



**Tennessee Housing Development
Agency - Board of Directors
Meeting Materials
July 24, 2018**



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Staff Service Awards, and
May 22, 2018 Minutes**

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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
A. Opening Comments and Introductions	Brown
B. Staff Recognition (Directors) (Tab #2)	Perrey
C. Approval of Minutes from May 22, 2018, Meeting (Tab #2)	Brown
D. Executive Director's Report (Tab #2)	Perrey
E. Committee Reports and Committee Matters	
1. Bond Finance Committee (Monday, July 23—2:00 pm State Capitol Room G-3) (Tab #3).....	Brown
* a. Issue 2018-3 Reimbursement Resolution Amendment	Miller
* b. Financial Advisor Request for Proposal	Miller
* c. Areas of Chronic Economic Distress	Miller/Arik
d. Issue 2018-2 State Form CT-0253	Miller
2. Grants Committee (Tuesday, July 24—9:00 am CT) (Tab #4)	McMullen
* a. Fall 2019 Tennessee Housing Trust Fund Competitive Grants Program Description	Watt
* b. 2018 Low Income Home Energy Assistance Program Changes and Authorization to Submit 2019 LIHEAP Model Plan	Watt
* c. 2012 and 2013 HOME Grant Extension Requests:	
City of Columbia, City of Cowan, Coffee County and City of Lawrenceburg	Watt
* d. 2019 Habitat for Humanity of Tennessee Allocation Authorization	Watt
e. 2018 Emergency Solutions Grants, 2018 HOME and 2018 Spring Tennessee Housing Trust Fund Competitive Grants Programs Award Review	Watt
3. Audit & Budget Committee (Tuesday, July 24—9:15 am CT) (Tab #5)	Lillard
* a. FY-2019 Fiscal Audit Plan	Pugh
b. FY-2018 Budget Recap	Ridley
4. Lending Committee (Tuesday, July 24—9:30 am CT) (Tab #6)	Hubbard
* a. Income Limits	Arik
* b. Areas of Chronic Economic Distress	Miller/Arik
c. Appraisal Gap Pilot Discussion	Hall
5. Rental Assistance Committee (Tuesday, July 24—9:45 am CT) (Tab #7)	Snodderly
* a. Administrative Plan Approval	Ridley
b. Mainstream Non-Elderly Disabled Update	Ridley
6. Tax Credit Committee (Tuesday, July 24—10:00 am CT) (Tab #8)	Tully
* a. 2018 Qualified Allocation Plan Amendment for Sevier County	Duarte
* b. 2019-2020 Qualified Allocation Plan ("QAP")	Duarte
* c. Allocation Exchange for TN17-030	Duarte
d. 2018 Multifamily Tax-Exempt Bond Authority Update	Duarte

* Indicates Board Action Required

? Indicates Discussion Which Might Result In Board Action

Tab # 2

Items:

Memo from Ralph M. Perrey, Executive Director
Service Award Recipients
Minutes from May 22, 2018 Meeting



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

TO: THDA Board of Directors
FROM: Ralph M. Perrey, Executive Director
DATE: July 17, 2018
SUBJ: THDA Board of Directors Meeting

THDA Board Members –

We look forward to seeing you at our Board of Directors meeting in Nashville on Tuesday July 24. Having passed the mid-point of an exceptional business year for THDA, we look forward to working with you to continue our momentum and move ahead on several key items. Among the action items awaiting your review this month:

- An amendment to the Reimbursement Resolution you approved at the May meeting. The resolution allows THDA to buy loans from lenders using its reserves and then reimburse itself from the proceeds of Issue 2018-3. Because of the pace of our mortgage loan production, we request an increase in the allowable reimbursement amount from \$60 million to \$80 million. Additional information may be found behind the Bond Finance Committee tab.
- Bond Finance and Lending Committees will both take up changes to the federally-designated “Areas of Chronic Economic Distress”. It has been many years since this list has been updated. These changes remove a number of counties from among those where THDA is allowed to waive the first-time buyer requirement. A map and memo about this may be found behind the Bond Finance Committee tab, as well.
- We are required annually to adjust income limits for eligibility for THDA mortgage loans. HUD provides those limits. A listing of changes may be found behind the Lending Committee tab.
- Tax Credit Committee will be asked to approve the Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit program for 2019-20. The complete plan and a summary of key provisions and changes is included behind the Tax Credit Committee tab.
- We will also ask the Tax Credit Committee and the Board to approve an amendment to the 2018 QAP, allowing us to award additional credits to support housing development in Sevier County. Your support for these extraordinary measures this year and last enables THDA to support development of more than 400 units of affordable housing, roughly half the number Sevier County needs in the aftermath of the 2016 wildfires.

- Grants Committee will take up staff recommendations for 2019 Challenge Grants, as well as the reauthorization of THDA's annual \$500,000 allocation to Habitat for Humanity of Tennessee.
- Rental Assistance Committee will consider amendments to the Administrative Plan for our Housing Choice Voucher program.

In addition to these items, we will offer Lending Committee a draft proposal for a pilot program to help address the appraisal gap problem in areas of Memphis and Chattanooga. Based on your comments we hope to have a proposal ready for your consideration in September. As always, I invite you to contact me directly if you have questions about any item on the agenda. I look forward to seeing you on the 24th.

A handwritten signature in dark ink, appearing to read "B. M. Perry". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Celebrating *Years of Service*

5 Years

Denise Hutchinson

SF Program Manager
Single Family Special Programs
THDA Hire Date: July 1, 2013

5 Years

Stephen Chinique

Mortgage Loan Underwriter
Loan Operations
THDA Hire Date: August 26, 2013

5 Years

Tracy Stram

Endpoint Coordinator
Information Technology
THDA Hire Date: August 1, 2013

10 Years

LeAnn Blankman

Accounting Manager
Accounting
THDA Hire Date: June 16, 2008

20 Years

Sharlene Olvera-Gonzalez

Rental Assistance Specialist
Section 8 Rental Assistance
THDA Hire Date: July 20, 1998

20 Years

David Castle

Sr. Software Developer
Information Technology
THDA Hire Date: July 16, 1998

35 Years

Mia Billingsley

Senior Housing Program Coordinator
Community Programs
THDA Hire Date: June 01, 1983

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS
May 22, 2018

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Tuesday, May 22, 2018, 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: Chair Kim Grant Brown; Dorothy Cleaves; Keith Boring for Secretary of State Tre Hargett; Regina Hubbard; Courtney Hess for Treasurer David Lillard; Samantha Wilson for Commissioner Larry Martin; Austin McMullen; Todd Skelton; John Snodderly; Lynn Tully; and Ann Butterworth for Comptroller Justin Wilson. Members of the Board who were absent: Daisy Fields; Pieter van Vuuren and Mary Mac Wilson.

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

Dwayne Hicks	Community Programs	5 years
Toni Shaw	Community Programs	15 years
Karen Davis	S8 Rental Assistance	25 years

Mr. Perrey also recognized Patricia M. Smith for her years of service to THDA and to the State as her plans are to retire at the end of June after more than 30 years with THDA. Board members and staff expressed their appreciation through a round of applause and standing ovation.

Chair Brown, seeing a quorum present, 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 March 27, 2018 minutes. Upon motion by Mr. Skelton, second by Mr. Snodderly, the minutes were approved.

Chair Brown recognized Mr. Perrey who provided the following report:

- Loan production to date in May 21, 2018, was \$36.5 million for the month. For the year to date, loan production is approximately \$50 million ahead of last year and nearly double the production of two years ago.
- State finalized its list of opportunity zones and THDA staff plan to meet with the Economic & Community Development staff to consider how THDA’s programs may compliment activities the State is expecting in opportunity zones.
- A proposal to rescind billions of dollars in Federal spending is not expected to impact THDA.
- THDA Communications and Human Resources Divisions were recognized for the development of a welcome video for new THDA employees that can be customized and sent to new employees through a YouTube link. The Board viewed a sample video.
- Robin Hausken, Professional Contracts Coordinator, Operations Division presented an overview of the Operations Division and how it works with other divisions within THDA. Operations Division team members were recognized.

- Staff is pleased with the progress of discussions with U.S. Bank regarding the purchase of servicing rights and expect a transfer of loans to Volunteer Mortgage Loan Servicing (VMLS) by the end of July 2018.
- Lorrie Shearon, Chief Strategy Officer, presented an update on the Partner Information Management System (PIMS).
- Quarterly Business Review is scheduled for June 12 and all Board members are invited to attend.

Chair Brown stated the Bond Finance Committee met on Monday, March 21st and recognized Lynn Miller, THDA Chief Legal Counsel, to present the Bond Finance Committee report. Ms. Miller referenced Board materials regarding authorization of Issue 2018-3 and a reimbursement resolution for Issue 2018-3. Ms. Miller noted that the Issue 2018-2 closing will be on June 12; however, approximately \$78 million has already been committed against the \$160,000,000 Issue 2018-2 proceeds and approximately \$31 million in loans has already been purchased with THDA funds that will be reimbursed from Issue 2018-2 proceeds, so authorization for a new bond issue is needed. She referenced the following documents in the Board materials:

- a memorandum regarding Issue 2018-3 from Ms. Miller, dated May 17, 2018, that described the documents to be considered, explained how the authorization for Issue 2018-3 complies with THDA's Debt Management Policy, and included recommendations from CSG Advisors Incorporated ("CSG"), financial advisor for THDA, for Citigroup Global Markets, Inc., to serve as bookrunning senior manager and J.J.B. Hilliard, W.L. Lyons, LLC, to serve as the rotating co-manager;
- a memorandum from CSG dated May 17, 2018, that recommended authorization of Issue 2018-3 under the 2013 General Resolution, through a negotiated sale, in an aggregate principal amount not to exceed \$150 million;
- the Plan of Financing for Issue 2018-3 in an aggregate principal amount not to exceed \$150 million (the "Plan of Financing"); which was approved by the Bond Finance Committee.
- the Resolution of the Board of Directors authorizing the issuance and sale of Issue 2018-3 under the 2013 General Resolution and delegating authority to the Bond Finance Committee to determine all final terms and conditions of the Issue 2018-3 bonds (the "Authorizing Resolution");
- the form of Series Resolution for Issue 2018-3; and
- the Resolution of the Board of Directors authorizing reimbursement of THDA from proceeds of Issue 2018-3 in an amount not to exceed \$60 million (the "Reimbursement Resolution").

Ms. Miller noted that staff recommends a smaller maximum principal amount for Issue 2018-3 since a refunding component is not being recommended. She indicated that the pricing is expected to be in August with the closing prior to the end of September. Upon motion by Chairman Brown, second by Ms. Cleaves, motion carried to approve the Issue 2018-3 Authorizing Resolution and the Reimbursement Resolution.

Chair Brown indicated the next item for consideration was the review of the State Form CT-0253, Report on Debt Obligation (the "Report") for Issue 2018-1. She recognized Ms. Miller

who explained that the Report is statutorily required for every bond sale and must be submitted to the Board of Directors for review. She indicated the Report was filed with the Comptroller's Office on April 18, 2018, within the 45-day filing period. Ms. Miller noted that her memo dated May 9, 2018, provided a cost comparison of the four most recent bond issues and explained that the difference in fees was largely due to the size of the bond issue. No action by the Board was needed.

Chair Brown once again recognized Ms. Miller who presented the Schedule of Financing for Fiscal Year 2018-2019 (the "Schedule of Financing") included in the meeting materials. She indicated that the Schedule of Financing recommended by the Bond Finance Committee provides for four bond issues in a total principal amount of \$436,000,000 for Fiscal Year 2018-2019, including approximately \$37,890,000 in anticipated refundings and \$398,110,000 in new proceeds to continue THDA's mortgage loan programs. Upon motion by Chair Brown, and a second by Ms. Hubbard, motion carried to approve the Schedule of Financing.

Chair Brown called for the Grants Committee report and recognized Mr. McMullen who served as Committee chair in the absence of Mr. van Vuuren. Mr. McMullen presented the first item on the agenda, the 2019-2020 Emergency Repair Program Description. Mr. McMullen referenced a memorandum from Don Watt, Director of Community Programs Division, dated May 6, 2018, and the attached proposed 2019 – 2020 Emergency Repair Program Description. He explained that this is a \$300,000 program to assist elderly and disabled homeowners with emergency repairs. He reported that the Committee recommends the 2019-2020 Emergency Repair Program Description to the Board. Upon motion by Mr. McMullen, second by Mr. Boring, the 2019-2020 Emergency Repair Program Description as described in the referenced memo was approved.

Mr. McMullen next presented the proposed 2018 HOME CHDO Mini-Round Program Description and referenced Mr. Watt's memorandum dated May 17, 2018 with the attached Committee recommended 2018 HOME CHDO Mini-Round Program Description (the "2018 CHDO Mini-Round Program Description"). Mr. McMullen explained that the Committee recommended the 2018 CHDO Mini-Round Program Description that contains changes to account for the insufficient number of CHDO applications under the 2018 HOME Program Description to meet the CHDO requirements, which is at least 15% of the 2018 HOME funds. He noted that funding amounts for CHDOs have increased, so staff met with several CHDOs across the state to develop the recommended changes to the 2018 CHDO Mini-Round Program Description in an attempt to encourage more CHDO applications by making the program more accessible. Upon motion by Mr. McMullen, second by Mr. Snodderly, the 2018 CHDO HOME Mini-Round Program Description, as described in the referenced memo, was approved and the Executive Director, or his designee, was authorized to award available HOME funds to CHDOs in accordance with the 2018 CHDO Mini-Round Program Description.

Mr. McMullen next presented modification of prior HOME Program descriptions. He referenced a memorandum from Mr. Watt dated May 7, 2018, and noted that the 2018 HOME Program Description, previously approved by the Board, permits CHDOs to proceed with construction prior to identifying a homebuyer. He explained that this was a change designed to assist THDA in meeting HOME Program requirements regarding the timing of committing HOME

funds and the Committee recommended the same modification to the following program descriptions: 2015-2016 HOME Program Description, 2016 HOME CHDO Mini-Round 1, 2016 HOME CHDO Mini-Round 2, 2017 HOME Program Description, 2017 HOME CHDO Mini-Round 1, and 2017 HOME CHDO Mini-Round 2. Upon motion by Mr. McMullen, second by Ms. Hubbard, Section C-2 in each of the referenced HOME Program Descriptions were modified to conform with Section C-2 the 2018 HOME Program Description.

Mr. McMullen presented an update on 2018 HOME Program awards, but no Board action was required.

Chair Brown recognized Ms. Cleaves for the Lending Committee report. Ms. Cleaves called on Rhonda Ronnow, Director of Single Family Loan Operations, to present the Application to Become a Seller/Servicer for Fannie Mae and Freddie Mac. Ms. Ronnow referred to a memo dated May 9, 2018 from Lindsay Hall, Chief Operating Officer of Single Family Programs, for information regarding offering conventional loans. She noted that by becoming an approved seller/servicer for Fannie Mae and Freddie Mac, THDA will, once again, be able to offer conventional loans. Upon motion by Ms. Cleaves, second by Mr. Skelton, offering a conventional loan product through Fannie Mae and/or Freddie Mac was approved, staff was authorized to complete and submit an application to Fannie Mae and Freddie Mac to become a seller/servicer and all appropriate staff was authorized to do all things necessary and proper, including execution of all documents, to implement and administer a conventional loan product through Fannie Mae and/or Freddie Mac as described in the referenced memo.

Chair Brown recognized Mr. Snodderly for the Rental Assistance Committee report. Mr. Snodderly referenced a memorandum from Jeboria Scott, S8RA Director dated May 9, 2018, that described a new Department of Housing and Urban Development (“HUD”) NOFA for the 811 Mainstream Voucher Program. He noted that the Committee recommended submission of an application to HUD for the 811 Mainstream Voucher Program, but given the application deadline of June 18, 2018, recommended authorization of the Executive Director to make the final decision as to submitting the application prior to the due date. Upon motion by Mr. Snodderly, second by Ms. Cleaves, the Committee recommendation was approved.

Chair Brown then recognized Ms. Tully for the Tax Credit Committee report. Ms. Tully noted there no action items for the Board, but she presented the following information items:

1. The Committee reviewed and granted relief requests for six applications under Part VII-B-3-a-ii of the Low-Income Housing Tax Credit 2018 Qualified Allocation Plan.
2. The Committee received information about changes to the Low-Income Housing Tax Credit (“LIHTC”) Program as a result of the Consolidated Appropriations Act of 2018 including a 12.5% increase in the amount of LIHTC available and income averaging.
3. The Committee received an update on the Multifamily Tax-Exempt Bond Authority Program that indicated virtually all volume cap available has been committed.
4. The Committee received an update on the development of the 2019-2020 Low Income Housing Tax Credit Qualified Allocation Plan. One change is expected to be the creation of regional pools with allocations of 20% in West Tennessee, 40% in Middle Tennessee, 15% in Chattanooga/Crossville (Cumberland) area; 15% in East Tennessee

and 10% in Upper East Tennessee, subject to all other program requirements. Developers will have an opportunity for comments prior to the July meeting.

With no further business to discuss, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the 24th day of July, 2018.

Pending

Tab # 3

Items:

Bond Finance Committee Meeting Materials

**Tennessee Housing Development Agency
Bond Finance Committee**

**July 23, 2018
2:00 p.m. Central Time**

AGENDA

1. Call to OrderBrown
2. Approval of minutes from May 21, 2018, meetingBrown
3. Amendment to Issue 2018-3 Reimbursement ResolutionMiller
4. Financial Advisor Request for ProposalMiller
5. Areas of Chronic Economic Distress..... Miller/Arik
6. Issue 2018-2 State Form CT-0253.....Miller
7. AdjournBrown

LOCATION

Conference Room G-3
State Capitol, Ground Floor
Nashville, Tennessee 37243

COMMITTEE MEMBERS

Kim Grant Brown, Chair
Secretary Tre Hargett
Treasurer David Lillard
Commissioner Larry Martin
Comptroller Justin Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
May 21, 2018

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, May 21, 2018, at 2:00 P.M. in Conference Room G-3, State Capitol, Nashville, Tennessee. The following members were present: Kim Grant Brown (*Chair*), Keith Boring (for Secretary of State Tre Hargett), Treasurer David Lillard, Samantha Wilson (for Commissioner of Finance & Administration Larry Martin), and Ann Butterworth (for Comptroller Justin Wilson (*Secretary*)).

Recognizing a quorum present, Chair Brown called the meeting to order and asked for approval of the minutes of the May 8, 2018, meeting. Upon motion by Ms. Wilson, and a second by Treasurer Lillard, the minutes were unanimously approved.

Chair Brown then recognized Lynn Miller, THDA Chief Legal Counsel, regarding authorization of Issue 2018-3 and the Issue 2018-3 Reimbursement Resolution. Ms. Miller noted that THDA would be closing Issue 2018-2 in the amount of \$160,000,000 on June 12; however, approximately \$78 million had been committed against Issue 2018-2 proceeds and approximately \$31 million in loans had been purchased with THDA funds that will be reimbursed from Issue 2018-2 proceeds. She referenced the following documents in the Board materials:

- a memorandum regarding Issue 2018-3 from Ms. Miller, dated May 17, 2018, that described the documents to be considered, explained how the authorization for Issue 2018-3 complies with THDA’s Debt Management Policy, and included recommendations from CSG Advisors Incorporated (“CSG”), financial advisor for THDA, for Citigroup Global Markets, Inc., to serve as bookrunning senior manager and J.J.B. Hilliard, W.L. Lyons, LLC, to serve as the rotating co-manager;
- a memorandum from CSG dated May 17, 2018, that recommended authorization of Issue 2018-3 under the 2013 General Resolution, through a negotiated sale, in an aggregate principal amount not to exceed \$150 million;
- the Plan of Financing for Issue 2018-3 in an aggregate principal amount not to exceed \$150 million (the “Plan of Financing”);
- the Resolution of the Board of Directors authorizing the issuance and sale of Issue 2018-3 under the 2013 General Resolution, and delegating authority to the Bond Finance Committee to determine all final terms and conditions of the Issue 2018-3 bonds (the “Authorizing Resolution”);
- the form of Series Resolution for Issue 2018-3; and
- the Resolution of the Board of Directors authorizing reimbursement of THDA from proceeds of Issue 2018-3 in an amount not to exceed \$60 million (the “Reimbursement Resolution”).

Ms. Miller noted that staff recommends a smaller maximum principal amount since a refunding component is not available given the expected timing of Issue 2018-3. At this time, it is anticipated that the pricing will be in August with the closing prior to the end of September. She indicated that changes in production are expected once the \$15,000 Hardest Hit Fund down payment assistance is depleted by the end of the summer, however, staff is planning activities to maintain strong production. Upon motion by Treasurer Lillard, second by Mr. Boring, the Committee adopted the Plan of Financing, accepted CSG’s recommendation

regarding the bookrunning senior manager and rotating co-manager, and recommended Board approval of the Issue 2018-3 Authorizing Resolution and Reimbursement Resolution.

Chair Brown indicated the next item for consideration was the review of the State Form CT-0253, Report on Debt Obligation (the "Report") for Issue 2018-1. She recognized Ms. Miller who explained that the Report is statutorily required for every bond sale and must be submitted to the Board of Directors for review. She indicated the Report was filed with the Comptroller's Office on April 18, 2018, within the 45-day filing period. Ms. Miller noted that her memo dated May 9, 2018, provided a cost comparison of the four most recent bond issues. No action by the Committee was needed.

Chair Brown once again recognized Ms. Miller who presented the Schedule of Financing for Fiscal Year 2018-2019 (the "Schedule of Financing") included in the meeting material, prepared pursuant to TCA Section 13-23-120. She indicated that the Schedule of Financing provides for four bond issues in a total principal amount of \$436,000,000 for Fiscal Year 2018-2019, including approximately \$37,890,000 in anticipated refundings and \$398,110,000 in new proceeds to continue THDA's mortgage loan programs. Ms. Miller noted the outstanding balances of bonds eligible for refunding was lower this year than in prior years. Upon motion by Ms. Butterworth, and a second by Ms. Wilson, the Committee recommended the Schedule of Financing for approval by both THDA's Board and the State Funding Board.

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

Respectfully submitted,

Assistant Secretary

Approved the 23rd day of July, 2018.



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: July 16, 2018
TO: Bond Finance Committee
Board of Directors
FROM: Lynn E. Miller, Chief Legal Counsel *LEM*
SUBJECT: Amendment to Issue 2018-3 Reimbursement Resolution

Staff recommends the adoption of the attached Amendment to the Reimbursement Resolution for Issue 2018-3 that was adopted on May 22, 2018.

THDA loan production has continued at a very brisk pace. THDA started committing against Issue 2018-3 on June 19, 2018, with commitments of nearly \$33.8 million as of July 16, 2018. With a closing of Issue 2018-3 set for just after Labor Day and purchasing of loans using THDA funds beginning as of July 17, 2018, staff felt the authorized amount for the Reimbursement Resolution needed to be increased to accommodate expected production through the closing date.

The May 22, 2018, Reimbursement Resolution for Issue 2018-3 is also attached.

Attachments

LEM/ds

AMENDMENT TO
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING REIMBURSEMENT OF THDA
FROM PROCEEDS OF ISSUE 2018-3
July 24, 2018

WHEREAS, the Tennessee Housing Development Agency ("THDA") is financing mortgage loans for eligible borrowers to purchase single family residences in compliance with the Internal Revenue Code of 1986, as amended (the "Code"), and the General Residential Finance Program Bond Resolution, (the "2013 General Resolution"); and

WHEREAS, THDA expects to use its own funds to continue its mortgage loan programs prior to the availability of proceeds from the issuance of the General Residential Finance Program Bonds, Issue 2018-3, if and when issued and sold (the "Bonds"), through the direct purchase of eligible mortgage loans; and

WHEREAS, THDA will continue to commit and purchase mortgage loans prior to the closing date for the Bonds (the "Closing");

WHEREAS, on May 21, 2018, the Bond Finance Committee recommended approval and on May 22, 2018, the Board of Directors adopted "A Resolution of the Tennessee Housing Development Agency Authorizing Reimbursement of THDA from Proceeds of Issue 2018-3 (the "2018-3 Reimbursement Resolution");

WHEREAS, the 2018-3 Reimbursement Resolution approved an amount of reimbursement not to exceed Sixty Million and 00/100 Dollars (\$60,000,000);

WHEREAS, due to the high level of mortgage loan production THDA wishes to increase the authorized reimbursement amount of the 2018-3 Reimbursement Resolution by an additional \$20,000,000 for a total reimbursement amount of \$80,000,000; and

WHEREAS, it is in the best interest of THDA to reimburse itself from the proceeds of the Bonds for THDA funds expended to purchase mortgage loans prior to the Closing.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THDA THAT:

1. The term "Sixty Million and 00/100 Dollars (\$60,000,000)" in Section 1 of the 2018-3 Reimbursement Resolution is hereby deleted and the term "Eighty Million and 00/100 Dollars (\$80,000,000)" is hereby inserted.
2. This resolution shall take effect immediately.

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING REIMBURSEMENT OF THDA
FROM PROCEEDS OF ISSUE 2018-3
May 22, 2018

WHEREAS, the Tennessee Housing Development Agency (“THDA”) is financing mortgage loans for eligible borrowers to purchase single family residences in compliance with the Internal Revenue Code of 1986, as amended (the “Code”), and the General Residential Finance Program Bond Resolution, (the “2013 General Resolution”); and

WHEREAS, THDA expects to use its own funds to continue its mortgage loan programs prior to the availability of proceeds from the issuance of the General Residential Finance Program Bonds, Issue 2018-3, if and when issued and sold (the “Bonds”), through the direct purchase of eligible mortgage loans; and

WHEREAS, THDA will continue to commit and purchase mortgage loans prior to the closing date for the Bonds (the “Closing”); and

WHEREAS, THDA expects that up to \$60,000,000 in mortgage loans may be purchased prior to Closing; and

WHEREAS, it is in the best interest of THDA to reimburse itself from the proceeds of the Bonds for THDA funds expended to purchase mortgage loans prior to the Closing.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THDA THAT:

1. Use of proceeds from the Bonds in an amount not to exceed Sixty Million and 00/100 Dollars (\$60,000,000) shall be used to reimburse THDA for the actual amounts expended to purchase mortgage loans made to eligible borrowers who purchased single family residences in accordance with the requirements of the Code and the 2013 General Resolution.
2. This resolution shall take effect immediately.



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: July 16, 2018
TO: Bond Finance Committee and THDA Board of Directors
FROM: Sandi Thompson, Director, Office of State and Local Finance
Lynn E. Miller, Chief Legal Counsel
SUBJECT: Financial Advisor Selection Process

Recommendation

We recommend that the Bond Finance Committee recommend and the Board authorize the commencement of the financial advisor selection process as described in this memorandum.

Introduction

THDA's current financial advisor is CSG Advisors Incorporated ("CSG"). CSG was selected in 2013, via a competitive process, to serve as financial advisor for THDA debt issuances for a three year term that expired on December 31, 2016. The contract between the Comptroller and CSG for financial advisory services on behalf of THDA provided for two one-year extensions. In October 2016, the Bond Finance Committee and the THDA Board of Directors, upon the recommendation of the Bond Finance Committee, approved a one year contract extension, with an expiration date of December 31, 2017. In July 2017, a second one year extension was approved with an expiration date of December 31, 2018.

In anticipation of the upcoming expiration date, we recommend the commencement of a process that will culminate with the selection of a financial advisor for THDA debt issuance in November 2018. This selection will be evidenced by the execution of a contract, similar in form and substance to the current contract for financial advisory services, specifying fees and services and covering a term of January 1, 2019, to December 31, 2021.

RFP and Recipients

We will develop a request for proposal ("RFP") with input from the staff of the Bond Finance Committee, THDA staff and Dave Amsden or Michelle Adams (bond counsel to THDA). As with previous RFPs, we expect to propose a separate pricing proposal covering fees for bond issues, planning activities and special services.

The RFP will target only firms that provide independent financial advisory services. The RFP, however, will be posted to THDA's website. If an underwriting firm that does not provide independent financial

advisory services submits a proposal in response to the RFP, it will not be favored, but will be considered. If such an underwriting firm is awarded the contract, it will not be eligible to participate in THDA bond issues.

Proposed Timetable

September 7	First draft of RFP circulated to staff and bond counsel
September 11	Comments due on first draft of RFP
September 13	Second draft of RFP circulated to staff and bond counsel
September 14	Final comments due on RFP
September 17	RFP finalized and distributed to Bond Finance Committee and Board
September 24	RFP and other matters considered by Bond Finance Committee
September 25	Bond Finance Committee recommendation considered by Board
September 26	RFP published and posted on THDA website
October 2	Registration closes for pre-bid conference call
October 4	Pre-bid conference call
October 19	Proposals due, proposals circulated to staff and bond counsel
October 26	Short list of firms developed by staff and bond counsel
November 12	Bond Finance Committee considers staff recommendation regarding financial advisor selection

Process

The timetable proposed above may be changed by the Bond Finance Committee, if needed, to best provide for appropriate evaluation and recommendation. The evaluation process will be designed to award this contract not necessarily to the proposal with the lowest cost, but rather to the proposer with the best combination of attributes, including price. The Bond Finance Committee members, Bond Finance Committee staff, State and Local Finance staff, THDA staff and bond counsel to THDA will be involved in evaluating all submitted proposals. After all submitted proposals are evaluated, a short list of firms may be developed, followed by opening and consideration of the cost proposals for the short listed firms.

LEM/ds



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

DATE: July 9, 2018
TO: THDA Board of Directors
FROM: Hulya Arik, Economist
Bettie Teasley, Director of Research and Planning
SUBJECT: Application for Designations of Areas of Chronic Economic Distress

Recommendation

Staff recommends designation of fifty-three (53) counties as Areas of Chronic Economic Distress based on the criteria described below. These counties are shown on the attached chart under the heading “*Proposed* Areas of Chronic Economic Distress, 2018.” Following Board approval of this designation, application will be made to the Secretary of Housing and Urban Development (HUD) and the Secretary of the Treasury (Treasury) to confirm the designations. Until approval from HUD and Treasury is received, the prior designations will remain in place for purposes of THDA loan programs.

Attached maps show the counties that are currently designated as Areas of Chronic Economic Distress and the counties that are *proposed* to be designated as Areas of Chronic Economic Distress.

Background

Under Section 143(j) of the Internal Revenue Code of 1986, as amended (the “Code”), purchasing a home in a county that is designated as a “targeted area” allows a THDA borrower to have a higher income and not be a first-time homebuyer. “Targeted areas” include Areas of Chronic Economic Distress that are designated by the state and approved by the Secretaries of HUD and Treasury and include certain census tracts that are designated by HUD every ten years. In Tennessee, the Areas of Chronic Economic Distress designation covers the entire county, and only those wholly targeted counties are provided with the higher income limits. However, both targeted census tracts and counties waive the first time homebuyer requirement. THDA can only adjust the Areas of Chronic Economic Distress, but has not done so since the early 1980s. The designation of Areas of Chronic Economic Distress can serve as a catalyst for economic development in a struggling area, stabilize prices in areas where they are trending downward; and contribute to the meaningful expansion of homeownership in the state.

In the early 1980s, 58 counties were designated as Areas of Chronic Economic Distress in Tennessee. The Code does not require that the designation of these counties ever be updated or reviewed. As a consequence, no changes to the counties designated in the early 1980s has been made. Staff, however, realized that some of the Areas of Chronic Economic Distress designations no longer reflect the economic activity, vitality and distressed areas of the state. Further, due to concerns raised by a state audit, bond counsel advised that

the designation of fifteen counties be removed. With the proposed action, designation as an Area of Chronic Economic Distress will be retained for 28 counties, 10 counties will be re-designated and 15 counties will be newly designated.

Designation Requirements

The Code permits the state to establish standards for determining Areas of Chronic Economic Distress. Since the Code also describes the criteria the Secretaries of Treasury and HUD are to use in evaluating designations, staff chose to use the stated criteria in determining the counties to be recommended for this designation. The criteria used includes:

- i) the condition of the housing stock, including the age of the housing and the number of abandoned and substandard residential units,
- ii) the need of area residents for owner-financing, as indicated by low per capita income, a high percentage of families in poverty, a high number of welfare recipients, and high unemployment rates,
- iii) the potential for use of owner-financing to improve housing conditions in the area, and
- iv) the existence of a housing assistance plan which provides a displacement program and a public improvements and services program.

To operationalize these criteria, staff reviewed the prior methods used by THDA in the early 1980s and information from a recent successful application for new designations submitted by the Ohio Housing Finance Agency. In developing this recommendation, staff focused primarily on the criteria listed in i) and ii) above. Staff used the following eight variables from the most recent American Community Survey (ACS), U.S. Census, Five-Year 2012-2016 Estimates and two variables using the other data sources:

- 1. Percent of housing units built before 1980
- 2. Median year of housing unit construction
- 3. Housing unit vacancy rate
- 4. Percent of housing units with incomplete kitchen or plumbing facilities, whichever is higher
- 5. Per capita income
- 6. Poverty rate
- 7. Supplemental Nutrition Assistance Program (SNAP) eligibility rate (Map the Meal Gap, 2017 from Feeding America, <http://map.feedingamerica.org/>)
- 8. Unemployment rate (12-month average collected from Bureau of Labor Statistics, <https://www.bls.gov/lau/>)
- 9. Percent of owner-occupied housing units that are substandard (with incomplete kitchen or plumbing facilities, whichever is higher)
- 10. Percent of renter-occupied households in poverty

These data were compiled and placed on a percentile scale, with 100 indicating the highest level of distress, evaluating their current condition against all counties in Tennessee. These ten percentile values were then averaged to create a single 0-100 index of chronic distress. Our recommendation reflects a request for Areas of Chronic Economic Distress designation for any county with an index score of 50.0 or higher, which indicates a higher than average level of chronic distress.

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
DESIGNATING CERTAIN AREAS OF CHRONIC ECONOMIC DISTRESS
AND AUTHORIZING APPLICATION FOR APPROVAL OF SUCH DESIGNATIONS
July 24, 2018

WHEREAS, pursuant to the Tennessee Housing Development Agency Act (the “Act”), the THDA Board of Directors, through its Bond Finance Committee, issues qualified mortgage revenue bonds for Tennessee Housing Development Agency (“THDA”) mortgage loan programs; and

WHEREAS, Section 143(j) of the Internal Revenue Code of 1986, as amended (the “Code”), provides for targeted areas that may be either qualified census tracts as determined every ten (10) years by the Department of Housing and Urban Development (“HUD”) or areas of chronic economic distress designated by the State of Tennessee with the designation approved by the Secretary of HUD and the Secretary of the Treasury (“Treasury”); and

WHEREAS, areas of chronic economic distress were so designated by the State of Tennessee with the designations approved as provided in the Code in the early 1980s; and

WHEREAS, the designation of areas of chronic economic distress can serve as a catalyst for economic development in a struggling area, stabilize prices in areas where they are trending downward; and contribute to the meaningful expansion of homeownership in the state; and

WHEREAS, although the Code does not require that areas of chronic economic distress be updated, the economic activity and vitality of some counties currently designated indicate those counties are no longer distressed, while other counties that were not previously designated as areas of chronic economic distress are now exhibiting economic distress and would benefit from designation as an area of chronic economic distress; and

WHEREAS, THDA mortgage loans made in areas of chronic economic distress are not subject to the first time homebuyer rule and can be made to borrowers with higher incomes; and

WHEREAS, it is in the best interest of the State of Tennessee and THDA to update designations of areas of chronic economic distress and to seek HUD and Treasury approval of the designations as required by the Code.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY AS FOLLOWS:

1. The designation of the fifty-three (53) counties shown on the chart attached hereto is hereby made based on the criteria set forth in the memo attached hereto. Both the chart and the memo are incorporated in this resolution as if set forth herein in their entirety.

2. The designations, based on the materials referenced in 1 above, meet the requirements of 26 CFR 6a 103A-2.

3. THDA staff is hereby authorized to obtain and submit all necessary documentation to HUD and Treasury as needed to obtain HUD and Treasury approval of the designations made herein or as the designations may be adjusted or revised as HUD or Treasury may require.

4. THDA staff, with the approval of the Executive Director, is further authorized to adjust and revise these designations and the criteria used in making the designations to the extent required by HUD or Treasury. This authorization is intended to include, without limitation, new or different criteria, new or different methodologies, designation of new or different counties or other geographic areas.

5. THDA staff is further authorized to do and perform or cause to be done and performed, for or on behalf of THDA, all acts and things (including, without limitation, execution and delivery of documents) that constitute requirements for the designations made herein or as the designations may be adjusted or revised as HUD or Treasury may require or that are otherwise required to be done and performed by or on behalf of THDA prior to or simultaneously with the HUD and Treasury approval of the designations made herein or of the designations as may be adjusted or revised as HUD or Treasury may require.

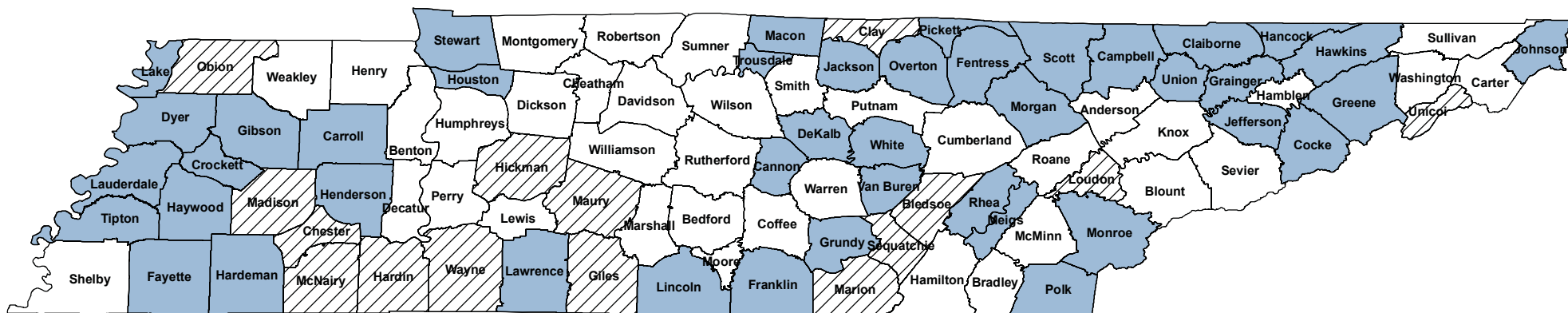
6. This resolution shall take effect immediately.

This Resolution was adopted by the affirmative vote of no fewer than eight (8) members of the THDA Board of Directors at its meeting on July 24, 2018.

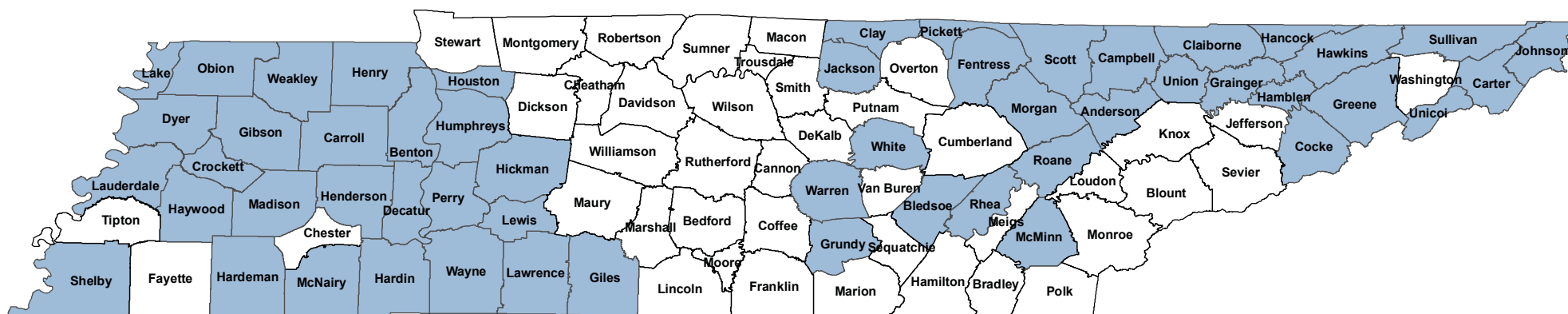
County	Current Areas of Chronic Economic Distress	<i>Proposed Areas Of Chronic Economic Distress</i>
Anderson		Y
Bedford		
Benton		Y
Bledsoe*		Y
Blount		
Bradley		
Campbell	Y	Y
Cannon	Y	
Carroll	Y	Y
Carter		Y
Cheatham		
Chester*		
Claiborne	Y	Y
Clay*		Y
Cocke	Y	Y
Coffee		
Crockett	Y	Y
Cumberland		
Davidson		
Decatur		Y
DeKalb	Y	
Dickson		
Dyer	Y	Y
Fayette	Y	
Fentress	Y	Y
Franklin	Y	
Gibson	Y	Y
Giles*		Y
Grainger	Y	Y
Greene	Y	Y
Grundy	Y	Y
Hamblen		Y
Hamilton		
Hancock	Y	Y
Hardeman	Y	Y
Hardin*		Y
Hawkins	Y	Y
Haywood	Y	Y
Henderson	Y	Y
Henry		Y
Hickman*		Y
Houston	Y	Y
Humphreys		Y
Jackson	Y	Y
Jefferson	Y	
Johnson	Y	Y
Knox		
Lake	Y	Y
Lauderdale	Y	Y

County	Current Areas of Chronic Economic Distress	<i>Proposed Areas Of Chronic Economic Distress</i>
Lawrence	Y	Y
Lewis		Y
Lincoln	Y	
Loudon*		
Macon	Y	
Madison*		Y
Marion*		
Marshall		
Maury*		
McMinn		Y
McNairy*		Y
Meigs	Y	
Monroe	Y	
Montgomery		
Moore		
Morgan	Y	Y
Obion*		Y
Overton	Y	
Perry		Y
Pickett	Y	Y
Polk	Y	
Putnam		
Rhea	Y	Y
Roane		Y
Robertson		
Rutherford		
Scott	Y	Y
Sequatchie*		
Sevier		
Shelby		Y
Smith		
Stewart	Y	
Sullivan		Y
Sumner		
Tipton	Y	
Trousdale	Y	
Unicoi*		Y
Union	Y	Y
Van Buren	Y	
Warren		Y
Washington		
Wayne*		Y
Weakley		Y
White	Y	Y
Williamson		
Wilson		

*Counties removed on the advice of Bond Counsel.



 **Currently Designated as Targeted**
 **Counties Removed on Advice of Bond Counsel**



Proposed Areas Of Chronic Economic Distress





Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: July 16, 2018
TO: Bond Finance Committee
Board of Directors
FROM: Lynn E. Miller, Chief Legal Counsel *LEM*
SUBJECT: Issue 2018-2 State Form CT-0253 (the "State Form")

Attached please find the State Form for Issue 2018-2 that priced on May 8, 2018, and closed June 12, 2018. The State Form was filed with the Office of the Comptroller within the required time period on June 28, 2018.

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.

Fees/Expenses ¹ Paid To:	2013 Resolution			
	\$160,000,000 Issue 2018-2	\$99,900,000 Issue 2018-1	\$99,900,000 Issue 2017-4	\$99,900,000 Issue 2017-3
Financial Advisor	\$ 60,000	\$ 70,000	\$ 37,500	\$ 47,500
Bond Counsel	35,000	35,000	35,000	35,000
Trustee	8,000	4,995	4,995	4,995
Bookrunning Underwriter	970,197	617,164	628,691	626,443
Moody's	90,000	50,000	53,000	50,000
Standard & Poor's	84,000	49,000	48,000	48,000
i-Deal	1,500	1,500	1,500	1,500
General Services Print Shop	1,265	1,168	1,396	1,239
Total Fees/Expenses Per Bond Issue	\$ 1,249,962	\$ 828,827	\$ 810,082	\$ 814,677

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



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

June 29, 2018

Mr. Ralph Perrey, Executive Director
Tennessee Housing Development Agency
Andrew Jackson Building, 3rd Floor
502 Deaderick Street
Nashville, TN 37243-0200

Dear Mr. Perrey:

We hereby acknowledge receipt of a copy of the Tennessee Housing Development Agency's Report on Debt Obligation on June 28, 2018. Enclosed is a date stamped copy of the report for your records.

Thank you for complying with T.C.A. § 9-21-151(c)(2). If you should have any questions, or we may be of assistance, please feel free to call.

If you need further assistance, please contact your financial analyst, Steve Osborne, at 615-747-5343 or Steve.Osborne@cot.tn.gov. You may also contact our office by mail at the address located at the bottom of this page. Please send it to the attention of your analyst at the Office of State and Local Finance.

Sincerely,

A handwritten signature in blue ink that reads 'Sandra Thompson'.

Sandra Thompson
Director of the Office of State and Local Finance

cc: Ms. Lynn Miller, Chief Legal Counsel, Tennessee Housing Development Agency

Enclosure: Date stamped copy of Report on Debt Obligation

Tennessee Comptroller of the Treasury
Office of State and Local Finance

Received Date: June 28, 2018

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:	Tennessee Housing Development Agency
Address:	Andrew Jackson Building, 3rd Floor, 502 Deaderick Street Nashville, TN 37243-0200
Debt Issue Name:	Issue 2018-2
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.	

2. Face Amount:	\$ 160,000,000.00
Premium/Discount:	\$ See Attachment 1

3. Interest Cost:	3.5846 %	<input checked="" type="checkbox"/> Tax-exempt	<input type="checkbox"/> Taxable
<input checked="" type="checkbox"/> TIC*	<input type="checkbox"/> NIC	*Excluding Underwriter's Discount	
<input type="checkbox"/> Variable:	Index _____ plus _____ basis points; or		
<input type="checkbox"/> Variable:	Remarketing Agent _____		
<input type="checkbox"/> Other:	_____		

4. Debt Obligation:
<input type="checkbox"/> TRAN <input type="checkbox"/> RAN <input type="checkbox"/> CON
<input type="checkbox"/> BAN <input type="checkbox"/> CRAN <input type="checkbox"/> GAN
<input checked="" type="checkbox"/> Bond <input type="checkbox"/> Loan Agreement <input type="checkbox"/> 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:
<input type="checkbox"/> Unrated
Moody's <u>Aa1</u> Standard & Poor's <u>AA+</u> Fitch _____

6. Purpose:	BRIEF DESCRIPTION
<input type="checkbox"/> General Government _____ %	_____
<input type="checkbox"/> Education _____ %	_____
<input type="checkbox"/> Utilities _____ %	_____
<input checked="" type="checkbox"/> Other <u>92.00</u> %	Single Family Housing
<input checked="" type="checkbox"/> Refunding/Renewal <u>8.00</u> %	Refunding of Single Family Housing Bonds

7. Security:	
<input type="checkbox"/> General Obligation	<input type="checkbox"/> General Obligation + Revenue/Tax
<input type="checkbox"/> Revenue	<input type="checkbox"/> Tax Increment Financing (TIF)
<input type="checkbox"/> Annual Appropriation (Capital Lease Only)	<input checked="" type="checkbox"/> Other (Describe): <u>special limited obligation</u>

8. Type of Sale:	
<input type="checkbox"/> Competitive Public Sale	<input type="checkbox"/> Interfund Loan _____
<input checked="" type="checkbox"/> Negotiated Sale	<input type="checkbox"/> Loan Program _____
<input type="checkbox"/> Informal Bid	

9. Date:	
Dated Date: <u>06/12/2018</u>	Issue/Closing Date: <u>06/12/2018</u>

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
	\$ See Attachment 2	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%

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	\$ 60,000	CSG Advisors Incorporated
Legal Fees	\$ 0	
Bond Counsel	\$ 35,000	Kutak Rock
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 8,000	US Bank, NA
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 174,000	Moody's and S & P
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____%		
Take Down	\$ 893,525	RBC Capital Markets ("RBC")
Management Fee	\$ 30,000	RBC
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 25,000	Hawkins Delafield & Wood
Other expenses	\$ 21,672	RBC
Printing and Advertising Fees	\$ 2,765	iDeal and TN General Services Printing Division
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 0	
TOTAL COSTS	\$ 1,249,962	

REPORT ON DEBT OBLIGATION

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

12. Recurring Costs:☒ No Recurring Costs

Remarketing Agent
 Paying Agent / Registrar
 Trustee
 Liquidity / Credit Enhancement
 Escrow Agent
 Sponsorship / Program / Admin
 Other _____

AMOUNT
(Basis points/\$)**FIRM NAME**
(If different from #11)**13. Disclosure Document / Official Statement:**

☐ None Prepared
☐ EMMA link
☒ Copy attached

See Attachment 3: Issue 2018-2 Supplemental Resolution
 and Attachment 4: Issue 2018-2 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 07/16/2018

and presented at public meeting held on

07/24/2018

Copy to Director to OSF:

on 06/28/2018

either by:

☐ Mail to:

OR

☒ Email to:

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

StateAndLocalFinance.PublicDebtForm@cot.tn.gov**18. Signatures:****AUTHORIZED REPRESENTATIVE****PREPARER**

Name

[Signature]
 Executive Director
 Tennessee Housing Development Agency

Lynn E. Miller

Title

Chief Legal Counsel

Firm

Tennessee Housing Development Agency

Email

RPerrey@thda.org

LMiller@thda.org

Date

06/12/2018

06/12/2018

2. PREMIUM/DISCOUNT:

Includes the original issue premium of \$2,872,746.00 on the Issue 2018-2 Bonds maturing January 1, 2049.

10. MATURITY DATES, AMOUNTS AND INTEREST RATES

\$160,000,000 Issue 2018-2 (Non-AMT)

\$49,000,000 Serial Bonds						
<u>Year</u>	<u>Principal Amount Due January 1</u>	<u>Interest Rate</u>	<u>CUSIP Number⁽¹⁾</u>	<u>Principal Amount Due July 1</u>	<u>Interest Rate</u>	<u>CUSIP Number⁽¹⁾</u>
2019	\$ 480,000	1.75 %	880461TN8	\$ 1,645,000	1.85 %	880461TP3
2020	1,660,000	1.95	880461TQ1	1,680,000	2.05	880461TR9
2021	1,695,000	2.20	880461TS7	1,715,000	2.25	880461TT5
2022	1,740,000	2.30	880461TU2	1,760,000	2.35	880461TV0
2023	1,785,000	2.40	880461TW8	1,805,000	2.45	880461TX6
2024	1,830,000	2.55	880461TY4	1,860,000	2.60	880461TZ1
2025	1,885,000	2.65	880461UA4	1,915,000	2.70	880461UB2
2026	1,940,000	2.80	880461UC0	1,975,000	2.85	880461UD8
2027	2,005,000	2.95	880461UE6	2,035,000	3.00	880461UF3
2028	2,070,000	3.00	880461UG1	2,105,000	3.05	880461UH9
2029	2,140,000	3.10	880461UJ5	2,175,000	3.15	880461UK2
2030	2,215,000	3.25	880461UL0	2,255,000	3.30	880461UM8
2031	2,295,000	3.35	880461UN6	2,335,000	3.40	880461UP1

\$111,000,000 Term Bonds			
<u>Maturity Date</u>	<u>Principal Amount Due</u>	<u>Interest Rate</u>	<u>CUSIP Number⁽¹⁾</u>
July 1, 2033	\$ 9,795,000	3.50 %	880461UQ9
July 1, 2038	28,185,000	3.70	880461UR7
July 1, 2042	24,420,000	3.85	880461US5
January 1, 2049 (PAC)	48,600,000	4.00	880461UT3

PRICE OF ISSUE 2018-2 BONDS DUE JANUARY 1, 2049 (PAC): 105.911%

PRICE OF ALL REMAINING ISSUE 2018-2 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
\$160,000,000 Issue 2018-2 (Non-AMT)**

Adopted March 27, 2018
as amended and supplemented
by the Bond Finance Committee
of THDA on May 8, 2018

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**A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
\$160,000,000 ISSUE 2018-2 (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 2018-2 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 2018-2 Bonds (including the Transferred Program Loans) 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 2018-2 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 Bros. — 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 2018-2 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 2018-2 Bonds (including the Transferred Program Loans) 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 2018-2 Bonds.

“Issue 2018-2 Bonds” means the Issue 2018-2 Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“Issue Date” means the date on which the Issue 2018-2 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on June 12, 2018.

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

“Official Statement” means the Official Statement dated May 8, 2018 used in connection with the sale of the Issue 2018-2 Bonds.

“PAC Bonds” means the Issue 2018-2 Bonds in the aggregate principal amount of \$48,600,000 maturing January 1, 2049.

“PAC Bonds Planned Amortization Amount” means the cumulative amount of PAC Bonds expected to be redeemed upon the receipt of Excess 2018-2 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 April 27, 2018 used in connection with the offering of the Issue 2018-2 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).

“Refunded Bonds” means THDA’s Homeownership Program Bonds, Issue 2009-1.

“Resolution” means this Supplemental Resolution adopted by THDA on March 27, 2018, as amended and supplemented by the Bond Finance Committee on May 8, 2018.

“Serial Bonds” means the Issue 2018-2 Bonds which are not Term Bonds.

“Term Bonds” means, collectively, the Issue 2018-2 Bonds maturing July 1, 2033, July 1, 2038, July 1, 2042, and January 1, 2049.

“Transferred Investments” means amounts on deposit in certain funds and accounts of THDA allocated to the Refunded Bonds which are allocated to the Issue 2018-2 Bonds upon the refunding of the Refunded Bonds.

“Transferred Program Loans” means the Program Loans allocable to the Refunded Bonds which are allocated to the Issue 2018-2 Bonds upon the refunding of the Refunded Bonds.

“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 2018-2 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 Transferred Program Loans and Program Securities and the phrase “Program Loans allocable to the Issue 2018-2 Bonds” shall include the Transferred Program Loans as well as any new Program Loans and Program Securities acquired with proceeds of the Issue 2018-2 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 2018-2 are hereby authorized to be issued in the aggregate principal amount of \$160,000,000. In addition to the title “Residential Finance Program Bond,” the Issue 2018-2 Bonds will bear the additional designation “Issue 2018-2 (Non-AMT).” The Issue 2018-2 Bonds shall be issued only in fully registered form. The Issue 2018-2 Bonds will consist of \$49,000,000 principal amount of Serial Bonds and \$111,000,000 principal amount of Term Bonds.

Section 2.02. Purposes. The Issue 2018-2 Bonds are being issued (a) to refund the Refunded Bonds, (b) to finance Program Loans, or participations therein, on single family residences located within the State, (c) if required, to pay capitalized interest on the Issue 2018-2

Bonds, (d) if required, to make a deposit in the Bond Reserve Fund, and (e) if required, to pay certain costs of issuance relating to the Issue 2018-2 Bonds. As a result of the refunding of the Refunded Bonds, the Transferred Program Loans and the Transferred Investments will become allocated to the Issue 2018-2 Bonds.

The proceeds of the Issue 2018-2 Bonds and the Transferred Investments shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2018-2 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 January 1, 2019, at the rate set opposite such date in the following tables:

Issue 2018-2 Bonds Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
January 1, 2019	\$ 480,000	1.75%	July 1, 2025	\$ 1,915,000	2.70%
July 1, 2019	1,645,000	1.85	January 1, 2026	1,940,000	2.80
January 1, 2020	1,660,000	1.95	July 1, 2026	1,975,000	2.85
July 1, 2020	1,680,000	2.05	January 1, 2027	2,005,000	2.95
January 1, 2021	1,695,000	2.20	July 1, 2027	2,035,000	3.00
July 1, 2021	1,715,000	2.25	January 1, 2028	2,070,000	3.00
January 1, 2022	1,740,000	2.30	July 1, 2028	2,105,000	3.05
July 1, 2022	1,760,000	2.35	January 1, 2029	2,140,000	3.10
January 1, 2023	1,785,000	2.40	July 1, 2029	2,175,000	3.15
July 1, 2023	1,805,000	2.45	January 1, 2030	2,215,000	3.25
January 1, 2024	1,830,000	2.55	July 1, 2030	2,255,000	3.30
July 1, 2024	1,860,000	2.60	January 1, 2031	2,295,000	3.35
January 1, 2025	1,885,000	2.65	July 1, 2031	2,335,000	3.40

Term Bonds

Maturity Date	Principal Amount	Interest Rate
July 1, 2033	\$ 9,795,000	3.50%
July 1, 2038	28,185,000	3.70
July 1, 2042	24,420,000	3.85
January 1, 2049 (PAC)	48,600,000	4.00

(b) Whenever the due date for payment of interest on or principal of the Issue 2018-2 Bonds or the date fixed for redemption of any Issue 2018-2 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 2018-2 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 2018-2 Bonds maturing in such year. The Issue 2018-2 Bonds are to be lettered “R” and numbered separately from 1 consecutively upwards.

(b) The Issue 2018-2 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2018-2 Bond will be outstanding for each maturity and interest rate of the Issue 2018-2 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 2018-2 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2018-2 Bonds will not receive certificates representing their interest in the Issue 2018-2 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2018-2 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2018-2 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 2018-2 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 2018-2 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 2018-2 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2018-2 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 2018-2 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2018-2 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 2018-2 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2018-2 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2018-2 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2018-2 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2018-2 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 2018-2 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 2018-2 Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2018-2 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 2018-2 Term Bonds due July 1, 2033

Date	Amount Due	Date	Amount Due
January 1, 2032	\$2,380,000	January 1, 2033	\$2,470,000
July 1, 2032	2,425,000	July 1, 2033*	2,520,000

*Maturity

Issue 2018-2 Term Bonds due July 1, 2038

Date	Amount Due	Date	Amount Due
January 1, 2034	\$ 2,570,000	July 1, 2036	\$ 2,840,000
July 1, 2034	2,620,000	January 1, 2037	2,900,000
January 1, 2035	2,675,000	July 1, 2037	2,960,000
July 1, 2035	2,730,000	January 1, 2038	3,020,000
January 1, 2036	2,785,000	July 1, 2038*	3,085,000

*Maturity

Issue 2018-2 Term Bonds due July 1, 2042

Date	Amount Due	Date	Amount Due
January 1, 2039	\$ 3,145,000	January 1, 2041	\$ 2,870,000
July 1, 2039	3,215,000	July 1, 2041	2,930,000
January 1, 2040	3,005,000	January 1, 2042	3,190,000
July 1, 2040	2,810,000	July 1, 2042*	3,255,000

*Maturity

Issue 2018-2 Term Bonds due January 1, 2049 (PAC)

Date	Amount Due	Date	Amount Due
January 1, 2043	\$ 3,335,000	July 1, 2046	\$ 3,835,000
July 1, 2043	3,405,000	January 1, 2047	3,910,000
January 1, 2044	3,470,000	July 1, 2047	3,990,000
July 1, 2044	3,540,000	January 1, 2048	4,070,000
January 1, 2045	3,615,000	July 1, 2048	4,150,000
July 1, 2045	3,685,000	January 1, 2049*	3,835,000
January 1, 2046	3,760,000		

*Maturity

(b) Upon the purchase or redemption of Issue 2018-2 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 2018-2 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 2018-2 Bonds of such maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such maturity of Issue 2018-2 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2018-2 Bonds maturing on and after January 1, 2028, 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, 2027 (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 2018-2 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 2018-2 Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans allocated to the Issue 2018-2 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2018-2 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 2018-2 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 2018-2 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 2018-2 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 2018-2 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 2018-2 Bonds are subject to mandatory redemption on April 1, 2019 in the event and to the extent that there are unexpended proceeds of the Issue 2018-2 Bonds on deposit in the Issue 2018-2 Subaccount of the Loan Fund on March 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 2018-2 Bonds are subject to mandatory redemption on December 1, 2021, to the extent any amounts remain on deposit in the Issue 2018-2 Subaccount of the Loan Fund on November 1, 2021.

The redemption price of the Issue 2018-2 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 2018-2 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 2018-2 Bonds then Outstanding.

(b) ***Excess 2018-2 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 2018-2 Principal Payments. Any Excess 2018-2 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of PAC Bonds on any Interest Payment Date commencing January 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 2018-2 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Issue 2018-2 Bonds (including the Transferred Program Loans) are equal to or less than the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2018-2 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 2018-2 Bonds (including the Transferred Program Loans) are in excess of the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2018-2 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 2018-2 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 2018-2 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 2018-2 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 2018-2 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 2018-2 Bonds (directly or through a series of refundings) received more than ten years after the Issue Date of the Issue 2018-2 Bonds (or the date of original issuance of the bonds refunded by the Issue 2018-2 Bonds, directly or through a series of refundings) shall be applied to redeem the Issue 2018-2 Bonds on or before the next Interest Payment Date with respect to the Issue 2018-2 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 2018-2 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 2018-2 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 2018-2 Bonds Outstanding.

Section 2.12. Selection by Lot. If less than all of the Issue 2018-2 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 2018-2 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 2018-2 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 2018-2 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 2018-2 Bonds to the public is hereby authorized and approved.

(c) The Issue 2018-2 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this 2018-2 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 2018-2 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2018-2 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 2018-2 Bonds. Amounts on deposit in the Issue 2018-2 Bond Subaccount of the Loan Fund in excess of \$13,075,000 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 2018-2 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of Issue 2018-2 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 2018-2 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2018-2 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2018-2 Bonds shall not exceed 2% of the proceeds of the Issue 2018-2 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2018-2 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 June 12, 2019.

The Bond Reserve Fund Requirement with respect to the Issue 2018-2 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 2018-2 Bonds plus the amount on deposit in the Issue 2018-2 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 2018-2 Bonds. Proceeds of the Issue 2018-2 Bonds, together with any contribution from THDA of available THDA funds, initially shall be deposited in the Issue 2018-2 Bond Subaccount of the Loan Fund. On the Issue Date, \$13,075,000 of the amount on deposit in the Issue 2018-2 Bond Subaccount of the Loan Fund (representing a portion of the proceeds of the Issue 2018-2 Bonds) shall be allocated to the refunding of the principal of the Refunded Bonds; interest due on the Refunded Bonds on their redemption date will be paid from funds on deposit in the Redemption Account of the Refunded Bonds. On such

date, the Transferred Program Loans shall be credited to the Issue 2018-2 Bond Subaccount of the Loan Fund and the Transferred Investments shall be deposited in such Funds or Accounts as shall be set forth in a certificate of THDA delivered on or prior to the Issue Date.

Section 4.03. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2018-2 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 real property 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 by 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
- (c) have a principal balance not exceeding 78% of the value, as determined in an appraisal by or acceptable to THDA, or the purchase price of the property securing the Program Loan, whichever is less; or
- (d) be made in an amount not exceeding the value, as determined in an appraisal by or acceptable to THDA, or purchase 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 do business in the State 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 purchase 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 2018-2 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 2018-2 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 2018-2 (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 2018-2 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2018-2 Bonds and neither the members of THDA nor any person executing the Issue 2018-2 Bonds may be liable personally on the Issue 2018-2 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 2018-2 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 2018-2 Bonds. The Issue 2018-2 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 2018-2 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 2018-2 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 2018-2 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 2018-2 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 2018-2 Bonds, or other material events affecting the tax status of the Issue 2018-2 Bonds;
- (vii) modifications to rights of the holders of the Issue 2018-2 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 2018-2 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; and

(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 2018-2 Bonds or defeasance of any Issue 2018-2 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 2018-2 Bonds pursuant to the Resolution.

(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 2018-2 Bonds whether or not the Rule (as defined below) applies to such Issue 2018-2 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2018-2 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 Rule 15c2-12 (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 2018-2 Bonds or (B) the holders of the Issue 2018-2 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 2018-2 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 2018-2 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 2018-2 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 2018-2 Bonds are herein established subject to confirmation by the Committee upon the sale of the Issue 2018-2 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 2018-2 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</u> <u>Amount</u>
January 1, 2019	\$ 680,000
July 1, 2019	1,735,000
January 1, 2020	3,630,000
July 1, 2020	6,315,000
January 1, 2021	9,730,000
July 1, 2021	13,640,000
January 1, 2022	17,450,000
July 1, 2022	21,065,000
January 1, 2023	24,480,000
July 1, 2023	27,705,000
January 1, 2024	30,745,000
July 1, 2024	33,595,000
January 1, 2025	36,270,000
July 1, 2025	38,765,000
January 1, 2026	41,090,000
July 1, 2026	43,245,000
January 1, 2027	45,230,000
July 1, 2027	47,060,000
January 1, 2028	48,600,000

**400% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2018-2 BONDS**

Date	Cumulative Amount	Date	Cumulative Amount
January 1, 2019	\$ 2,960,106	July 1, 2034	\$144,850,371
July 1, 2019	8,903,602	January 1, 2035	145,076,858
January 1, 2020	17,933,794	July 1, 2035	145,268,731
July 1, 2020	29,631,249	January 1, 2036	145,431,027
January 1, 2021	43,360,752	July 1, 2036	145,568,073
July 1, 2021	57,430,864	January 1, 2037	145,683,583
January 1, 2022	69,811,663	July 1, 2037	145,780,745
July 1, 2022	80,497,794	January 1, 2038	145,862,291
January 1, 2023	89,718,075	July 1, 2038	145,930,564
July 1, 2023	97,670,741	January 1, 2039	145,987,567
January 1, 2024	104,527,506	July 1, 2039	146,035,017
July 1, 2024	110,437,081	January 1, 2040	146,074,445
January 1, 2025	115,528,225	July 1, 2040	146,107,228
July 1, 2025	119,912,405	January 1, 2041	146,134,397
January 1, 2026	123,686,090	July 1, 2041	146,156,824
July 1, 2026	126,932,757	January 1, 2042	146,175,251
January 1, 2027	129,724,619	July 1, 2042	146,190,314
July 1, 2027	132,124,131	January 1, 2043	146,202,552
January 1, 2028	134,185,297	July 1, 2043	146,212,423
July 1, 2028	135,954,796	January 1, 2044	146,220,317
January 1, 2029	137,472,970	July 1, 2044	146,226,565
July 1, 2029	138,774,670	January 1, 2045	146,231,445
January 1, 2030	139,889,997	July 1, 2045	146,235,195
July 1, 2030	140,844,941	January 1, 2046	146,238,013
January 1, 2031	141,661,934	July 1, 2046	146,240,068
July 1, 2031	142,360,330	January 1, 2047	146,241,501
January 1, 2032	142,956,824	July 1, 2047	146,242,430
July 1, 2032	143,465,809	January 1, 2048	146,242,955
January 1, 2033	143,899,690	July 1, 2048	146,243,158
July 1, 2033	144,269,156	January 1, 2049	146,243,178
January 1, 2034	144,583,409		

EXHIBIT C

FORM OF BOND

REGISTERED

R[-1]

\$[_____]

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2018-2 (Non-AMT)**

Interest Rate	Dated Date	Maturity Date	Cusip
[____]%	June 12, 2018	[_____]	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 January 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 2018-2” (herein called the “Bonds”) issued in the aggregate principal amount of \$160,000,000 under the General Resolution, a resolution of THDA adopted on March 27, 2018, as amended and supplemented by the Bond Finance Committee of THDA on May 8, 2018 (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 2018-2 (Non-AMT) of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

Dated: June 12, 2018

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 # 4

Items:

Grants Committee Meeting Materials

**Tennessee Housing Development Agency
Grants Committee**

July 24, 2018

9:00 a.m. Central Time

AGENDA

1. Call to Order van Vuuren
2. Approval of Minutes for May 22, 2018 Meeting van Vuuren
3. Fall 2019 Tennessee Housing Trust Fund Competitive Grants Program Description
..... Watt
4. 2018 Low Income Home Energy Assistance Program Changes and Authorization to
Submit 2019 LIHEAP Model Plan Watt
5. 2012 and 2013 HOME Grant Extension Requests:
City of Columbia, City of Cowan, Coffee County and City of Lawrenceburg Watt
6. 2019 Habitat for Humanity of Tennessee Allocation Authorization Watt
7. 2018 Emergency Solutions Grants, 2018 HOME and 2018 Spring Tennessee Housing Trust
Fund Competitive Grants Programs Award Review 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
Austin McMullen
Lynn Tully
Justin Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY
GRANTS COMMITTEE
May 22, 2018

Pursuant to the call of the Chairman, the Grants Committee of the Tennessee Housing Development Agency Board of Directors met in regular session Tuesday, May 22, 2018, at 10:02 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: Austin McMullen, Keith Boring (for Secretary of State Tre Hargett), Lynn Tully, Ann Butterworth (for Comptroller Justin Wilson) and Kim Grant Brown. Other Board members present were Dorothy Cleaves, John Snodderly, Regina Hubbard, Samantha Wilson (for Larry Martin) and Todd Skelton. Pieter van Vuuren was absent.

Mr. McMullen acted as Chair and called the meeting to order. He called for consideration of the minutes from the March 27, 2018, meeting. Upon motion by Ms. Butterworth, second by Mr. Boring, the minutes were approved, subject to a spelling correction of Ms. Butterworth's first name.

Mr. McMullen next called on Don Watt, Director of Community Programs, to present the 2019-2020 Emergency Repair Program Description. Mr. Watt referenced his memorandum dated May 6, 2018, and the attached proposed 2019 – 2020 Emergency Repair Program Description. He highlighted the following staff proposed changes reflected in the proposed 2019 – 2020 Emergency Repair Program Description:

- (1) Award equal funding allocations to eligible grantees during the first year of funding (2019), and amend second year funding (2020) into the grantee's contract based on performance during the first year. Second-year funds may be reduced or enhanced based on funding expenditures and funding commitments by the grantee.
- (2) Add a requirement that a homeowner must live in the home at least one year prior to eligibility for assistance.
- (3) Adjust the income requirement to be the higher of 60% of the Statewide Median Income or 60% of the Area Median Income for the county in which the applicant resides. This change will expand access to ERP resources.
- (4) Reduce the homeowner's match requirement from 50% to 25% so more households at the lowest income levels can be assisted.
- (5) Allow a homeowner's past repair expenses over 18 months, rather than 12 months, to count toward the match requirement.
- (6) Other changes as described in the referenced memo.

Upon motion by Ms. Brown, second by Ms. Butterworth, the Committee unanimously recommended to the Board approval of the 2019 – 2020 Emergency Repair Program Description.

Mr. McMullen next called upon Mr. Watt to present the proposed 2018 HOME CHDO Mini-Round Program Description. Mr. Watt referenced his memorandum dated May 17, 2018 and the attached proposed 2018 HOME CHDO Mini-Round Program Description (the "2018 CHDO Mini-Round"). Mr. Watt explained that THDA did not receive sufficient applications under the 2018 HOME Program Description

to meet its CHDO obligation, which is at least 15% of the HOME funds for 2018. He noted that approximately \$2.6M is available for CHDOs development funds and the total 2018 HOME allocation for CHDOs is approximately 50% higher than for 2017. He further noted that staff met with several CHDOs across the state to develop the following changes proposed for the 2018 CHDO Mini-Round in an attempt to make this program more accessible and encourage CHDOs to apply for the funding:

- (1) Increase the maximum award from \$500,000 to \$750,000.
- (2) Allow any CHDO with 2018 HOME funding to apply for additional funding to the \$750,000 maximum.
- (3) Relax the spend-down requirement and add a commitment requirement threshold. In order to qualify for additional future funding, CHDOs would need to demonstrate specified commitment levels during the first two years of a grant, with specified expenditures in the third year.
- (4) Eliminate the 25% match requirement and re-institute scoring incentives for eligible match contributions.
- (5) Revise the scoring criteria to:
 - a. Eliminate the “Not Previously Served” scoring category. This was a key determinant of where CHDOs placed their projects, rather than market demand.
 - b. Increase the Capability score from 50 to 60 points.
 - c. Add a new 5 point preference for projects proposed outside the local participating jurisdictions (e.g. Nashville, Memphis, and Knoxville) because they already receive funding directly from HUD.
 - d. Separate Energy Efficiency and Universal Design into two categories.

Upon motion by Ms. Tully, second by Ms. Butterworth, the Committee unanimously recommended to the Board approval of 2018 CHDO HOME Mini-Round Program Description and authorization of the Executive Director, or his designee, to award HOME funds available under the approved Program Description.

Mr. McMullen again called upon Mr. Watt to present staff recommended modifications to prior HOME Program Descriptions. Mr. Watt referenced his memorandum dated May 7, 2018, and noted that the 2018 HOME Program Description, previously approved by the Board, permits CHDOs to proceed with construction prior to identifying a homebuyer. He explained that this was a change designed to assist THDA in meeting HOME requirements regarding the timing of committing HOME funds and staff is proposing the same modification to the following program descriptions: 2015-2016 HOME Program Description, 2016 HOME CHDO Mini-Round 1, 2016 HOME CHDO Mini-Round 2, 2017 HOME Program Description, 2017 HOME CHDO Mini-Round 1, and 2017 HOME CHDO Mini-Round 2. Upon motion by Ms. Tully, second by Ms. Butterworth, the Committee unanimously recommended to the Board that Section C-2 in each of the referenced HOME Program Descriptions be modified to conform with Section C-2 the 2018 HOME Program Description.

Finally, Chairman McMullen called upon Mr. Watt to provide an update on 2018 HOME Program CHDO awards. Mr. Watt referenced his memorandum dated May 10, 2018 and noted that \$500,000 was

awarded to Clinch Powell Resource Conservation & Development Council, Inc. He explained that a second application, from Cleveland Bradley Housing Corporation, was deemed ineligible.

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

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the 24th day of July, 2018.

Pending



Tennessee Housing Development Agency
Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors

FROM: Don Watt, Director of Community Programs

DATE: July 9, 2018

RE: 2019 Fall Round of the Tennessee Housing Trust Fund Competitive Grants Program Description

THDA has available approximately \$2 million for the construction and rehabilitation of affordable rental housing through the 2019 Fall Round of the Tennessee Housing Trust Fund Competitive Grants Program. Staff is proposing the attached program description for the 2019 Fall Round (the "Program Description") with the following changes from the prior program description:

1. Added a requirement that services to assist an individual remain in the community must be provided for all applications setting aside units for individuals with disabilities; however, services must not be mandated or a condition of housing.
2. Excluded the costs of a project operating reserve or developer fee as an eligible expense to be paid using program funds.
3. Clarified that building permits must be pulled as required by state or local jurisdictions and, in such instances, all work must be inspected as required by the state or local jurisdiction. If the work is exempted from requiring a building permit, the work must be inspected by a state certified inspector or, at minimum, by a qualified inspector as defined in the program description.
4. Added a mechanism to prioritize projects in the funding matrix in the event of a tie score.

Staff recommends adoption of the attached 2019 Fall Round Program Description and authorization of the Executive Director or a designee to award 2019 Fall Round Tennessee Housing Trust Fund Competitive Grant Program funds to applicants for applications scored by staff based on the rating scale contained in the approved Program Description in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description. Staff will provide information to the Committee and Board regarding awards made under the 2019 Fall Round of the Tennessee Housing Trust Fund Competitive Grants Program at the meeting that immediately follows the date of the awards.



TENNESSEE HOUSING TRUST FUND

2019 FALL ROUND

COMPETITIVE GRANTS PROGRAM

Program Description and Application Package

The Tennessee Housing Development Agency (THDA) is seeking creative and innovative proposals for a FY 2019 Fall Round of Competitive Grants under the Tennessee Housing Trust Fund (THTF). The amount available for the FY 2019 Fall Round is approximately \$2.0 million. The purpose of this Program Description is to explain program requirements and the application process.

Applications for the FY 2019 Fall Round must be received by THDA on or before 4:00 PM CDT on Thursday, September 27, 2018. THDA anticipates notifying successful applicants by November 30, 2018. The Fall Round Competitive Grant contracts will begin January 1, 2019 and will end December 31, 2021. Applicants should be aware that there is no cure period. Submission of a complete application is a threshold criterion.

The application package follows this Program Description. The Program Description and application in WORD-format are available at www.thda.org. At the THDA website, click on BUSINESS PARTNERS, then GRANT ADMINISTRATORS for links to the THTF Competitive Grants page and the FY 2019 Fall Program Description and application. If you have questions please call (615) 815-2034.

A. ELIGIBLE APPLICANTS

THDA will accept applications for the FY 2019 Fall Round from cities, counties, development districts, public housing authorities, other Departments within State Government, and private, non-profit organizations, that each meet the requirements of this Program Description (“Applicant”).

The Applicant selected for a THTF Competitive Grant (“Grantee”) must be the owner of the proposed rental project at award. If the Grantee is a non-profit—including those involved in a low-income housing tax credit project—the non-profit must be the sole general partner or the sole managing member of the ownership entity or own 100% of the stock of a corporate ownership entity.



All private, non-profit organizations must submit *Attachment One: Non-Profit Checklist* with supporting documentation. All private, non-profit organizations must be organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than 30 days prior to the application date) or, if organized and existing in another state, be organized and existing under the laws of that state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from that state's Secretary of State dated no more than 30 days prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated no more than 30 days prior to the application date).

All private, non-profit Applicants must demonstrate at least two years of experience providing affordable housing or affordable housing related services in the state of Tennessee.

Additionally, Applicants seeking funding for transitional housing targeted to ex-offenders shall demonstrate good standing with the Tennessee Department of Corrections (TDOC) as of the date of submission of the 2019 Fall THTF application. All such Applicants shall be listed on TDOC's List of Approved Transitional Housing Providers.

Competitive Grant funds will be awarded to successful Applicants in the form of a grant. Applicants with prior Competitive Grants must also have *requested* the following percentages of their prior grants by September 20, 2018 to be eligible for the FY 2019 Fall Round Competitive Grant program:

COMPETITIVE GRANT YEAR	SPEND DOWN REQUIREMENT
2016 Spring and earlier	100%
2017 Fall	75%
2018 Spring	50%
2018 Fall	25%
2018 Spring	Not Eligible

To meet the "requested" threshold criteria, THDA must have received an official, complete Request for Payment Form with supporting documentation from an Applicant with a prior Competitive Grant.

B. ELIGIBLE ACTIVITIES

All housing financed using THTF Competitive Grant resources must be affordable rental housing and must address the housing needs of households who are low-, very low-, and/or extremely low-income as defined in Section F (1).

The following rental housing activities are eligible:

- New construction of rental housing units.
- Acquisition of rental housing units.
- Rehabilitation of rental housing units.



- Conversion of non-residential units to residential units.
- Combinations of the above.

The rental housing provided may be either permanent or transitional as defined below:

- “Permanent Housing” is community-based housing with a tenant on a lease (or a sublease) for an initial term of at least one year that is renewable and is terminable only for cause.
- “Transitional housing” is housing that is designed to provide individuals and families with interim stability and support for up to 24 months in order to assist the household successfully move to and maintain permanent housing. Transitional housing must include a lease, sublease, or occupancy agreement.

All Applicants shall complete *Attachment Two: Rental Housing Feasibility Worksheet* to demonstrate a need for the Competitive Grant funds and the financial feasibility of the project.

C. TARGET POPULATIONS

1. Low-, very low- and extremely low-income households

Rental housing for households at or below 80% of Area Median Income (AMI) is eligible. THDA will provide a preference for applications with a 25% set-aside of units for households who are extremely low-income (0-30% AMI) or with a 50% set-aside of units for very low-income (0 – 50% AMI) households.

2. Housing for Individuals with Disabilities

Housing for Individuals with Disabilities is rental housing for adult persons with a disability. All households must have incomes equal to or less than 80% of AMI.

All housing must provide access to flexible support services designed to help the individual stay housed and live a more productive life in the community. However, services must not be mandated or a condition of housing the individual.

A “*person with disabilities*” is a person, who has a physical, mental or emotional impairment that is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently; and is of such a nature that such disability could be improved by more suitable housing.

A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that is attributable to a mental or physical impairment or combination of mental and physical impairments; is manifested before the person attains age 22; is likely to continue indefinitely; results in substantial functional limitations in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and reflects the person’s need for a combination and sequence



of special interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.

Housing funded for this population must meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014:

<https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>.

The final rule requires that all home and community-based settings meet certain qualifications, including:

- The setting is integrated and supports full access to the greater community;
- Is selected by the individual from among setting options;
- Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;
- Optimizes autonomy and independence in making life choices; and,
- Facilitates choice regarding services and who provides them.

Additionally for provider owned or controlled residential settings, the following additional requirements apply:

- The individual has a lease or other legally enforceable agreement providing similar protections;
- The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
- The individual controls his/her own schedule, including access to food at any time;
- The individual can have visitors at any time; and,
- The setting is physically accessible.

3. Housing for Youth Transitioning Out of the State's Foster Care System

Rental housing for youth transitioning out of the foster care system is eligible and is prioritized in the program's scoring matrix. All households must have incomes equal to or less than 80% of AMI. The head of the household must be at least 18 years of age and no more than 24 years of age at time of application for tenancy. All housing must provide flexible support services designed to help the individual stay housed and live a more productive life in the community.



4. Housing for the Elderly

Elderly populations are households where all household members are at least 62 years of age. All households must have incomes equal to or less than 80% of AMI. Housing for the elderly does not include hospices, nursing homes, or convalescent facilities.

5. Housing for Ex-Offenders

Rental housing for ex-offenders who are either homeless or at risk of homelessness and for those who are eligible for release by the Tennessee Board of Probation and Parole but who remain in custody due to having no other residential options is eligible. Housing for elderly offenders who are eligible for release by the Tennessee Board of Probation and Parole but who remain in custody due to no other residential options is encouraged. Housing for ex-offenders is prioritized in the program's scoring matrix.

All housing must provide support services designed to help the individual stay housed and live a more productive life in the community.

Certain ex-offenders, as described below, may not be eligible to reside in housing of this type developed with Competitive Grants. All households must have incomes equal to or less than 80% of AMI. Housing providers must abide by all TDOC rules and regulations and all State and Federal statutes and laws as applicable to the populations being served.

6. Housing for Veterans who are Homeless

Rental housing set-aside for veterans who are homeless. To be eligible, an individual or family must meet one of the categories of homelessness and the head of household or their spouse must meet the definition of "veteran" as defined below:

- As defined by the U.S. Department of Housing and Urban Development under the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) at 24 CFR 91.5, "Homeless" includes:
 - (1) *Category I*: An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - (i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport or camping ground;
 - (ii) An individual or family living in a supervised publicly or privately operated shelter designed to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or



- (iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- (2) *Category 2:* An individual or family who will imminently lose their primary nighttime residence, provided that:
 - (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - (ii) No subsequent residence has been identified; and
 - (iii) The individual or family lacks the resources or support networks, e.g., family friends, faith-based or other social networks, needed to obtain other permanent housing;
- (3) *Category 3:* Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
 - (i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), SECTION 17(b) or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434A);
 - (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing the 60 days immediately preceding the date of application for assistance;
 - (iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
 - (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or
- (4) *Category 4:* Any individual or family who:



- (i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
 - (ii) Has no other residence; and
 - (iii) Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.
- As defined by the U.S. Interagency Council on Homelessness, a "Veteran" is an adult who served on active duty in the armed forces of the United States, including persons who served on active duty from the military reserves or the National Guard.

D. PROHIBITED ACTIVITIES

A Grantee may not use the Competitive Grant for any of the following:

1. Pledge Competitive Grant funds as support for tax exempt borrowing by local grantees.
2. Provide off-site improvements or neighborhood infrastructure or public facility improvements.
3. Provide any portion of the THTF Competitive Grant or the required local match for administrative expenses by local governments.
4. Provide assistance to private, for-profit owners of rental property.
5. Implement homeowner rehabilitation projects.
6. Implement homeownership activities, including down payment assistance programs and the development of units for homeownership.
7. Acquire, rehabilitate or construct rental housing that is a treatment, hospice, nursing home, or convalescent facility.
8. Project Operating Reserves
9. Developer Fees
10. Cover costs incurred prior to the THTF contract start date.



E. MATCH

Proposals must include a 50% match of the THTF development dollars awarded. THTF administrative funds allocated to the project are not required to be matched.

Eligible Sources of Match Include:

1. Grants from other agencies.
2. Federal sources such as the Community Development Block Grant (CDBG) program or USDA Rural Development.
3. Cash Contributions by local church groups, local agencies, or contributions by individuals.
4. Bank loans.
5. A funding pool established by a local lender for the applicant.
6. Supportive services provided for projects serving individuals with disabilities, homeless veterans, ex-offenders, the elderly, or youth transitioning out of the foster care system. The value of supportive services may be counted over the length of the applicable compliance period.
7. Rental assistance tied to the property. To be eligible, the commitment of rental assistance must extend beyond the end of the grant term. For purposes of application scoring, THDA will only count that value of rental assistance that extends beyond the grant term.
8. The value of property already owned by the Applicant upon which the proposed housing will be rehabilitated or constructed.
9. HOME grants from local participating jurisdictions to non-profit applicants.

Ineligible Sources of Match:

1. THDA program funds, including federal funding sources, made available to Applicants will not be an eligible source of the matching funds.
2. In-kind donations, services, or labor will not be an eligible source of matching funds.

THDA will prioritize applications with a firm match commitment, the value of which is clearly documented in the application by the entity providing the match source.



F. PROGRAM REQUIREMENTS

1. INCOME LIMITS

Competitive Grants for rental projects may be used to benefit low-, *very low- or extremely low income* households.

- A. "Low-income household" means an individual or family unit whose gross annual income does not exceed 80% of the area median income, adjusted for family size;
- B. "Very low-income household" means an individual or family unit whose gross annual income does not exceed 50% of the area median income, adjusted for family size.
- C. "Extremely low-income household" means an individual or family unit whose gross annual income does not exceed 30% of the area median income, adjusted for family size.

The income limits apply to the incomes of the tenants, not to the owners of the property.

Grantees shall use 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 in *Attachment Three: Income Limits*. 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 or rental unit. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

Grantees shall ensure occupancy of units for which Competitive Grants were used by low-, very low- or extremely low-income tenants during the compliance period. Tenants whose annual incomes increase to over 80% of the area median may remain in occupancy, but must pay no less than 30% of their adjusted monthly income for rent and utilities.

2. CRIMINAL BACKGROUND

Grantees shall follow HUD regulations with regard to the provision of housing for ex-offenders. HUD regulations prohibit housing assistance to the following groups of ex-offenders:

- A. Ex-offenders who have been evicted from federally-assisted housing for drug-related criminal activity with an effective date of eviction within the last three (3) year period.
- B. An ex-offender household that includes a member who has ever been convicted of a drug-related criminal activity involving the manufacturing or production of methamphetamines on the premises of federally-assisted housing.
- C. An ex-offender household that includes a member who is subject to a lifetime registration requirement under a state sex offender registry program.



3. COMPLIANCE PERIOD

All rental housing projects for which Competitive Grants funds are used shall have a compliance period that begins on the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project. Prior to drawing down Competitive Grants funds, Grantees shall sign a grant note, deed of trust and restrictive covenant to enforce the compliance period. The Competitive Grant is forgiven at the end of the compliance period if full compliance was achieved throughout the compliance period.

The length of the compliance period will be determined based on the amount of Competitive Grants funds invested per unit:

Average Per Unit HTF Competitive Grants Investment	Compliance Period
< \$15,000	5 Years
\$15,000 – \$40,000	10 Years
> \$40,000	15 Years

4. PROPERTY STANDARDS

Property standards must be met when Competitive Grants funds are used for a project. Any rental units constructed or rehabilitated with Competitive Grants funds must meet THDA Design Standards for New Construction or Rehabilitation, as applicable. Additionally, all housing must meet all applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion.

In the absence of local codes, new construction of multi-family apartments of 3 or more units must meet the State-adopted edition of the International Building Code; new construction of single-family rental units or duplexes must meet the State-adopted edition of the International Residential Code for One- and Two-Family Dwellings; and rehabilitation of existing rental units must meet the State-adopted edition of the International Existing Building Code.

All contractors performing work on THTF assisted units must be appropriately licensed for the type of work being performed.

Following project completion, all properties assisted with Competitive Grant funds must meet Housing Quality Standards throughout the compliance period.



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

Visitability. Additional points will be awarded to Applicants proposing single-family rental or multi-family new construction projects that include design features to make the units visitable by individuals with physical disabilities. These options include a step-free entrance, free passage of 32-36” for interior/exterior doorways, and easy use by individuals confined to a wheelchair. Further information about visitability may be found at www.visitability.org.

Universal Design. Additional points will be awarded to applications that incorporate features that meet the needs of the greatest number of residents within a community. Universal design differs from accessible design, which is primarily intended to meet the needs of persons with disabilities. Universal design, however, is inclusive of adaptable design as universal design incorporates structural features that will allow a residence to be adapted to an individual’s current or future needs. Universal design features include, but are not limited to:

- Stepless entrances
- Minimum 5’ x 5’ level clear space inside and outside entry door
- Broad blocking in walls around toilet, tub and shower for future placement of grab bars
- Full-extension, pull out drawers, shelves, and racks in base cabinets in the kitchen
- Front mounted controls on all appliances
- Lever door handles
- Loop handle pulls on drawers and cabinet doors

More information on Universal Design may be found at The Center for Universal Design at North Carolina State University: <http://www.ncsu.edu/ncsu/design/cud/index.htm>.

Building Permits. Building permits must be pulled on all new construction and rehabilitation projects as required by the state or local jurisdiction, including mechanical, plumbing, and or electrical permits.

Inspections. All rehabilitation or new construction work must be inspected by a **qualified** licensed inspector based on the rules applicable for the local jurisdiction in which the units are located. Licensed inspectors are certified by the Tennessee Department of Commerce and Insurance – State Fire Marshal’s Office.

If a building permit is issued by a local jurisdiction or the state, inspection by a state certified inspector of that jurisdiction is required.

If the work is exempted by the state or local code and a permit is not required, then a qualified inspector may be used.



A “qualified inspector” is defined as an individual with credentials appropriate for the type of work being performed, such as inspectors licensed by the State of Tennessee as Building, Mechanical, Plumbing, or Electrical Inspectors. For activities in which a building permit is not issued, a qualified inspector may include home inspectors as appropriate for the work performed; individuals certified by a national organization such as the International Code Council, the National Fire Protection Association, or the Standard Building Code Congress as a Housing Inspector; or individuals qualified as FHA Fee Inspectors. Other qualifications may be accepted on a case by case basis, and require THDA approval before the inspector may perform inspections.

5. RENT LEVELS

Every rental unit assisted with Competitive Grant funds is subject to rent controls designed to make sure that rents are affordable to low-, very low- or extremely low-income households. Unless the housing is a group home or a Single Room Occupancy (SRO) unit, the maximum rents used for Competitive Grants are the *High HOME rents*. The maximum rent for a Group home or a SRO unit is defined below.

However, Grantees are encouraged, but not required, to charge tenants in a rental property assisted with Competitive Grant funds no more than 30% of gross monthly income for rent. See *Attachment Four: HOME Program Rents*.

Rents are controlled for the length of the compliance period, and are determined on an annual basis by HUD. The published rents include utilities. *The cost of utilities paid by tenants must be subtracted (using applicable utility allowances) from the published HOME rents to determine the maximum allowable rents.*

Each Grantee should be aware of the market conditions of the area in which the project is located. The High HOME rents are maximum rents which can be charged. Each project should show market feasibility not based upon the High HOME rents, but rather upon area housing markets and THTF occupancy requirements which require occupancy by low-, very-low-, or extremely low-income tenants. Rents shall not exceed the published High HOME rents, adjusted for utility arrangements and bedroom size. However, because these rents must also be attractive to *low-, very low-, or extremely low-income* tenants, actual rents may be lower than the High HOME rents to keep within 30% of the tenant’s monthly income. Programs should be designed so they take into consideration the market feasibility of projects funded.

A Competitive Grant may assist with the development of a group home, a housing unit that is occupied by two or more single persons or families. A group home consists of common space and/or facilities for group use by the occupants and, except in the case of a shared one-bedroom unit, a separate private space for each individual or family. Group homes often house the elderly or persons with disabilities who require accompanying supportive services. The calculation of the applicable rent and tenant contributions must follow the following requirements:



- A THTF-assisted group home is treated as a single THTF-assisted housing unit with multiple bedrooms. The THTF rent limit for a group home is the HUD-published Fair Market Rent (FMR) rent limit for the total number of bedrooms in the group home.
- However, the bedrooms of live-in supportive service providers or other non-client staff are not included when calculating the total number of bedrooms for the purpose of establishing the rent. For example, if one bedroom in a four-bedroom home is occupied by a service provider, the maximum rent for the group home is the HUD-published FMR Limit for a three-bedroom unit.
- The HUD-published FMR Limit is the maximum combined rent that can be charged to all income eligible tenants residing in the group home. Each tenant pays a pro-rata share of the total rent.
- When group home tenants pay directly for utilities, the utility allowance must be subtracted from the HUD-published FMR limit in order to determine the maximum combined rent that can be charged to all tenants.
- Group homes frequently include food and/or other supportive services to its residents. Group home rents may not include food costs or the costs of supportive services. Costs for such services must be billed as separate charges. For group home units that are developed for persons with disabilities, disability-related services must be non-mandatory and the resident must have the option to choose the service provider. The lease must also state whether the fee-based services are optional or mandatory and must identify the amount of the additional fees or surcharges separately from the basic THTF rent for each tenant. The applicable State agency must approve in writing the costs of food and supportive services to be provided.

A Competitive Grant may assist with the development of Single Room Occupancy (SRO) housing, which consists of a single room dwelling unit that is the primary residence of a single occupant. The unit may or may not have food preparation and sanitary facilities. Rents for SRO units are based on the HUD Fair Market Rent (FMR) or the HUD High HOME rent depending on the characterization of the unit as described below.



IF THE SRO HOUSING IS....	THEN...
A unit with <i>neither</i> food preparation nor sanitary facilities, or with one (food preparation or sanitary facilities)	The THTF rent may not exceed 75% of the HUD-published FMR limit for a 0-bedroom (efficiency) unit.
A unit with <i>both</i> food preparation and sanitary facilities	The THTF rent cannot exceed the HUD published High HOME rent limit for a 0-bedroom unit.
A unit that receives state or Federal <i>project-based</i> rental assistance and is occupied by a very low-income tenant	The THTF rent can be the applicable State or Federal project-based rent, as long as it is occupied by a very low-income tenant who does not pay more than 30% of the family's monthly adjusted income for rent.

The calculation of the applicable rent and tenant contributions must adhere to the following requirements:

- Utility costs are included in the maximum published HOME or FMR SRO rent. If SRO tenants pay directly for utilities, the utility allowance must be subtracted from the HUD-published HOME rent limit or FMR limit in order to determine the maximum rent that can be charged for the SRO unit.
- SRO units may not include food costs or the costs of any supportive services. Costs for such services must be billed as separate charges. For SRO units that are developed for persons with disabilities, disability-related services must be non-mandatory and the resident must have the option to choose the service provider.
- Each SRO tenant's lease must clearly state whether the fee-based services are optional or required and must also identify the amount of additional fees or surcharges separately from the basic THTF rent for each tenant. The applicable State agency must approve in writing the costs of food and supportive services to be provided.

6. GRANTEE'S ON-GOING OBLIGATIONS FOR RENTAL PROPERTY

During the compliance period, a Grantee shall:

- Conduct initial and annual income certification of tenants;
- Adhere to the THTF rent limits;
- Comply with THDA Property Standards;
- Comply with fair housing and affirmative marketing requirements and,
- Report to THDA as THDA may require;



F. Take other actions as THDA may require

G. PROCUREMENT

It is important to keep the solicitation of bids for goods and services, materials, supplies and/or equipment open and competitive. Grantees shall develop and follow their procurement policies. At a minimum, there must be an established selection procedure. Grantees shall obtain at least three bids, and the purchase should be made from the lowest or best bidder. There must be a written rationale for selecting the successful bid or proposal.

H. MARKETING REQUIREMENTS

One goal of Competitive Grants is to raise the profile of affordable housing at the local, state and federal level, and to demonstrate that decent housing impacts all facets of community development. Each Grantee shall implement marketing and public relations plans to accentuate the achievements of the program. THDA's Communications Division will assist in the development of these plans. Grantees shall submit data and beneficiary stories to THDA as may be required by THDA.

I. FAIR HOUSING AND EQUAL OPPORTUNITY

Each Grantee receiving a Competitive Grant shall comply with both state and federal laws regarding fair housing and equal opportunity (FHEO). FHEO requirements have been developed to protect individuals and groups against discrimination on the basis of: race, color, national origin, religion, age, disability, familial status, or sex.

In particular, owners and 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 a Competitive Grant.

Each Grantee shall establish and follow procedures to inform the public and potential tenants of FHEO and the Grantee's affirmative marketing program. Grantees shall establish and follow procedures by which Grantees will solicit applications from potential tenants. Grantees shall maintain records of efforts to affirmatively market rental units. Grantees shall provide evidence of all of the above at the request of THDA.

J. TN HOUSING SEARCH.ORG

Beginning at the start of initial lease-up through the end of the compliance period, all Grantees shall list units available for occupancy on TNHousingSearch.org or any subsequent affordable rental housing locator system sponsored by THDA and, as permitted by the locator system for the type of housing funded.



K. APPLICATION AND EVALUATION PROCEDURE

Applications for Competitive Grants should be limited only by imagination, availability of matching funds, availability of support services, and a demonstrated need for the proposed project in a given area.

Proposals for funding in the FY 2019 Fall Round are limited to a maximum of \$500,000. There is no minimum grant amount. THDA expects that the combination of Competitive Grant funds and the required matching funds will be sufficient to allow the proposed project to be completed in a timely manner.

Applicants may request up to 7% of the grant request in administrative funds. Administrative funds may be used to pay administrative costs incurred by the grantee in the performance of program activities. Administrative funds are not subject to the match requirement.

Proposals that address the housing needs of very low- or extremely low-income households, including youth transitioning from foster care, homeless veterans, and ex-offenders, especially elderly offenders who are eligible for release by the Tennessee Board of Probation and Parole but who remain in custody due to no other residential options and who meet other requirements specified in the Program Description, will receive additional points in the scoring matrix. Proposals with an identified, firm commitment for the matching funds are preferred and those proposals with a firm commitment for match resources which exceeds the 50% requirement will be highly preferred.

THDA will evaluate each application to determine if the proposal meets program criteria, including, without limitation, submission of a complete application; proposal of an eligible activity serving eligible populations, proposal of a project that is ready to get underway except for the gap in financing to be provided by the Competitive Grant; and proposal of a project that in the opinion of THDA, in its sole discretion, is physically, financially and administratively feasible.

Applications will not be considered if the following threshold items are not submitted to THDA by the application due date:

- Application signed by the Chief Executive of the organization or the President/Chairman of the Board of Directors.
- Copy of the latest audit or audited financial statement of the organization.
- Copy of a current resolution by the Board of Directors or governing body approving the submission of the application under the 2019 Fall Housing Trust Fund Competitive Grants Program Description.
- If a non-profit organization, a Certificate of Existence or Certificate of Authorization from the Tennessee Secretary of State, as applicable, dated within 30 days of the application date. If the non-profit organization is organized in a state other than Tennessee, a Certificate of Existence from the Secretary of State in which the organization was organized must also be submitted.



- If a nonprofit organization, documentation of an IRS designation under Section 501(c)3 or Section 501(c)4 of the federal tax code.
- If a nonprofit organization, copy of the Charter and By-laws of the organization.

Additionally, all nonprofit organizations must upload through THDA's Participant Information Management System (PIMS) those organizational documents required to be uploaded through PIMS. Copies of organizational documents that are required to be submitted through PIMS, but are submitted through another means, will not be considered.

Additionally, as a threshold requirement, organizations seeking funding for transitional housing targeted to ex-offenders shall demonstrate approval and good standing with the Tennessee Department of Corrections (TDOC) as of the application due date. All such organizations shall be listed on TDOC's List of Approved Transitional Housing Providers.

As a threshold requirement for consideration, applications from organizations seeking Competitive Grants to provide rental housing for ex-offenders shall provide a copy of the policies and procedures guiding the operation of their program and a copy of the program's application for tenancy.

A Review Committee will score and rank all applications meeting the threshold criteria, as determined by the Review Committee in its sole discretion. Applications will be ranked in descending numerical order based on the categories in the THTF Competitive Grant Matrix.

In the event of a tie score, THDA first will select the application with the highest total Innovation score and then, if a tie still remains, the highest total Need Score. If a tie still remains, THDA will prioritize funding for the application with the greatest number of HTF funded units as the final determinant.

Applicants must receive a minimum score of 60 to be considered for funding.

The Review Committee will present its recommendations to the Executive Director for determination of awards.



THTF COMPETITIVE GRANT MATRIX

Up to 100 Points

1. CAPABILITY

Up to 70 points

- The program design is complete, and all necessary components are identified in the application.

Up to 35 points

 - The proposal demonstrates adherence to program guidelines, is well designed for the targeted population, and demonstrates an effective use of THDA resources.
 - Sites have been identified and the applicant has site control of the parcel(s) on which the housing will be developed or the applicant can demonstrate a consistent and successful history for securing ownership control of property in each of the past five consecutive years that is either (1) at least double the number of single family units proposed in this THTF application or (2) if multifamily housing is proposed, at least double the number of sites proposed for acquisition in this THTF application.
 - The project is physically, administratively, and financially feasible with sufficient revenue for the on-going operation of the housing during the compliance period.
 - The feasibility worksheet is complete, correct, and demonstrates a need for a Competitive Grant.
 - The proposed rents charged to tenants are reasonable given the income of the targeted population or rental assistance is committed to lower the contribution of the tenant toward rent and utilities.
 - If new construction, the housing will include design features that meet Universal Design standards, Visitability standards, and Energy code standards.
 - For projects targeting special populations, including individuals with disabilities, homeless veterans, or youth aging out of foster care, a firm commitment for the delivery of supportive services is in place.
 - For projects targeting ex-offenders, a plan for the screening of ex-offenders and a plan for the provision and funding of support services are in place.
 - For projects targeting individuals with disabilities, the proposed housing meets the goals of the Final Rule for the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that have been established by the Centers for Medicare and Medicaid Services (CMS) on January 16, 2014. Point deductions will be assessed if the CMS qualities of settings are not met based on THDA's sole determination.
 - The applicant demonstrates the likelihood and feasibility to secure matching funds. Firm commitment letters are included in the application.



- The Applicant demonstrates sufficient capacity to successfully carry out the proposed project. Up to 35 points
 - The Applicant and its staff have experience in providing housing to the targeted population.
 - The Applicant and its staff have a demonstrated capacity to manage rental housing.
 - The Applicant's organizational budget reflects multiple sources of funding.
 - If the Applicant has previous experience with Competitive Grants or other programs, point deductions will be assessed if the Applicant has not demonstrated success in:
 - drawing down funds;
 - completing a project in a timely manner;
 - operating a program within THDA guidelines; and,
 - responding timely to client concerns or complaints, contractor concerns or complaints, and THDA requests for information and/or client stories.

2. NEED

Up to 20 points

Income Targeting

Up to 4 points

→ The Applicant will set aside 25% of the units for individuals at 30% of AMI or less

3 points

→ The Applicant will set aside 50% of the units for individuals at 50% of AMI or less

1 point

Targeted Populations in THDA Strategic Plan

Up to 7 points

→ THDA will award up to 7 points based on the proportion of units set-aside for youth transitioning out of foster care as prioritized in the THDA Strategic Plan

Up to 7 points

→ THDA will award up to 7 points based on the proportion of units set-aside for ex-offenders, particularly elderly ex-offenders as prioritized in the THDA Strategic Plan

Up to 7 points

→ THDA will award up to 4 points based on the proportion of units set-aside for homeless veterans as prioritized in the Tennessee State Plan to End Homelessness

Up to 4 points



Larger Community Need

Up to 4 points

→ The project meets a larger need in the community or region beyond providing housing for the targeted population, such as (but not limited to):

2 points

- (1) The project removes a major blight in the community
- (2) The project ties into a larger community or regional effort outside the specific project scope

→ The application provides a written commitment that at least 50% of the sites on which the THTF funded housing will be constructed are sites which meet one of the following criteria:

2 points

- (1) The site will be acquired through the land bank authority established within the community
- (2) The site will be acquired and the nuisance abated through THDA's Blight Elimination Program
- (3) The site was acquired and the nuisance abated as a demolition activity under the NSP1 or NSP3 programs and no NSP eligible use has been established on the property

Prior Funding

Up to 5 Points

A Competitive Grant has not been awarded since July 1, 2014, for a project located in the county in which the proposed housing will be located

5 points

3. INNOVATION

Up to 10 points

The housing proposed in the application demonstrates a creative approach to affordable rental housing for low-, very low-, or extremely low-income households through unique partnerships, a variety of funding sources, use of alternative energy sources or energy conservation measures, inclusion of universal design elements in housing that will be rehabilitated, the addition of design elements to make the unit to be rehabilitated visitable for individuals with physical disabilities, the targeting of individuals who are homeless through a housing first approach, a commitment for the provision of services for populations other than individuals with disabilities, youth transitioning from foster care, ex-offenders, and homeless veterans, and other innovative means to address housing needs.





Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: July 16, 2018
RE: Program Years 2018 and 2019 Low Income Home Energy Assistance Program

Recommendation

Staff recommends Committee and Board approval for THDA to submit an application to HHS for the LIHEAP Program Year 2019 funds, with the changes as proposed below, by the federal deadline of September 1, 2018, subject to review by THDA's Executive Director of any further material changes prior to submission. Staff also recommends making the same changes proposed below to 2018 LIHEAP funds.

Staff anticipates HHS approval of Tennessee's 2019 LIHEAP application by September 30th.

Background

The U. S. Department of Health and Human Services (HHS) will be accepting applications from states for the Program Year 2019 Low Income Home Energy Assistance Program (LIHEAP). Applications are due to the HHS no later than September 1, 2018. The Program Year 2019 allocation for Tennessee is not yet available; however, based on the amount available to Tennessee for 2018, THDA anticipates that approximately \$63.9 million will be available, with approximately \$6.39 million available for administrative costs and \$57.5 million available for program costs. Of this amount available for program costs, approximately 5%, or \$2.87 million, will be reserved for health and safety costs associated with weatherization activities. Remaining program funds, approximately \$54.6 million, will be used to provide utility assistance for eligible households.

LIHEAP and the activities carried out with the LIHEAP funding are subject to federal regulations found at 45 C.F.R. § 96. The annual application to HHS defines the program and requires that the program be made available to eligible agencies that serve all areas (counties) in the state. THDA administers LIHEAP locally through grants with 19 agencies meeting federal program requirements, including:

- Blount County Community Action Agency
- Bradley-Cleveland Community Services Agency
- Chattanooga Department of Youth and Family Development
- Clarksville-Montgomery Community Action Agency
- Delta Human Resource Agency
- Douglas-Cherokee Economic Opportunity Authority
- East Tennessee Human Resource Agency
- Highland Rim Economic Corporation
- Knoxville-Knox County Community Action Committee
- Metropolitan Action Commission
- Mid-Cumberland Community Action Agency
- Mid-East Community Action Agency
- Northwest Tennessee Economic Development Council
- South Central Human Resource Agency
- Southeast Tennessee Human Resource Agency
- Shelby County Community Services Agency
- Southwest Human Resource Agency
- Upper Cumberland Human Resource Agency
- Upper East Tennessee Human Development Agency

The program funding for utility assistance and associated administrative costs is allocated by county, based on the percentage of the low-income population residing in that county, as determined through the use of SAIPE (Small Area Income and Poverty Estimates) census data.

The local agency will receive the allocation for the county or counties located in their service delivery area. THDA will retain funding for administrative expenses as permitted under federal regulations. THDA will also conduct public meetings to explain the program and funding available.

For 2019, THDA is adjusting program timing to align with the federal fiscal year that begins on October 1, and to align with the contract year changes associated with other HHS funding programs administered by the State. Additionally, this change will facilitate THDA's ability to meet program obligation requirements with HHS while also having the ability to reallocate resources prior to the final obligation date.

To make this change, THDA will implement the 2018 program year on July 1, 2018 as originally planned. 2019 funds will then be made available on October 1, 2018, as a contract amendment to the 2018 contract with funding availability extended to September 30, 2019.

In order to meet these objectives and to improve grantee expenditure of funds, THDA staff recommends the following changes to be applicable to both 2018 and 2019 LIHEAP funds:

- Eligible households will be able to access twice during the contract period. Households will initially be able to access the program between July 1, 2018 and December 31, 2018. Their

eligibility will be reset on January 1, 2019, meaning that clients served between July 1, 2018 and December 31, 2018 can reapply and be served after January 1, 2019.

- THDA reserves the ability to reallocate LIHEAP funds between grantees as needed based on expenditure rates to ensure that funds can be utilized before the end of the obligation period.
- THDA reserves the ability to increase client benefit amounts across fuel types, as needed in order to reduce the energy burden of households across all fuel types.
- THDA will allow grantees to spend funds for direct support to market the program availability in advance of its expenditures for direct services to beneficiaries, eliminating a restriction that impedes program performance.

THDA has held information sessions with grantees to review the program changes affecting both 2018 and 2019 funds. Grantees have been supportive of these changes.



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: July 17, 2018
RE: Request for Approval of HOME Grant Extensions: 2012 HOME City of Columbia, 2013 HOME City of Cowan, 2012 HOME Coffee County, 2013 HOME City of Lawrenceburg

Recommendation

Staff recommends approval of each of the referenced HOME Grant extension requests to December 31, 2018 as further described below.

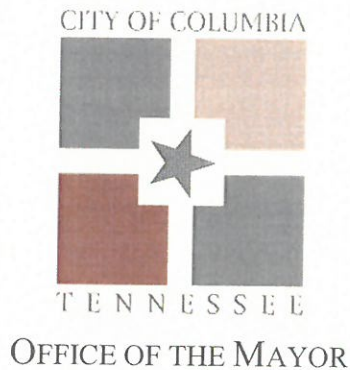
Background

The City of Columbia has requested an extension of the 2012 HOME grant which expired on June 30, 2018. The City received a grant extension in May 2017 as part of the blanket extension provided to all 2012 and 2013 HOME grantees. To date, the City has expended \$142,720 of \$500,000 awarded, with units under contract for assistance by June 30, 2018 as required by the program. As of July 2, 2018, the City had two remaining units to put under contract and has provided a satisfactory schedule for completion of all units by December 31, 2018.

The City of Cowan has requested an extension of the 2013 HOME grant which expired on June 30, 2018. The City received a grant extension in May 2017 as part of the blanket extension provided to all 2012 and 2013 HOME grantees. To date, the City has expended \$70,857 of \$250,000 awarded. As of July 3, 2018, the City had three remaining units to put under contract and has provided a satisfactory schedule for completion of all units by December 31, 2018.

Coffee County has requested an extension of the 2012 HOME grant which expired on June 30, 2018. The County received a grant extension in May 2017 as part of the blanket extension provided to all 2012 and 2013 HOME grantees. To date, the County has expended \$87,617 of \$386,774 awarded. As of July 3, 2018, the County had one remaining unit to put under contract and has provided a satisfactory schedule for completion of all units by December 31, 2018. Staff recommends approval of this request.

The City of Lawrenceburg has requested an extension of the 2013 HOME grant which expired on June 30, 2018. The City received a grant extension in May 2017 as part of the blanket extension provided to all 2012 and 2013 HOME grantees. To date, the City has expended \$127,739 of \$250,000 awarded, with units under contract for assistance by June 30, 2018 as required by the program. As of July 2, 2018, the City had three remaining units to put under contract and has provided a satisfactory schedule for completion of all units by December 31, 2018.



July 2, 2018

Dear Tennessee Housing Development Agency,

The City of Columbia HOME grant was scheduled to terminate June 30, 2018. The deadline came while we were in the process of getting four homes rehabilitated. Two of the homes were able to sign contracts before the deadline; however, two still await repairs. These homes belong to Frankie Armstrong and Harvey Martin. The City of Columbia is requesting an extension of this grant through December 31, 2018 in order to complete the rehabilitation of the previously mentioned homes. We hope that you will consider the homeowners when making a decision about this request. Thank you for your consideration and please let me know if you have any questions. Below is a projected timeline for completion of Armstrong and Martin homes.

July 27	Armstrong WWU Issues Addressed and Approved
August 1	Advertise for Pre-bid Conference
August 15	Hold Pre-bid Conference (If less than three contractors show up, this will be the date for the re-bid pre-bid conference advertisement.)
August 29	Accept Bids (Re-bid pre-bid conference if needed)
September 12	Accept Bids from Re-bid (if needed)
September 13	Projects Awarded
September 17	Contracts Signed
September 24	Construction Start
November 26	Construction Complete
November 27	Final Inspection
November 29	State Final Inspection
December 3 – 7	THDA Approval of Inspections
December 7- 14	Document Signing for close-out of projects
December 17	Final Pay Request Submission

Sincerely,

A handwritten signature in blue ink, appearing to read "Dean Dickey".

Dean Dickey
City of Columbia, Mayor

CITY OF COWAN

P.O. Box 338

Cowan, TN 37318

Office: (931) 967-7318

Fax: (931) 967-7990

ashley.recorder@gmail.com

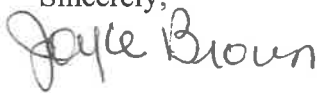
July 3, 2018

Tennessee Housing Development Agency,

It has been brought to my attention that there are three homeowners awaiting home repairs through the HOME program that will not receive those needed repairs unless an extension is given. I also understand that these homes have been released by THDA to bid. I am humbly asking for an extension on this grant in order to rehabilitate the homes of Dorothy Berryhill, Patricia Nimox, and Floyd Sweeton. I would greatly appreciate this extension on behalf of these homeowners and the city. Below you will see a proposed extension timeline with the conclusion being December 31, 2018:

August 1	Advertise for Pre-bid Conference
August 15	Hold Pre-bid Conference (If less than three contractors show up, this will be the date for the re-bid pre-bid conference advertisement.)
August 29	Accept Bids (Re-bid pre-bid conference if needed)
September 12	Accept Bids from Re-bid (if needed)
September 13	Projects Awarded
September 17	Contracts Signed
September 24	Construction Start
November 26	Construction Complete
November 27	Final Inspection
November 29	State Final Inspection
December 3 – 7	THDA Approval of Inspections
December 7- 14	Document Signing for close-out of projects
December 17	Final Pay Request Submission

Sincerely,



Joyce Brown

City of Cowan, Mayor

County Mayor of Coffee County

GARY CORDELL

1329 McArthur Street
Suite 1
Manchester, TN 37355



931-723-5100
Fax 931-723-5152
Email: mayor@coffeecountyttn.org

July 3, 2018

Dear Tennessee Housing Development Agency,

The Coffee County HOME grant was in the process of getting the approval to rehabilitate the home of Winnie Starks when the project had to pause due to the June 30 deadline. I am writing in hopes of receiving a grant extension to complete the necessary repairs to Ms. Stark's home. I have been informed that THDA has given her home approval to accept bids when and if this extension is granted. Please consider this extension request for the Coffee County HOME grant through December 31, 2018. I have included a projected timeline of the extension below:

August 1	Advertise for Pre-bid Conference
August 15	Hold Pre-bid Conference (If less than three contractors show up, this will be the date for the re-bid pre-bid conference advertisement.)
August 29	Accept Bids (Re-bid pre-bid conference if needed)
September 12	Accept Bids from Re-bid (if needed)
September 13	Projects Awarded
September 17	Contracts Signed
September 24	Construction Start
November 26	Construction Complete
November 27	Final Inspection
November 29	State Final Inspection
December 3 – 7	THDA Approval of Inspections
December 7- 14	Document Signing for close-out of projects
December 17	Final Pay Request Submission

Sincerely,

Gary Cordell

Coffee County, Mayor



City of Lawrenceburg

25 Public Square
Lawrenceburg, TN 38464

(931) 762-4459
Fax (931) 762-8829

July 2, 2018

Dear Tennessee Housing Development Agency,

I am writing on behalf of Ms. Sherry Hinson, Ms. Evie Hallmark and Mr. Henry Johnson. They are HOME program applicants that are in great need of home repairs. Both home inspections and lead-based paint inspections have been completed on these homes and they are ready to accept bids from qualified contractors. I understand there have been many unforeseen changes in the HOME program and in staff at SCTDD that have caused extensive delays in this project. However, these three homeowners are the ones I am most concerned about. With greatest respect, I am requesting an extension until December 31, 2018. Below you will see a proposed timeline:

August 1	Advertise for Pre-bid Conference
August 15	Hold Pre-bid Conference (If less than three contractors show up, this will be the date for the re-bid pre-bid conference advertisement.)
August 29	Accept Bids (Re-bid pre-bid conference if needed)
September 12	Accept Bids from Re-bid (if needed)
September 13	Projects Awarded
September 17	Contracts Signed
September 24	Construction Start
November 26	Construction Complete
November 27	Final Inspection
November 29	State Final Inspection
December 3 – 7	THDA Approval of Inspections
December 7- 14	Document Signing for close-out of projects
December 17	Final Pay Request Submission

Please contact me if you have any questions regarding this request or project details. Thank you for your consideration of this extension. The three homes, the city and the state will be made better with these home repairs.

Sincerely,

A handwritten signature in blue ink, appearing to read "Keith Durham", with a stylized flourish extending to the right.

Keith Durham

City of Lawrenceburg, Mayor



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: July 17, 2018
RE: 2019 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 homebuyers. 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. Since the set-aside's implementation, Habitat for Humanity of Tennessee has assisted local chapters with the successful development of 111 new homes, using \$2 million in THTF funding.

The Board also approved in 2014 the terms of the use of the funds by Habitat for Humanity of Tennessee. Staff recommends no changes to the attached program description.

Staff recommends the allocation of \$500,000 of 2019 THTF funding to the Habitat for Humanity of Tennessee, effective July 1, 2018 – June 30, 2019, for use under the existing terms of the Habitat Tennessee Program Description.



HOUSING TRUST FUND

Habitat 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 Housing Trust Fund (HTF) of \$500,000 to continue the Habitat's state-wide 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.* HTF 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 homebuyers.
- b. *Permanent Financing.* The proposed permanent financing must be at an interest rate which does not exceed the prevailing THDA Great Choice loan interest rate by more than one percentage points. 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 homebuyer meets all THDA requirements.
- c. *Homebuyer Education* All homebuyers must complete a homebuyer education program from a THDA qualified homebuyer education trainer prior to purchase.
- d. *Sales Price Limit.* The sales price limit for homeownership programs is \$179,900.
- e. *Ownership.* The homebuyer must obtain fee simple title to the property.
- f. *Occupancy.* The homebuyer 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 HTF Manual apply to the Habitat Tennessee Set-Aside.

C. 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 HTF funds or the required local match may be used for administrative expenses by local governments;
4. Provide assistance to private for-profit or to private non-profit owners of rental property.
5. Homeowner rehabilitation projects.

D. MATCH

There is a 50% match requirement for the HTF 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 HTF 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.

E. PROGRAM REQUIREMENTS

1. INCOME LIMITS

HTF 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 HTF uses the income limits established by the US 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 www.thda.org under the Community Programs tab. 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 HTF 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 HTF funds are used for a project. Any homeownership units constructed or rehabilitated with HTF 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 homeowner units must meet the current, State-approved edition of the International Existing Building Code.

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

F. 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.

G. MARKETING REQUIREMENTS

One of the goals of the Housing Trust Fund is to raise the profile of affordable housing at the local, state and federal level, and to demonstrate that decent housing impacts all facets of community development. Habitat must develop marketing and public relations plans to accentuate the achievements of the Housing Trust Fund. The Public Affairs Division of THDA will assist in the development of these plans. Habitat will be required to submit data and beneficiary stories to THDA.

H. 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, 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 Housing Trust Fund dollars.

THDA requires that Habitat establish procedures to inform the public and potential homebuyers of federal Fair Housing laws and Habitat's affirmative marketing program; outline procedures by which Habitat will solicit applications from potential homebuyers; 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 Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: July 17, 2018
RE: 2018 Emergency Solutions Grants Awards

THDA received 34 applications from nonprofits organizations and one local government that requested \$3.4 million through the 2018 ESG competitive round to provide assistance to individuals and families who are homeless or threatened with homelessness. THDA awarded \$2.8 million to 27 nonprofits and one local government. Eligible ESG activities include shelter operations, rapid re-housing assistance, homelessness prevention assistance, outreach, and data collection.

THDA also awarded \$600,000 in assistance to the set-aside cities of Clarksville, Johnson City, Knoxville, and Murfreesboro to fund nonprofit organizations for eligible ESG activities.

To initiate the program year, THDA held a grantee workshop on June 27 2018.

2018 Emergency Solutions Grants Funding Recommendations - Revised 7/16/18

Name of Applicant to Competitive Round	County of Agency Main Location	E M W	Street Outreach	Shelter	Prevention	Rapid Rehousing	HMIS	Admn	Total Award	CAPABILITY			Past Performance	CoC Rating	Housing First Model	Total Score	Available Balance:
										PROG DESIGN	AGENCY	FISCAL					
1 Trinity Outreach & Center of Hope (TORCH)	Anderson	E	\$13,988	\$0	\$0	\$51,812	\$2,000	\$0	\$67,800	25	25	23	14	5	5	97	\$2,795,452
2 Fayette Cares	Fayette	W	\$0	\$61,000	\$0	\$20,000	\$4,000	\$0	\$85,000	21	25	24	16	5	3	94	\$2,642,652
3 WoMen's Resource & Rape Asst Program (WRAP)	Madison	W	\$0	\$87,200	\$0	\$62,800	\$0	\$0	\$150,000	22	24	24	14	5	5	94	\$2,492,652
4 Buffalo Valley, Inc.	Lewis	M	\$0	\$70,000	\$0	\$50,000	\$30,000	\$0	\$150,000	23	24	23	12	5	5	92	\$2,342,652
5 Families in Crisis	Warren	M	\$0	\$61,907	\$0	\$59,425	\$13,986	\$0	\$135,318	25	24	23	11	5	3	91	\$2,207,334
6 Carey Counseling Center	Benton	W	\$0	\$15,000	\$0	\$26,700	\$25,000	\$0	\$66,700	23	22	25	9	5	5	89	\$2,140,634
7 Family Promise of Blount County	Blount	E	\$0	\$75,000	\$0	\$50,000	\$25,000	\$0	\$150,000	23	23	19	13	5	5	88	\$1,990,634
8 Johnson County Safe Haven	Johnson	E	\$0	\$80,000	\$0	\$0	\$24,000	\$0	\$104,000	21	24	25	13	5	0	88	\$1,886,634
9 Change is Possible	Unicoi	E	\$0	\$0	\$0	\$98,000	\$2,000	\$0	\$100,000	24	23	20	12	5	3	87	\$1,786,634
10 Helen Ross McNabb	Knox	E	\$23,098	\$0	\$0	\$55,302	\$1,600	\$0	\$80,000	22	25	22	11	5	2	87	\$1,706,634
11 Bridges Domestic Violence Center	Williamson	M	\$0	\$74,900	\$0	\$12,000	\$4,350	\$0	\$91,250	20	19	24	14	5	3	85	\$1,615,384
12 Fairview Housing Management Corporation	Washington	E	\$0	\$0	\$30,000	\$65,000	\$15,000	\$0	\$110,000	22	21	20	12	5	5	85	\$1,505,384
13 Family Promise of Greater Kingsport	Sullivan	E	\$0	\$23,600	\$5,000	\$19,000	\$2,400	\$0	\$50,000	22	22	25	13	3	0	85	\$1,455,384
14 Greater Kingsport Alliance for Development	Sullivan	E	\$0	\$0	\$38,000	\$60,000	\$2,000	\$0	\$100,000	20	21	21	15	5	3	85	\$1,355,384
15 Crossville Housing Development Corporation	Cumberland	E	\$10,000	\$0	\$0	\$89,600	\$400	\$0	\$100,000	22	18	23	11	5	5	84	\$1,255,384
16 The Journey Home	Rutherford	M	\$0	\$0	\$5,000	\$105,000	\$15,000	\$0	\$125,000	23	24	18	12	5	2	84	\$1,130,384
17 Family Promise of Greater Johnson City	Washington	E	\$0	\$85,000	\$0	\$0	\$1,700	\$0	\$86,700	16	25	25	12	5	0	83	\$1,043,684

2018 Emergency Solutions Grants Funding Recommendations - Revised 7/16/18

Name of Applicant to Competitive Round	County of Agency Main Location	E M W	Street Outreach	Shelter	Prevention	Rapid Rehousing	HMIS	Admn	Total Award	CAPABILITY			Past Performance	CoC Rating	Housing First Model	Total Score	Available Balance:
										PROG DESIGN	AGENCY	FISCAL					
18 West Tennessee Legal Services	Madison	W	\$0	\$35,000	\$0	\$0	\$0	\$0	\$35,000	17	23	25	12	5	0	82	\$1,008,684
19 Tennessee Valley Coalition to End Homelessness	Campbell	E	\$0	\$0	\$0	\$0	\$35,000	\$0	\$35,000	21	20	23	12	5	0	81	\$973,684
20 City of Cleveland	Bradley	E	\$0	\$70,000	\$7,075	\$36,100	\$10,675	\$11,250	\$135,100	19	22	22	11	5	0	79	\$849,834
21 Matthew 25:40, Inc.	Dyer	W	\$3,375	\$31,500	\$62,025	\$15,000	\$600	\$0	\$112,500	17	23	19	12	5	3	79	\$737,334
22 Salvation Army of Knoxville	Knox	E	\$0	\$48,750	\$0	\$41,250	\$18,750	\$0	\$108,750	18	21	22	12	5	0	78	\$628,584
23 Appalachian Regional Coalition for the Homeless	Washington	E	\$15,132	\$0	\$0	\$88,368	\$16,500	\$0	\$120,000	15	23	20	9	5	5	77	\$508,584
24 Jesus Cares/McNairy County	McNairy	W	\$17,500	\$0	\$0	\$45,000	\$600	\$0	\$63,100	19	20	18	10	5	5	77	\$445,484
25 Area Relief Ministries	Madison	W	\$5,000	\$64,445	\$0	\$80,555	\$0	\$0	\$150,000	17	21	19	13	5	0	75	\$295,484
26 Salvation Army of Clarksville	Montgomery	M	\$0	\$75,000	\$0	\$0	\$0	\$0	\$75,000	14	19	21	12	5	0	71	\$220,484
Applications Passing Threshold After Correction Opportunity:																	
27 Tennessee Homeless Solutions	Madison	W	\$0	\$21,100	\$0	\$91,400	\$0	\$0	\$112,500	24	22	21	14	5	4	90	\$107,984
28 Ministerial Association Temporary Shelter, Inc. (MATS) ¹	Hamblen	E	\$0	\$71,034	\$0	\$10,000	\$26,350	\$0	\$107,984	17	25	22	13	5	3	85	\$0
29 Cease, Inc.	Hamblen	E	\$0	\$71,600	\$0	\$0	\$1,600	\$0	\$73,200	21	25	15	12	5	5	83	-\$73,200
30 Doors of Hope	Rutherford	M	\$0	\$93,750	\$0	\$0	\$0	\$0	\$93,750	14	17	17	12	5	3	68	-\$166,950
31 Flourishing Families	Montgomery	M	\$0	\$0	\$20,250	\$21,000	\$6,937	\$0	\$48,187	15	13	19	12	5	3	67	-\$215,137
32 Cannon County S.A.V.E.	Cannon	E	\$17,500	\$57,000	\$0	\$28,000	\$10,000	\$0	\$112,500	11	13	4	12	0	3	43	-\$327,637
Total Competitive Award by Activity Type:									\$88,093	\$1,050,436	\$147,100	\$1,232,312	\$277,511	\$11,250	\$2,806,702		


2018 Emergency Solutions Grants Funding Recommendations - Revised 7/16/18

Competitive Applicants Not Passing Threshold After Threshold Correction Opportunity:

- | | |
|-------------------------------|--|
| 1 Pinnacle Resource Center: | Required organizational items not uploaded to PIMS. Required budget revision not provided by threshold cure submission date. |
| 2 Salvation Army of Kingsport | Financial statements dated more than 1 year prior to application due date. |

NOTE:

- | | |
|--|---|
| 1 Ministerial Association of Temporary Housing | Made partial award to accommodate amount of funds available. THDA staff may increase this award by \$4,516, up to the amount requested, should additional funds become available as 2017 grants closed out in September 2018. |
|--|---|

Approved: 
Ralph M. Perrey, Executive Director
Date: 7/16/18



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: July 17, 2018
RE: 2018 HOME Awards – Urban and Rural Round

THDA received 40 applications from local governments and nonprofits that requested \$19.25 million to implement homeowner rehabilitation programs under the 2018 HOME Program Description. THDA awarded \$11.5 million to 22 local governments and 2 nonprofits that are projected to assist 179 homeowners. Distribution of funding awards by Grand Division were as follows:

Grand Division	Total Number of Awards	Total Funds Awarded	Total Units to be Assisted
East	8	\$4,000,000	64
Middle	10	\$4,750,000	81
West	6	\$7,275,000	34

To initiate the program year, THDA held a grantee workshop on June 13, 2018. All grant awards were effective on July 1, 2018 and will conclude on June 30, 2021.

2018 HOME Program: Urban Application Selection Matrix

NAME OF APPLICANT	E M W	COUNTY	PROGRAM \$	ADMIN \$	TOTAL	# OF HH	ACTIVITY	PROGRAM DESIGN	NEED	NOT SERVED	MATCH	LEVERAGE	DISASTER AREAS	ENERGY CONSERVATION	GROWTH PLAN	TOTAL SCORE	RUNNING TOTAL PROGRAM \$
City of Trenton	W	Gibson	\$470,000	\$30,000	\$500,000	6	HO Rehab	47	30	21	0	0	0	5	10	113	\$4,876,757.95
Town of Oliver Springs	E	Anderson	\$470,000	\$30,000	\$500,000	6	HO Rehab	47	14	32	0	0	0	5	10	108	\$4,406,757.95
Town of Vonore	E	Blount, Monroe	\$470,000	\$30,000	\$500,000	7	HO Rehab	47	11	33	0	0	0	5	10	106	\$3,936,757.95
Carter County	E	Carter	\$470,000	\$30,000	\$500,000	6	HO Rehab	34	34	15	0	1	0	5	10	99	\$3,466,757.95
Wilson County	M	Wilson	\$470,000	\$30,000	\$500,000	7	HO Rehab	47	2	34	0	0	0	5	10	98	\$2,996,757.95
City of Tullahoma	M	Coffee, Franklin, Moore	\$470,000	\$30,000	\$500,000	7	HO Rehab	39	8	29	5	0	0	5	10	96	\$2,526,757.95
Rutherford County	M	Rutherford	\$470,000	\$30,000	\$500,000	12	HO Rehab	42	2	37	0	0	0	5	10	96	\$2,056,757.95
City of Lebanon	M	Wilson	\$470,000	\$30,000	\$500,000	12	HO Rehab	42	2	34	0	0	0	5	10	93	\$1,586,757.95

Total Applications Recommended for Funding	\$3,290,000	\$210,000	\$3,500,000	51
Total Applications Received	\$3,760,000	\$240,000	\$4,000,000	63

Applications shaded in green and above the red line were recommended for funding.
Applications must received a minimum score of 95 to be considered for funding.

Minimum Threshold Score 95

Approved:


Ralph M. Ferrey
Executive Director

5/31/18
Date

2018 HOME Program: Rural Application Selection Matrix

NAME OF APPLICANT	E M W	COUNTY	PROGRAM \$	ADMIN \$	TOTAL	# OF HH	ACTIVITY	PROGRAM DESIGN	NEED	NOT SERVED	MATCH	LEVERAGE	DISASTER AREAS	ENERGY CONSERVATION	GROWTH PLAN	TOTAL SCORE	RUNNING TOTAL PROGRAM \$
Macon County	M	Macon	\$352,500	\$22,500	\$375,000	7	HO Rehab	47	19	40	0	0	0	10	10	126	\$7,547,239.91
Jackson County	M	Jackson	\$470,000	\$30,000	\$500,000	9	HO Rehab	47	31	20	0	0	0	10	10	118	\$6,724,739.91
Appalachia Service Project	E	Hancock	\$470,000	\$30,000	\$500,000	11	HO Rehab	36	40	1	20	9	0	10	0	116	\$6,254,739.91
TN Community Assistance Corp	E	Cocke	\$470,000	\$30,000	\$500,000	15	HO Rehab	47	35	13	15	1	0	5	0	116	\$5,784,739.91
Marion County	M	Marion	\$470,000	\$30,000	\$500,000	9	HO Rehab	42	21	38	0	0	0	5	10	116	\$5,314,739.91
Town of Tellico Plains	E	Monroe	\$470,000	\$30,000	\$500,000	7	HO Rehab	47	14	39	0	0	0	5	10	115	\$4,844,739.91
Town of Henning	W	Lauderdale	\$470,000	\$30,000	\$500,000	6	HO Rehab	47	39	13	0	0	0	5	10	114	\$4,374,739.91
City of Jellico	E	Campbell	\$470,000	\$30,000	\$500,000	6	HO Rehab	47	35	14	0	0	0	5	10	111	\$3,904,739.91
Town of Trezevant	W	Carroll	\$470,000	\$30,000	\$500,000	6	HO Rehab	47	26	23	0	0	0	5	10	111	\$3,434,739.91
City of Lafayette	M	Macon	\$352,500	\$22,500	\$375,000	5	HO Rehab	42	19	40	0	0	0	0	10	111	\$3,082,239.91
Trousdale County Metro	M	Trousdale	\$470,000	\$30,000	\$500,000	9	HO Rehab	47	33	10	0	0	0	10	10	110	\$2,612,239.91
City of Covington	W	Tipton	\$352,500	\$22,500	\$375,000	5	HO Rehab	47	12	31	0	0	0	5	10	105	\$2,259,739.91
City of Mason	W	Tipton	\$352,500	\$22,500	\$375,000	5	HO Rehab	47	12	31	0	0	0	5	10	105	\$1,907,239.91
Lake County	W	Lake	\$470,000	\$30,000	\$500,000	6	HO Rehab	47	40	1	0	0	0	5	10	103	\$1,437,239.91
Town of Oneida	E	Scott	\$470,000	\$30,000	\$500,000	6	HO Rehab	47	36	5	0	0	0	5	10	103	\$967,239.91
Grundy County	M	Grundy	\$470,000	\$30,000	\$500,000	9	HO Rehab	42	37	6	0	0	0	5	10	100	\$497,239.91
Giles County	M	Giles	\$470,000	\$30,000	\$500,000	7	HO Rehab	39	8	38	0	0	0	5	10	100	\$27,239.91
Perry County	M	Perry	\$470,000	\$30,000	\$500,000	7	HO Rehab	39	34	10	0	0	0	5	10	98	(\$442,760.09)
Moore County	M	Moore	\$470,000	\$30,000	\$500,000	7	HO Rehab	39	4	40	0	0	0	5	10	98	(\$912,760.09)
City of Sneedville	E	Hancock	\$235,000	\$15,000	\$250,000	4	HO Rehab	34	40	1	0	1	0	10	10	96	(\$1,147,760.09)
City of Spencer	M	Van Buren	\$470,000	\$30,000	\$500,000	9	HO Rehab	47	21	3	0	0	0	10	10	91	(\$1,617,760.09)
City of Lewisburg	M	Marshall	\$470,000	\$30,000	\$500,000	7	HO Rehab	39	5	31	0	0	0	5	10	90	(\$2,087,760.09)
Marshall County	M	Marshall	\$470,000	\$30,000	\$500,000	7	HO Rehab	39	5	31	0	0	0	5	10	90	(\$2,557,760.09)
Hickman County	M	Hickman	\$470,000	\$30,000	\$500,000	7	HO Rehab	39	18	17	0	0	0	5	10	89	(\$3,027,760.09)
City of Erin	M	Houston	\$470,000	\$30,000	\$500,000	9	HO Rehab	47	20	2	0	0	0	10	10	89	(\$3,497,760.09)
Lawrence County	M	Lawrence	\$470,000	\$30,000	\$500,000	7	HO Rehab	37	25	9	0	0	0	5	10	86	(\$3,967,760.09)
Union County	E	Union	\$470,000	\$30,000	\$500,000	15	HO Rehab	28	38	4	0	0	0	5	10	85	(\$4,437,760.09)
Town of Winfield	E	Scott	\$470,000	\$30,000	\$500,000	15	HO Rehab	28	36	5	0	0	0	5	10	84	(\$4,907,760.09)
Cheatham County	M	Cheatham	\$470,000	\$30,000	\$500,000	12	HO Rehab	43	5	20	0	0	0	5	10	83	(\$5,377,760.09)
Stewart County	M	Stewart	\$470,000	\$30,000	\$500,000	12	HO Rehab	42	17	8	0	0	0	5	10	82	(\$5,847,760.09)
Houston County	M	Houston	\$470,000	\$30,000	\$500,000	12	HO Rehab	42	20	2	0	0	0	5	10	79	(\$6,317,760.09)
Grainger County	E	Granger	\$470,000	\$30,000	\$500,000	15	HO Rehab	28	15	11	0	0	0	5	10	69	(\$6,787,760.09)

2018 HOME Program: Rural Application Selection Matrix

Total Applications Recommended for Funding	\$7,520,000	\$480,000	\$8,000,000	135
Total Applications Received	\$14,335,000	\$915,000	\$15,250,000	273

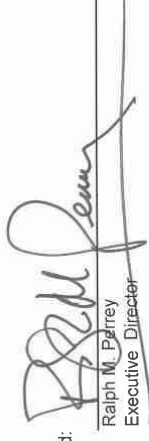
\$1,586,757.95 2018 Urban Carryover
 \$5,960,481.96 2018 Rural Allocation
 \$7,547,239.91 Total Available

The following funding requests were reduced if more than one application was recommended for funding in the same county: Macon County, City of Lafayette, City of Covington, Town of Mason.
 The 2018 HOME Program Description limits total funding in a county to \$750,000.
 Households to be served were accordingly reduced to 75% of the proposed amount.

Applications shaded in green and above the red line were recommended for funding.
 Applications must received a minimum score of 95 to be considered for funding.

Minimum Threshold Score: 95

Approved:


 Ralph M. Parrey
 Executive Director

Date

5/21/18



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: July 17, 2018
RE: 2018 Spring Round of the Tennessee Housing Trust Fund Competitive Grants Program

Attached is the funding matrix for the 2018 Spring Competitive Grants of the Tennessee Housing Trust Fund. THDA had \$1,950,000 available for award and received 16 eligible applications requesting over \$6.8 million. THDA awarded \$1,950,000 to the following applicants that will create 197 units of housing, benefiting 197 households:

- **Woodbine Community Organization** – (Middle TN) – New construction of two residences that will each include 9 single room occupancy units in the Old Hickory area of Davidson County and provide a shared living option for 16 youth aging out of foster care and two low-income care givers.
- **Highlands Residential Services** – (Middle TN) – New construction of Oak Tree Tower, a 50-unit affordable housing building for elderly households in Cookeville. Twelve units will be set-aside for households with incomes at 30% of AMI and 25 units for households at 50% of AMI.
- **Warren County Development Corporation** – (Middle TN) – New construction of four one bedroom duplexes in Warren County for elderly households, with 25% of the units set aside for households with incomes at 30% AMI and 50% for households at 50% of AMI. A preference will be given for veterans. The funded units are Phase I of a 44-unit development that will include a community building for delivering supportive services to development residents.
- **Kingsport Housing Authority** – (East TN) – Rehabilitation of Dogwood Terrace Apartments, a 76-unit public housing development that will be converted to a Rental Assistance Demonstration funded development with fifteen units set-aside for ex-offenders or veterans who are homeless or at risk of homelessness.

TENNESSEE HOUSING TRUST FUND COMPETITIVE GRANTS PROGRAM **2018 SPRING ROUND**

APPLICANTS PASSING THRESHOLD	COUNTY	E M W	HTF Program Request	HTF Admin Request	TOTAL HTF	HTF Award	MATCHING FUNDS (Cash)	MATCHING SERVICES / PROPERTY / DONATIONS	TOTAL PROJECT COSTS	# of HHs	# of Units	ACTIVITY	POPULATION	CAPABILITY 70 Pts	NEED 20 Pts	INNOVATION 10 Pts	TOTAL SCORE	TOTAL BALANCE OF FUNDS AVAILABLE	
																		\$2,000,000	
1	Woodbine Community Organization	Davidson	M	\$500,000	\$0	\$500,000	\$500,000	\$0	\$1,000,000	18	18	New Construction	Very low and extremely low income youth aging out of foster care	70	13	7	90	\$1,500,000	
2	Highlands Residential Services	Putnam	M	\$500,000	\$0	\$500,000	\$6,641,896	\$0	\$7,141,896	50	50	New Construction	Low and very low income elderly households	68	11	5	84	\$1,000,000	
3	Warren County Development Corporation	Warren	M	\$500,000	\$0	\$500,000	\$1,005,200	\$0	\$1,505,200	8	8	New Construction	Low, very low, & extremely low income elderly households	63	10	8	81	\$500,000	
4	Kingsport Housing Authority	Sullivan	E	\$465,000	\$35,000	\$500,000	\$6,556,929	\$0	\$7,056,929	76	76	Rehabilitation - RAD	Low income households, homeless veterans, and ex-offenders	63	7	10	80	\$0	
5	Metropolitan Development and Housing Agency	Davidson	M	\$465,000	\$35,000	\$500,000	\$29,897,525	\$0	\$30,397,525	45	45	New Construction	Low income households	68	2	9	79	\$0	
6	Restoration House of East Tennessee	Knox	E	\$500,000	\$0	\$500,000	\$2,522,203	\$0	\$3,022,203	18	18	New Construction	Very low income single parent households	64	4	10	78	\$0	
	Project Return, Inc.	Davidson	M	\$465,000	\$35,000	\$500,000	\$232,500	\$0	\$732,500	6	6	Acquisition and Rehabilitation	Ex-offenders	62	9	7	78	\$0	
8	Shelbyville Housing Authority	Bedford	M	\$273,000	\$19,110	\$292,110	\$255,000	\$19,200	\$567,310	6	6	New Construction	Very low and extremely low income elderly and disabled households	65	6	5	76	\$0	
	Manchester Housing Authority	Coffee	M	\$385,022	\$26,951	\$411,973	\$278,478	\$19,200	\$709,651	8	8	New Construction	Very low elderly and disabled households	62	8	6	76	\$0	
	Be A Helping Hand Foundation	Davidson	M	\$359,754	\$25,183	\$384,937	\$531,036	\$0	\$915,973	4	4	New Construction	Very low income large female head of household families with disabilities	64	6	6	76	\$0	

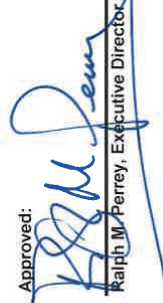
TENNESSEE HOUSING TRUST FUND COMPETITIVE GRANTS PROGRAM **2018 SPRING ROUND**

APPLICANTS PASSING THRESHOLD	COUNTY	E M W	HTF Program Request	HTF Admn Request	TOTAL HTF	HTF Award	MATCHING FUNDS (Cash)	MATCHING SERVICES / PROPERTY / DONATIONS	TOTAL PROJECT COSTS	# of HHs	# of Units	ACTIVITY	POPULATION	CAPABILITY 70 Pts	NEED 20 Pts	INNOVATION 10 Pts	TOTAL SCORE	TOTAL BALANCE OF FUNDS AVAILABLE \$2,000,000
11 Frayser Community Development Corporation	Shelby	W	\$465,000	\$35,000	\$500,000	\$0	\$315,000	\$0	\$815,000	12	12	Acquisition and Rehabilitation	Low and very low income households	64	3	7	74	\$0
12 Volunteer Behavioral Health Care System	Hamilton	E	\$230,000	\$16,000	\$246,000	\$0	\$46,452	\$123,340	\$415,792	8	4	Rehabilitation	Ex-offenders with SPMI or co-occurring disorders who are homeless or at risk of homelessness, and extremely low income	53	12	8	73	\$0
Chattanooga Housing Authority	Hamilton	E	\$500,000	\$0	\$500,000	\$0	\$20,613,459	\$0	\$21,113,459	161	161	Rehabilitation	Very low income elderly households	64	1	8	73	\$0
14 Appalachian Home and Health, Inc.	Sevier	E	\$500,000	\$0	\$500,000	\$0	\$8,693,703	\$0	\$9,193,703	64	64	New Construction	Low income, elderly, workforce, and seasonal households	60	7	2	69	\$0
15 Oasis of Hope	Shelby	W	\$230,481	\$16,000	\$246,481	\$0	\$370,481	\$0	\$616,962	5	5	New Construction	Very low income elderly households	58	3	5	66	\$0
16 Franklin Housing Authority	Williamson	M	\$500,000	\$0	\$500,000	\$0	\$6,475,603	\$0	\$6,975,603	62	62	Rehabilitation - RAD	Elderly, youth aging out of foster care, and very low income families	52	3	2	57	\$0

Total Funds Recommended for Award:	197	197
Total Funds for which Eligible Applications:	551	547

Total Funds Recommended for Award:	\$1,965,000	\$2,000,000
Total Funds for which Eligible Applications:	\$6,838,257	\$7,081,501

Approved:


Ralph M. Perrey, Executive Director

5/23/18
Date

ANTS NOT PASSING THRE	County	Threshold Issue
1 Alert Community Development Corporation	Rutherford	Application did not include current 501(c)3 documentation for organization.

Tab # 5

Items:

Audit & Budget Committee Meeting Materials

**Tennessee Housing Development Agency
Audit & Budget Committee**

July 24, 2018

9:15 a.m. Central Time

AGENDA

1. Call to OrderLillard
2. Approval of Minutes from March 27, 2018Lillard
3. Fiscal Year 2019 Audit PlanPugh
4. Fiscal Year 2018 Budget Recap Ridley
5. Adjourn Lillard

LOCATION

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

The Nashville Room

COMMITTEE MEMBERS

Treasurer David Lillard, Chair
Kim Grant Brown
Dorothy Cleaves
Secretary Tre Hargett
Austin McMullen
Pieter van Vuuren

TENNESSEE HOUSING DEVELOPMENT AGENCY
AUDIT & BUDGET COMMITTEE
March 27, 2018

Pursuant to the call of the Chairman, the Audit & Budget Committee of the Tennessee Housing Development Agency Board of Directors met on Tuesday, March 27, 2018, at 10:00 a.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following Committee members were present: State Treasurer David Lillard, (Chairman), Dorothy Cleaves, Kim Brown, and Secretary of State Tre Hargett. Committee members Austin McMullen and Pieter van Vuuren were absent.

Recognizing a quorum present, Chairman Lillard called the meeting to order and asked for approval of the minutes for the meeting held on January 23, 2018. Upon motion by Mr. Hargett and second by Ms. Cleaves, the minutes were unanimously approved.

Chairman Lillard recognized Mr. Trent Ridley, Chief Financial Officer, to discuss results of the Fiscal Year 2017 Single Audit. Mr. Ridley noted that there were two exceptions related to the financial statements, but there were no audit findings. He noted that one exception was that bank reconciliations were not being completed timely and, as a result, a new process has been implemented in the Accounting division to improve reconciliation processing time. He explained that the second exception was a general ledger posting error which has been corrected with an adjusting entry.

Mr. Ridley noted that the Low Income Home Energy Assistance Program (LIHEAP) and the Housing Choice Voucher (HCV) programs were both included in the Fiscal Year 2017 Single Audit. He noted there was one finding in the LIHEAP program, Central office administrative expenses for fiscal year 2017 were incorrectly charged to the fiscal year 2014 grant and the unobligated balance of federal funds was inaccurately reported for fiscal year 2016. He added that a process to allocate expenses to the applicable grant will be implemented by March 31, and a revised report will be submitted. He added there were no findings or exceptions noted in the HCV program. Mr. Ridley noted that he will meet periodically with program and accounting staff to review expenditures and obligations.

Chairman Lillard recognized Ms. Gay Oliver, Director of Internal Audit, to present an update on the Internal Audit Division organizational structure. Ms. Oliver reported that the division has three major areas of responsibility: audit, Section 8 informal hearings, and mortgage servicing compliance. Ms. Oliver also reported that Internal Audit provides periodic updates and copies of all audit reports to the Committee, and helps ensure that Committee charter responsibilities are met.

With no other issues or business to come before the Committee, the meeting was adjourned.

Respectfully submitted,

Gathelyn Oliver
Director of Internal Audit

Approved this 24th day of July 2018.



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Ms. Deborah V. Loveless, CPA, Director
Office of the Comptroller, Division of State Audit

FROM: ^{GO} Ms. Gathelyn Oliver, CPA
Director of Internal Audit

DATE: July 3, 2018

SUBJECT: Audit Projects in Progress and Internal Audit Plan

According to TCA Section 4-3-304(7), copies of all reports issued during the fiscal year are filed with your office at the time of completion. We have enclosed a copy of our annual Internal Audit Plan (IAP) for the fiscal year ended June 30, 2019 and a listing of all internal audits, reviews and investigations currently in progress as of July 1, 2018.

The IAP outlines the priorities of the Internal Audit Division. The 2019 Fiscal Year priorities were derived primarily from the results of the Internal Audit risk assessment. The Internal Audit risk assessment was developed in consultation with Senior Management to obtain a current understanding of the THDA's key programs and process areas. The risk assessment was conducted by assigning risk scores to criteria for each key program/process area identified within the Department. The criteria included, but were not limited to, strategic, operational, financial, regulatory/compliance, and reputational risks. Utilizing the average risk scores assigned to the criteria, program/process areas were identified and prioritized for audit plan inclusion, with consideration for the limited resources within Internal Audit. Detailed risk assessment documentation is on file with Internal Audit and is available for review upon request.

In addition to the priorities identified from the risk assessment, the IAP also includes reviews, audits, and other activities as required by statute, rules, and THDA policies. The IAP may also include reviews, assessments, or audits resulting from external audit(s) recommendations or findings. The IAP may include consulting engagements and other activities designed to help improve the management of risk, add value to the agency, and/or improve departmental operations. The IAP may be modified throughout the year, based on changes in the organization, audit resources, and/or additional risk considerations. Audit reports are provided to the Audit and Budget Committee of the THDA Board of Directors after

audit engagements are completed. Hopefully, these items will enable the Division of State Audit to adequately coordinate audit efforts for the State.

If you have any questions or need additional information, please feel free to contact me.

Enclosures

C; Audit and Budget Committee Members and Representatives of the THDA Board of Directors
 Mr. Ralph M. Perrey, Executive Director

**TENNESSEE HOUSING DEVELOPMENT AGENCY
INTERNAL AUDIT PROJECTS IN PROCESS**

As of July 1, 2018

Principal Reduction with Recast Program or Lien Extinguishment QCR - 1/1/2018 through 3/31/2018

Down Payment Assistance QCR 1/1/2018 through 3/31/2018

East Tennessee Human Resources Agency Subrecipient Monitoring Review

HUD OIG Hotline Referral – Gallatin, TN

Hardest Hit Fund QCR Allegation

Tennessee Housing Development Agency

Internal Audit Plan

For The Fiscal Year Ended June 30, 2019

Based on an assessment of risk of all THDA activities and programs, and on discussions with THDA management, the following audits are planned for the Fiscal Year Ended June 30, 2019.

1. **Single Family Quality Control Review** – The objective of this review is to examine a sample of THDA mortgage loan processes to determine the validity of the loan and to determine compliance with HUD, CFPB, USDA and VA guidelines.
2. **Repurchase Agreement Collateral Monitoring Review** – Ensure that THDA repurchase investments are appropriately collateralized in accordance with Finance division guidelines including a review of historical value, factor changes and market prices.
3. **Financial Integrity Act/Enterprise Risk Management Assessment** – Lead THDA in the preparation of the self-assessments and compilation of the reports required to comply with the Financial Integrity Act due by December 31, 2018.
4. **Financial Integrity Act/Enterprise Risk Management Assessment Evaluation** Perform testwork on a sample of controls identified by agency management to determine efficiency and effectiveness.
5. **Hardest Hit Fund (HHF) Review** – This project will involve a limited review of the internal controls established for THDA programs funded by the Hardest Hit Fund, including review of loan documentation, funding process and follow-up activities performed by the Single Family Special Programs division staff to ensure compliance with US Department of Treasury and THDA requirements. This review is generally performed on a quarterly basis.
6. **Subrecipient Monitoring** – This project involves a review of internal controls, expenditure of awards and delivery of services by subrecipients of federal and State awards in accordance with Central Procurement Office Grant Management and Subrecipient Monitoring Policy and Procedures.
7. **Quality Review of THDA's Administration of the Emergency Solutions Grant Program (ESG)** – This project will involve a review of internal controls and agency performance relative to ESG program requirements.
8. **Quality Review of THDA's Administration of the Weatherization Assistance Program (WAP)** – This project will involve a review of internal controls and agency performance relative to WAP program requirements.

9. **Staff and Board Disclosure Analysis** – This project will involve a review of annual disclosure forms submitted by all THDA staff, board members and representatives for compliance with the disclosure policy and THDA's enabling legislation.
10. **Quality Review of Development District** – This project involves a review of internal controls, expenditure of awards and delivery of services by one development district that has been awarded funds by THDA.
11. **Multi-Family Division Quality Review** – This project involves a review of a sample of compliance requirements within the Low Income Housing Tax Credit program.
12. **Section 8 HQS Inspection Quality Control Review** - This project involves a regular review of internal controls, quality and delivery of services by the contractor performing HQS inspections for the Housing Choice Voucher program.
13. **Section 8 Contract Administration Quality Control Review** - This project involves a regular review of internal controls, and selected activities performed by Section 8 Contract Administration staff.
14. **Administer the Compliance Management System for Mortgage Loan Servicing** – To ensure compliance with federal regulators and THDA policy, this responsibility includes reviewing all aspects of servicing THDA mortgages, as specified in the Quality Control Plan for Mortgage Loan Servicing.
15. **Various Audit and Investigative Projects** – As THDA programs have increased in size and complexity over the years, additional items arise that require either audit or investigative attention. THDA takes these items seriously with the intent to maintain the utmost transparency and integrity throughout our organization. Therefore, we will continue to spend an increased amount of our time and resources in performing reviews and investigations of potential fraud, waste, and abuse situations, or other matters requiring audit attention as they may arise during the period.



Tennessee Housing Development Agency


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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

TO: THDA Board of Directors
THDA Audit and Budget Committee

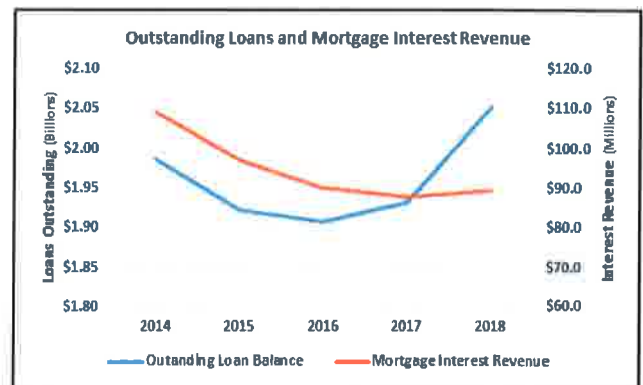
FROM: Trent Ridley, Chief Financial Officer 

SUBJECT: Financial Status Update

DATE: July 17, 2018

As you are aware, Fiscal Year 2018 (FY18) ended June 30, 2018, so I wanted to provide updates on FY18 projected results, servicing results, and a look ahead to FY19.

- Projected FY18 Operational Results (Net of GASB 31)** – THDA's operating income is projected to be approximately \$13.4 million, excluding any year-end adjustments for Retirement or OPEB. This is a decrease of \$1.6 million when compared to FY17's result of \$15 million. The variance is primarily driven by an increase in personnel costs of approximately \$1.9 million due to filling servicing and other positions along with increases for the State's pay-for-performance plan and benefits (retirement and insurance). While operating income decreased, total loans outstanding has increased over FY17, as noted in the chart "Outstanding Loans and Mortgage Interest Revenue". The increase of approximately \$120 million is primarily attributable to the stimulus provided by the HHF DPA. The loan balance increase naturally leveled-out the trend in mortgage interest income ending with a slight up-tick at a projected \$89.4 million. With increased production comes increased debt; therefore, the mortgage interest increase (\$1.5 million) is offset by a comparable increase in bond interest (\$1.3 million) for a \$200,000 increase in net interest.
- Servicing Operations** – The Board approved 38 new positions for Servicing operations, and we started servicing loans in November 2016 (FY17) when we pulled the Pinnacle portfolio in-house (approximately 1,900 loans). During FY18, we continued to staff-up and began servicing our flow business, ending up with approximately 3,145 loans with a total outstanding balance of \$277.9 million. FY18 Operating Income results for Servicing is projected to be an approximate loss of (\$2.0) million. This was expected, as we continued to staff-up the 38 positions for the US Bank portfolio transition.
- FY19 Looking Ahead** - We expect servicing for the US Bank portfolio to be in-house by August 1, 2018 thereby producing the projected net savings of approximately \$2 million or more in FY19. Additionally, we expect mortgage interest income to increase, as outstanding loan balances are projected to increase due to longer than expected availability of HHF DPA. If you have any questions regarding the comprehensive budget or need additional information, please do not hesitate to contact Trent Ridley at (615) 815-2012 or via e-mail at tridley@thda.org.



Tab # 6

Items:

Lending Committee Meeting Materials

**Tennessee Housing Development Agency
Lending Committee**

July 24, 2018

9:30 a.m. Central Time

AGENDA

1. Call to OrderCleaves
2. Approval of Minutes for May 22, 2018 MeetingCleaves
3. Income Limits Arik
4. Areas of Chronic Economic Distress Miller / Arik
5. Appraisal GAP Pilot Discussion Hall
6. 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
Larry Martin
Todd Skelton
Mary Mac Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY
LENDING COMMITTEE
May 22, 2018

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, May 22, 2018, at 10:15 a.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following Committee members were present: Dorothy Cleaves (Chair), Regina Hubbard, Samantha Wilson for Larry Martin, and Todd Skelton. Mary Mac Wilson was absent. Other Board members present were Kim Grant Brown (Board Chair), John Snodderly, Lynn Tully, Austin McMullen, and Ann Butterworth for Justin Wilson.

Chairman Cleaves called the meeting to order and called for consideration of the minutes from the March 27, 2018, meeting. Upon motion by Ms. Hubbard, second by Ms. Wilson, the minutes were approved.

Chairman Cleaves called on Lindsay Hall, Chief Operating Officer of Single Family Programs, to present the Application to Become a Seller/Servicer for Fannie Mae and Freddie Mac. Ms. Hall referred to her memo dated May 9, 2018, for information regarding offering conventional loans. She noted that by becoming an approved seller/servicer for Fannie Mae and Freddie Mac, THDA will, once again, be able to offer conventional loans in 2019. She explained the following staff recommendations:

- Approve offering a conventional loan product through Fannie Mae and/or Freddie Mac;
- Authorize staff to complete and submit an application to Fannie Mae and Freddie Mac to become a seller/servicer; and
- Authorize all appropriate staff to do all things necessary and proper, including execution of all documents, to implement and administer a conventional loan product through Fannie Mae and/or Freddie Mac.

Upon motion by Ms. Hubbard, second by Mr. Skelton, the Committee approved the staff recommendations for recommendation to the Board.

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

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the 24th day of July, 2018.



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

DATE: July 9, 2018

TO: THDA Board of Directors

FROM: Hulya Arik, Economist
Bettie Teasley, Director of Research and Planning

SUBJECT: Single Family Mortgage Loan Program Income Limits

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 “2018 AMI and 2018 AAPP” (the “Proposed 2018 Income Limits”) to be effective as of August 1, 2018. While income limits could remain as they are, the use of FY2018 income figures to determine the Proposed 2018 Income Limits maximizes the counties with increased income limits and minimizes the counties with decreased income limits.

Adopting the Proposed 2018 Income Limits results in increased income limits for 81 counties and reduced income limits for 14 counties. As required by newly released guidance from the Internal Revenue Service (IRS) and the U.S. Department of Housing and Urban Development (HUD), the decreased income limits are mandatory and were made effective as of July 20, 2018 for the 14 counties shaded in grey on the attached chart. Increasing income limits require specific action by the THDA Board.

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 FY18 AGMFI figures on April 1, 2018. The IRS released Revenue Procedure 2018-28 updating AAPP and nationwide purchase prices for the Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate programs on April 24, 2018. IRS Revenue Procedure 2018-33, released May 10, 2018, directs issuers of MRB, including THDA, to use either FY2018 income figures or FY2017 income figures as the basis for calculating new income limits, including income limits for high cost areas.

THDA staff calculated the Proposed 2018 Income Limits based on the 2018 AGMFI and 2018 AAPP. These calculations were reviewed by THDA bond counsel, Kutak Rock. Staff compared the current THDA income limits, based on FY2017 AGMFI and 2017 AAPP, as shown on the attached chart, to the Proposed 2018 Income Limits and concluded that the Proposed 2018 Income Limits created the best opportunity to increase the income limits for the most counties, with the fewest reductions.

Proposed Income Limit Changes that will be effective August 1, 2018

Income Limits in highlighted counties decreased July 20, 2018

County	Current		2018 AMI and 2018 AAPP		Difference between Current limits and Limits if we use 18 AMI and 18 AAPP	
	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Anderson	\$63,900	\$73,485	\$66,600	\$76,590	\$2,700	\$3,105
Bedford	\$59,040	\$68,557	\$60,900	\$70,700	\$1,860	\$2,143
Benton	\$57,480	\$67,060	\$60,900	\$70,140	\$3,420	\$3,080
Bledsoe	\$68,760	\$80,220	\$60,900	\$70,140	-\$7,860	-\$10,080
Blount	\$63,900	\$73,485	\$66,600	\$76,590	\$2,700	\$3,105
Bradley	\$59,015	\$67,867	\$63,286	\$72,779	\$4,271	\$4,912
Campbell	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Cannon	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Carroll	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Carter	\$59,095	\$67,959	\$64,086	\$73,699	\$4,991	\$5,740
Cheatham	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Chester	\$68,760	\$80,220	\$63,186	\$72,664	-\$5,574	-\$7,556
Claiborne	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Clay	\$68,760	\$80,220	\$60,900	\$70,140	-\$7,860	-\$10,080
Cocke	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Coffee	\$59,175	\$68,051	\$63,000	\$73,500	\$3,825	\$5,449
Crockett	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Cumberland	\$57,480	\$67,060	\$60,900	\$70,140	\$3,420	\$3,080
Davidson	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Decatur	\$57,480	\$67,060	\$60,900	\$70,140	\$3,420	\$3,080
DeKalb	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Dickson	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Dyer	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Fayette	\$72,000	\$84,000	\$77,040	\$89,880	\$5,040	\$5,880
Fentress	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Franklin	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Gibson	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Giles	\$68,760	\$80,220	\$62,880	\$73,360	-\$5,880	-\$6,860
Grainger	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Greene	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Grundy	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Hamblen	\$59,040	\$68,557	\$61,080	\$71,260	\$2,040	\$2,703
Hamilton	\$59,500	\$68,425	\$62,566	\$71,951	\$3,066	\$3,526
Hancock	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Hardeman	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Hardin	\$68,760	\$80,220	\$60,900	\$70,140	-\$7,860	-\$10,080

Proposed Income Limit Changes that will be effective August 1, 2018

Income Limits in highlighted counties decreased July 20, 2018

County	Current		2018 AMI and 2018 AAPP		Difference between Current limits and Limits if we use 18 AMI and 18 AAPP	
	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Hawkins	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Haywood	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Henderson	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Henry	\$59,520	\$68,465	\$60,900	\$70,140	\$1,380	\$1,675
Hickman	\$68,760	\$80,220	\$60,900	\$70,140	-\$7,860	-\$10,080
Houston	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Humphreys	\$58,355	\$67,108	\$63,386	\$72,894	\$5,031	\$5,786
Jackson	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Jefferson	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Johnson	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Knox	\$63,900	\$73,485	\$66,600	\$76,590	\$2,700	\$3,105
Lake	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Lauderdale	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Lawrence	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Lewis	\$57,480	\$67,060	\$60,900	\$70,140	\$3,420	\$3,080
Lincoln	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Loudon	\$76,680	\$89,460	\$66,600	\$76,590	-\$10,080	-\$12,870
Macon	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Madison	\$68,760	\$80,220	\$63,186	\$72,664	-\$5,574	-\$7,556
Marion	\$71,400	\$83,300	\$62,566	\$71,951	-\$8,834	-\$11,349
Marshall	\$59,175	\$68,051	\$64,106	\$73,722	\$4,931	\$5,671
Mauzy	\$72,120	\$84,140	\$73,800	\$86,100	\$1,680	\$1,960
McMinn	\$59,135	\$68,005	\$62,880	\$73,360	\$3,745	\$5,355
McNairy	\$68,760	\$80,220	\$60,900	\$70,140	-\$7,860	-\$10,080
Meigs	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Monroe	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Montgomery	\$58,295	\$67,039	\$63,826	\$73,400	\$5,531	\$6,361
Moore	\$58,000	\$66,700	\$62,626	\$72,020	\$4,626	\$5,320
Morgan	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Obion	\$68,760	\$80,220	\$60,900	\$70,840	-\$7,860	-\$9,380
Overton	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Perry	\$57,480	\$67,060	\$60,900	\$70,140	\$3,420	\$3,080
Pickett	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Polk	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Putnam	\$59,520	\$68,465	\$60,900	\$70,140	\$1,380	\$1,675
Rhea	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040

Proposed Income Limit Changes that will be effective August 1, 2018

Income Limits in highlighted counties decreased July 20, 2018

County	Current		2018 AMI and 2018 AAPP		Difference between Current limits and Limits if we use 18 AMI and 18 AAPP	
	1-2 person	3+ person	1-2 person	3+ person	1-2 person	3+ person
Roane	\$58,475	\$67,246	\$63,386	\$72,894	\$4,911	\$5,648
Robertson	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Rutherford	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Scott	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Sequatchie	\$71,400	\$83,300	\$62,566	\$71,951	-\$8,834	-\$11,349
Sevier	\$58,935	\$67,775	\$63,206	\$72,687	\$4,271	\$4,912
Shelby	\$60,000	\$69,000	\$64,200	\$73,830	\$4,200	\$4,830
Smith	\$67,200	\$78,400	\$69,480	\$81,060	\$2,280	\$2,660
Stewart	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Sullivan	\$58,615	\$67,407	\$63,946	\$73,538	\$5,331	\$6,131
Sumner	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Tipton	\$72,000	\$84,000	\$77,040	\$89,880	\$5,040	\$5,880
Trousdale	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Unicoi	\$68,760	\$80,220	\$64,086	\$73,699	-\$4,674	-\$6,521
Union	\$76,680	\$89,460	\$79,920	\$93,240	\$3,240	\$3,780
Van Buren	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Warren	\$57,480	\$67,060	\$60,900	\$70,140	\$3,420	\$3,080
Washington	\$59,095	\$67,959	\$64,086	\$73,699	\$4,991	\$5,740
Wayne	\$68,760	\$80,220	\$60,900	\$70,140	-\$7,860	-\$10,080
Weakley	\$58,975	\$67,821	\$64,086	\$73,699	\$5,111	\$5,878
White	\$68,760	\$80,220	\$73,080	\$85,260	\$4,320	\$5,040
Williamson	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680
Wilson	\$82,440	\$96,180	\$89,880	\$104,860	\$7,440	\$8,680

Cross Reference

Lending Committee

Agenda Item No.

4. Areas of Chronic Economic Distress

⇒ material is located in the Bond Finance Committee packet



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

DATE: July 17, 2018

TO: THDA Board of Directors
Lending Committee

FROM: Lindsay Hall
Chief Operating Officer of Single Family Programs

SUBJECT: Appraisal Gap Grant Pilot

Since the mortgage crisis nearly a decade ago, there are certain neighborhoods in Memphis and Chattanooga where property values still have not recovered. Property values in these neighborhoods have not appreciated at a pace that matches the appraised value with the actual sales price of homes. With the rising costs of land development, building materials, and labor, non-profit affordable homebuilders who have been working to stabilize these neighborhoods can no longer renovate aged inventory for resale or construct new homes and cover their cost with a traditional sale to a new homeowner. With mortgage financing requiring that lenders use the lesser of the sales price or appraised value when calculating the maximum loan amount, non-profit affordable homebuilders are left with a shortfall between the achievable sales price and their building or renovation expenses.

After discussions with several non-profit housing agencies in these markets and review of both appraisals and building costs, staff found that the shortfall is approximately \$15,000 to \$20,000 per house. In an effort to expand affordable housing in these markets, staff is considering use of \$500,000 from THDA funds to offer Appraisal Gap Grants. These grants would be awarded to approved non-profit housing participants. The maximum grant amount per housing unit would be \$20,000, with the actual amount calculated on the difference between cost to build and the appraised value used for the borrower's financing.

The first mortgage loan used in the purchase of the home would be a Great Choice first mortgage with or without a Great Choice Plus or HHF down payment assistance based on the borrower's needs and program eligibility. At funding of the first mortgage loan, THDA would provide the Appraisal Gap Grant to the non-profit participant (the builder).

Staff believes this grant program will allow non-profit participants (the builder) to increase the availability of new and/or renovated housing stock at an affordable price without depleting their capital; in an effort to stabilize home values within these distressed neighborhoods.

Tab # 7

Items:

Rental Assistance Committee Meeting Materials

**Tennessee Housing Development Agency
Rental Assistance Committee
July 24, 2018
9:45 a.m. Central Time**

AGENDA

1. Call to Order Snodderly
2. Approval of Minutes from May 22, 2018 Snodderly
3. Administrative Plan Approval Ridley
4. Mainstream Non-Elderly Disabled Update Scott
5. Adjourn Snodderly

LOCATION

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

The Nashville Room

COMMITTEE MEMBERS

John Snodderly, Chair
Daisy Fields
Regina Hubbard
Todd Skelton



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: July 17, 2018

TO: Rental Assistance Committee
Board of Directors

FROM: Trent Ridley, Chief Financial Officer
Jeboria Scott, Director of Rental Assistance
Charity Williams, Assistant Chief Legal Counsel

SUBJECT: Section 8 Rental Assistance Housing Choice Voucher Administrative Plan Revisions

Attached for your review is the Housing Choice Voucher Program Administrative Plan Revisions, which include an amendment summary and the Administrative Plan Blacklined Tracked Changes (Attached Documents) detailing the revisions to the Section 8 Rental Assistance Administrative Plan ("Plan"), which governs THDA's Housing Choice Voucher Program ("HCV Program"). Staff presented the major changes to the Plan, along with some housekeeping amendments for consistency, at the May 2018 Board meeting. The major changes are: (1) **Live-In-Aide Policy** – Amended to require a healthcare professional to certify that care is needed on a full-time basis and defines full-time as 12 hours or more per day OR care is needed overnight. Live-in aides will no longer automatically receive a bedroom; however, THDA may allow an additional bedroom as a reasonable accommodation based on verified medical need. (2) **Repayment Agreements** – The Hearing Officer may not offer a repayment agreement in lieu of termination for debts exceeding \$3,000 due to overpayment. However, the Plan is amended to allow the participants to pay down the debt below \$3,000 before the scheduled hearing, giving the participants the opportunity to remain on the program; and (3) **Absences From the Unit** – The Plan is amended to address permanent absences due to incarceration. A household member is considered permanently absent if he or she is incarcerated for 60 consecutive days and the person removed from the household. The family will have the right to request an informal hearing.

THDA issued public notices and placed the Plan on its website and the State's website soliciting public comment and review for a period of 45 days, and a public hearing was held on July 11, 2018 in the Andrew Jackson Building. THDA received no verbal or written public comments.

THDA will submit the board-approved rules to the Attorney General's office for a legal review. Once that review is completed, the rules will be submitted to the Secretary of State for publication, after which such rules become effective.

Staff recommends that the Board approve the Plan as amended according to the modifications outlined in the Attached Documents and authorize staff to make non-substantive changes as may be necessary to conform to the Attorney General and Secretary of State requirements.

Tab # 8

Items:

Tax Credit Committee Meeting Materials

**Tennessee Housing Development Agency
Tax Credit Committee**

July 24, 2018

10:00 a.m. Central Time

AGENDA

1. Call to Order Tully
2. Approval of Minutes from May 22, 2018..... Tully
3. 2018 Qualified Allocation Amendment for Sevier CountyDuarte
4. 2019-2020 Qualified Allocation Plan (“QAP”) Duarte
5. Allocation Exchange for TN17-030 Duarte
6. 2018 Multifamily Tax-Exempt Bond Authority Update Duarte
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
Kim Grant Brown
Pieter van Vuuren
David Lillard
Larry Martin
Todd Skelton

TENNESSEE HOUSING DEVELOPMENT AGENCY
TAX CREDIT COMMITTEE
May 22, 2018

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, May 22, 2018, 10:49 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), Courtney Hess for Treasurer David Lillard, Todd Skelton, Samantha Wilson for Larry Martin and Kim Grant Brown. Other Board members attending were Dorothy Cleaves, Regina Hubbard, Ann Butterworth and John Snodderly. Seeing a quorum present, Chairman Tully called the meeting to order and called for consideration of the minutes from March 22, 2018. Upon motion by Samantha Wilson and second by Courtney Hess, the minutes were approved.

Chairman Tully called for consideration of requests for relief from 2018 Low-Income Housing Tax Credit applicants and recognized Donna Duarte, Director of Multifamily Programs. Ms. Duarte referenced her memorandum dated May 7, 2018, and noted that the six requests for relief all involved sponsor characteristics under Part VII-B-3-a of the Low-Income Housing Tax Credit 2018 Qualified Allocation Plan. She explained that staff interpreted Part VII-B-3-a-ii to require that both a carryover or firm Section 42(m) commitment and an IRS Form 8609 was required to obtain the maximum points in this section, while representatives of the six applicants argued that only a commitment or an IRS Form 8609 was required for maximum points. With the agreement of the Committee, Chairman Tully asked for comments from public and comments were made by Dwayne Barrett, Phyllis Vaughn, Jessie Bowman, Paul Widman, David Psimer, Robert Pullen, and Molly Beard. Upon motion by Ms. Brown, second by Ms. Hess, six (6) points under Part VII-B-3-a-ii of the Low-Income Housing Tax Credit 2018 Qualified Allocation Plan were granted to the six applicants. Mr. Skelton voted no.

Chairman Tully recognized Ms. Duarte to provide information about changes to the Low-Income Housing Tax Credit program as a result of the Consolidated Appropriations Act of 2018. Ms. Duarte noted that income averaging is now a possibility, however, staff is waiting for IRS guidance and information from conferences as to how best to implement income averaging.

Chairman Tully recognized Ms. Duarte who provided an update on the Multifamily Tax-Exempt Bond Authority Program. Ms. Duarte reported that \$344,000,000 in firm commitments of volume cap have been issued, leaving a balance of less than \$2,000,000 available, with more conditional commitments outstanding than volume cap available. She also noted that bonds in the collective amount of \$60,000,000 have closed, with the expectation of approximately \$100,000,000 closed by the end of May.

Finally, Chairman Tully recognized Ms. Duarte who described the following ideas that will be considered for the 2019-2020 Low Income Housing Tax Credit Qualified Allocation Plan:

- Offer all federal options for utility allowance calculations
- Develop separate scoring systems for new construction and existing
- Remove leverage.
- Disperse the annual statewide allocation according to the following formula: after removing the Innovation Round development, if awarded and the CNI allocation; 60% of

the remaining statewide allocation will be provided to new construction allocations, 20% to rehabilitation of existing developments and 20% to public housing authorities.

- Within the new construction allocation, create regional pools according to the following formula: 20% to West Tennessee, 40% to Middle Tennessee, 15% to Chattanooga/Crossville (Cumberland) area; 15% to East Tennessee; and 10% to Upper East Tennessee.
- Increase the per development cap for Choice Neighborhood Initiatives to \$1.7 million.
- Revise per development costs and caps and consider applying county caps only to new construction.
- Revise county needs scores.
- Introduce a new tie-breaker for new construction allocations which consists of three tiers:
 - a. Proximity to active housing credit properties
 - b. Most recent allocation to the county within the region
 - c. LIHTC square footage /number of units (parameters will be installed to make sure the units are appropriately sized).
- Develop total development cost caps by bedroom size to ensure costs are accurately projected.
- Move sponsor characteristics to threshold requirements and add development behavior characteristics as a points item.
- Determine how to implement 60% income averaging.

With no further business, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the 24th day of July, 2018.



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors, Tax Credit Committee

FROM: Donna Duarte
Director of Multifamily Programs

SUBJECT: Request to Amend the 2018 Qualified Allocation Plan

DATE: July 9, 2018

Recommendation

Staff recommends amending Part IV-A-1 and Part IV-D of the Low-Income Housing Tax Credit 2018 Qualified Allocation Plan ("2018 QAP") to increase the county cap applicable to Sevier County and to increase the qualified census tract limit, both of which will allow additional developments proposed in Sevier County to receive competitive 2018 low income housing tax credits ("LIHTC"). This further supports the THDA policy to direct additional resources to Sevier County to address the aftermath of the devastating fires in Sevier County in late 2016.

Background

This year THDA experienced a LIHTC allocation anomaly. As the preliminary list of allocations was completed, \$2,000,531 of competitive 2018 LIHTC remained unallocated once all 2018 QAP required caps and limits were applied. Given THDA's stated desire to assist Sevier County as much as possible, this created an opportunity for 2018 LIHTC to be allocated to additional developments proposed in Sevier County. Approving the recommended amendments would allocate the remaining competitive 2018 LIHTC to additional developments proposed in Sevier County, all of which had the maximum competitive point score of 100.

In 2017, THDA commissioned a housing market study for Sevier County that indicated affordable housing demand of 800 to 1,000 units at LIHTC rents for households with income at 60% or less of average annual median income. In 2017, THDA allocated \$1.1M to a development that will provide 80 new units of affordable housing in Sevier County. An additional developer accepted a partial allocation

in the amount of \$435,000 in competitive 2017 LIHTC and in 2018 is in line to receive an incremental allocation if competitive 2018 LIHTC which, combined, will produce 80 new units of affordable housing in Sevier County. Under the current 2018 QAP, three additional new construction developments are expected to receive allocations of competitive 2018 LIHTC to produce 248 new units subject to LIHTC rent and income limitations, regardless of the recommended amendments.

By amending the 2018 QAP to increase the Sevier County cap to \$5,241,745 and the QCT cap to 48%, two additional Sevier County applications can be offered full allocations of competitive 2018 LIHTC to produce 128 additional housing credit units. In addition, the remaining balance of \$428,309 in competitive 2018 LIHTC can be offered as a partial reservation to the final 2018 applicant proposing a development in Sevier County.

Expected and Proposed Sevier County Allocations

2017 Competitive LIHTC Allocations:

<u>Property Number</u>	<u>Development Name</u>	<u>LIHTC Units</u>
TN17-035	Douglas Greene	80
TN17-044	Watson Glade	64 (partial)

2018 Competitive LIHTC Allocations (Regardless of 2018 QAP Amendment):

<u>Property Number</u>	<u>Development Name</u>	<u>LIHTC Units</u>
TN18-040	Pickens Way	96
TN18-043	Forest Cove	96
TN18-039	Matthew Manor	56
TN18-053	Watson Glade II	16 (incremental)

2018 Competitive LIHTC Allocations (Assuming Recommended Amendments to 2018 QAP):

<u>Property Number</u>	<u>Development Name</u>	<u>LIHTC units</u>
TN18-023	Gateview Ridge	96
TN18-038	Riverside Village	32
TN18-031	London Place	72 (partial)

Proposed 2018 QAP Amendments

(Part IV-A-1)

- ~~1. The maximum amount of Tax Credits that may be allocated to developments in any one urban county shall not exceed three million three hundred thousand dollars (\$3,300,000). The maximum amount of Tax Credits that may be allocated to developments in any one suburban county shall not exceed two million two hundred thousand dollars (\$2,200,000). The maximum amount of Tax Credits that may be allocated to developments in any one rural county shall not exceed one million one hundred thousand dollars (\$1,100,000). Allocations to developments involving the HUD Choice Neighborhoods Initiative (CNI) or the HUD Rental Assistance Demonstration ("RAD") program will count against the per-county limits. Exhibit 1 to this QAP identifies urban, suburban and rural counties.~~
1. Notwithstanding the foregoing, the maximum amount of Tax Credits that may be allocated to developments in Sevier County shall not exceed \$5,241,745.

(Part IV-D)

No more than forty ~~seven and eighty-four one hundredths~~ percent (~~47.84%~~40%) of the of the total amount of Tax Credits available for allocation in Tennessee for 2018 will be allocated to developments located completely and wholly within a Qualified Census Tract.



Tennessee Housing Development Agency

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

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors, Tax Credit Committee

FROM: Donna Duarte
Director of Multifamily Programs

SUBJECT: Request for Allocation Exchange of 2017 Low-Income Housing Tax Credits
TN17-030 - South City/Foote Homes Phase II

DATE: July 9, 2018

Emily Bernstein, on behalf of South City II, LLC, requests approval to return their competitive allocation of 2017 Low-Income Housing Tax Credit ("LIHTC") and receive in return an allocation of competitive allocation of 2018 LIHTC in an amount equal to the returned 2017 LIHTC.

The attached documentation details the factors related to the request, the current status of development and current expenditures. This is the second phase of the Choice Neighborhoods Initiative Grant Award in Memphis which represents a \$29M federal investment in Tennessee.

Historical Background to Date

McCormick Baron Salazar and Memphis Housing Authority have faced challenges in the initial implementation of the grant. Delays due to changes in executive level leadership at Memphis Housing Authority, resident relocation concerns, approval for demolition, and environmental issues at the site lead to the Allocation Exchange for TN16-021 - South City Phase I in May 2017.

In order to maintain development costs and provide the same level of quality afforded South City Phase I, the developer reworked the original development plans which delayed syndication and construction financing closings. The syndicator is concerned that the deadline for construction completion, December 31, 2019 is unattainable and has asked McCormick Baron Salazar and Memphis Housing Authority to seek an allocation exchange which would modify the deadline to December 31, 2020.

Staff is requesting that the Tax Credit Committee and the Board of Directors approve the request subject to the following conditions.

1. Special conditions:

- a. Exchange may be made only with the express written approval of THDA, which approval may be granted or denied, in THDA's sole discretion.
- b. No person or entity shall be entitled to rely on any approval for exchange for the purpose of obtaining subsequent approval for exchange.
- c. The 2017 Exchange Development shall be subject to the Low-Income Housing Tax Credit 2018 Qualified Allocation Plan ("QAP") except as specified in e through k below.
- d. Other proposed developments involving any individual listed on Attachment 16 or Attachment 17 of the 2017 Exchange Development, MAY be ineligible for Sponsor Characteristics points as described in Part VII-B-3 of successive QAPs starting in 2018, if applicable.
- e. 2018 Housing Credits allocated to the 2017 Exchange Development will not increase the amount of 2018 Housing Credits available under Part III of the 2018 QAP.
- f. 2018 Housing Credits allocated to the 2017 Exchange Development will not count against the Set-Asides as described in Part III-B of the 2018 QAP or the General Pool as described in Part VIII-E-8 of the 2018 QAP.
- g. 2018 Housing Credits allocated to the 2017 Exchange Development will not count against the county caps as specified in Part IV-A of the 2018 QAP.
- h. 2018 Housing Credits allocated to the 2017 Exchange Development will not count against the developer or related party cap specified in Part IV-C of the 2017 QAP.
- i. 2018 Housing Credits allocated to the 2017 Exchange Development will not count against the aggregate QCT cap specified in Part IV-D of the 2017 QAP.
- j. The 2017 Exchange Development will not be permitted to substantially modify the development after the approval of this exchange as determined by THDA in its sole discretion.
- k. The 2017 Exchange Development will not be permitted to receive an allocation of 2018 Housing Credits greater than the amount of 2017 Housing Credits returned by the proposed development.
- l. If approved, the 2018 Carryover Allocation Agreement will include timelines provided by the developer which THDA's Multifamily Programs staff will monitor for compliance, including construction timelines.
- m. If approved and the 2017 Exchange Development received an increase in eligible basis of up to 30%, the allocation of 2018 Housing Credits will be eligible for an increase in eligible basis of up to 30%.
- n. If approved, all elections for points made pursuant to the 2017 QAP will be strictly enforced.
- o. If approved, THDA may request additional information and documentation during the construction and allocation period of this development deemed necessary to monitor progress toward established deadlines as defined in the 2018 Carryover Allocation Agreement.

If you have any questions, please contact me.