trustee may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving

payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This Bond is a special limited obligation of THDA payable solely from the revenues and assets pledged therefor pursuant to the General Resolution.

The Bonds are issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

The Bonds are subject to optional, mandatory and sinking fund redemption as described in the Resolutions.

This Bond does not constitute a debt, liability or other obligation of the State or any political subdivision thereof other than THDA and neither the State nor any political subdivision thereof shall be obligated to pay the principal of the Bonds or the interest thereon. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

This Bond shall not be valid or become obligatory for any other purpose or be entitled to any security or benefit under the Resolutions until the Certificate of Authentication hereon shall have been signed by the Trustee.

The Act provides that neither the members of THDA nor any person executing this Bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution or statutes of the State and the Resolutions to exist, to have happened or to have been performed precedent to or in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issuance of the Bonds, together with all other indebtedness, of THDA, is within every debt and other limit prescribed by law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, TENNESSEE HOUSING DEVELOPMENT AGENCY has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Executive Director, all as of the dated date shown above.

TENNESSEE HOUSING DEVELOPMENT
AGENCY

By _____
Kim Grant Brown
Chair
[SEAL]

Attest:

By _____
Ralph M. Perrey
Executive Director

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, Issue 2019-1 (Non-AMT) of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

Dated: March 21, 2019

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - _____ (Cust)	Custodian _____ (Minor)
	under Uniform Gifts to Minors
	Act _____ (State)

Additional Abbreviations may also be used though
not in the above list

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the bond register, with full power of substitution in the premises.

Dated: _____

Social Security Number or
Employer Identification
Number of Transferred: _____

Signature guaranteed: _____

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

13. OFFICIAL STATEMENT:

May Be Viewed on the Investors Webpage at THDA's Website at

<https://thda.org/investors/investors>

Tab # 5

Items:

Grants Committee Meeting Materials

**Tennessee Housing Development Agency
Grants Committee
May 21, 2019
10:00 a.m. Central Time**

AGENDA

1. Call to Order van Vuuren
2. Approval of Minutes for March 26, 2019 Meeting van Vuuren
3. 2015-2016 HOME Grant Extension Requests Watt
4. Grant Extension Request: 2017 Rebuild & Recover Program – Sevier County Watt
5. 2020 Tennessee Housing Trust Fund Set-Aside to Habitat for Humanity of
Tennessee Watt
6. 2020 Challenge Grant Program Description Watt
7. 2019 Home Modifications and Ramp Program Description Watt
8. Adjourn van Vuuren

LOCATION

William R. Snodgrass—Tennessee Tower
312 Rosa L. Parks Avenue; Third Floor
Nashville, TN 37243

The Nashville Room

COMMITTEE MEMBERS

Pieter van Vuuren, Chair
Tre Hargett
John Krenson
Austin McMullen
Lynn Tully
Justin Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY
GRANTS COMMITTEE
March 26, 2019

Pursuant to the call of the Chair, the Grants Committee of the Tennessee Housing Development Agency Board of Directors met in regular session on Tuesday, March 26, 2019, at 10:00 a.m. Central Time in the Nashville Room at the William R. Snodgrass Tennessee Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee.

The following Committee members were present: Lynn Tully, Katie Armstrong (for Comptroller Justin Wilson), and Jonathan Rummel (for Secretary of State Tre Hargett). Austin McMullen, John Krenson, and Pieter van Vuuren were absent. Other Board members present were Kim Grant Brown, Dorothy Cleaves, Regina Hubbard, Erin Merrick, and Samantha Wilson (for Treasurer David Lillard).

Lynn Tully chaired the meeting and called the meeting to order. She called for consideration of the minutes from the January 29, 2019 meeting. Upon motion by Ms. Armstrong, second by Ms. Merrick, the minutes were approved.

Ms. Tully next called on Don Watt, Director of Community Programs, to present information about the 2019 Weatherization Assistance Program (“WAP”) Model Plan. Mr. Watt referenced his memorandum dated March 18, 2019, for details about the Program Year 2019 Weatherization Assistance Program. He noted that the program provides resources to assist low-income households make energy efficiency improvements at their homes, with the goal of lowering the overall energy burden for the household. Mr. Watt announced that for Program Year 2018, to date, 545 houses have been completed or that have work orders underway, representing a 70% increase YTD over Program Year 2017, and that number is expected increase as more work orders come in before June 30, 2019. He acknowledged the leadership of Blake Worthington, Housing Program Manager-Energy, for his work in implementing and improving the program. Mr. Watt then stated that THDA is required to submit a model plan annually to the U.S. Department of Energy as part of an application for WAP funding. He indicated that the plan is due May 3, 2019, for the program year that will begin on July 1, 2019, for slightly over \$5M in funding, with 10% for administration, \$832,000 for training and technical assistance, and the remaining funds for energy efficiency improvements at the units. Mr. Watt explained the following proposed changes to the 2019 WAP Model Plan:

- 1) Increase the maximum cap per household from \$7,371 to \$7,541.
- 2) Allow sub-grantees to use in-house crews to implement improvements with THDA approval.
- 3) Add activities under the training & technical assistance component, including:
 - a) build an additional training house to train energy auditors around the state, and
 - b) develop data to show actual energy savings and the health impact of weatherization activities.
- 4) Require all HVAC unit replacements to be Energy Star certified (or equivalent).

Upon motion by Mr. Rummel, second by Ms. Brown, the Committee recommended approval of the 2019 WAP Model Plan for submission, with authority for the Executive Director to make any additional changes as may be required or to not submit the 2019 WAP Model Plan if deemed appropriate.

Next, Ms. Tully recused herself and Ms. Brown acted as Chair. Ms. Brown called upon Mr. Watt to present a grant extension request from Kingsport Housing and Redevelopment Authority (“KHRA”) for a Tennessee Housing Trust Fund (“THTF”) 2016 Spring Round Competitive Grants award. Mr. Watt referenced his memorandum dated March 18, 2019, and the attached request letter from KHRA. Mr. Watt noted that THDA awarded \$500,000 to KHRA under the 2016 Spring Round of the Competitive Grants program to rehabilitate Charlemont Apartments in Kingsport, TN. He reported that KHRA has expended 80% of the project funds to purchase the building, complete the tenant relocation process, gut the inside of the building, and initiate the rehabilitation work, however, the grant will expire on June 30th, 2019. He noted that KHRA has secured the remaining finances for the project, including a 2016 National Housing Trust Fund (“NHTF”) grant and an allocation of bonds and 4% tax credits. He indicated that due to the delays in securing these remaining funds, KHRA has requested a 6-month extension to December 31, 2019 in order to complete the project. Upon motion by Ms. Merrick, second by Mr. Rummel, the Committee recommended approval for an extension to December 31, 2019, for the KHRA 2016 THTF Spring Round Competitive Grants award. Ms. Tully recused herself from the vote.

Next, Ms. Tully called upon Mr. Watt to present several grant extension requests for the HOME Program. Mr. Watt referenced his memorandum dated March 18, 2019, and the attached request letters. He stated that, citing issues with the procurement of contractors as well as staff turnover associated with the grant administration, all of the following 2015-2016 HOME grantees had requested an extension to June 30, 2020: the Town of Benton, Bledsoe County, the City of Bolivar, the City of Cleveland, and the City of Oak Ridge. Mr. Watt also stated that the Rutherford County Area Habitat for Humanity (“Habitat”) requested an additional one-year extension of their 2014 HOME grant to June 30, 2020. He explained that in this current request, Habitat cited issues with procuring a vendor to complete the required environmental review as well as the inability to secure the 8-acre parcel for their proposed subdivision, so they were required to build at scattered sites, which slowed down the work progress. Mr. Watt stated that Habitat will return \$64,206.53 of their grant to THDA, which will be reallocated under the 2019 HOME program. Upon motion by Mr. Rummel, second by Ms. Brown, the Committee recommended approval of extensions of the indicated 2015-2016 HOME grants to June 30, 2020 and the extension of the 2014 Habitat grant to June 30, 2020.

Next, Ms. Tully called upon Mr. Ralph Perrey, Executive Director of THDA, and Mr. Watt to present information on the proposed 2019 Building Trades Demonstration Program. Mr. Perrey deferred to Mr. Watt, who referenced his memorandum dated March 18, 2019, and the attached proposal. Mr. Watt noted that the rationale for the proposal is that the construction industry across the state is facing a severe shortage of skilled labor as younger generations are not considering the construction trade as viable career path. He noted that THDA’s housing development programs have been consistently impacted by this shortage—as evidenced by increased numbers of grant extension requests—and in part because federal and state programs have a higher regulatory burden and are slower to pay than non-subsidized housing sectors. He explained that, to help

impact this issue, the Tennessee Builders Education Foundation and Shelby County Schools are proposing a vocational training program in the school system on the building trades. Mr. Watt stated that in support of this initiative, THDA is proposing to reallocate \$450,000 from its existing allocation of Rebuild & Recover Program funds to provide one-time support of the start-up costs of this program in Shelby County. Don Glaze, Executive Director of the West TN Home Builders Association addressed the Committee, provided additional program details, and addressed questions from Committee members. Upon motion by Ms. Merrick, second by Mr. Rummel, the Committee recommended authorization of \$450,000 from the Rebuild and Recover fund for a one-time grant to the Tennessee Builders Education Foundation to support the start-up of this partnership with the Shelby County School System for the construction trades vocational training program. Ms. Grant Brown recused herself from the vote.

Finally, Ms. Tully called upon Ms. Megan Webb, THDA Research Analyst, to present the HOME Beneficiary Report. Ms. Webb referenced the "THDA HOME Investment Partnerships Program Beneficiary Report" dated July 1, 2017-June 30, 2018 included in the Board packet and provided highlights. She stated that the report is a snapshot of outcomes from the fiscal year 2018 HOME program that highlights the number of units completed, number of households assisted, and further information on funding and particular awards.

There being no further business to come before the Committee, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the _____ day of _____, 2019.



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors

FROM: Don Watt, Director of Community Programs

DATE: May 14, 2019

RE: Request for Approval of HOME Grant Extensions: Blount County Habitat for Humanity (HM-1516-18); Town of Coopertown (HM-1516-20); City of Eagleville (HM-1516-21); Fentress County (HM-1516-06); Greene County (HM-1516-07); Hawkins County (HM-1516-08); Town of Huntsville (HM-1516-09); City of Jamestown (HM-1516-10); Johnson County (HM-1516-11); Montgomery County (HM-1516-27); City of Paris (HM-1516-15); Town of Surgoinsville (HM-1516-17; Unicoi County (HM-1516-30).

Recommendation

Staff recommends approval of each of the referenced HOME Grant extension requests as follows:

Extend to October 1, 2019:

- Fentress County

Extend to December 31, 2019:

- Blount County Habitat for Humanity
- Greene County
- Hawkins County
- Town of Huntsville
- City of Jamestown
- Montgomery County
- Town of Surgoinsville
- Unicoi County

Extend to June 30, 2020

- Town of Coopertown
- City of Eagleville
- Johnson County
- City of Paris

Background

Blount County Habitat for Humanity has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the Habitat chapter has expended \$44,270, or 40% of \$111,195 awarded. Downpayment assistance has been provided to three homebuyers to date, with two units currently under construction, with closing scheduled for both units by October 31, 2019.

The **Town of Coopertown** has requested an extension of the 2015-2016 HOME grant to June 30, 2020. This grant is currently set to expire on June 30, 2019. To date, the Town has expended \$3,000, or 1% of \$500,000 awarded. To date, only four applications have been received, with three qualifying for assistance. The Town's program administrator, the Greater Nashville Regional Council (GNRC), estimates that ten eligible applications are estimated to be needed to use all grant funds allocated. GNRC and the Town will expand its marketing efforts for the resources to the community's homeowners and will increase efforts to recruit more contractors to ensure that approved projects can move forward quickly.

The **City of Eagleville** has requested an extension of the 2015-2016 HOME grant to June 30, 2020. This grant is currently set to expire on June 30, 2019. To date, the City has not expended any amount of the \$500,000 awarded. To date, only five applications have been received. The City's program administrator, GNRC, is currently reviewing eligibility for assistance. GNRC estimates that ten eligible applications are estimated to be needed to use all grant funds allocated. GNRC and the City will expand its marketing efforts for the resources to the community's homeowners.

Fentress County has requested an extension of the 2015-2016 HOME grant to October 1, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$204,367, 54% of the \$375,000 awarded. The County has assisted six homeowners, with one additional unit under construction and two units in the contractor procurement phase. The County has sufficient funds available to assist one additional homeowner from the 31 eligible applications received. The County noted a delay in the program's implementation start because of the program being held in abeyance as THDA worked to resolve issues associated with the inspection of units in jurisdictions that have opted out of the State's building code requirements. The County has contracted with Grass Roots Planning and Consulting to administer the program.

Greene County has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$3,000, or 1% of \$500,000 awarded. The County has recently completed the Tier II Environmental Review process for thirteen units and contractor procurement is scheduled to be completed by May 31. The County has contracted with First Tennessee Development District to administer this program.

Hawkins County has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$3,000, or 1% of \$500,000 awarded. The County has recently completed the Tier II Environmental Review process for nine units and will begin procurement in June. The County has contracted with First Tennessee Development District to administer this program.

The **Town of Huntsville** has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the Town has expended \$150,942, or 40% of the \$375,000 awarded. The Town has assisted four households to date, and plans to assist four remaining homeowners with approval of this extension request. The Town has encountered unforeseen delays in lead based paint testing.

The **City of Jamestown** has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the City has expended \$86,830, or 23% of \$375,000 awarded. The City experienced difficulties associated with an administration change, the death of their Mayor, and delays in the City's building inspection process. The City has contracted with Grass Roots Planning and Consulting to administer the program.

Johnson County has requested an extension of the 2015-2016 HOME grant to June 30, 2020. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$3,000, or 1% of \$500,000 awarded. The County has received nine applications and has begun the Tier II Environmental Review process. The County cited delays in program implementation because of the program being held in abeyance as THDA worked to resolve issues associated with the inspection of units in jurisdictions that have opted out of the State's building code requirements. The County has contracted with First Tennessee Development District to administer this program.

Montgomery County has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$97,049, or 19% of \$500,000 awarded. Following a slow start associated with the recruitment of homeowners to participate in the program, nine applications have been approved to date, with contractor procurement expected to be completed by June 30. The County has contracted with GNRC to administer the program.

The **City of Paris** has requested an extension of the 2015-2016 HOME grant to June 30, 2020. This grant is currently set to expire on June 30, 2019. To date, the City has expended \$202,032, or 58% of \$350,000 awarded. The City has completed four homes, with one home currently under construction and two additional units proposed for assistance. The City has contracted with the Northwest Tennessee Development District to administer the program.

The **Town of Surgoinsville** has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the Town has expended \$119,260, or 48% of \$250,000 awarded. The Town has completed three projects, as well as the environmental reviews for three additional units. Contractor procurement is expected to be completed

by June 15. The Town has contracted with First Tennessee Development District to administer this program.

Unicoi County has requested an extension of the 2015-2016 HOME grant to December 31, 2019. This grant is currently set to expire on June 30, 2019. To date, the County has expended \$35,762, or 7% of \$500,000 awarded. The County expects to complete contractor procurement by mid-May, with all construction activity completed by August 31. The County has contracted with First Tennessee Development District to administer this program.



May 9, 2019

Tennessee Housing Development Agency
Attn: Don Watt
Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick Street
Nashville, TN 37243

Re: Contract Extension Request
Contract Number: HM-1516-18
Grantee: Blount County Habitat for Humanity
Grant Amount: \$111,195.00

Dear Mr. Watt:

Please accept this letter as Blount County Habitat for Humanity's formal request for a HOME Grant contract extension related to contract number HM-1516-18. To date, Blount County Habitat for Humanity has executed 3 of the 5 down payment assistance grants included in the \$111,195.00 awarded. The 2 remaining units are currently under construction. We have outlined the tentative completion schedule below.

1. 225 Bessie Harvey Avenue- anticipated Certificate of Occupancy mid-August 2019. Closing tentatively occurs 1 month-6 weeks after CO.
 - a. Executed Purchase Contract submitted via THDA Electronic Document Portal-5/9/2019
2. 154 West Franklin Street- anticipated Certificate of Occupancy end of September 2019. Closing tentatively occurs 1 month-6 weeks after CO.
 - a. Purchase Contract to be submitted prior to 6/30/2019

The HOME down payment assistance grant is a critical tool in Habitat's work making homeownership affordable. We take our obligation to THDA and our customers very seriously and are committed to completing this contract in 2019. We sincerely appreciate your consideration of our extension request and look forward to your approval.

Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sarah Hooks". The signature is fluid and cursive, with the first name "Sarah" being more prominent than the last name "Hooks".

Sarah Hooks
Director of Programs



**Town of Coopertown
2525 Burgess Gower Road
Springfield, TN 37172**

Phone 615 382-4470
Toll-free 877 411-4760
Facsimile 615 382-4439
Mayor Glen Guyor

www.coopertowntn.org
**Vice Mayor
Robert D. Anderson**

May 9, 2019

Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

Subject: Request to Extend HOME Grant for Coopertown

Dear Mr. Perrey:

I am extremely grateful for the HOME funds awarded by THDA to help Coopertown's most vulnerable citizens make critical repairs to their homes. We, along with our contracted partner, the Greater Nashville Regional Council (GNRC), have been working diligently to deploy these funds within the contract term. However, due to circumstances outlined below, we are requesting a one year extension to our HOME agreement with THDA.

We estimate that we need to assist ten homes to fully expend the HOME grant. Unfortunately, interest in the program has been low. While twelve residents attended the public meeting held on September 15, 2016, only four applications have been submitted. Of these, three have been approved; work on one of the homes would exceed the property value limits so it cannot be assisted.

The public meeting was advertised in two local papers, and notices were posted at churches, city hall, and other areas. In the fall of 2018, GNRC created informational flyers which were posted on Coopertown's website and Facebook page. Also, GNRC posted the flyer on its website. This summer and fall, we will increase outreach efforts to attract more applicants.

At the same time, GNRC has increased efforts to recruit more contractors to the program to ensure that approved projects can be completed. Low contractor participation has caused projects to be rebid at least once, sometimes twice, which further delays production. We hope at least two projects will be under contract by June 30.

We appreciated THDA's consideration of our request so that we can continue to provide this valuable service. If you have any questions, please contact Glen Guyor, Mayor at 615-382-4470.

Sincerely,

Glen Guyor
Mayor, Town of Coopertown

Cc: Don Watt, Community Programs Director, THDA/ach

P.O. Box 68
108 South Main St.
Eagleville, TN 37060



(615) 274-2922
Fax (615) 274-2977
www.EaglevilleTN.com

Chad Leeman, Mayor

May 9, 2019

Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

Subject: Request to Extend HOME Grant for Eagleville

Dear Mr. Perrey:

Please consider this letter as the City of Eagleville's request to extend the HOME Grant Agreement from June 30, 2019 to June 30, 2020. The extension will allow us time to resolve the issues described below and to fully expend the HOME grant.

To spend the HOME grant, we would need to serve at least ten homes. Nine people attended the public meeting held on September 22, 2016, which was advertised in the local paper. To date, five applications have been submitted, and all cases have been assigned to an inspector. The next step is to procure contractors to work on homes that can be assisted under the cap. This procurement will occur prior to June 30, 2019.

To increase participation in the program, our partner, the Greater Nashville Regional Council (GNRC) created informational flyers which were posted on Eagleville's website and Facebook page. Also, GNRC posted the flyer on its website. This summer and fall, we will increase outreach efforts to attract more applicants with the goal of having all projects under contract by January 2020.

Thank you for considering our request to continue to use these funds to make critical repairs to the homes of Eagleville's most vulnerable residents. If you have any questions, please contact Hellyn Riggins, City Manager at 615-274-2922.

Sincerely,

Chad Leeman
Eagleville Mayor

Cc: Don Watt, Community Programs Director, THDA
/ach

FENTRESS COUNTY GOVERNMENT

Jimmy Johnson, County Executive

101 Main Street | P.O. Box 1128 | Jamestown, TN 38556 | Ph. 931-879-7713 | Fax No. 931-879-1579



May 3, 2019

Don Watt
Director, Community Programs Division
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, Tennessee 37243

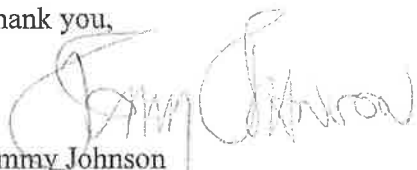
Dear Mr. Watt:

On behalf of Fentress County, I appreciate your support of the 2016 THDA HOME Project. I feel that we have been very successful with this program. Even with the delay due to the lack of building codes, Fentress County has completed the rehabilitation of six homes. We have one currently under construction and are bidding two more homes on Tuesday, May 14.

Our grant administrator has explained to me that after our bid opening on May 14, we will still have funding to rehabilitate one more home. During our application time period, we had 31 eligible applications. I would appreciate you extending our contract until October 1, 2019 to allow us to rehabilitate one more home and spend our remaining grant dollars.

Again, I appreciate your help with our project, and I look forward to working with you on future projects in Fentress County. If I can answer any questions, please do not hesitate to contact me.

Thank you,


Jimmy Johnson
County Executive

GREENE COUNTY GOVERNMENT



KEVIN MORRISON, MAYOR

204 North Cutler Street, Suite 206, Greeneville, TN 37745

Office: 423-798-1766 Fax: 423-798-1771

Email: MayorKevinMorrison@greencountytn.gov

May 6, 2019

THDA

Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Greene County THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$500,000.

We have submitted Tier II Environmental reviews for nine (9) applicants and are working on one (1) additional applicant. Once approved, these projects will be forwarded to a contracted inspector for work write-up and lead based paint inspections. We are striving to have these projects bid out by the mid-June and contracts signed by the end of June. However, we anticipate the rehabilitation and processing of closeout documents not occurring until late August or beginning of September due to the limited available contractors and their workloads.

We respectfully request an extension on this grant until December 31, 2019. While our plans are to have these projects completed prior to this date, we feel this would allow adequate time for any unforeseen circumstances.

You may reach me at (423) 798-1766 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

Kevin Morrison, Mayor



Hawkins County Board of Commissioners

150 E. Washington Street, Suite 2
Rogersville, Tennessee 37857

Telephone: (423) 272- 7359
Fax: (423) 272-1867

Jim Lee
County Mayor

May 3, 2019

THDA

Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Hawkins County THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$500,000.

Tier II Environmental reviews have been completed for 13 applicants. Currently, work write-up and lead based paint inspections are being conducted by a contracted inspector. We are striving to have these projects bid out by the end of May and contracts signed mid-June. However, we anticipate the rehabilitation and processing of closeout documents not occurring until August due to the limited available contractors and their workloads.

We respectfully request an extension on this grant until December 31, 2019. While our plans are to have these projects completed prior to this date, we feel this would allow adequate time for any unforeseen circumstances.

You may reach me at (423) 272-7359 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

A handwritten signature in cursive script that reads "Jim Lee".

Jim Lee, Mayor
Hawkins County, Tennessee



Town of Huntsville

3053 Baker Hwy.
P.O. Box 150
Huntsville, TN 37756

Phone: 423-663-3471
Fax: 423-663-9701

April 18, 2019

Received
APR 29 2019
Community Programs

Mr. Don Watt
Tennessee Housing Development Agency
Director of Community Programs
502 Deaderick Street, Second Floor
Nashville, TN 37243

RE: HOME Grant Extension – Town of Huntsville (HM-1516-09)

Dear Mr. Watt,

The Town of Huntsville respectfully requests an extension of our 2015/16 HOME Grant until 12/31/2019. We are requesting the extension due to unforeseen delays in lead-based paint testing being completed by the third party we have contracted with. We have four (4) remaining households to serve. Three (3) of those have been put out to bid, with bids being due back to the Town by April 22, 2019. We anticipate having the three (3) homeowners under contract in very early May. The fourth and final homeowner is awaiting lead-based paint testing. We have been assured that the company will be out next week (April 22, 2019) to complete the lead testing. If the extension is granted, we will then move forward with getting approval of the work write-up and putting the final home out to bid.

To date, we have assisted four (4) households and expended \$150,942.30 of our \$375,000 award. Assisting the final four (4) homeowners will expend approximately \$170,000, leaving a remaining balance of approximately \$50,000.

Thank you in advance for your consideration. We look forward to continuing to partner with THDA to serve the residents of Huntsville. If you have any questions, please contact our Administrator, Heather Allen with Community Development Partners at 615-386-0222 or hallen@cdpllc.com.

Sincerely,

Dennis Jeffers
Mayor

cc: Bill Lord, THDA
Heather Allen, CDP, LLC.



LYNDON BAINES, *Mayor*
GAIL DISHMON, *City Recorder*
Aldermen

CHARLES COOPER | BECKY DUNCAN | MAJENICA LEDBETTER | VANEESA MATTHEWS | ELIZABETH PENDERGRASS

May 7, 2019

Don Watt
Director, Community Programs Division
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, Tennessee 37243

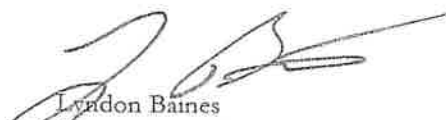
Dear Mr. Watt:

On behalf of the City of Jamestown, I appreciate your support of the 2016 THDA HOME Project. I am writing this letter to request an extension of our grant contract.

During our grant period, we have faced some difficulties with an administration change, then the death of our beloved Mayor Darlene Monday Davis. The biggest difficulty we have been challenged with dealing with our HOME project was our Building Codes inspector. He did not understand the work write up process which slowed down our grant. After the work write ups were turned over to our grant administrator Amanda Mainord to complete, the process has moved much more quickly. I took office in September 2018, and have worked closely with Amanda to ensure homeowners are being served by the Program. I would appreciate you extending our contract until December 31, 2019 to allow us to spend our remaining grant dollars.

Again, I appreciate your help with our project, and I look forward to working with you on future projects in Jamestown. If I can answer any questions, please do not hesitate to contact me.

Thank you,


Lyndon Baines
Mayor, City of Jamestown

May 9, 2019

THDA

Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Johnson County THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$500,000.

The public meeting and application intake on this grant was delayed due to a decision being made regarding the building codes issue. A public meeting was held and we have received nine (9) applications to date. These applications are being scheduled for Tier II Environmental Reviews within the next few weeks.

We respectfully request an extension on this grant until June 30, 2020. While our plans are to have these projects completed prior to this date, we feel this would allow adequate time for any unforeseen circumstances.

You may reach me at (423) 727-9696 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Taylor", with a stylized flourish at the end.

Mike Taylor, Mayor
Johnson County, Tennessee



Montgomery County Government

Jim Durrett
County Mayor

1 Millennium Plaza, Suite 205
P.O. Box 368
Clarksville, Tennessee 37041-0368

Phone: (931) 648-5787
Fax: (931) 553-5177
mayordurrett@mcgtn.net

May 9, 2019

Mr. Ralph Perrey
Executive Director
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

Subject: Request to Extend HOME Grant for Montgomery County

Dear Mr. Perrey:

Montgomery County is committed to providing its residents with assistance that allows them to have decent, safe housing through the HOME program. We and our partner, the Greater Nashville Regional Council (GNRC), are making every effort to expend all grant funds by June 30, 2019. However, we are requesting a six-month extension to guard against unforeseen circumstances that may delay a project going under contract by June 30.

Initially, interest in the program was very low. No one attended the public meeting held on September 21, 2016, even though it was advertised in the local paper. As a result of flyers created by GNRC, which were posted on Montgomery County's website and Facebook page, as well as on GNRC's website, we have received enough applications to obligate all grant funds. Nine applications have been approved and assigned to an inspector. The next step is to procure contractors to work on homes that can be assisted under the cap. We expect this procurement will occur prior to June 30.

We are concerned about having enough contractors to bid on projects. Low contractor participation can cause projects to be rebid at least once, sometimes twice, which would prohibit our ability to have jobs under contract by June 30. GNRC has increased efforts to recruit more contractors to the program by posting flyers in hardware stores in the area. We believe that an extension of six months would allow us sufficient time to rebid jobs, should that be necessary.

I am very grateful for the award of HOME funds and your consideration of our request. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Durrett", is written over a horizontal line.

Jim Durrett
Montgomery County Mayor

cc: Don Watt, Community Programs Director, THDA
/ach



Office of the Mayor
www.paristn.gov

Carlton Gerrell, Mayor
cgerrell@cityofparistn.gov
Phone: 731-641-1402

100 N. Caldwell St.
P. O. Box 970
Paris, TN 38242

May 6, 2019

Don Watts, Director of Community Programs
Tennessee Housing Development Agency
Andrew Jackson Building Third Floor
502 Deaderick Street
Nashville, TN 37243

Subject: Request for Grant Period Extension – City of Paris 2016 HOME Grant HM-1516-15

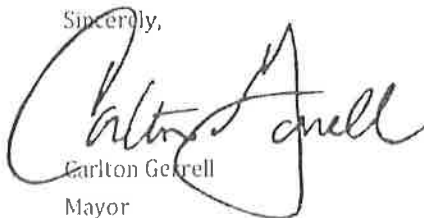
Dear Mr. Watts:

I am submitting this letter to request an extension for the City of Paris HOME Grant end date June 30, 2019. The City's 2016 grant expires June 30, 2019. We have two homes remaining to bid.

- We have completed 4 homes.
- Currently there is one home at 60% and should be completed by the June 30, 2019.
- Two homes remain to bid.

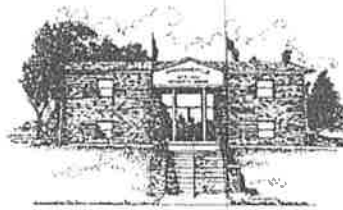
Due to the delays we are requesting a 1 year extension of our grant. We very much appreciate your consideration of our request.

Sincerely,



Carlton Gerrell
Mayor

1735 Main Street
P.O. Box 67
Surgoinville, Tennessee 37873-0067



(423) 345-2213
Fax: (423) 345-4646
surgoinvillecit@bellsouth.net

Town of Surgoinville

May 6, 2019

THDA

Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Town of Surgoinville THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$250,000.

As of this date three (3) projects have been completed and environmental reviews for three (3) additional projects have been approved. Currently, work write-up and lead based paint inspections are being conducted by a contracted inspector. We are striving to have these projects bid out by the end of May and contracts signed mid-June. However, we anticipate the rehabilitation and processing of closeout documents not occurring until August due to the limited available contractors and their workloads.

We respectfully request an extension on this grant until December 31, 2019. While our plans are to have these projects completed prior to this date, we feel this would allow adequate time for any unforeseen circumstances.

You may reach me at (423) 345-2213 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

Merrell Graham, Mayor
Town of Surgoinville, Tennessee



Unicoi County

Post Office Box 169 • Erwin, Tennessee 37650 • (423) 743-9391 • FAX 743-8007

Garland "Bubba" Evely
County Mayor

May 3, 2019

THDA
Attn: Don Watt, Director of Community Programs
Andrew Jackson Building Third Floor
502 Deaderick St
Nashville, TN 37243

RE: 2016 Unicoi County THDA HOME Grant

Dear Mr. Watt,

Thank you for the opportunity to serve our citizens with the Tennessee Housing Development Agency's HOME Grant in an amount of \$500,000.

Currently six (6) homes have been inspected and bid out, with contract signings planned to occur within the next two (2) weeks. There is one additional late applicant we look to begin a Tier II Environmental Review.

We respectfully request an extension on this grant until December 31, 2019 in order to fully utilize available funds. While our plans are to have the six (6) projects completed prior to the end of August, we feel this extension would allow adequate time for any unforeseen circumstances and to assist the late applicant.

You may reach me at (423) 272-7359 should you have any questions or you may contact our administrative agency, Bill Forrester with the First Tennessee Development District at (423) 722-5099.

Sincerely,

Garland Evely, Mayor
Unicoi County, Tennessee



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: May 15, 2019
RE: Request for Approval of Grant Extension: 2017 Rebuild and Recover Program – Sevier County – RR-17-01

Recommendation

Staff recommends approval of the extension request for RR-17-01 to August 31, 2019 as further described below.

Background

THDA awarded Sevier County a grant of \$393,750 under the Rebuild and Recover Program. This grant provided grants to eligible low-income homeowners for the demolition and reconstruction of 25 owner-occupied units of housing in Sevier County, TN, damaged by fires in November 2016 under the federal disaster declaration. The original term of the grant was June 1, 2017 through February 28, 2019, in accordance with the original timeline for completion proposed by Sevier County in the application. THDA approved an extension through May 31, 2019 at its Board Meeting in January 2019.

Sevier County has contracted program management with Appalachia Service Project (ASP), which will have completed 21 homes by May 31, with four units under construction. ASP expects to conclude all construction activity by August 31, 2019. These four units have been further delayed due to foundation issues at each unit.

As a result, Sevier County is requesting consideration of an additional three-month extension on the current grant term to ensure sufficient time to complete the remaining four units.

Telephone 865.453.6136
Fax 865.453.6830
E-mail: lwaters@seviercountyttn.org



125 Court Avenue
Suite 201E
Sevierville, TN 37862

Larry Waters *County Mayor*

Dear THDA Grants Committee Members,

On behalf of Appalachia Service Project (ASP), Sevier County formally requests a final extension of the work agreement for disaster recovery work with THDA from May 31, 2019 to August 31, 2019.

This extension request is for the completion of 4 remaining homes in the Sevier County, TN. Since our last update to the board in January, we will have completed 6 homes by the May 31 deadline. However, we have encountered some additional unexpected delays (mainly with abnormal foundation issues) on the remaining 4 homes.

The four remaining homes are currently in the following stages of construction:

- Home #1: Framing complete, house is in dry-in stage. Expected completion within 8 weeks
- Home #2: Septic Installed, foundation complete, house in framing stage. Expected completion within 8 weeks.
- Home #3: Foundation complete, house in framing stage- Expected completion within 8 weeks.
- Home #4: This home was our biggest issue. We had multiple engineers working on the foundation and the price for a safe foundation rose above \$90,000. Therefore, we set about helping the homeowner secure another build-ready property. He closes on that property on May 24th and we should be able to begin building within a few weeks of closing. Expected completion by Aug. 31.

Outside of the commitment from THDA, ASP has secured the required supplemental funding to complete all projects, has a team on the ground coordinating construction activities and anticipates completion of the remaining homes by August 31, 2019. By this date, ASP will have completed their commitment to rebuild a total of 25 homes for families displaced in the 2016 fires.

We feel confident in our ability to complete all projects by this final extension deadline and humbly request this additional time to complete all construction activities.

Sincerely,

Larry Waters
Sevier County Mayor



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: May 13, 2019
RE: 2020 Set-Aside Allocation to the Habitat for Humanity of Tennessee

Since July 2014, THDA has set-aside \$500,000 annually to the Habitat for Humanity of Tennessee from the Tennessee Housing Trust Fund (THTF) to be used as a construction financing pool to develop new single family units or to acquire and rehabilitate existing units for sale to eligible home buyers. Habitat for Humanity of Tennessee is able to use the THTF funding to work with smaller Habitat affiliates, especially those located in rural areas that typically build fewer houses annually than the larger urban affiliates. Through June 30, 2018, Habitat for Humanity of Tennessee has assisted local chapters with the successful development of 119 new homes, using \$2.6 million in THTF funding. To date, with its 2019 allocation, Habitat Affiliates have assisted an additional 16 households using nearly \$267,000.

The Board also approved in 2014 the terms of the use of the funds by Habitat for Humanity of Tennessee. Staff recommends no consequential changes to the terms and requirements of the 2014 Habitat for Humanity of Tennessee Program Description, except to reformat and update solely for readability, logo changes, citations and web references.

Staff recommends the allocation of \$500,000 of 2020 THTF funding to the Habitat for Humanity of Tennessee, effective July 1, 2019 – June 30, 2020, for use under the existing terms of the 2020 Habitat for Humanity of Tennessee Program Description.



TENNESSEE HOUSING TRUST FUND
2020 Habitat for Humanity of Tennessee Program Description

The Tennessee Housing Development Agency (THDA) wishes to maintain its partnership with Habitat for Humanity of Tennessee ("Habitat") through an annual allocation from the Tennessee Housing Trust Fund (THTF) of \$500,000 to continue the Habitat's statewide effort to provide affordable housing opportunities for homeownership.

A. ELIGIBLE ACTIVITIES:

1. Homeownership Programs. Homeownership programs must address the housing needs of households at or below 60% of area median income.
 - a. Development of Units for Homeownership. THTF funds must be used as a construction financing pool to develop new single family units or to acquire and rehabilitate existing units for sale to eligible home buyers.
 - b. Permanent Financing. The proposed permanent financing must be at an interest rate that does not exceed the prevailing THDA Great Choice loan interest rate by more than one percentage point. All loans must have a fixed interest rate fully amortizing over a 30-year loan term. There can be no pre-payment penalty for early payoffs. THDA Great Choice loans may be used for permanent financing if the proposed home buyer meets all THDA requirements.
 - c. Home Buyer Education. Home buyers must complete a home buyer education program from a THDA qualified home buyer education trainer prior to purchase.
 - d. Sales Price Limit. The sales price limit for homeownership programs is \$179,900.
 - e. Ownership. The home buyer must obtain fee simple title to the property.
 - f. Occupancy. The home buyer must occupy the housing as his/her principal residence.

2. Administration. Seven percent (7%) of the Habitat Tennessee Set-Aside is available for administration.
3. HTF Manual. The requirements of the 2012 HTF Manual apply to the Habitat Tennessee Set-Aside.

B. PROHIBITED ACTIVITIES:

1. Pledge HTF funds as support for tax-exempt borrowing.
2. Provide off-site improvements or neighborhood infrastructure or public facility improvements.
3. No portion of the THTF funds or the required local match may be used for administrative expenses by local governments.
4. Assist private for-profit or private non-profit owners of rental property.
5. Homeowner rehabilitation projects.

C. MATCH:

There is a 50% match requirement for the THTF funds. The matching funds can be provided by grants from other agencies; federal sources such as the CDBG program or USDA Rural Development; contributions by local church groups or local agencies; contributions by individuals; bank loans; or a funding pool established by a local lender for the applicant. THDA HOME grants and other THDA THTF program funds will not be an eligible source of the matching funds. However, HOME grants from local participating jurisdictions would be an eligible source of match.

D. PROGRAM REQUIREMENTS:

1. Income Limits. THTF funds for homeownership projects may be used to benefit households whose gross annual income does not exceed 60% of the area median income, adjusted for family size.

The THTF uses the income limits established by the U.S. Department of Housing and Urban Development for the HOME Program, and household income as defined by the Section 8 Rental Assistance Program. Current limits are on the THDA website at <https://thda.org/business-partners/home>. The income of the household to be reported for purposes of eligibility is the sum of the annual gross income of the beneficiary, the

beneficiary's spouse, and any other family member residing in the home. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

2. Structure of Homeownership Assistance. The THTF funds for construction or acquisition and rehabilitation will be rolled into the permanent first mortgage for the buyer and secured by a Promissory Note and a recorded Deed of Trust.
3. Property Standards. Certain property standards must be met when THTF funds are used for a project. Any homeownership units constructed or rehabilitated with THTF funds must meet all applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion.

In the absence of a local code, new construction of single-family units or duplexes must meet the current, State-approved edition of the International Residential Code for One- and Two-Family Dwellings; and rehabilitation of existing units must meet the current, State-approved edition of the International Existing Building Code.

New construction projects must also meet the current edition of the International Energy Conservation Code.

E. PROCUREMENT:

It is important to keep the solicitation of bids for goods and services, materials, supplies and/or equipment open and competitive. Habitat must follow their procurement policies. At a minimum, there must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

F. MARKETING REQUIREMENTS:

One goal of the THTF is to raise the profile of affordable housing at the local, state and federal level, and to demonstrate that decent housing affects all facets of community development. Habitat must develop marketing and public relations plans to accentuate the achievements of the THTF. THDA's Communications Division will assist in the development of these plans. Habitat will be required to submit data and beneficiary stories to THDA.

G. FAIR HOUSING AND EQUAL OPPORTUNITY:

Habitat must comply with both state and federal laws with regard to fair housing and equal opportunity (FHEO). FHEO requirements have been developed to protect individuals and groups

against discrimination on the basis of race, color, creed, national origin, religion, age, disability, familial status or sex.

In particular, Habitat program administrators will need to be aware of discrimination issues with regard to housing opportunities, employment opportunities, business opportunities, and benefits resulting from activities funded in full or in part by THTF dollars.

THDA requires that Habitat establish procedures to inform the public and potential home buyers of federal Fair Housing laws and Habitat's affirmative marketing program, outline procedures by which Habitat will solicit applications from potential home buyers, and maintain records of efforts to affirmatively market homeownership units.



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: May 14, 2019
RE: Request for Approval of 2020 THDA Challenge Grant Program Description

Staff is recommending approval of the attached 2020 THDA Challenge Grant Program Description (the “2020 Program Description”) to provide initial seed funding to support the fundraising efforts of eligible nonprofit organizations to implement housing activities that represent unique milestones, are part of a broad community initiative, or are part of a significant expansion of work outside the normal day to day activities of the organization.

The updated 2020 Program Description provides a formalized process for THDA’s solicitation, review, and provision of financial support for special initiatives that do not fall under traditional THDA programs. The THDA Challenge Grant Program requires that selected proposals generate cash leverage of at least 300% within nine months of THDA’s commitment of Challenge Grant resources to the initiative. This program is intended only for unique opportunities and not for proposals that would otherwise be eligible for other program resources available from THDA.

The proposed activity must include or directly support one of the following broad goals:

- Significantly expand or preserve the supply of housing for sale to low and moderate income home buyers, including new construction, reconstruction, and rehabilitation of housing.
- Significantly preserve and enhance the supply of existing owner occupied units.
- Significantly expand or preserve the supply of rental housing for low and moderate income households, including new construction and rehabilitation of rental housing.
- Significantly reduce the number of individuals who are homeless or move a significant number of a more vulnerable population into housing.

Staff has proposed the following changes to the updated 2020 Program Description:

1. Reduce the funds available from \$1,500,000 to \$1,000,000 based on the amount of funds available under the Tennessee Housing Trust Fund.
2. Provide for a single application deadline and a simultaneous review and consideration of all proposals submitted.
3. Clarify the description of a “binding commitment” to the proposed project and identify the timing for receipt of such cash resources.
4. Eliminate the Executive Director’s discretion to award the Challenge Grant without taking the recommendation to the Board of Directors.



**TENNESSEE HOUSING TRUST FUND
THDA CHALLENGE GRANT PROGRAM
FY 2020 PROGRAM DESCRIPTION**

The THDA Challenge Grant Program provides initial seed funding to support the private fundraising efforts of nonprofit organizations across Tennessee to implement housing and related activities that represent unique milestones, are part of a broad community initiative, or are part of a significant expansion of work outside the normal day to day activities of the organization. Selected proposals must generate cash leverage of at least 300% within nine months of THDA's commitment of Challenge Grant resources to the [approved](#) initiative.

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A. ELIGIBLE APPLICANTS

To be eligible, an organization must meet all of the following:

- Be organized and existing under the laws of the State of Tennessee or organized and existing under the laws of another state, but authorized to do business in Tennessee;
- Must demonstrate at least two years of experience providing affordable housing or affordable housing-related services in the State of Tennessee;
- Have a 501(c)3 designation from the Internal Revenue Service; and
- Be in good program standing with THDA.

B. FUNDS AVAILABLE

THDA will determine the funding amount to be made available annually for THDA Challenge Grants and, in any given year, may determine that funding will not be available. THDA has allocated [\\$500,000](#) to this program for FY [2020](#); however, THDA reserves the right to not make any awards for FY [2020](#).

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C. MAXIMUM GRANT

The maximum grant to be awarded is [\\$500,000](#) and the minimum grant is \$50,000.

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THDA will determine, in its sole discretion, whether any THDA Challenge Grant will be awarded in any given year and may determine, in its sole discretion, to not award any Challenge Grant ~~funds~~ in any given year.

D. ELIGIBLE ACTIVITIES

The housing activity proposed must be outside of the normal business of the applicant and not part of an ongoing or existing project. The activity must represent a unique milestone or opportunity for the applicant and for Tennessee. The scope of the housing activity must demonstrate broad community support and result in a significant community or regional impact.

The housing activity must include or directly support one of the following broad goals:

- Significantly expand or preserve the supply of housing for sale to low and moderate income home buyers, including new construction, reconstruction, and rehabilitation of housing.
- Significantly preserve and enhance the supply of existing owner-occupied units.
- Significantly expand or preserve the supply of rental housing for low and moderate income households, including new construction and rehabilitation of rental housing.
- Significantly reduce the number of individuals who are homeless or move a significant number of a more vulnerable population into housing.

Applications are more likely to be successful if the application clearly demonstrates how the housing activity:

- Is part of a comprehensive community development initiative that integrates infrastructure improvements, neighborhood development or redevelopment, commercial development or the provision of services;
- OR
- Supports the implementation of a comprehensive community-wide initiative that delivers housing and related services to the homeless or other vulnerable populations.

A THDA Challenge Grant shall only be used for the implementation of the ~~approved~~ activity. Funds may be used for demolition that is undertaken as part of the approved housing activity.

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E. PROHIBITED ACTIVITIES

No portion of a THDA Challenge Grant shall be used for the following activities or costs:

1. Administrative costs of the applicant or any other participant in the proposed project
2. Non-housing costs associated with the approved housing activity
3. Acquisition of land or housing
4. Rental assistance

F. LEVERAGE

The THDA Challenge Grant is designed to encourage the commitment of additional funds to support the proposed housing activity. THDA requires the nonprofit to leverage cash in an amount equal to 300% of the value of the THDA Challenge Grant provided for the proposed housing activity. The leveraged resources must be cash and be used for the approved housing activity. The applicant must present a fundraising plan to generate the cash leverage requirement.

In order to demonstrate broad community support for the proposed activity, all cash contributions eligible for leverage must be from third party, private business entities with no expectation of repayment by the third party contributor. All cash must be secured through formal documentation provided within nine (9) months of THDA's commitment to the proposal. No THDA funds will be made available by THDA prior to THDA's receipt of formal, third party documentation demonstrating a binding commitment of resources and any associated terms. To be considered a "binding commitment", the documentation must demonstrate that the obligation to provide the resources cannot be broken and reasonable expectation of its receipt can be enforced under state law. The commitment also must demonstrate that receipt of the cash contribution will occur during the grant term. Fundraising and capital campaign pledges will not be considered toward meeting the leverage requirement. Commitment letters from business entities on the entities' letterhead may be considered as formal documentation of a cash commitment from a third party entity. Cash contributions made by individuals are permitted, however, pledges from individuals will not be considered toward meeting the leverage requirement.

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The following additional resources will not be considered towards the leverage requirements for this program:

1. Administrative costs of the applicant or its partners in the initiative.
2. Other funds of the applicant that are currently on hand.
3. Project resources provided through any other programs administered by THDA.
4. Resources from any federal, state or local public entity or any quasi-public entity, such as the Federal Home Loan Bank.
5. Private equity generated from the sale of low income housing tax credits, new market tax credits, historic tax credits, or other similar federal or state tax credit financing mechanisms.
6. Donated materials, land or services.
7. In-kind services.
8. Funds invested in earlier phases of a project or committed to the activity prior to THDA's commitment of the THDA Challenge Grant.
9. Costs of infrastructure, development or redevelopment activities not directly associated with the housing activity supported by the THDA Challenge Grant.

G. MARKETING REQUIREMENTS

Each successful applicant shall work with the Industry and Government Affairs Division and the Communications Division of THDA to publicize the housing activity and the involvement of THDA. This marketing can include, but is not limited to, photo opportunities and beneficiary stories. THDA shall be listed on all marketing and signage as a contributor of funds in support of the approved housing activity.

H. REPORTING

The THDA Executive Director shall periodically report to the THDA Board of Directors regarding THDA Challenge Grants awarded. Each report shall include information about the eligible housing activity, the successful applicant and local community involved, the amount of the Challenge Grant awarded, progress made by the applicant in fundraising and in implementation of the approved housing activity, and, following completion, the impact of the approved housing activity. Grantees shall provide all data, in a form and with the substance as requested by THDA, in its sole discretion.

I. APPLICATION PROCESS AND REVIEW

THDA will offer a single application process for FY2020. THDA will release information on its website regarding the application process by Friday, June 7, 2019. Applications must be submitted by 4:00 PM on Thursday, August 8, 2019.

Applications will be reviewed by designated senior staff of THDA and a recommendation for funding consideration will be made to the THDA Executive Director. The THDA Executive Director will make a recommendation for funding to the THDA Board of Directors for their consideration and approval at their September meeting. THDA reserves the right not to select any proposal submitted.

THDA will provide a preference for applications that:

- Are unique opportunities for the organization;
- Incorporate volunteerism as a key component of the project;
- Result in neighborhood-wide or area-wide redevelopment;
- Address a significant challenge to the community;
- Benefit vulnerable populations, including the homeless, individuals with a disability, youth aging out of foster care, and ex-offenders;
- Have a robust fundraising plan; and,
- Propose the generation of cash leverage in excess of the program requirements.

Contracts for selected applicants will begin October 1, 2019.

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¶ Applications will be reviewed in the order that the application is received at THDA based on the day that the application is received. All applications received on the same day will be awarded competitively against the other applications received that day. ¶

¶ THDA will announce any funding awards on its website at <https://thda.org/business-partners/challenge-grant>. THDA will post notice if all funds are exhausted before the October 31, 2018. ¶

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Application Received by: ...

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Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors

FROM: Don Watt, Director of Community Programs

DATE: May 13, 2019

RE: 2019 Allocation to the United Cerebral Palsy of Middle Tennessee for Implementation of the Home Modifications and Ramps Program

In April 1999, THDA first allocated funds to United Cerebral Palsy of Middle Tennessee (UCP) to construct ramps at the homes of low income Tennesseans with physical disabilities. The RAMPS Program was included under the newly established Tennessee Housing Trust Fund in 2007. THDA expanded and renamed the program in July 2012 to address interior accessibility challenges of individuals with physical disabilities. Through the THDA-UCP partnership, THDA has provided over \$1.5 million from 2007 to June 30, 2018, and UCP has assisted 1,760 households with needed accessibility improvements.

Staff recommends the adoption of the attached 2019 Home Modifications and Ramps (HMR) Program Description and the set-aside of \$300,000 in funding to cover a two-year program implementation through June 30, 2021. The program has operated based on the Program Description/Request for Proposals adopted in July 2012. The 2019 Program Description is largely consistent with the 2017 contract between UCP and THDA, with the exception of the following changes:

- Increased the maximum HMR contribution for a ramp from \$1,200 to \$1,500 and for other accessibility modifications from \$6,000 to \$7,500.
- Allowed THDA HOME resources as an eligible match to the HMR funds.
- Clarified that improvements must meet the local building codes established for the jurisdiction in which the unit is located and minimum requirements established under the Americans with Disabilities Act of 2010.
- Added a statement that no person shall, on the grounds of race, color, creed, religion, sex, familial status, national origin, or disability, be excluded from participation, denied benefits, or subjected to discrimination under this program.
- Added conflict of interest requirements for the program.



TENNESSEE HOUSING TRUST FUND
2019 Home Modifications and Ramps (HMR) Program Description

The Tennessee Housing Development Agency (THDA) wishes to maintain its partnership with United Cerebral Palsy of Middle Tennessee (UCP) through a biennial allocation from the Tennessee Housing Trust Fund (THTF) of \$300,000 to continue joint efforts to expand statewide the accessibility of homes occupied by low-income individuals with physical disabilities.

UCP may use a maximum of \$150,000 for costs incurred associated with the implementation of eligible activities between July 1, 2019 and June 30, 2020. UCP may use balance of the remaining funds for similar costs through June 30, 2021.

A. ELIGIBLE ACTIVITIES:

1. Construction and/or Installation of Ramps – A maximum of \$1,500 per household is allowed to purchase lumber and supplies to construct the wheelchair ramp and to provide on-site design services, construction management oversight, liability insurance, and volunteer recruitment and on-site management.
2. Construction of Other Housing Modifications – A maximum of \$7,500 per household is allowed to cover associated costs of accessibility modifications to the interior of a residence, including, but not limited to accessible bathrooms, grab bar installation and other activities specific to accessibility needs of the individual with a physical disability. Associated costs may also include on-site design services, construction management oversight, liability insurance, and volunteer recruitment and on-site management.
3. Administration - Ten percent (10%) of the funds awarded may be allocated for program administration, including, salaries, rent, transportation, communications, supplies, and utilities that are associated with the administration of the HMR funds. Indirect costs must be billed in accordance with a cost allocation plan prepared for UCP that is on file with THDA.

B. ELIGIBLE HOUSEHOLDS:

Households which include an individual with a physical disability and which earn at or below 80% of the Area Median Income as established for the county in which the household resides by the U.S. Department of Housing and Urban Development for the federal HOME program and

based on the definition of household income as established by HUD for the Section 8 Rental Assistance program.

The household may be either the owner or the renter of the applicable unit that is the primary residence of the person with a physical disability.

C. MATCH

UCP must contribute a 50% match for the HMR funds provided by THDA. The match contribution may be provided by:

- Grants from other agencies, including, but not limited to, federal sources such as state or local entitlement Community Development Block Grant (CDBG) programs, HOME Investment Partnership (HOME) programs administered by state or local participating jurisdictions or their subgrantees, or the programs of USDA Rural Development;
- Contributions by local church groups or local agencies;
- Contributions by individuals;
- Bank loans;
- Volunteer labor; or,
- The value of caregiver hours provided for the individual with a physical disability.

THDA funds to communities or organizations through the THTF Competitive Grants Program, Emergency Repair Program, National Housing Trust Fund Program, Tennessee Renovation Loan Program, or the Appalachian Renovation Loan Program are ineligible sources of matching funds.

D. PROGRAM REQUIREMENTS

1. The program must be made available to eligible households across Tennessee, serving both rural and urban communities.
2. Construction activities must meet local building codes applicable for the jurisdiction in which the unit is located as well as minimum requirements established under the Americans with Disabilities Act of 2010.
3. Construction may take place on single family units owned by the individual with a disability and/or their family member. Construction also may take place on a rental house with specific permission from the landlord or property owner. Construction may not take place in apartment buildings, state-supported housing, or multiple-unit dwellings.
4. As a program funded under the THTF, one goal of the HMR Program is to raise the profile of affordable, accessible housing at the local, state and federal level. To accomplish this goal, the UCP must implement a marketing and public relations component in cooperation with THDA's Communications Division.

5. No person shall on the grounds of race, color, creed, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under this program.
6. UCP must maintain and implement procedures to inform the public about the assistance opportunity available through the HMR resources at locations accessible and available to individuals with physical disabilities.
7. Any person who is an employee, agent, consultant, officer or elected official or appointed official of THDA or UCP and who exercises or has exercised any functions or responsibilities with respect to activities assisted with HMR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may not obtain a financial interest or financial benefit from an HMR assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to any HMR assisted activity, or the proceeds from such activity, either for themselves or those whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister) grandparent, grandchild, and in laws of a covered person.

UCP must avoid conflict of interest and the appearance of a conflict of interest in administering HMR funds. UCP must present activities that raise the appearance of a conflict of interest to THDA. THDA must review and issue a determination prior to any actions taken by UCP. THDA may require UCP to repay any HMR funds used in a way that violates this provision.

Tab # 6

Items:

Lending Committee Meeting Materials

**Tennessee Housing Development Agency
Lending Committee**

May 21, 2019

10:15 a.m. Central Time

AGENDA

1. Call to Order Cleaves
2. Approval of Minutes for March 26, 2019 Meeting Cleaves
3. Conventional Lending Miller
4. Income Limits Arik
5. Adjourn Cleaves

LOCATION

William R. Snodgrass—Tennessee Tower
312 Rosa L. Parks Avenue, Third Floor
Nashville, TN 37243

The Nashville Room

COMMITTEE MEMBERS

Dorothy Cleaves, Chair
Regina Hubbard
John Krenson
Stuart McWhorter
Erin Merrick

TENNESSEE HOUSING DEVELOPMENT AGENCY
LENDING COMMITTEE
March 26, 2019

Pursuant to the call of the Chairman, the Lending Committee of the Tennessee Housing Development Agency Board of Directors (the "Committee") met in regular session on Tuesday, March 26, 2019, at 10:15 a.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower, Nashville, Tennessee.

The following Committee members were present: Dorothy Cleaves (Chair), Regina Hubbard, Erin Merrick, and Samantha Wilson for Commissioner of Finance and administration, Stuart McWhorter. John Krenson was absent. Other Board members present were Lynn Tully and Kim Grant Brown. Chair Cleaves called the meeting to order and called for consideration of the minutes from January 29, 2019. Upon motion by Ms. Hubbard, and second by Ms. Wilson, the minutes were approved.

Chair Cleaves called on Bruce Balcom, Assistant Chief Legal Counsel, to present the first item on the agenda, Freddie Mac Authorizing Resolution. Mr. Balcom explained that part of the approval process for THDA to become a Freddie Mac Seller/Servicer is to provide funds transfer instructions with the sale of certain mortgage loans. He noted that one of the requirements is a resolution authorizing designated THDA staff to provide wire transfer or Automated Clearing House instructions to Freddie Mac. He also noted that the resolution titled "Resolution of the Tennessee Housing Development Agency Authorizing Certain Staff To Provide Fund Transfer Instructions To Freddie Mac", dated March 26, 2019, included with board materials, meets this requirement. Upon motion by Ms. Brown, second by Ms. Tully, approval of the referenced resolution was recommended to the Board.

Chair Cleaves next called on Lindsay Hall, Chief Operating Officer of Single Family Programs, to present the update on the New Start Program. Ms. Hall referenced her memo dated March 18, 2019, that describes the New Start Program as a mortgage purchase program for non-profit housing entities that participate and build new homes for very low-income households in the state of Tennessee. She explained that after a participating non-profit housing entity constructs a home and sells it to an eligible household, THDA then purchases the loan. She noted that rising development and construction costs have hampered efforts of non-profit housing entities in middle Tennessee when appraisals show a value that is higher than the current New Start sales price limit. She explained that with a maximum sales price in middle Tennessee of \$165,000 and a maximum loan to value ratio of 75%, the maximum loan amount is \$123,750. Staff recommends keeping the loan amount at \$123,750, but increasing the maximum sales price limit to \$190,000 for Maury, Williamson, Davidson, Rutherford, Wilson, and Sumner counties to allow the non-profit housing entities to maintain sales prices at the current market value without forfeiting equity and continue to meet the needs of low-income homebuyers in the middle Tennessee market. Upon motion by Ms. Hubbard, second by Ms. Wilson, motion passed to recommend the described sales price limit to the Board.

Chair Cleaves next called on Cynthia Peraza, THDA Director of Special Programs, to present the Hardest Hit Fund Program update. Ms. Peraza referenced her memo dated March 18, 2019, noting that THDA has been administering the Hardest Hit Fund Program (HHF) since 2010. She noted that staff continues to monitor the performance of the HHF program allocations, disbursements, refunds and overall program volume. She indicated that based on the usage and expected production for this year and next, staff recommends allocating \$5,000,000 of the Blight Elimination Program (BEP) funds to the HHF Down Payment Assistance Program (HHF-DPA). She explained that the proposed reallocation will help further stabilize distressed neighborhoods across the state and will help meet the December 2020 deadline for expenditure of HHF funds. She also explained that fewer ZIP Codes will meet the distress levels established for HHF funds. She noted that the staff recommendation is to (1) move \$5,000,000 of BEP funds to the HHF-DPA; (2) modify, if necessary, the ZIP Codes within which HHF-DPA may be offered, effective July 1, 2019; and (3) authorize staff to make changes as U.S. Treasury may require. Upon motion by Ms. Hubbard, second by Ms. Merrick, the staff recommendations, subject to U.S. Treasury approval, were recommended to the Board.

There being no further business, Chair Cleaves adjourned the meeting.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the day of , 2019.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 14, 2019
TO: THDA Board of Directors
FROM: Lynn Miller, Chief Legal Counsel
Lindsay Hall, Chief Operating Officer of Single Family Programs
SUBJECT: Conventional Lending

Recommendation

In order to offer a conventional loan product, THDA staff recommends authorizing THDA to work through a secondary market execution as a Seller/Servicer to both Freddie Mac and Fannie Mae, both government sponsored entities (GSE). This will allow THDA to offer a conventional loan product outside of the bond program. With this method, revenue is earned on the loans once they are sold into the secondary market; earning income on the sale to either Fannie Mae or Freddie Mac. THDA will retain the servicing rights to these conventional loans and will earn servicing revenue monthly.

There are advantages to THDA to use the services of a MBS TBA provider, initially, in order to limit some interest rate risk from loan commitment to loan delivery. Once THDA staff develop experience, the expectation is that THDA staff will sell directly to the GSE(s).

THDA will also require the use of a line of credit to purchase closed loans from THDA Originating Agents prior to delivery/sale to the GSE(s). The estimated duration between purchasing loans from THDA Originating Agents to loan delivery to the GSE(s) averages 45 days.

To carry out the functions described above, the following authorizations are needed:

1. Authorize an insured conventional loan product through a secondary market execution.
2. Authorize staff to engage a provider experienced in packaging, selling and delivering loans to GSEs on behalf of housing finance agencies in order to mitigate interest rate risk and who is willing to train THDA staff and lenders in the processes required.
3. Authorize staff to create loan pools to sell to the GSE(s) using best efforts or other methods at the point the Executive Director determines that THDA staff have sufficient knowledge and experience to carry out this function.
4. Authorize staff to apply for and receive a revolving line of credit up to a maximum of \$75 million to use to purchase loans from Originating Agents prior to selling them to the GSE(s) through the provider or otherwise, with terms and conditions satisfactory to the Executive Director.
5. Authorize all appropriate staff to execute all documents and do all things necessary to carry out the authorizations described in #1-#4 above.

Background

In March, 2015, the Board authorized an insured conventional loan product using a master servicer who would pool the THDA conventional loans and sell them to the GSEs with THDA holding the resulting mortgage backed securities as permitted investments in the 2013 General Resolution. Since this 2015 authorization, other changes were made that resulted in creating Volunteer Mortgage Loan Servicing as a division of THDA ("VMLS"). VMLS began operations in February, 2016 and, as of May 1, 2019, all THDA loans are serviced by VMLS. This 2015 authorization does not accommodate the model for offering insured conventional loans THDA is now pursuing, so this additional authorization is needed.

In March, 2018, the Board approved applications to both Fannie Mae and Freddie Mac for THDA to become an approved Seller/Servicer for Fannie Mae and for Freddie Mac. With approval from Fannie Mae and/or Freddie Mac, THDA will be able to originate insured conventional loans and sell them directly to Fannie Mae or Freddie Mac via the secondary market. THDA was conditionally approved by Freddie Mac as a Seller/Servicer in the third quarter of 2018 and the plan is to submit an application to Fannie Mae by the last quarter of 2019.

With Seller/Servicer approval, THDA will be able to offer insured conventional loans that will provide revenue when the loans are packaged and sold to Fannie Mae or Freddie Mac. With servicing of these loans through VMLS, THDA will also receive ongoing servicing revenue.

With the assistance of the provider who will be selected to initially package, sell and deliver insured conventional loans purchased by THDA, THDA staff will learn how these processes actually work. This includes gaining knowledge about how interest rates are set on a daily basis, determining the revenue THDA wishes to earn, and identifying and mitigating risks involved in these processes. As a result, the expectation is that, at some appropriate point, THDA staff will assume responsibility for these activities rather than continuing to use an outside provider.

THDA will need a source of funds to purchase eligible insured conventional loans because bond proceeds cannot be used for this purpose. A bank funded line of credit will enable THDA to draw down funds as needed to purchase eligible insured conventional loans, with the drawn down amount repaid once the eligible insured conventional loans are packaged, sold and delivered to Fannie Mae or Freddie Mac. With a lag time between the THDA purchase of eligible insured conventional loans and sale of the pooled loans to Fannie Mae or Freddie Mac averaging 45 days, the \$75,000,000 maximum size of the line of credit should be sufficient to cover at least two months of production.

Overview

THDA believes that there are advantages to providing an insured conventional loan product. In many of Tennessee's rural communities where local banks and credit unions are the preferred financial institutions, conventional loans are the primary product offered. These small community banks and credit unions many times do not meet asset requirements or have a DE approved underwriter on staff, therefore they cannot participate offer FHA loans, which is the majority of THDA's current product. In addition, after the mortgage crisis, the national banks pulled away from offering FHA loans due to the strict repurchase requirements. These same banks have a strong presence in Tennessee, but are currently not offering the THDA Great Choice loan product. These banks were some of THDA's top Originating Agents before the crisis. THDA staff believe that all eligible borrowers should have the opportunity to access THDA downpayment assistance and this opportunity can be enhanced with an insured conventional loan product.

Additionally, by offering an insured conventional mortgage loan product through the secondary market execution, THDA will be serving Tennessee citizens that neither THDA nor other lenders are serving at this time.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 14, 2019
TO: THDA Board of Directors
FROM: Dr. Hulya Arik, Economist
SUBJECT: Single Family Mortgage Loan Program Income Limits, 2019

Recommendation

Staff recommends adoption of increased income limits under THDA single family mortgage loan program for certain counties as shown on the attached chart under the heading “2019 AMI and 2019 AAPP” (the “Proposed 2019 Income Limits”) to be effective as of May 27, 2019. These Proposed 2019 Income Limits result in increased income limits for 94 counties and reduced income limits only for Smith County.

Background

Determination of income limits for THDA’s single family mortgage loan program requires two pieces of information:

- Area Gross Median Family Income (AGMFI) released by HUD
- Average Area Purchase Prices (AAPP) released by the IRS

HUD released the FY19 AGMFI figures on April 24, 2019. The IRS released Revenue Procedure 2019-14 updating AAPP and nationwide purchase prices for the Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate programs on March 21, 2019. IRS Revenue Procedure 2019-21, released May 2, 2019, directs issuers of MRB, including THDA, to use either FY2019 income figures or FY2018 income figures as the basis for calculating new income limits, including income limits for high cost areas.

THDA staff calculated the Proposed 2019 Income Limits based on the 2019 AGMFI and 2019 AAPP. These calculations were reviewed by THDA bond counsel, Kutak Rock. Staff compared the current THDA income limits, based on FY2018 AGMFI and 2018 AAPP, as shown on the attached chart, to the Proposed 2019 Income Limits and concluded that the Proposed 2019 Income Limits created the best opportunity to increase the income limits for the most counties, while reducing for only one county.

	Current		2019 AMI and 2019 AAPP (Proposed)		Difference between Current limits and Proposed Limits	
County	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Anderson	\$66,600	\$76,590	\$69,900	\$80,385	\$3,300	\$3,795
Bedford	\$60,900	\$70,700	\$64,500	\$74,620	\$3,600	\$3,920
Benton	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Bledsoe	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Blount	\$66,600	\$76,590	\$69,900	\$80,385	\$3,300	\$3,795
Bradley	\$63,286	\$72,779	\$68,224	\$78,458	\$4,938	\$5,679
Campbell	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Cannon	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Carroll	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Carter	\$64,086	\$73,699	\$64,680	\$75,460	\$594	\$1,761
Cheatham	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Chester	\$63,186	\$72,664	\$66,840	\$77,980	\$3,654	\$5,316
Claiborne	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Clay	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Cocke	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Coffee	\$63,000	\$73,500	\$68,224	\$78,458	\$5,224	\$4,958
Crockett	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Cumberland	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Davidson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Decatur	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
DeKalb	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Dickson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Dyer	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Fayette	\$77,040	\$89,880	\$79,080	\$92,260	\$2,040	\$2,380
Fentress	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Franklin	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Gibson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Giles	\$62,880	\$73,360	\$64,680	\$75,460	\$1,800	\$2,100
Grainger	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Greene	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Grundy	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Hamblen	\$61,080	\$71,260	\$67,080	\$78,260	\$6,000	\$7,000
Hamilton	\$62,566	\$71,951	\$67,800	\$77,970	\$5,234	\$6,019
Hancock	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Hardeman	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Hardin	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Hawkins	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Haywood	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Henderson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Henry	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Hickman	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Houston	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Humphreys	\$63,386	\$72,894	\$67,200	\$78,400	\$3,814	\$5,506
Jackson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Jefferson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Johnson	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Knox	\$66,600	\$76,590	\$69,900	\$80,385	\$3,300	\$3,795
Lake	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040

	Current		2019 AMI and 2019 AAPP (Proposed)		Difference between Current limits and Proposed Limits	
County	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Lauderdale	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Lawrence	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Lewis	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Lincoln	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Loudon	\$66,600	\$76,590	\$69,900	\$80,385	\$3,300	\$3,795
Macon	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Madison	\$63,186	\$72,664	\$66,840	\$77,980	\$3,654	\$5,316
Marion	\$62,566	\$71,951	\$67,800	\$77,970	\$5,234	\$6,019
Marshall	\$64,106	\$73,722	\$68,040	\$78,688	\$3,934	\$4,966
Maury	\$73,800	\$86,100	\$77,640	\$90,580	\$3,840	\$4,480
McMinn	\$62,880	\$73,360	\$64,500	\$74,175	\$1,620	\$815
McNairy	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Meigs	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Monroe	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Montgomery	\$63,826	\$73,400	\$67,584	\$77,722	\$3,758	\$4,322
Moore	\$62,626	\$72,020	\$67,404	\$77,515	\$4,778	\$5,495
Morgan	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Obion	\$60,900	\$70,840	\$64,500	\$74,175	\$3,600	\$3,335
Overton	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Perry	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Pickett	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Polk	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Putnam	\$60,900	\$70,140	\$66,120	\$77,140	\$5,220	\$7,000
Rhea	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Roane	\$63,386	\$72,894	\$67,764	\$77,929	\$4,378	\$5,035
Robertson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Rutherford	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Scott	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Sequatchie	\$62,566	\$71,951	\$67,800	\$77,970	\$5,234	\$6,019
Sevier	\$63,206	\$72,687	\$66,720	\$77,840	\$3,514	\$5,153
Shelby	\$64,200	\$73,830	\$66,584	\$76,572	\$2,384	\$2,742
Smith	\$69,480	\$81,060	\$69,120	\$80,640	-\$360	-\$420
Stewart	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Sullivan	\$63,946	\$73,538	\$66,120	\$77,140	\$2,174	\$3,602
Sumner	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Tipton	\$77,040	\$89,880	\$79,080	\$92,260	\$2,040	\$2,380
Trousdale	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Unicoi	\$64,086	\$73,699	\$64,680	\$75,460	\$594	\$1,761
Union	\$79,920	\$93,240	\$83,880	\$97,860	\$3,960	\$4,620
Van Buren	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Warren	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Washington	\$64,086	\$73,699	\$64,680	\$75,460	\$594	\$1,761
Wayne	\$60,900	\$70,140	\$64,500	\$74,175	\$3,600	\$4,035
Weakley	\$64,086	\$73,699	\$65,880	\$76,860	\$1,794	\$3,161
White	\$73,080	\$85,260	\$77,400	\$90,300	\$4,320	\$5,040
Williamson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140
Wilson	\$89,880	\$104,860	\$96,000	\$112,000	\$6,120	\$7,140

Tab # 7

Items:

Tax Credit Committee Meeting Materials

**Tennessee Housing Development Agency
Tax Credit Committee
May 21, 2019
10:30 a.m. Central Time**

AGENDA

1. Call to Order Tully
2. Approval of Minutes from March 26, 2019 Tully
3. 2018 Allocation Cap Waiver Requests Yandell
4. Amendments to the 2019-2020 QAP and 2019 MTBA Program Description
(Noncompetitive LIHC & MTBA Limits) Yandell
5. 2019 Multifamily Tax-Exempt Bond Authority Activity Update Yandell
6. IRS Compliance Monitoring Requirements Update Yandell
7. Adjourn Tully

LOCATION

William R. Snodgrass—Tennessee Tower
312 Rosa L. Parks Avenue; Third Floor
Nashville, TN 37243

The Nashville Room

COMMITTEE MEMBERS

Lynn Tully, Chair
David Lillard
Stuart McWhorter
Erin Merrick
Pieter van Vuuren

TENNESSEE HOUSING DEVELOPMENT AGENCY
TAX CREDIT COMMITTEE
March 26, 2019

Pursuant to the call of the Chairman, the Tax Credit Committee of the Tennessee Housing Development Agency Board of Directors met, in regular session, on Tuesday, March 26, 2019, at 10:31 a.m. Central Time at the William R. Snodgrass Tennessee Tower, Third Floor, Nashville Room, Nashville, Tennessee.

The following Committee members were present: Lynn Tully (chair), Kevin Bradley (for Treasurer David Lillard), Samantha Wilson (for Commissioner of Finance & Administration, Stuart McWhorter), and Erin Merrick. Pieter van Vuuren was absent. Other Board members attending were: Katie Armstrong (for Comptroller Justin Wilson), Dorothy Cleaves, Regina Hubbard and Jonathan Rummel (for Secretary of State Tre Hargett).

Seeing a quorum present, Chair Tully called the meeting to order and called for consideration of the minutes from January 29, 2019. Upon motion by Ms. Merrick, second by Ms. Wilson, the minutes were approved.

Ms. Tully moved to the first item of business for the Tax Credit Committee, 2019 Multifamily Tax-Exempt Bond Authority Program Waiver Request and recognized Ralph M. Perrey, Executive Director, to make clarifications on this waiver. Mr. Perrey summarized that the placed in service deadline for all 2017 and 2018 developments that took advantage of an exchange is December 31, 2020. All materials will be edited to reflect that deadline.

Ms. Tully then recognized Ed Yandell, Senior Housing Credit Advisor, to present the waiver request from Buffalo Trail (TN19-206) to increase the per development cap for noncompetitive Low-Income Housing Credits to \$1.5 million. Mr. Yandell referenced his memo dated March 18, 2019, and noted that the request for an increase in noncompetitive Low-Income Housing Credits is primarily due to the increases in construction costs as further explained in the referenced memo. He indicated that staff recommends authorization of staff to allocate up to, but not more than, \$1.5 million of annual noncompetitive Low-Income Housing Credits to the proposed development, subject to the following conditions:

1. Applicant must confirm that the proposed development remains viable with regard to property control and ability to proceed. Confirmation must be acceptable to THDA, in its sole discretion; and,
2. Confirmation must be received no later than April 2, 2019.

Upon motion by Mr. Bradley, second by Ms. Merrick, the staff recommendation was approved for recommendation to the Board.

With no further business, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director
Approved the 21st day of May, 2019.



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Don Watt
Director of Community Programs
Acting Director of Multifamily Programs

SUBJECT: May 21, 2019 Tax Credit Committee Meeting

DATE: May 13, 2019

The agenda for the May meeting is relatively light. Action items include:

1. Two cap waiver requests from 2018 allocation recipients.
2. Amendment to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan and the Multifamily Tax-Exempt Bond Authority Program Description for 2019 regarding Noncompetitive Low-Income Housing Credit limits and Multifamily Tax-Exempt Bond Authority limits; and

Information items include:

3. An update on 2019 Multifamily Tax-Exempt Bond Authority activity; and
4. An update regarding new IRS compliance monitoring requirements.

Please let me know if you have questions.



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Don Watt
Director of Community Programs
Acting Director of Multifamily Programs

SUBJECT: Request for Waiver Regarding Total Development Cost Limit
TN18-007 (Five Points 4)
Knox County, 82 Units

DATE: May 13, 2019

Part IV-E-2 of the Low-Income Housing Tax Credit 2018 Qualified Allocation Plan ("2018 QAP") limits the Total Development Cost ("TDC") (per total unit) to \$220,000 for developments in Knox, Sevier, and Shelby Counties. Five Points 4 involves 82 total units, thus the TDC is limited to \$18,040,000. Five Points 4 is being developed by Knoxville's Community Development Corporation and involves HUD Rental Assistance Demonstration ("RAD") funds. As detailed in the following request dated May 1, 2019, developments utilizing RAD funds are subject to unit mix requirements. Additionally, increases in construction costs have driven the current estimated TDC to \$18,926,285 or \$230,808 per total unit.

As you may recall, in March 2019, the THDA Board of Directors approved relief in the form of allocation exchange and increase in allocation amount for 2017 and 2018 allocation recipients. The principal reason for the relief was increased construction costs. Five Points 4 did not request relief pursuant to the March 2019 action.

Staff Recommendation:

1. Staff conditionally recommends approval of the TDC limit waiver request up to, but no more than, \$231,000 per total unit (a 5.0% percent increase). This would allow TDC for this development to be up to, but no more than, \$18,942,000.

Conditions:

1. TN18-007 Five Points 4 must place in service no later than December 31, 2020; and
2. No further requests for waivers of limits in the 2018 QAP may be made with regard to Five Points 4.



Benjamin M. Bentley, Executive Director/CEO

901 Broadway, N.E. • Knoxville, TN 37917
865.403.1100 • Fax 865.403.1117
800.848.0298 (Tennessee Relay Center)
www.kcdc.org

May 1, 2019

Ralph Perrey
Executive Director
Andrew Jackson Building, Third
502 Deaderick St.
Nashville, TN 37243

RE: Waiver Request TDC Limits related to 2018 QAP

Dear Mr. Perrey,

KCDC appreciates the ongoing partnership with THDA, including the 2018 nine percent low income housing tax credit (LIHTC) allocation, which will finance the replacement of 82 Public Housing units through HUD's Rental Assistance Demonstration (RAD) program.

The 2018 QAP included Total Development Cost (TDC) limits based on an average per unit cost – which capped the TDC for our project at \$18,040,000. In establishing these TDC caps, the QAP didn't consider the impact of larger bedroom sizes on total development costs. The RAD conversion regulations require KCDC to build back a bedroom distribution that includes 18 four bedrooms and 4 five bedroom units – significantly increasing the TDC for this project.

Additionally, KCDC has seen a recent rise in construction costs in the Knoxville market. The lowest bid for construction of Five Points 4 increased the original budget of \$18,033,837 included in the application to \$18,926,285. This exceeds the QAP TDC limit by 4.9%. Many cost saving adjustments have been implemented in order to achieve this amount.

Due to these circumstances, KCDC requests a waiver for the Five Points 4 development to exceed the TDC cap included in the 2018 QAP. Thank you for your consideration of this request.

Sincerely,

Benjamin M. Bentley
Executive Director/CEO



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: TN18-229 Broadway Towers Request for Waiver of Per Development Cap for Noncompetitive Low-Income Housing Credits

DATE: May 13, 2019

Developments applying for Multifamily Tax-Exempt Bond Authority ("MTBA") under the MTBA Program Description for 2018 ("2018 PD") may be eligible for an allocation of Noncompetitive Low-Income Housing Credits ("NLIHC"). THDA's Low-Income Housing Tax Credit 2018 Qualified Allocation Plan ("2018 QAP") limits the amount of annual NLIHC allocated to an eligible development to \$1.3 million. NLIHC does not count against THDA's annual allocation of Competitive Low-Income Housing Credits ("CLIHC"). THDA routinely entertains requests for approval of waivers to the per development NLIHC caps based on development specific circumstances.

Mark J. Kemp, of Rebuild America, Inc. is requesting a waiver to increase the annual amount of NLIHC for TN18-229 Broadway Towers to \$1.80 million. Broadway Towers is a preservation development involving 215 low-income units for seniors in Knox County. The request for an increase in NLIHC is due to unforeseen issues regarding the exterior façade and further explained in the following request.

Staff Recommendation:

1. Staff conditionally recommends approval of an allocation up to, but not more than, \$1.8 million of annual NLIHC to the proposed development.

Conditions:

1. No further requests for waivers of limits in the 2018 PD or 2018 QAP may be made with regard to Broadway Towers.



April 19, 2019

Ms. Felita Hamilton
Multifamily Programs Division
Allocation Manager
Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick St., Third Floor
Nashville, Tennessee 37243

SUBJECT: Request for Annual Tax Credit Waiver
Broadway Towers Preservation, LP Application 18-229
Broadway Towers – 215 Units Affordable Seniors Housing
1508 McCrosky Avenue
Knoxville, Tennessee 37917

Dear Ms. Hamilton:

As a part of our Application for Tax Exempt Bond Allocation and 4% LIHTC for Broadway Towers in Knoxville, we requested and received an earlier waiver on the maximum annual tax credits for our project to address extenuating circumstances related to the Preservation of the subject affordable housing community. Due to additional project needs and related costs associated with unforeseen circumstances, we are now requesting a waiver for up to \$1.8 million in annual tax credits in order to fully address these needs for the long-term benefit of the project.

As background, this Project was developed under Section 202 of the National Housing Act of 1959, as amended. It was a Non-Profit owned development for very low income senior citizens with 100% of units under a Section 8 HAP Contract which was occupied in 1981. This community is a structurally sound 11 story brick building that has never been rehabbed or remodeled. Although the building has been well maintained and very clean, it has aged.

In 2016, a portion of the exterior brick fell off of the building. ReBuild America had the property under contract to purchase at the time and immediately worked closely with the then current owner and the management agent to evaluate the problem. The Owner hired a highly experienced engineer to assess the conditions and to prepare the drawings and the protocol to repair the brick. Due to the significant cost, which was originally estimated between \$2.7 and \$3.0 million to remove and repair/reattach the brick throughout the building, the only viable option is a LIHTC full rehab of the entire building.

The complete restoration of the exterior facade of the building along with the comprehensive rehabilitation of the building, including major roofing and extensive plumbing repairs, is an expensive endeavor on an 11 story 215-unit structure. The Scope of Work also included costly interior upgrades and renovations to ensure the community is competitive in the market long term. The estimate of the full rehab was originally approximately \$14+ Million.

Since being awarded credits and beginning rehab in 2018, we have encountered additional needs and related costs associated with the brick. Although the initial strategy was to use a specialty anchoring system to reinforce as much of the brick as possible and replace brick in areas where brick had fallen from the structure, it was ultimately determined, given unforeseen conditions, and the inconsistency of the original installation of the brick, this method would not be best for the property long-term.

Subsequently, after much deliberation, testing, consultation, and consideration into the methods required to preserve as much of the existing brick on the structure as possible, all parties agreed that given the existing conditions behind the brick façade, a full replacement of the entire façade would be required. And after applying credit for work completed to date, the additional hard costs to fully address the replacement of the brick is nearly \$3.8 million. There are also additional related soft costs totaling approximately \$150K for architecture/engineering services.

While reviewing and managing the alternatives to the solutions for the brick façade, we also faced needs related to ponding on the roof. Construction consultants determined that water was not only ponding on top of the roof, but it was also collecting under the existing roof. Although the original plan was to repair the existing roof and obtain a new 15-year warranty, given the conditions of the insulation underneath, the brick parapet replacement, and the long-term view for the project, it has been determined that a new roof will be required. This will add almost \$150K to the project costs.

Additionally, there were several other needs identified as part of the ongoing work at the property that have resulted in cost increases amounting to over \$300K. These increases include, additional relocation expenses, unit repairs outside of original scope, and a change order for improved lighting in the unit bathrooms.

We have determined that in light of the needs identified, it was necessary for us to look at all sources of potential financing in addition to a request for a waiver on credits. So we have completed a financial analysis that factors in a request to increase in the seller note by \$1.8 million and a deferral of a substantial amount of the developer fee.

Additionally, it is important to note we are very fortunate that our investor for the tax credits needed to support these costs is already on board with our strategy for the project and is committed to supporting us with the funding resulting from the additional credits.

In order to support the continued work on this project and reach substantial completion by December 31, 2019, we respectfully request that you provide this waiver to allow for annual low-income housing tax credits in an amount up to \$1,800,000. This waiver is critical for the preservation of the affordability of this property that currently serves 215 low income senior residents.

If we can provide you with additional information that would be helpful, please do not hesitate to contact me at mkemp@rebuildamericainc.com or 706-354-3885.

Thank you in advance for your consideration!

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mark J. Kemp', is positioned above the printed name.

Mark J. Kemp
Vice President

CC: Dwayne W. Barrett, Esquire
Brian Simmons, Developer
Cissy C. Watson, Developer



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Don Watt
Director of Community Programs
Acting Director of Multifamily Programs

SUBJECT: Change to Noncompetitive Low-Income Housing Credit Per Development Cap
Change to Multifamily Tax-Exempt Bond Authority Per Developer Cap and Per Development Cap

DATE: May 13, 2019

Section 20-B of the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan ("2019-2020 QAP") and Section 12-B of the Multifamily Tax-Exempt Bond Authority Program Description for 2019 ("2019 PD") limit the amount of *Noncompetitive* Low-Income Housing Credit that may be allocated to a single development to \$1.3 million per year. *Noncompetitive* Low-Income Housing Credit ("NLIHC") is separate from, and does not reduce, the annual amount of *Competitive* Low-Income Housing Credit available for allocation in Tennessee.

Section 5-A of the 2019 PD limits the amount of Multifamily Tax-Exempt Bond Authority ("MTBA") that may be allocated to a single developer to \$25 million.

Section 5-B of the 2019 PD limits the amount of MTBA that may be allocated to a single developer to \$60 million per year.

In the current development environment, there have been multiple requests for approval of a waiver of one or more of these limits.

Staff have received feedback from developers that increases to the NLIHC per development, MTBA per development, and MTBA per developer limit would allow developers greater ability to provide much needed affordable housing in the present interest rate environment (which, contrary to the norm, is favorable to new construction with MTBA/NLIHC).

Staff Recommendations:

1. Increase the NLIHC per development limit from \$1.3 million to \$3.0 million. This increase would be reflected in amended language (i.e. replacing "\$1,300,000" with "\$3,000,000") in Section 20-B of the 2019-2020 QAP and Section 12-B of the 2019 PD; and
2. Increase the MTBA per development limit from \$25 million to \$35 million. This increase would be reflected in amended language (i.e. replacing "\$25,000,000" with "\$35,000,000") in Section 5-A of the 2019 PD; and
3. Maintain the MTBA per developer limit at \$60 million through June 30 of each year. Increase the limit to \$85 million beginning July 1 of each year. Postponing the increase until mid-year will accommodate scenarios in which there is high demand early in the year from proposed developments able to close the issuance and sale of the MTBA quickly. This increase would be reflected in amended language in Section 5-B of the 2019 PD.

As usual, staff also requests authority to make non-substantive conforming changes as necessary.

Ralph M. Perrey, Executive Director



2019 Multifamily Tax-Exempt Bond Authority Availability as of May 14, 2019

2019 MTBA Firm Program	Totals
Authority Available	\$200,000,000.00
Firm Applications Submitted	\$176,317,738.00
Applications Received	18
Remaining Authority	\$23,682,262.00
Firm Commitments Issued	\$125,301,458.00
Firm Commitments Closed	\$13,000,000.00

2019 MTBA Conditional Program	Totals
Conditional Applications Submitted	\$12,600,000.00
Conditional Commitments Issued	\$12,600,000.00
Applications Received	2

*As the bond authority closes the Bond Closing log will be updated with more details regarding the development.

**Applications In Review have submitted both the application and proper fees.



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Don Watt
Director of Community Programs
Acting Director of Multifamily Programs

SUBJECT: Final Amended Compliance monitoring Regulations for Low-Income Housing Credit Program

DATE: May 14, 2019

The Internal Revenue Service ("IRS") recently released final amended compliance monitoring regulations (26 CFR part 1, Section 1.42-5(c)(iii)(B)). Staff have reviewed the final amended compliance monitoring regulations and prepared the chart below to highlight how they may affect THDA's work in monitoring compliance within the Low-Income Housing Credit ("LIHC") portfolio.

<u>Existing Compliance Policy</u>	<u>New IRS Guidance</u>	<u>THDA Implications/Comments</u>
Audit sample size of 20% for both physical unit inspections and file reviews	Audit sample size would be determined by the current HUD/REAC standards, in accordance with the size of the development. Unit sample size would be greater than 20% for developments with under 100 units and less than 20% for developments with over 100 units.	New guidance would increase the workload for THDA compliance coordinators in the smaller developments and decrease the workload in larger developments. This approach also seems to unfairly burden smaller (rural) developments and favor larger (metro) developments.
At least one unit, per building, needs to be inspected during the physical inspection	Only one aspect of each building needs to be inspected during the inspection process	The new guidance would have little impact on THDA. However, this approach may allow for some items of non-compliance to be overlooked during the inspection process. THDA will likely continue our current, more restrictive, approach.
Maximum 30-day inspection notification period	Maximum 15-day inspection notification period	A maximum 30-day notification seems more appropriate to allow for preparations by both THDA compliance coordinators and property management teams.

The National Council of State Housing Agencies ("NCSHA"), the professional trade organization of agencies that administer the LIHC program, sent a letter to the IRS on May 6, 2019 asking the IRS to rescind the final amended compliance monitoring regulations and work with states to develop a workable alternative.

Tab # 8

Items:

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