



**Tennessee Housing Development Agency -
Board of Directors**

**Meeting Materials
November 17, 2020**



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

THDA Board of Directors Meeting
Tuesday, November 17, 2020 at 1:00 p.m. CT
WebEx Meeting /Call - To join the call
Dial 1-650-479-3208; Code 177 399 0912

AGENDA

- A. Conduct of Electronic Meeting statement**
- B. Approval of Minutes from September 22, 2020 meeting**
- C. Executive Director's Report**
- D. Appointment of Committee Members**
- E. Ratification of the Vice Chair**
- F. THDA Board Action Items**
 - 1. Annual Evaluation of the Executive Director
 - 2. Analysis of Disclosure Report for Board Members
 - 3. Analysis of Disclosure Report for THDA staff
 - 4. 2020 ESG CARES Act Part II Program Description
 - 5. 2021 Emergency Solutions Grants Program Description
 - 6. 2020 HOME Program Description – CHDO Mini-Round
 - 7. 2020 Homebuilders Demonstration Grant
 - 8. 2021 MTBA Program Description
 - 9. Extension Request for Forest Creek Townhomes (Memphis)

APPENDIX

- Board Meeting Schedule for 2021
- Annual Contact Form
- Five Year Financial Plan
- Debt Limit Analysis
- Annual Underwriter Performance Report
- State Forms CT-0253 – Reports on Debt Obligation for:
Issue 2020-2, Issue 2020-3 and Issue 2020-4
- Foreclosure Trends Report
- Quarterly Board Report (Quarter 3, 2020)

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
September 22, 2020

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Tuesday, September 22, 2020, at 1:00 p.m. CDT, via WebEx call with certain staff members being at the THDA Offices located at 502 Deaderick Street; Andrew Jackson Building, 3rd Floor; Nashville, Tennessee 37243.

The following Board members were present via WebEx: Mike Hedges (Chair), Colleen Daniels (for Butch Eley, Commissioner of Finance & Administration), Secretary of State Tre Hargett, Treasurer David Lillard, Matt McGauley, Austin McMullen, Rick Neal, Tennion Reed, Chrissi Rhea, John Snodderly, and Katie Armstrong (for Comptroller Justin Wilson). Joseph Williams joined the meeting at 1:16 p.m. CDT) and Joann Massey joined the meeting at 1:18 p.m. CDT.

Chair Hedges introduced three new Board members (Mr. McGauley, Ms. Massey and Ms. Reed) and welcomed them to the THDA Board of Directors.

Chair Hedges recognized Lynn Miller, Chief Legal Counsel, who read the following statement:

“Board members will be participating in this meeting by telephone as authorized by Tennessee Code Annotated Section 8-44-108. Notice was posted stating that this meeting would be conducted in this fashion. This meeting is being conducted in this manner because the matters to be considered by the Board today require timely action and the physical presence of a sufficient number of Board members to constitute a quorum is not possible within the timeframe in which action is required. This is also necessary to protect everyone’s health and safety due to COVID. Therefore, it is necessary for some members to participate via telephone. Board members participating by telephone were sent documents relevant to today’s meeting.”

Chair Hedges called the meeting to order. Upon motion by Mr. Neal, second by Mr. McMullen, and a roll call vote with all members identified as present voting “yes”, motion carried that a necessity existed to conduct the meeting in this manner.

Chair Hedges called for consideration of the July 29, 2020 minutes that were previously circulated to all Board members. Upon motion by Mr. Lillard, second by Ms. Rhea, and a roll call vote with all members identified as present voting “yes”, motion carried to approve the minutes.

Chair Hedges recognized Ralph M. Perrey, Executive Director, who gave the following Executive Director’s report:

- Staff expects to propose making THDA funds available to Emergency Solutions Grant (“ESG”) Program recipients to allow grant recipients to more effectively access ESG funds.
- Loan production has continued to slow. The effects of COVID on the economy and a shortage of homes on the market at THDA price points, especially in Middle Tennessee,

are the culprits. Staff expects to close the year with a production rate of approximately \$500 million.

- Loan delinquency rates continue to edge up and the increase is entirely COVID related. Requests for loan forbearance are also up slightly.
- Issue 2020-4 will price next week. Market conditions are favorable and that spurred the decision to lower interest rates on THDA loans earlier this month.
- THDA staff are joining the Administrative Office of the Courts and the Department of Human Services next week in a virtual summit, discussing ways to prevent evictions.
- Ralph Perrey was invited to speak to the Governor's Financial Stimulus Accountability Group to highlight steps THDA has taken to help Tennesseans facing housing hardships as a result of COVID-related job loss.
- THDA's website (www.thda.org) has been redesigned. It easier to navigate and find information.
- The final THDA Board Meeting in 2020 will be on November 17, 2020 via WebEx. Committee meetings will be on November 12 and 13, 2020. The November meeting is considered the "annual meeting", so there will be additional reports and action items on the agenda.
- Bettie Teasley, THDA's Director of Research & Planning, resigned to pursue new opportunities in North Carolina. Rebecca Anderson will start with THDA next week as the new Director of Communication. Ms. Anderson held a similar position with the Girl Scout Council of Middle Tennessee.

Chair Hedges then noted that the Board is without has a Vice-Chair. Upon a motion by Mr. Snodderly, second by Mr. Williams, and a roll call vote with twelve members identified as present voting "yes" and one abstention by Mr. Neal, motion carried to select Mr. Neal as Vice-Chair from September 2020 to November 2021.

Chair Hedges then called for consideration of the budget proposal for Fiscal Year 2021-2022 (the "Proposed Budget") and recognized Treasurer Lillard, Chair of the Audit & Budget Committee. Treasurer Lillard noted that the Audit & Budget Committee met jointly on Friday, September 18, 2020, with the Bond Finance Committee to review the Proposed Budget. Chief Financial Officer, Trent Ridley, offered a briefing, and those materials are included in the Board package. Treasurer Lillard noted the Proposed Budget comes to the Board as a motion for approval, with a second, from the Audit & Budget Committee and the Bond Finance Committee. Upon a roll call vote with eleven members identified as present voting "yes", and two abstentions by Ms. Daniels and Ms. Armstrong, motion carried to approve the Proposed Budget and to authorize staff to make changes as may be necessary during the state review and approval process.

Chair Hedges called for consideration of the proposal for THDA to become a Ginnie Mae Issuer and recognized Ms. Rhea, Chair of the Lending Committee. Ms. Rhea referenced a memo dated September 4, 2020, from Lynn Miller, Chief Legal Counsel and Lindsay Hall, Chief Operating Officer of Single Family Programs that describes the proposal to authorize THDA to become a Ginnie Mae issuer and to sell government backed mortgage loans into the secondary market. She indicated that the actions specified in the referenced memo were recommended by the Lending Committee and comes to the Board as a motion for approval, with a second from the

Lending Committee. Upon a roll call vote with all members identified as present voting “yes”, motion carried to authorize THDA to become a Ginnie Mae issuer, to submit the required application, and to authorize all actions recommended in the referenced memo.

Chair Hedges called for consideration of the sale of THDA downpayment assistance (“DPA”) loans and recognized Ms. Rhea who referenced a memo dated September 8, 2020, from Ms. Miller and Ms. Lindsay Hall. Ms. Rhea noted that THDA has the authority to sell loans and staff requested Board approval to explore and move forward with such sales, with the understanding that any sale would have to make financial sense for THDA. Ms. Rhea noted this comes to the Board as a motion for approval, with a second from the Lending Committee. Upon a roll call vote with ten members identified as present voting “yes” and Hargett, Lillard and McMullen voting “no”, motion carried to authorize the sale of DPA loans and to approve the additional authorizations contained in the referenced memo.

Chair Hedges called for consideration of the 2021 Winter Round of the Tennessee Housing Trust Fund (THTF) Competitive Grants Program Program Description (the “Program Description”) and recognized Austin McMullen, Chair of the Grants Committee, who referenced a memo dated August 31, 2020, from Cynthia Peraza, Director of Community Programs and Don Watt, Chief Programs Officer. Mr. McMullen noted that the Program Description is similar to the one for 2020, with the exception of changes described in the referenced memo, most notably realignment of the funding cycle to winter and summer, rather than fall and spring. Mr. McMullen noted the Program Description comes to the Board as a motion for approval, with a second from the Grants Committee. Upon a roll call vote with all members identified as present voting “yes”, motion carried to adopt the Program Description and to authorize staff to award these grants according to the requirements of the Program Description, all as described in the referenced memo.

Chair Hedges called for consideration of the Hardest Hit Fund Reinstatement Only Program (“ROP”) and recognized Mr. McMullen who referenced a memo dated August 27, 2020, from Ms. Peraza and Mr. Watt, Chief Programs Officer. He noted that in conjunction with the US Department of Treasury, THDA proposes to re-open the Hardest Hit Fund Reinstatement Only Program, utilizing approximately \$10 million of the \$15 million available in left-over program and administrative Hardest Hit funds. Mr. McMullen indicated that authorizing re-opening the ROP, with the modified term sheet that is part of the referenced memo and authorizing staff to make any changes required by the US Department of Treasury comes to the Board as a motion for approval, with a second from the Grants Committee. Upon a roll call vote with all members identified as present voting “yes”.

Chair Hedges called for consideration of operating assistance to Community Housing Development Organizations (“CHDOs”) and recognized Mr. McMullen who referenced a memo dated August 31, 2020, from Ms. Peraza and Mr. Watt. He explained that THDA has long allocated HOME program funds to provide operating assistance to CHDOs, however, in this year of COVID, many CHDOs have seen both an increase in their operating costs and a decline in other traditional sources of funding. The proposal is to set aside an additional \$1 million in HOME funds for operating assistance for CHDOs, to be awarded and administered as described in the referenced memo. He noted the proposal described in the referenced memo comes to the Board as a motion for approval, with a second from the Grants Committee. Upon a roll call vote with all members

identified as present voting “yes”, motion carried to approve up to one million dollars in HOME funds for addition operating assistance to CHDOs and authorize staff to take all actions necessary to initiate and administer these grants as described in the referenced memo.

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

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 17th day of November, 2020

THDA Board of Directors

Agenda Item # F

1. Annual Evaluation of the Executive Director
⇒ Will be discussed during the meeting

MEMORANDUM

TO: Audit and Budget Committee

FROM: Gathelyn Oliver, Director of Internal Audit
Bruce Balcom, Assistant Chief Legal Counsel

DATE: November 2, 2020

SUBJECT: 2020 Potential Conflicts of Interest Disclosure
By THDA Board Members, Voting Representatives, and
Staff of Board Members who Deal Directly with THDA

INTRODUCTION

We reviewed the disclosures made by THDA Board members, Voting Representatives and Staff of Board members who deal directly with THDA, (the “Board members”), for the fiscal year beginning July 1, 2020. This year Board members completed the short form 2020 Disclosure Statement to update the long form THDA Board Member and Designee Disclosure, (the “Disclosure Form”) that was completed for the 2018-2019 fiscal year. The original forms are in THDA electronic files and are documents open for public inspection, upon request, during regular THDA business hours.

TCA §13-23-128 and the THDA Conflicts of Interest Policy adopted on September 16, 2004, as subsequently amended (the “Board Disclosure Policy”), and the THDA Code of Conduct adopted on March 15, 2007, as amended on September 22, 2015 require that in addition to disclosing potential conflicts annually, any disclosure is to be noted in the official THDA minutes.

In addition to TCA §13-23-128 and the Board Disclosure Policy, certain federal programs administered by THDA have conflicts of interest provisions that apply to Board members, staff and program participants. These include the Section 8 Housing Choice Voucher (HCV) and Performance Based Contract Administration (PBCA) Programs, the HOME Program, the Neighborhood Stabilization Program (NSP), and the Homelessness Prevention and Rapid Re-Housing Program (HPRP). The National Foreclosure Mitigation Counseling (NFMC) and the Hardest Hit Funds (HHF) programs are also federally funded programs that require homeownership educators/counselors to comply with the National Industry Standards Code of Ethics and Conduct for Homeownership Professionals relating to actual and apparent conflicts of interest. The Low Income Housing Tax Credit Program (LIHTC), the Tax-exempt Multi-family Bond Authority Program (TEMFBA), the Tax Credit

Assistance Program (TCAP), and the Tax Credit Exchange Program (1602), also administered by THDA, do not have specific conflict of interest provisions.

None of the disclosures made by Board members represent conflicts resulting from prohibited interests under TCA §13-23-128, as amended. Even where no conflict actually exists, Board members must refrain from any appearance of impropriety as required by the THDA Code of Conduct adopted March 15, 2007 as amended on September 22, 2015. Federal requirements relating to disclosed interests will be addressed in relation to the specific program in subsequent paragraphs and are based on the question numbers found in the Disclosure Form.

INCIDENTAL INTERESTS

1. (Question 8) The following Board members disclosed incidental personal banking relationships with financial institutions or entities that may be THDA originating agents. The disclosures include personal savings, checking, investments, IRAs, mortgages, etc.

| | | |
|-----------------|-----------------|-----------------|
| Katie Armstrong | Kevin Bradley | Colleen Daniels |
| Butch Eley | Tre Hargett | David Lillard |
| Joann Massey | Austin McMullen | Jason Mumpower |
| Rick Neal | Jonathan Rummel | Sandi Thompson |
| Justin Wilson | | |

According to the Board Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation.

2. (Question 10) The following Board members disclosed incidental personal or business relationships with THDA, THDA employees, Board members or with persons or entities that do business with THDA.

| | | |
|-----------------|--------------|-----------------|
| Mike Hedges | Joann Massey | Austin McMullen |
| Jason Mumpower | Rick Neal | Christine Rhea |
| Jonathan Rummel | | |

According to the Board Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation.

3. (Questions 2, 6, 6a, 6c, 6d and 11) The following Board members disclosed incidental personal or family employment or relationships with entities that are involved in originating THDA mortgage loans; selling property that may be developed for housing to be sold to THDA borrowers; or selling property or houses to THDA borrowers (as a Realtor or in any other capacity).

| | | |
|-----------------|----------------|-------------|
| Katie Armstrong | Tre Hargett | Mike Hedges |
| Matt McGauley | Christine Rhea | |

According to the Board Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation. In addition to the list above, Mr. Jonathan Rummel and Mr. Justin Wilson disclosed investments that could include THDA bonds.

Board members may own THDA bonds so long as disclosure is made and purchases and sales do not occur when Board members have information about THDA bonds that is not available to the public; therefore, this is treated as a permitted incidental interest.

INDIRECT INTERESTS

5. (Questions 2, 3b, 3c, 3e, 3i and 4) Mr. Mike Hedges disclosed that he is or has been a principle developer or consultant for projects that have received LIHTC, TCAP, TEMFBA and Community Investment Tax Credit (CITC). Mr. Hedges also disclosed that most or all of the LIHTC properties of which he was involved serve one or more voucher tenants. He has no knowledge of further specifics. In addition to the requirements for Board members to refrain from voting and participation in discussion at committee and Board meetings on any topic that relates specifically to their disclosed indirect interest, waiver requests from the Federal agency with oversight authority for these programs may be requested as necessary.
6. (Questions 2, 3b, 3e, 3g, 3i, 3n, 5 and 10) Mr. Rick Neal disclosed indirect interests due to his position with the Pinnacle Bank. Indirect interests in this category may include financing or investments utilizing LIHTC, Multifamily Tax Exempt Authority, BEP, CITC and PBCA. In addition to the requirements for Board members to refrain from voting and participation in discussion at committee and Board meetings on any topic that relates specifically to their disclosed indirect interest, waiver requests from the Federal agency with oversight authority for these programs may be requested as necessary.

SUMMARY OF INTERESTS DISCLOSED

The following is a summary of interests disclosed by Board members in their 2020 Disclosure Forms:

1. Ms. Katie Armstrong – Family member is employed as licensed Realtor and could have clients that obtain THDA loans. Personal banking relationships with financial institutions that may be THDA Originating Agents.
2. Mr. Kevin Bradley – Personal banking relationships with financial institutions that may be THDA Originating Agents.
3. Ms. Collen Daniels – Personal banking relationships with financial institutions that may be THDA Originating Agents.
4. Mr. Butch Eley - Personal banking relationships with financial institutions that may be THDA Originating Agents.
5. Mr. Tre Hargett – Personal banking relationships with financial institutions that may be THDA Originating Agents.
6. Mr. Mike Hedges – Is or has been a principle, developer or consultant for projects receiving LIHTC, TCAP, TEMFBA and CITC. Most or all of the LIHTC properties serve one or more voucher tenants. Family member is a Realtor. Reports friendships with THDA staff.

7. Mr. David Lillard – Personal banking relationship with financial institutions that may be THDA Originating Agents.
8. Ms. Joann Massey - Personal banking relationship with financial institutions that may be THDA Originating Agents. Employed by a city government that may do business with THDA.
9. Mr. Matt McGauley – Personal banking relationship with financial institutions that may be THDA Originating Agents.
10. Mr. Austin McMullen – Personal banking relationship with financial institutions that may be THDA Originating Agents. Employed by a law firm that may represent THDA clients involved in THDA programs.
11. Ms. Erin Merrick – None.
12. Mr. Jason Mumpower – Personal banking relationship with financial institutions that may be THDA Originating Agents. Family member owns a real estate title company.
13. Mr. Rick Neal - Employed by a financial institution that may be a THDA Originating Agent. Employer is an investor and finances developments utilizing LIHTC and TEMFBA provided by THDA. Chairman of Blight Authority of Memphis which has applied for funding through BEP.
14. Ms. Tennion Reed – None.
15. Ms. Christine Rhea – CEO of a financial institution that is a THDA Originating Agent. Family member is employed by a financial institution that is a THDA Originating Agent.
16. Mr. Jonathan Rummel – Personal banking relationship with financial institutions that may be THDA Originating Agents. Investments may include THDA bonds.
17. Mr. John Snodderly – None.
18. Ms. Sandi Thompson – Personal banking relationship with financial institutions that may be THDA Originating Agents.
19. Mr. David Topping – None.
20. Mr. Justin Wilson – Personal banking relationship with a financial institution that may be a THDA Originating Agent. Potential beneficiary of investments that may include THDA bonds.

SUMMARY OF PROGRAM DISCLOSURES

Mr. Mike Hedges disclosed indirect allowable interests in LIHTC, TCAP, TEMFBA, CITC and HCV.

Mr. Rick Neal disclosed indirect and incidental interests in LIHTC, TEMFBA, BEP, CITC and PBCA.

GLO/BB

MEMORANDUM

TO: Audit and Budget Committee

FROM: Gathelyn Oliver, Director of Internal Audit
Bruce Balcom, Assistant Chief Legal Counsel

DATE: November 2, 2020

SUBJECT: 2020 Potential Conflicts of Interest Disclosure Report for Staff

INTRODUCTION

We reviewed the disclosures made by all THDA staff for the fiscal year beginning July 1, 2020. This year all THDA staff members were asked to complete an electronic version of the long form Employee Disclosure of Out-side Employment and Personal Interests, (the “Disclosure Form”). The original responses are saved on THDA servers and are open for public inspection, upon written request, during regular THDA business hours.

TCA §13-23-128 and the Staff Disclosure Policy originally adopted on March 19, 1992, as subsequently revised, (the “Staff Disclosure Policy”), require that, in addition to disclosing potential conflicts annually, any disclosure is to be noted in the official THDA minutes. Persons with potential conflicts or indirect interests that create an apparent conflict even if there is no prohibited interest are to refrain from discussion or participation in THDA activity in connection with the identified conflict. None of the disclosures made by employees indicated a conflict resulting from prohibited interests under TCA §13-23-128(a) or the Staff Disclosure Policy. Even where no conflict exists, staff members must refrain from any appearance of impropriety as required by the THDA Code of Conduct adopted by the THDA Board of Directors March 15, 2007 as amended on September 22, 2015.

The specific items mentioned below are tied to question numbers from the Disclosure Forms completed by the employees.

NO OUTSIDE EMPLOYMENT DISCLOSED

The following individuals disclosed no outside employment as of the date of their respective 2020 Disclosure Form:

| | | | |
|-----------------------|-----------------------|--------------------|-----------------------|
| Alba Jofre | Aleisha Carr | Allison Moore | Amber Martin |
| Amy Newport | Angela Martinez | Anita Lily | Ann Salyers |
| Annette Rader | Belinda Williams | Berih Awala | Berivan Yaya |
| Betesia Harris | Beverly Fears | Bill Lord | Blake Worthington |
| Breanna Luckadoo | Briana Gardner | Bruce Balcom | Caroline Miller |
| Caroline Rhodes | Cathey McClung | Cathy Salazar | Christopher Marlin |
| Christy Hollingsworth | Chuck O'Donnell | Chuck Pickering | Courtney Smith |
| Craig Stevens | Crystal Stafford | Cynthia Peraza | Dallisa Kilcrease |
| DaMarcus Hunt | Danielle Nathaniel | Danna Wall Wright | Daphanie Scott |
| Dareyl Adams | Darlene Cummins | David Castle | Debbie Reeves |
| Debra Murray | Debra Perkins | Dejuana Lyons | Della Hopkins |
| Denay Thompson | Denise Hutchinson | Denise McBride | DeParis Oliver |
| Don Watt | Donna Calahan | Donna Duarte | Donna Shepherd |
| Ed Clawson | Ed Yandell | Edwin King | Emily Kelley |
| Eric Crabtree | Eric Hall | Erica Holloway | Erin Hardy |
| Erin Lord | Fabiola Caferri | Fredina Martin | Gary Goad |
| Guilia Vernaschi | Harry Symlar | Hayden Harville | Heather Johnson |
| Heather Reynolds | India Whatley | Jaime Fox | Janie Pekanyande |
| Jasmine Green | Jason Candido | Jason Mathews | Jason Ronnow |
| Jawon Lauderdale | Jayna Jones Johnson | Jeremy Heidt | Jessica Davis |
| Jim Conner | Jim Hamilton | Joe Bethel | Joe Brown |
| Joseph Speer | Julie Burnette | Julie Ezell | Julie Ridenour |
| Justin Berube | Kaitlyn Bell | Kandice Simms | Karen Copeland |
| Karen Davis | Karina Wells | Katie Ferguson | Katina Brewer |
| Kavin Williams | Keisha Smith-Hill | Kellie Gill | Kelly Murph |
| Kenya Forrest-Douglas | Kenyell Chalmers | Kerry Maloney | Kevin Rogers |
| Kilolo Dunmore | Kim Davenport | Kimberly Green | Kimberly Otts |
| Kinisha Floyd | Kristy Allen | LaMar Brooks | Lanika Jernigan |
| LeAnn Blankman | Leslie Frierson | Linda Jones | Lisa Shockley |
| Lisa Stover | Lisa Webb | LiSandra Vaughns | Lori Connon |
| Lynn Miller | Lynne Walls | Mandy Garman | Maree Emberton |
| Margaret Donald | Marquisha Griffin | Marva Hemphill | Mary Crutcher |
| Meg Palmer | Megan Webb | Melissa Clouatre | Melissa Staley |
| Melva Boyd | Mia Billingsley | Michael Kokodynsky | Michelle Lines |
| Mike Morren | Monica Steele Murrell | Monique Groom | Montrice Brown-Miller |
| Nancy Herndon | Natasha McLaurine | Nicholas Roberson | Nicole Lucas |
| Nikki Finley | Pam Norris | Pam Whitfield | Patricia Matlock |
| Patrick Harrell | Ralph M. Perrey | Rashia Holmes | Ray Levron |
| Rebecca Anderson | Rebecca Scott | Rebekah Bicknell | Recanvus Moore |
| Reggie Woodard | Rhonda Ellis | Rhonda Groves | Rhonda Ronnow |
| Richardo Moore | Robert Burchett | Robert Kirtz | Robert Lucas |
| Russell Catron | Ruth Brown | Sandra Poarch | Sarah Turner-Brooks |
| Sarita Hafford | Scott Holden | Shameka Young | Shannon Ward |
| Shantell Musgrave | Shareese Todd | Sharon Putnam | Shelby Walls |
| Sheila Crunk | Sherita Roberts | Stella Williams | Stephanie Bounds |
| Steve Fisher | Steve Marrs | Taay'lor Laribo | Tammy Walker |
| Taveion McCutcheon | Teresa Anderson | Teresa Luckey | Terry Montgomery |
| Theresa Smith | Tim Good | Tim Robichaud | Timothy James |
| T'Keyah Chandler | Toni Shaw | Tony White | Toumie Parrot |

| | | | |
|--------------|---------------|--------------|------------------|
| Tracey Young | Tracy Falk | Tracy Stram | Trebia Johns |
| Trent Ridley | Vanessa Dowdy | Wendy Weaver | Yanisleidy Lopez |
| Yvonne Hall | Lindsay Hall | | |

INCIDENTAL INTERESTS

1. (Question 19) The following individuals disclosed current or prior incidental, unrelated outside employment, business interests, or volunteer work for themselves as of the date of their respective 2019 Disclosure Form:

| | | | |
|------------------|--------------------|-------------------------|-------------------|
| Allyson Carroll | Bailey Grays | Beth Pugh | Carol Buyna |
| Charity Williams | Chasidy Richardson | Cherelle Austin | Courtney Carney |
| Cynthia Buntin | Dani Brickman | Daniel Morgan | Darrell Robertson |
| Donessa Rhodes | Doreen Graves | Dwayne Hicks | Ella Harris |
| Eric Wiley | Evelyn Finch | Felita Hamilton | Gay Oliver |
| Gwen Coffey | Hillary Craig | Holly Hunter | Hulya Arik |
| Java'e Bazemore | Jeboria Scott | Joab Shepherd | Josh McKinney |
| Katie Moore | Kathleen Norkus | Kevin McCarthy | Kevin Rogers |
| Langston Glass | Larisa Stout | Laura Swanson | Mike Clinard |
| Mike Costa | Nekishia Potter | Rachel Agee | Rebecca Zastrow |
| Regina Frasier | Rhonda Mosier | Sara Mosher | Sara Sisler |
| Shanaya Grier | Shari Messer | Sharlene Overa-Gonzalez | Sherry Folk |
| Stephen Chinique | Tasheka Verser | Tikisha Wilson | Velma Jackson |
| Wayne Beard | Wesley Bunch | Zelinda Randle | |

According to the Staff Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation. In addition, it is assumed that all THDA staff have some relationship with financial institutions or other businesses that could interact with THDA, however, unless disclosed otherwise, this connection is considered incidental.

2. (Question 11, 17 & 18) The following individuals disclosed incidental, personal relationships with THDA employees, THDA board members, or persons or entities who do business with THDA:

| | | | |
|-------------------|----------------|-----------------|----------------|
| Danna Wall Wright | Donna Shepherd | Kaitlyn Bell | Kevin McCarthy |
| Larisa Stout | Michelle Lines | Patrick Harrell | Rhonda Mosier |
| Stephen Chinique | Tracy Stram | | |

According to the Staff Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation.

3. (Questions 7, and 8) The following individuals disclosed that they or family members participate as either landlords or tenants in the Section 8 Program, but that the vouchers are administered by other Housing Authorities:

| | | | |
|-------------------|-----------|--|--|
| Shantell Musgrave | Toni Shaw | | |
|-------------------|-----------|--|--|

According to the Staff Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation.

INDIRECT INTERESTS

Unless otherwise noted, the indirect interests disclosed by THDA staff members and discussed below are permissible under TCA §13-23-128 and the Staff Disclosure Policy so long as the relevant staff member refrains from discussion and participation in connection with the particular indirect matter disclosed.

1. (Questions 4 & 13) The following individuals disclosed that they have THDA loans:

| | | | |
|----------------|---------------|---------------|------------|
| Eric Crabtree | Erin Hardy | India Whatley | Meg Palmer |
| Recanvus Moore | Timothy James | | |

The Staff Disclosure Policy specifically permits THDA staff members to become THDA borrowers so long as the staff member qualifies through an Originating Agent and meets THDA program requirements. In addition, the THDA staff member involved should have no responsibility for loan approval or loan administration issues as they relate to their loan. They should also refrain from discussing the matter with other THDA staff members.

2. (Question 11) Ms. Danna Wall Wright disclosed that she has friends at her former employer that owns Lexington Square Apartments, a PBCA property. The staff member should refrain from discussion with other staff and participation in matters relating to this entity.

3. (Question 3 & 12) Ms. Evelyn Finch disclosed that she is a realtor. Ms. Finch has been instructed and has signed a statement indicating her agreement that she will not represent a buyer or seller attempting to finance a purchase or sale through a THDA loan.

4. (Question 19) Mr. Darrell Robertson disclosed that he is a realtor. Mr. Robertson has been instructed and has signed a statement indicating his agreement that he will not represent a buyer or seller attempting to finance a purchase or sale through a THDA loan.

5. (Questions 4 & 5) Mr. Joe Speer disclosed that his mother, Bettie Kirkland, is the Executive Director of Project Return, a local nonprofit who is a grantee of Competitive Housing Trust Fund Grants. Mr. Speer has been instructed to refrain from discussion with other staff and participation in matters related to this entity.

6. (Question 4, 19) Mr. Dwayne Hicks disclosed for his outside employment he performs inspections for mortgage companies for FHA and VA loans that do not have THDA funding. Mr. Hicks also performs plan reviews for commercial properties for government entities.

7. (Question 4 & 19) Ms. Michelle Lines has a retired real estate license. Ms. Lines has been instructed to disclose any changes with the status of her real estate license.

8. Ms. Rhonda Ronnow disclosed she has her MLO license. This license is not active as Ms. Ronnow has to be employed by a lender. Ms. Ronnow has been instructed to disclose any changes with the status of her MLO license.

9. Ms. Denise Hutchinson has a retired real estate license. Ms. Hutchinson has been instructed to disclose any changes with the status of her real estate license.

10. (Questions 4, 10 & 19) Mr. Mike Clinard disclosed that he is a Board Member of two multi-family developments located in Gallatin, TN. One is a Project Rental Assistance contract receiving HUD/THDA

administered Rental Assistance payments and a HUD 2020 development. Both receive rental payments for qualified elderly tenants. Mr. Clinard is working exclusively on closing out NSP under a 900 hour contract (3-4 hours daily, T-F) and has therefore been granted an exception to the THDA Employees Being Appointed to Organizational Boards of Directors Policy. Mr. Clinard has been instructed that he is not to discuss the two developments with THDA staff or hold himself out as a representative of THDA in his role with the two developments.

11. (Question 19) Ms. Rebecca Zastrow disclosed that she does Section 8 consulting for a management agent that does not have any affiliation with THDA or any Tennessee properties.

12. Mr. Kevin McCarthy disclosed that he is a member of the Tennessee Affordable Housing Coalition, the American Institute of Certified Planners and the American planning Association. He does not hold any position and/or participate in advocacy through his membership in these organizations.

13. (Question 4) Ms. Zelinka Randle disclosed that she will be taking the Home Buyer Education course through the STEP In Program.

INDIRECT INTERESTS OF FAMILY MEMBERS

Unless otherwise noted, the indirect interests disclosed by THDA staff members with respect to **family members** discussed below are permissible under TCA §13-23-128 and the Staff Disclosure Policy, so long as the relevant staff member refrains from discussion and participation in connection with the disclosed matter.

1. (Question 16) The following individuals disclosed that relatives or close associates are employed by THDA:

| | | | |
|---------------------|-------------------|-----------------|-------------------|
| Bill Lord | Bruce Balcom | Caroline Rhodes | Darrell Robertson |
| Denise Hutchinson | Eric Hall | Erin Lord | Jason Ronnow |
| Kavin Williams | Nicole Lucas | Rhonda Ronnow | Robert Lucas |
| Sarah Turner-Brooks | Shantell Musgrave | | |

2. (Question 5, 14 & 17) The following individuals disclosed that relatives or close associates have THDA loans:

| | | | |
|------------|------------------|-----------------|------------------|
| Joe Bethel | LaMar Brooks | Rebecca Zastrow | Rebekah Bicknell |
| Ruth Brown | Terry Montgomery | Yvonne Hall | |

Since the Staff Disclosure Policy permits staff members to become THDA borrowers, relatives of THDA staff members should also be eligible to become THDA borrowers so long as they qualify through an Originating Agent and otherwise meet THDA program requirements. In addition, the THDA staff member involved should have no responsibility for loan approval or loan administration issues as they relate to their relative. They should also refrain from discussing the matter with other THDA staff members.

3. (Question 8 & 9) The following individuals disclosed that family members participate or have applied to participate in the Section 8 Program administered by THDA either as tenants or landlords:

| | | | |
|-----------------------|-------------|---------------|--------------------------|
| Christy Hollingsworth | Lori Cannon | Shameka Young | Sharlene Olvera-Gonzalez |
| Velma Jackson | | | |

These individuals should have no responsibility with respect to administering the Section 8 program as applied to their relatives who participate in the program as tenants or landlords. Other THDA staff members in their respective field offices should be responsible for administering the Section 8 program as applied to the relatives of these individuals.

4. (Questions 5, 12 & 18) The following individuals disclosed that family members own stock in, or are employed by financial institutions that may be THDA Originating Agents, or who otherwise may do business with THDA:

| | | | |
|-------------|------------------|-----------------|-------------|
| Carol Buyna | Dwayne Hicks | Gathelyn Oliver | Katie Moore |
| Meg Palmer | Rebekah Bicknell | | |

These individuals should have no direct responsibility for originating or servicing loans from family members' financial institutions if the family members are directly responsible for origination functions. Other THDA staff members should handle these loans.

5. (Questions 5, 12, 17 & 18) The following individuals disclosed that family members are Realtors, builders, contractors or otherwise involved in housing that could be sold to persons obtaining or attempting to obtain financing through THDA:

| | | | |
|--------------------------|------------------|--------------|------------------|
| Gathelyn Oliver | Katie Moore | Larisa Stout | Rebekah Bicknell |
| Sharlene Olvera-Gonzalez | Patricia Matlock | | |

Under the Staff Disclosure Policy, these interests are considered indirect, therefore, specific disclosure and non-participation is required.

6. (Questions 3, 4, 5, 17 and 18) The following individuals disclosed other indirect interests of a family member as noted:

Ms. Hulya Arik – Husband, Murat Arik, is the Director for the Business & Economic Research Center (BERC) at MTSU. The center has a contract to prepare Quarterly Tennessee Housing Market Report for THDA. Ms. Arik is not involved with any activities related to this contract.

Mr. Jeremy Heidt – Wife is employed by The Tennessee Association of Broadcasters (TAB) for which the THDA Communications division contracts with as part of their public education program to promote THDA's Homeownership for the Brave for the Single Family Mortgage Loan division. His wife does not receive any form of commission from that contract. Furthermore, Mr. Heidt does not have any involvement in the contract selection or execution processes at THDA and this advertising relationship predates his employment with THDA.

Mr. Josh McKinney – Wife, Becky McKinney, has joined Holston Habitat for Humanity as a member of the board.

Ms. Yvonne Hall – Sister is employed by HomeSource of East TN and works in the rental department.

Mr. Bruce Balcom – Stepson, Wolfgang Wozniak, resides in Ryman Lofts, a tax credit property.

Ms. Caroline Rhodes – Son, Wolfgang Wozniak, resides in Ryman Lofts, a tax credit property.

Ms. Dallisa Kilcrease—Sister-in-law resides in Trevecca Towers.

Mr. Darrell Robertson – Son received a MCC in November 2016 when he purchased his first home.

Mr. Dwayne Hicks has a brother that works for a credit union that may use THDA products.

Ms. Amy Newport – Husband, Michael Newport, is a Parole Hearings officer for the Board of Parole. THDA processes TDOC funding for ex-offenders in the Re-Entry Housing Program (RHP).

Mr. Joe Speer – Mother, Bettie Kirkland is the director of Project Return. She works with ex-offenders to find housing. THDA may indirectly be involved payment processing for TDOC. Project Return has applied for and received funding from CITC and Competitive Grants.

Mr. Bill Lord – Spouse, Kristin Lord is the Executive Administrative Assistant, Murfreesboro Housing Authority.

Under the Staff Disclosure Policy, these interests are considered indirect, therefore, specific disclosure and non-participation is required.

Two employees, Ms. Cindy Ripley and Ms. Kendra Richardson-Love are out of the office on extended leave. Their disclosures will be requested upon their return.

FEDERAL PROGRAMS

As noted above, several THDA staff members disclosed interests of family members under the Section 8 Program that may rise to the level of a conflict under the Section 8 regulations for which a waiver may be needed. A determination will be made as to whether a waiver is needed and, if so, one will be requested.

GLO/BB

MEMORANDUM

TO: THDA Board of Directors
FROM: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer
DATE: November 4, 2020
SUBJ: 2020 Emergency Solutions Grants CARES Act Part II Program Description

Recommendation:

Staff recommends the following:

- Adoption of the attached proposed 2020 Emergency Solutions Grants (ESG) CARES Act Part II Program Description (“Program Description”);
- Authorization of the Executive Director or a designee to award 2021 ESG funds to applicants for applications scored by staff; and
- Authorize staff to make any necessary programmatic changes as deemed necessary and approved by the Executive Director or as deemed necessary by the U.S. Department of Housing and Urban Development (HUD) due to COVID-19.

The Program Description contains the following substantial changes and clarifications from the 2020 ESG Program Description:

1. Added CARES Act language that specifies the source of the funding for the program.
2. Added language to define the purpose of the ESG CARES Act funding to help prevent, prepare for, and respond to coronavirus, specifically for individuals and families who are homeless or receiving homeless assistance, and provide additional homeless assistance and homelessness prevention activities to mitigate the impact of coronavirus.
3. Update timetables and due dates as follows:
 - Application Workshops - The week of November 30, 2020
 - Application Launch Date - December 1, 2020
 - Application Due Date - January 15, 2021, 4:00 PM CST
 - Application Award Announcement - Announced as soon as possible
And/or by February 8, 2021
 - Term of Award Agreements - March 1, 2021- September 30, 2022
4. Removed the minimum and maximum grant amount requirement.
5. Increased the annual income limit under Prevention Activities to 50% AMI.

6. Removed the Set-Aside Allocation.
7. Modified the Allocation of Funds to award funding through each eligible Continuum of Care (CoC) based on a pro-rata share determination based on four factors: homelessness, poverty, population, and unemployment.
8. Added an Eligible Time Period for eligible program costs.
9. Added a Participant Service Prerequisite for Assistance that does not require individuals or families experiencing homelessness to receive treatment prior to receiving ESG assistance.
10. Changed the Application Evaluation Process to remove previous scoring method and replaced it with a threshold review of criteria that requires a compliance and participation with the applicable CoC.
11. Added new eligibility activities allowed through the CARES Act that include:
 - a. Emergency Shelter – (1) Renovation or major rehabilitation of an existing shelter, or conversion of a building to an emergency shelter; (2) the provision of essential services to homeless families and individuals in emergency shelters;
 - b. Rapid Rehousing – (1) Short and Medium Term Rental Assistance; (2) Hotel/Motel Costs to Prevent the Spread of the Coronavirus
 - c. Temporary Emergency Shelters – includes acquisition, new construction, and conversion;
 - d. Training;
 - e. Hazard Pay;
 - f. Handwashing Stations and Portable Bathrooms;
 - g. Landlord Incentives; and
 - h. Volunteer Incentives.
12. Added the option for advancing program funding. THDA will provide its 2021 ESG Grantees with the option to receive the ESG Program funding in advance, in lieu of requesting funds to reimburse their program expenses.
13. Updated other programmatic requirements to align with the most recent HUD and/or CARES Act regulations.

Background:

THDA is receiving \$22,438,703 million in Emergency Solutions Grants through the second round of CARES Act funding to implement the 2020 ESGs CARES Act Part II Program to fund eligible activities across Tennessee. THDA may combine these resources with any returned or leftover funds from early funding rounds as determined at the time of award.

Staff will provide information to the Committee and Board regarding 2020 ESGs CARES Act Part II funding awards at the meetings that immediately follow the date of the awards.

To review a full program description final copy or red-lined copy, please click on the following links:

https://thda.org/pdf/3a.-2020-ESG-CV-Part-2-Program-Description_Final.pdf

https://thda.org/pdf/3b.-2020-ESG-CV-Part-2-Program-Description_Redlined.pdf

MEMORANDUM

TO: THDA Board of Directors
FROM: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer
DATE: October 27, 2020
SUBJ: 2021 Emergency Solutions Grants Program Description

Recommendation:

Staff recommends approval of the 2021 ESG Program Description as attached (“Program Description”), authorization of the Executive Director or a designee to award 2021 ESG funds to applicants for applications scored by staff, and authorization of staff to make any necessary programmatic changes as authorized and/or deemed necessary by the U.S. Department of Housing and Urban Development (HUD) due to the Coronavirus (COVID-19).

The Program Description contains the following substantial changes and clarifications from the 2020 ESG Program Description:

1. Updated timetables and due dates as follows:
 - Mid-January 2021 - Application Workshops
 - May 13, 2021 at 4:00 PM CST - Application Due Date for Competitive Allocation
 - May 27, 2021 at 4:00 PM CST - Application Due Date for Set-Aside City Allocation
 - By April 12, 2021 - Application Award Announcement
 - July 1, 2021 - June 30, 2022- Effective dates of all Award Agreements
2. Added the option for advancing program funding. THDA will provide its 2021 ESG Grantees with the option to receive the ESG Program funding in advance, in lieu of requesting funds to reimburse their program expenses.
3. Removed the eligibility requirement to have an office within the Service Area.
4. Adjusted the application scoring as follows:
 - Increased Fiscal Capacity from 10 to 20 points
 - Increased the Coordination with CoC Priorities from 15 to 20 points
 - Removed the Housing Need Score from the Rating Scale

Background:

Subject to final approval of the federal budget for 2021, THDA expects to receive approximately \$3 million in Federal FY2021 Emergency Solutions Grants (ESG) resources. Combined with monies remaining from prior year allocations, THDA will make these resources available under this Program Description provided for your consideration.

All applications will be evaluated through THDA's Grants Management System. Scoring is based on the rating scale contained in the Program Description. Funds will be awarded based on application score, first to the applicant with the highest score, and in descending order thereafter until funds are exhausted. Staff will provide information to the Committee and Board regarding the 2021 ESG funding awards at the meetings which immediately follow the date of the awards.

To review a full program description final copy or red-lined copy, please click on the following links:

https://thda.org/pdf/4a.-2021-Emergency-Solutions-Grant-Program-Description_Final.pdf

https://thda.org/pdf/4b.-2021-Emergency-Solutions-Grant-Program-Description_Redlined.pdf

TO: THDA Board of Directors
FROM: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer
DATE: October 28, 2020
SUBJ: 2020 HOME CHDO Mini-Round Program Description

Recommendation:

Staff recommends approval of the 2020 HOME CHDO Mini-Round Program Description as attached (“Program Description”), and authorization of the Executive Director or his designee to award HOME funds available under the approved Program Description to applications scored by staff based on the rating scale contained in the approved Program Description.

The attached Program Description contains the following more substantive changes and clarifications from the 2018 CHDO-Mini Round Program Description:

1. Up to \$5,000,000 available to CHDOs through competitive applications, and up to 7% of the funded amount may be used for CHDO Operating Assistance.
2. Maximum grant award per CHDO increased to \$1,000,000.
3. Updated applicable schedule as follows:
 - Application Workshops - Mid-January 2021
 - Application Due Date - February 11, 2021 at 11:59 PM CST
 - Application Award Announcement - By March 12 ,2021
 - Term of Award Agreements - April 1, 2021 - March 31, 2024
4. Updated the Commitment and Spend Down Requirements.
5. Grant recipients under the 2020 HOME CHDO are ineligible.
6. Updated the HOME Per Unit Subsidy Limits in accordance with updated limits provided by the U.S. Department of Housing and Urban Development.

7. The following changes were made to the application scoring section:

- **Public Partner Partnership for Neighborhood Redevelopment - 10 Points**
A total of 10 points will be made available to CHDOs who partner with a local unit of government or a local quasi-governmental entity by means of a MOU or other partnership agreement for the purpose of the development of affordable housing that ties into a larger strategic plan to stabilize a focused area that requires revitalization.
- **Prior Year Unexpended HOME Funds Deduction of -5 Points**
Up to 5 points will be deducted from any application submitted by a CHDO who successfully closed their prior year's HOME award, but have the following amounts of HOME funds uncommitted or expended as of the application due date:
 - Over \$50,000 = -5 Points
 - \$30,000 - \$49,999 = -4 Points
 - \$20,000 - \$29,999 = -3 Points
 - \$10,000 - \$19,999 = -2 Points
 - \$0 - \$9,999 = -1 Point
- Revised the Universal Design scoring criteria to award points for each criteria on an individual basis.

8. Updated other programmatic requirements to align with the most recent HUD regulations.

Background:

THDA made over \$14 million of HOME funding available in early 2020 for its 2020 HOME Program-approved activities. Although THDA approved over \$13 million in HOME Program funding, only \$1.7 million was awarded to eligible CHDO applications. THDA is required by HUD to set aside a minimum of 15% of its HOME allocations for housing development activities in which qualified CHDOs are the developers of the housing.

THDA has over \$8 million in unallocated 2019 HOME Program funds that will be used to fund the 2020 HOME CHDO Mini-Round in order to meet the HUD requirement for CHDO set-asides. This provides access to funding for development of affordable housing during a time of uncertainty when funding is limited.

Staff will provide information to the Committee and to the Board regarding 2020 HOME CHDO Mini-Round funding awards at the meetings that immediately follow the date of the awards.

To review a full program description final copy or red-lined copy, please click on the following links:

https://thda.org/pdf/5a.-2020-HOME-CHDO-Mini-Round-Program-Description_Final.pdf

https://thda.org/pdf/5b.-2020-HOME-CHDO-Mini-Round-Program-Description_Redlined.pdf

MEMORANDUM

TO: THDA Board of Directors
FROM: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer
DATE: October 30, 2020
SUBJ: 2021 Building Trades Demonstration Grant to the Tennessee Builders Education Foundation

Recommendation:

THDA staff recommends the following:

- Allocate \$200,000 previously approved for the 2021 Challenge Grant Program to provide funding for a 2021 Building Trades Demonstration Grant. THDA did not award any of the \$500,000 in funding allocated to the 2021 Challenge Grant Program.
- Authorize a \$200,000 2021 Building Trades Demonstration Grant to the Tennessee Builders Education Foundation to support vocational training in building trades, promote the expansion of residential construction and pre-apprenticeship training, and offer certification and career placement for ex-offenders, high school students, and adults participating in partner programs in Shelby, Gibson, Fayette, and Henderson Counties.

Background:

THDA funded a \$450,000 Building Trades Demonstration Grant in March 2019 after the Tennessee Builders Education Foundation, in partnership with The Homebuilders Institute, a 501(c)(3) entity founded by the National Association of Home Builders, presented a proposal to offer vocational training in the building trades in Shelby County Schools to help address the growing decrease in skilled construction labor force. The program was endorsed by the Shelby County Schools System and its curriculum was approved by the state Department of Education's Curriculum Review Panel. THDA recognized that its own program partners involved in homeowner rehabilitation, repairs, and weatherization programs communicated the same struggles in finding skilled trade workers to provide the essential improvements necessary to assist low- and moderate-income families enhance their housing stability.

THDA's initial investment into the program resulted in the enrollment of 151 students across three high schools in Shelby County. This new proposal will provide training to 371 individuals, including 33 ex-offenders.

THDA's initial interest in supporting this initiative stemmed from its statutory charge to support the homebuilding industry in Tennessee. While it is beyond THDA's mission to provide on-going operational support for such a program, and beyond THDA's financial capability to support such projects statewide, THDA saw value in offering this demonstration grant as a model for a future broader vocational training program funded by the state through its education budget. While the intent was to expand initial support through state funding, the financial impact of COVID-19 on the state has decreased opportunities to support this effort at this time. With the encouragement of the Governor's Office, THDA staff supports continued expansion of this effort.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Edwin King, Director of Multifamily Programs
Don Watt, Chief Programs Officer

DATE: October 30, 2020

SUBJECT: Summary of Proposed Changes Incorporated into the Multifamily Tax-Exempt Bond Authority Draft Program Description for 2021-- October 30, 2020

Recommendation

Staff recommends approval of the Multifamily Tax-Exempt Bond Authority (“MTBA”) Draft Program Description for 2021 (the “Draft 2021 PD”).

Background

This document is intended to be a general summary of the changes proposed for the Draft 2021 PD. Minor, non-substantive amendments (e.g. changing year references from 2020 to 2021, changing sentence structure, changing formatting, etc.) are not reflected herein. **Page numbers refer to the footer of the Draft 2021 PD.**

Conforming Changes

1. Page 3 – “Carryover Allocation Application” definition modified to conform to the 2021 Low-Income Housing Credit Qualified Allocation Plan (“2021 QAP”).
2. Page 4 – “Credit Period” definition modified to conform to the 2021 QAP.
3. Page 4 – “Evaluation Notice” definition modified to conform to the 2021 QAP.
4. Page 5 – “Extended Use Agreement” definition modified to conform to the 2021 QAP.
5. Page 6 – “Final Application” definition modified to conform to the 2021 QAP.
6. Page 7 – “Person with Disabilities” definition deleted because the term is not used elsewhere in the Draft 2021 PD.
7. Page 7 – “PHA” definition deleted because the term is not used elsewhere in the Draft 2021 PD.
8. Page 7 – “Placed in Service Application” definition deleted because the term “Final Application” is defined elsewhere in the Draft 2021 PD.

9. Page 9 – “Section 42” definition modified to conform to the 2021 QAP.
10. Page 9 – “Significant Adverse Event” definition modified to conform to the 2021 QAP.
11. Page 9 – “Tennessee Growth Policy Act” definition modified to conform to the 2021 QAP.

Substantive Changes

12. Page 19 – Language for special request applications modified. The intent of the modifications is to clarify and streamline the special request application process for the Board, applicants, and staff. For ease of reading, an excerpt from the Draft 2021 PD showing the non-redline modified text of Section 6 follows this page.

Changes Made After Posting to Web Site on October 23, 2020

13. Page 1 – the language describing the initial amount of MTBA available for 2021 has been modified to reflect that the initial amount of MTBA will be 67%, not 50%, of the amount of Tax-Exempt Bond Authority allocated to THDA at the beginning of 2021.
14. Pages 16 and 17 – Language regarding the 60% of aggregate basis calculation modified to include the aggregate basis of all previous phases of the same development. As a result of unintended consequences of this change mentioned in public comments on the Draft 2021 PD, staff recommends removing this modification.
15. Page 19 – Section 6-A-3 has been modified to reflect that allocations of MTBA made to special request applications will count toward the maximum MTBA per developer limit.

For full description of this draft, please click on the following link:

<https://thda.org/pdf/MTBA-Draft-PD-for-2021.pdf>

Section 6: Special Request Applications

A. Special Conditions

1. MTBA available for special request applications is offered on a first-come, first-served basis, subject to the availability of MTBA as of the date a special request application is received by THDA. When a special request application is received by THDA, the amount of MTBA requested shall be set aside and will not be available for other MTBA requests under this MTBA Program Description until the special request application is evaluated and acted upon by the Tax Credit Committee of the THDA Board of Directors.
2. Special request applications are exempt from the Total Development Cost Limits as described in Section 3-G and Section 19-C of the QAP.
3. Special request applications approved by the Tax Credit Committee of the THDA Board of Directors may exceed the maximum amount of MTBA that may be committed to a single applicant, developer, owner, or Related Parties as defined in Section 5, but the amount of the special request counts against the maximum amount defined in Section 5. Therefore, if the special request is equal to or greater than the maximum amount defined in Section 5, any other reservations will be forfeited.

B. Eligibility

1. A special request application must satisfy, without limitation, all of the following conditions as determined by THDA, in its sole discretion:
 - a. A special request application must propose preservation of an Existing Multifamily Development with current income and rent restrictions. The Initial Application must include documentation, acceptable to THDA, in its sole discretion, verifying the current income and rent restrictions.
 - b. Current income and rent restrictions are limited to participation in one of the following programs:
 - i. The Low Income Housing Credit program;
 - ii. The MTBA program; or
 - iii. A program administered by USDA or HUD, AND
 - c. A special request application must propose preservation of a minimum of four hundred (400) Qualified Low Income Units at a single location/site, as determined by THDA, in its sole discretion. The minimum MTBA request for a special request application is forty million dollars (\$40,000,000) and the maximum MTBA request is one hundred million dollars (\$100,000,000).

C. Process for Special Request Applications

1. Special request applications will be reviewed by THDA to determine completeness and eligibility.
 - a. If THDA determines that a Special Request Application is not eligible, the applicant may request, in writing, that the determination be reviewed by the THDA Executive Director and the THDA Board Chair, and the Tax Credit Committee Chair.
2. THDA staff will confirm that sufficient MTBA for the special request application remains available prior to submitting the special request application to the Tax Credit Committee for its consideration.
3. The MTBA Conditional Commitment Letter issued to a special request application will have an expiration date of December 21, 2021.
4. The recipient of a MTBA Conditional Commitment Letter issued for a special request application must notify THDA of its intent to convert the MTBA Conditional Commitment Letter to a MTBA Firm Commitment Letter no less than 65 calendar days prior to the date the applicant wishes to receive the MTBA Firm Commitment Letter.

Section 6: Special Request Applications

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MULTIFAMILY TAX-EXEMPT BOND AUTHORITY
DRAFT PROGRAM DESCRIPTION FOR 20202021

Administered by

The Multifamily Programs Division of
Tennessee Housing Development Agency

Ralph M. Perrey, Executive Director

Approved ~~November 19, 2019~~ [DATE]

For full description of this draft, please click on the following link:
<https://thda.org/pdf/MTBA-Draft-PD-for-2021.pdf>

MEMORANDUM

To: THDA Board of Directors

From: Edwin King, Director of Multifamily Programs
Don Watt, Chief Programs Officer

Date: November 13, 2020

Subject: Low-Income Housing Credit Exchange
TN17-907 Forest Creek Townhomes

The Tax Credit Committee (the “Committee”) of the THDA Board of Directors (the “Board”) met on November 12, 2020. As included in your Committee materials, one item considered by the Committee was a request to exchange \$1,084,401 of 2017 Low-Income Housing Credit (“LIHC”) for an equal amount of 2021 LIHC for the development referenced above (“Forest Creek”). After much discussion, the Committee recommended, on a vote of 5 ayes, 2 nays, and 1 abstention, approval of the exchange subject to all the conditions described below:

1. At least 95% of all units shall be ready for occupancy no later than June 30, 2021; and
2. At least 350 units shall be occupied by income qualified tenants no later than June 30, 2021;
3. Forest Creek Townhomes, LLC, permanently waives the right to enter into the Qualified Contract Process as described in Section (h)(6)(f) of Section 42 of the Internal Revenue Code of 1986, as amended; and
4. Forest Creek Townhomes, LLC, waives any opportunity or right to further modification or extension with regard to these conditions and deadlines; and
5. A Major Significant Adverse Event (a “Major SAE”) is immediately assessed against Forest Creek Townhomes, LLC and all associated individuals and entities as specified in Section 6 of the Low-Income Housing Credit 2021 Qualified Allocation Plan (the “2021 QAP”), resulting in a five year disqualification from participation in the THDA LIHC program for all such described individuals and entities; and
6. Upon the occurrence of any failure to fully satisfy all applicable conditions, as determined by THDA, in its sole discretion, the full amount of the 2021 LIHC will be deemed returned to THDA and no longer available to Forest Creek Townhomes, LLC.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Edwin King
Director of Multifamily Programs

SUBJECT: TN17-907 Forest Creek Townhomes
Memphis, Shelby County

DATE: October 30, 2020

Background

The attached letter and supplementary materials request that the owner of the development referenced above ("Forest Creek") be permitted to exchange \$1,084,401 of 2017 Low-Income Housing Credit (LIHC) for an equal amount of 2021 LIHC. The following points describe the current situation.

1. Barry Cohen is the representative of the ownership entity, Forest Creek Townhomes, LLC.
2. Forest Creek was originally awarded an allocation of LIHC of \$1,084,401/yr. in 2015.
3. Forest Creek has 31 buildings and 446 units, all of which will be income restricted at or below 60% of area median income.
4. Early in the construction process in 2016 and 2017, THDA staff noticed that the construction progress lagged behind other monitored developments.
5. In July, 2017, Mr. Cohen requested a LIHC exchange from 2015 to 2017. The THDA Board denied the request because, at the time, no investor was committed to purchasing the LIHC.
6. Later in July, 2017, THDA staff met with Mr. Cohen and discussed ways to keep Forest Creek's construction on track. These included resizing the development, seeking Multifamily Tax-Exempt Bond Authority, and deferring the beginning of the credit period to 2019.
7. Mr. Cohen again requested an exchange in November 2017. The request was approved, with special conditions for two critical milestones:

- a. The syndication agreement closing must occur on or before April 30, 2018. Failure to do so will result in the immediate recapture of the 2017 LIHC; and
 - b. The construction loan closing must occur on or before June 30, 2018. Failure to do so will result in the immediate recapture of 2017 LIHC.
8. Both special conditions were satisfied.
9. The developer satisfied the requirements of the “10% Test” by the deadline of December 28, 2018.
10. The development satisfied the minimum requirements to be considered “placed in service” in December 2019. Mr. Cohen deferred the beginning of the credit period and provided THDA with the necessary documentation in a timely fashion.
11. The construction progress, as reported by Mr. Cohen, indicates that as of June 30, 2020, Forest Creek was 85% complete with 170 units certified for occupancy.
12. Mr. Cohen reported \$16,725,000 of development costs as of June 30, 2020.
13. THDA staff conducted a construction progress inspection on October 19, 2020. The inspection found:
 - a. 240 units (54% of 446) ready for occupancy, of which 169 (38% of 446) are already leased; and
 - b. The project manager estimates the best-case scenario for 100% completion of construction is late March, 2021.
14. In an email dated October 26, 2020, Mr. Cohen reported the following (as of October 23, 2020):
 - a. 172 units occupied by income-qualified households;
 - b. Another 78 units rent ready;
 - i. The management company is “in the final stages of processing at least another 50 pre-income qualified units”;
 - ii. The management company has “another 100 or more pre-income qualified apartment applications on the waiting list. The demand for the apartments is overwhelming. The delay at this point is getting the applications fully processed”;
 - iii. The management company has agreed to bring more personnel on from their other properties to help with the processing of applications at Forest Creek;
 - c. The anticipated number of occupied income qualified units as of December 30, 2020 “should be at least 350 units”; and
 - d. At the current pace, 100% of the units should be occupied by income-qualified households by April 30, 2021.
15. The investor has contributed \$5 million thus far.
16. There is a \$14 million construction loan and a \$4.1 million bridge loan, both with Sterling Bank.
17. Forest Creek Townhomes, LLC has a commitment for permanent financing of \$18.1 million.

Summary

If the exchange request is denied, Forest Creek must have a minimum of 179 units (40% of 446) occupied by income-qualified households as of December 31, 2020. If this requirement is not satisfied, federal regulations specify that the allocation will be returned to THDA. To the extent that the development is not 100% occupied by income-qualified households as of December 31, 2020, the investor may be unable to claim the full amount of LIHC for the first and possibly second years of the credit period.

If the exchange request is approved, Forest Creek will return its 2017 allocation, which will then become 2021 LIHC. Forest Creek will receive an allocation of 2021 LIHC, subject to special conditions that may be mandated by THDA. Approval of the exchange could potentially extend the completion deadline for Forest Creek to the end of 2023.

21st Century Communities, Inc.

October 22, 2020

Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick Street, 3rd Floor
Nashville, TN 37243-0900
Attn: Felita (Givens) Hamilton, HCCP, MPS
Allocation Manager

Re: TN 17-907 (Forest Creek Townhomes, LLC)

Dear Ms. Hamilton:

Please accept this letter as our request for a Tax Credit Exchange. Notwithstanding our efforts it does not appear that we will be 100 % completed with the renovation and lease-up by December 2020. For THDA's consideration, I have provided the attached documents, as described below:

1. The list of Reasons for Not Making the Deadline. *Irrespective of the challenges we faced we would have still met the deadline but for the pandemic.*
2. Property inspection report dated October 15, 2020 from Project QA, which confirms the fact that we are 90 % complete. The firm was hired by Sterling Bank, our construction letter.
3. Building Completion Schedule, which shows the aggregate exterior and interior completion percentage of each building as of October 1, 2020.
4. Revised construction loan commitment dated October 5, 2020 from Sterling Bank.
5. Email confirming approval on increase of permanent loan from Specialty Finance Group on behalf of Cedar Rapids Bank & Trust (CRBT).

When completed we will be providing 446 affordable, consisting of mostly large family size townhome style, apartment units for residents of Memphis, Tennessee. They will be near condominium quality (see enclosed photos) and have an average rent of approximately \$ 675 per month. It is my understanding that our project is at least five (5) times the average size of a typical LIHTC development. If we lose our LIHTC tax credit allocation we will no longer be able to proceed as indicated above.

Please let me know if you have any question on the above or the attachments.

Very truly yours,



Barry Cohen
President and Authorized Representative of
Forest Creek Townhomes, LLC

Reasons for Not Making the Deadline

1. Delays associated with Arrington Estates of Henderson, L.P.'s participation in our development. This entity is controlled by Dale Lancaster, who was originally recommended to me by THDA, but is no longer in good standing with THDA. There were no other developers willing to participate in our project.
2. Difficulty finding a construction lender and tax credit equity investor for the development. That was primary due to fact that the size of the project (446 apartment units), which is approximately five (5) times greater than the typical LIHTC development, and the high crime rate rating of its Whitehaven, Memphis location.
3. Difficulty finding skillful contractors in Memphis that work on existing multifamily properties. For each trade we had to go through multiple contractors to find one that performed as promised. During the pandemic some of our contractors ceased operations to protect their workers.
4. Unforeseen mold and dry rot conditions that varied in each apartment unit. Also, which was not originally anticipated, had to deal with underground leaking water main lines, damaged roof sheathing and roof framing discovered after removing the existing the roof shingles.
5. Construction planning disruption caused by delays in building inspections, due to the shortage of City of Memphis/Shelby County building inspectors, and the conflicting comments from inspectors depending on which one arrived.
6. Construction funding delays, due to multiple reviews required by the construction lender and the tax credit investor, negatively impacting the willingness of contractors to continue working and for suppliers to process material orders.
7. Materials on backorder, which became more acute due to plant shutdowns during the pandemic.
8. Slowdown in processing resident applications on the waiting list during the pandemic.

Date: 15 October 2020

To: Sterling Bank
50 S. Bemiston Ave.
Clayton, MO 63105

Attn: Philip Minden; Philip.Minden@sterbank.com

From: Project Quality Assurance, LLC
PQA Project No. STB004

Re: Forest Creek Townhomes
1340 Winchester Road
Memphis, TN 38116

Current Contract Amount: \$18,296,143.29¹

I. Executive Summary - Inspection/Draw Review and Approval Summary

Inspection Date: 2 October 2020
Draw # Reviewed: 019 (FCT-SM, LLC)
Thru period ending: 9/23/20

Contractor Request this period: \$ 628,811.11 **Approved:** \$ 628,811.11¹
With the following comments:

- 1.0 Project Completion date per contract: 8/31/2020
- 2.0 Is construction currently on schedule: No² If no, PQA estimate: Mar 2021
- 3.0 Percent retainage currently held: less than 1% Does it agree with contract? No³
- 4.0 Is any retainage being released in current period: NA If yes, \$
- 5.0 Contractor draw checked for math errors: Yes
- 6.0 Was the schedule of values revised or modified this period: Yes
- 7.0 Any Change Orders noted this period - if yes, are they executed properly: No
- 8.0 Were unconditional partial lien release waivers received and reviewed from GC and prime subcontractors: Yes
- 9.0 Contractor Contingency Balance Remaining: \$4,333.38
- 10.0 Contract Balance remaining appears sufficient: No⁴
- 11.0 Project is being constructed in general accordance with Plans & Specs.: Yes
- 12.0 Certificate of Occupancy Issued: Not required for this project

Estimated total percent complete based on Inspection (including Retainage payable): ~~(90%)~~

Total Percent Drawn by Contractor (including retainage payable): 92.9%

Documentation requested by ProjectQA but not yet received:

ProjectQA has completed and submitted an upfront document review of the documents received to date. See *Appendix C - Outstanding Issues Relating to Document Review and Cost Analysis*.

Discussion of Significant Issues:

¹ The current contract sum is \$18,296,143.29; no change from the previous payment application. ***We recommend payment as requested pending the Bank's acceptance of the Significant Issues noted in this report.***

² The Substantial Completion Date listed in Change Order 014 dated July 14, 2020 is August 31, 2020. Based on our site discussion with Jerry Gutierrez, participation in a conference call on Oct. 7, 2020 and receipt of an updated schedule document titled, "Master Unit Tracking Spreadsheet- Projected Release Dates", the building unit work included is now projected to be complete by March 26, 2021; this is a delay of three months from the previously reported completion of December 2020. ***We recommend a complete updated construction schedule be submitted with the next payment application.***

³ The General Contractor is holding less than 1% retainage on work completed to date. It is our understanding that Fallbrook and Sterling Banks worked out an agreement with Barry Cohen, Owner, for 5% retention to be held on vendors with subcontracts in place.

⁴ Based on our participation in a conference call on October 7, 2020 it is our understanding that there will be additional line item re-allocations included in the next payment period, most likely to include increases to the Drywall, Interior Finishes, and Kitchen & Bath line items. It has been discussed previously that there be a realistic estimate of the full budget amount needed to complete the remaining work scope for each line item and final re-allocations be made; there were twelve line item re-allocations this period, however as discussed and noted there are likely some line items that still need to be adjusted. Based on our observation of work in place from the last period to this period it appears the work progress has increased slightly. According to Barry, the amount of re-work needed due to poor quality work has gone down this period. It is our opinion that the re-work costs may still lead to future cost increases on some line items. Barry Cohen, Owner, noted in the previous conference calls that the amount needed to complete the project is still a "moving target" due to ongoing labor issues, and material delivery delays due primarily to COVID-19. This month, there were no additional COVID-19 delay concerns reported by Barry. However, the schedule has now been extended further by three months to March 26, 2021; we believe there may be additional costs needed in order to continue work through this additional three month time period. ***We continue to recommend contracts for the remaining scope of work be submitted in order to confirm the current budgets for each line item is sufficient.***

Does the Sterling Bank, representative need to contact ProjectQA to discuss any of the above issues or information?

Yes ☐ No ☒

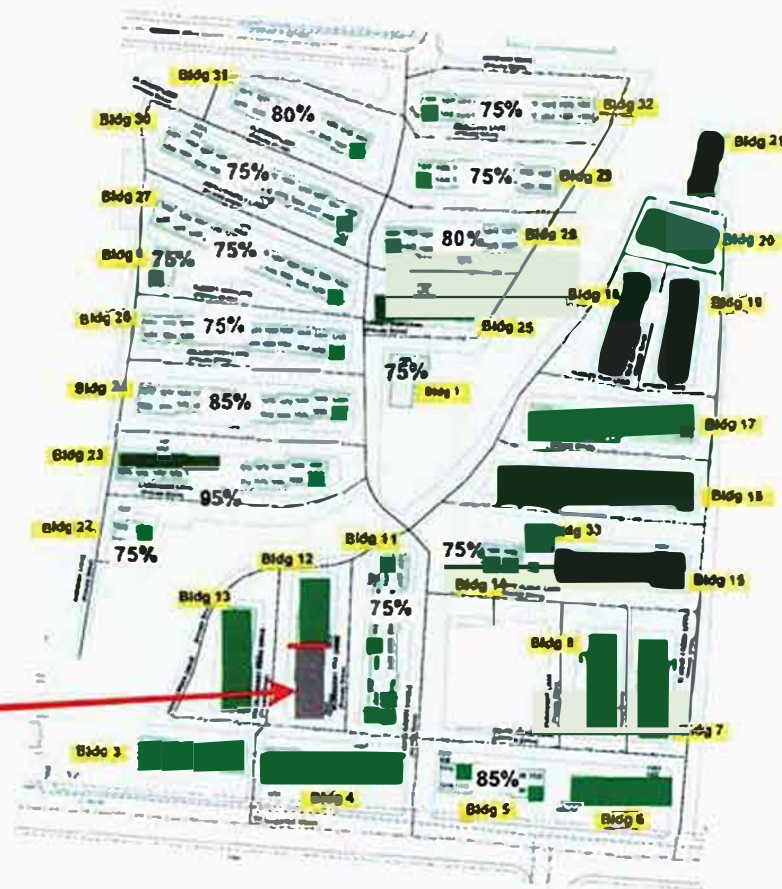
-- End of Executive Summary --



1 inch = 100 feet

Winchester Grove Apartments

Building Completion Schedule



Units effected by the Fire
Exterior Complete
Interior in progress

LEGEND

50% = Exterior work
25% = Rough in work
25% = Trimout work
■ = Units/bldg's complete

| Legend |
|--------------------|
| Abandoned Gas Pipe |
| Conduit Indicator |
| Gas Main |
| Pressure Group |
| HP |
| GP |
| UP |
| SP |
| XX |

Disclaimer: BLOW cannot be responsible for any consequences resulting out of the use of the data.

Winchester Grove Apartments

1310 Winchester Rd.
Memphis, TN 38116



Know what's below.
Call before you dig.

10/1/2020

PAGE 1 OF 1





STERLING BANK

October 5, 2020

*Forest Creek Townhomes, LLC
c/o 21st Century Communities, Inc.
ATTN: Barry Cohen
7065 W. Ann Road, Suite #130-683
Las Vegas, NV 89130*

*RE: Forest Creek Townhomes
1340 Winchester Road
Memphis, TN 38116
446 LIHTC Units*

Dear Mr. Cohen:

Sterling Bank ("Lender") is pleased to provide you with the following firm commitment for construction financing regarding the above referenced property (this "Commitment"), all of which shall be subject to the terms, conditions, and requirements set forth below and contained in loan and closing documents acceptable to Lender and approved by Lender and its attorneys:

Construction Bridge Loan Commitment:

*Amount: Current loan amount: \$14,000,000.00
Loan increase: \$ 4,100,000.00
Total loan amount: \$18,100,000.00*

Type: Construction Draw

Maturity: May 12, 2021

Repayment: Interest only; Balance at maturity

Rate: 5.75%

*Origination
Fee: 1.00%*

*Commitment
Fee: N/A*

Security: Subject to Program or Agency

- A) *Assignment of Borrower's rights and remedies included in the Limited Partnership, including but not limited to, the capital contributions.*
- B) *Modification of the First Leasehold Deed of Trust with assignment of rents on the subject property and improvements to be constructed thereon, legal description to govern, for the purpose of securing the additional loan amount.*
- C) *Modification of the Assignment of Managing Member interest to secure additional loan amount.*

Borrower: Forest Creek Townhomes, L.L.C.

*Managing
Member: FCT-MM, LLC*

Guarantor(s): FCT-MM, LLC; 21st Century Communities, Inc.; Barry Cohen

Insurance: Borrower to maintain insurance coverage on the collateral securing this loan in an amount and form satisfactory to Lender. Said policy shall include an endorsement acceptable to and naming Lender.

*Title
Insurance: Borrower to provide to Lender an endorsement to the title insurance policy on the real property collateral securing this loan in an amount and form satisfactory to Lender. Lender shall be named in the title policy and the policy shall contain no exceptions not previously approved by Lender, which in Lender's opinion shall be considered detrimental to Lender.*

*Pre-payment
Penalty: N/A*

*Closing
Documents: All loan and closing documents subject to review and approval of Lender and its attorneys.*

Escrow Disbursement: All funds disbursed in a form and manner acceptable to Lender.

Advances under this Commitment subject to:

- 1) *Approval, execution, and delivery of loan and closing documents acceptable to Lender and approved by Lender and its attorneys.*
- 2) *Credit and economic conditions being acceptable to Lender on an ongoing basis.*
- 3) *Borrower's observance of all requirements stated in loan and closing documents.*

- 4) *Borrower's compliance with the provisions of all applicable program loan documents now or hereafter in effect between Lender, federal and/or state agencies, and Borrower.*
- 5) *Borrower's compliance with any and all provisions, rules, and/or regulations of applicable Federal and/or State Housing Program(s).*

Other Conditions:

- A) *This Commitment is non assignable*
- B) *Full and complete adherence with any and all applicable state and/or federal agencies program rules, regulations and/or requirements.*
- C) *Borrower agrees from time to time, upon written request of Lender, to provide current financial statements and current copies of recent Federal income tax returns.*
- D) *Guarantor(s) agree to provide the same financial information as listed above upon written request of Lender.*

Closing

Costs: All closing costs, including but not limited to: insurance, flood letter, recording fees, title insurance, survey, and attorneys' fees, if any, shall be paid by Borrower in advance or at closing.

This Commitment is intended for discussion purposes only, and is not intended, and should not be construed, as an attempt to establish 100% of the terms and conditions relating to the loan or credit facility described above. Instead, this Commitment is intended only to be indicative of certain limited business terms and conditions, and how the loan documents may be structured, and shall not preclude negotiations over these or any other terms and conditions. This Commitment does not represent a complete statement of the terms and conditions of the proposed loan to Borrower, it being agreed that such terms and conditions will be set forth in the definitive documents and agreements evidencing, securing, and guaranteeing repayment of such loan, each of which shall be prepared by Lender and/or Lender's counsel, and each of which will be in form and substance as required by Lender in Lender's sole and absolute discretion.

This Commitment is provided in response to Borrower's request and supersedes any previous versions issued to Borrower. This Commitment is based upon the financial statements and other diligence materials that Borrower submitted to Lender. If there has been a misstatement or a change of circumstances between the date such information was submitted to Lender and the closing date of the loan contemplated by this Commitment, which Lender, in Lender's sole and absolute discretion deems significant or material, Lender reserves the right to revise this Commitment without liability of any kind to Borrower or anyone acting for or on behalf of either of them.

This Commitment expires May 12, 2021, unless extended by the Bank in writing.

Sincerely,

Sterling Bank

By: 
Name: Philip M. Minden
Title: Executive Vice President

By its signature below, Borrower hereby acknowledges this Commitment, and agrees to the terms, conditions, and limitations set forth above as of October 5, 2020.

Forest Creek Townhomes, LLC, a Tennessee limited liability company

By: **FCT-MM, LLC, a Tennessee limited liability company, its Managing Member**

By: **21st Century Communities, Inc., a Nevada corporation, its Sole Member**

By: 
Name: Barry Cohen
Title: President

Forest Creek Townhomes, LLC

1 message

Sam D. Kramer <SKramer@crbt.com>

Mon, Oct 19, 2020 at 10:41 AM

To: Barry Cohen <barry@21stcc.net>

Cc: "Timothy J. White" <TWhite@crbt.com>

Hey Barry,

On July 29th, 2020, CRBT approved increasing the permanent loan from \$14,000,000 to \$18,100,000. Please let me know if you have any questions or need anything additional.

Sam

Sam Kramer
Vice President

Specialty Finance Group

500 1st Ave NE, Cedar Rapids, IA 52401

skramer@crbt.com | www.crbt.com

Phone 319.862.2728 | Direct line 319.743.7122 | Fax 319.862.0918

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Appendix

MEMORANDUM

TO: Board of Directors

FROM: Ralph Perrey, Executive Director

DATE: November 16, 2020

SUBJECT: THDA Board of Directors' 2021 Meeting Schedule

- January 26, 2021, Tuesday, 1:00 p.m. CT
- March 30, 2021, Tuesday, 1:00 p.m. CT
- May 25, 2021, Tuesday, 1:00 p.m. CT
- July 27, 2021, Tuesday, 1:00 p.m. CT
- September 28, 2021, Tuesday, 1:00 p.m. CT
- November 16, 2021, Tuesday, 1:00 p.m. CT

Committee meeting times and dates along with meeting medium/location will be determined closer to the Board meeting date.

2021 THDA Board of Directors' Annual Contact Form

Name as it appears on your **driver's license** (for vendor set-up and travel arrangements):

Date of birth (for travel arrangements and Title VI):

Company, organization, agency or area of representation:

Home address (including County) for Title VI documentation:

Delivery **address** for **packages**:

Delivery **address** for **checks**:

Business phone number:

Fax number:

Cell phone number:

Email address:

Assistant's name:

Assistant's phone number:

Airport location closest to you:

Special Dietary Requirements:

Please contact Cindy Ripley at (615) 815-2269 or cripley@thda.org with any questions or concerns regarding this form.

Tennessee Housing Development Agency

Five Year Strategic Financial Plan Summary

FY 2021 – FY 2025

Guiding Principles:

Statutory Purpose (TCA 13-23-101)

- To promote the production of more affordable new housing units for very low, low and moderate income individuals and families in the state,
- To promote the preservation and rehabilitation of existing housing units for such persons, and
- To bring greater stability to the residential construction industry and related industries so as to assure a steady flow of production of new housing units.

Long Term Financial Objectives:

As indicated in THDA's Debt Management Policy – Section IV “Long Term Financial Objectives”, THDA has made a commitment to effectively balance the use of our financial resources to fund mortgage programs and other initiatives that fulfill our statutory purpose without compromising our financial strength or credit ratings assigned by Standard & Poors and Moody's. The Five Year Strategic Financial Plan (Plan) is intended to show the potential impact THDA's decisions, relative to the use of our resources, may have on our financial position, given a set of assumptions. It should be noted that the Five Year Financial Plan is a liquidity analysis tool used by management for decision-making purposes. Thus, this plan should not be used for external financial reporting purposes.

Summary Production and Program Withdrawals

Liquidity needs for homeownership production is based on the assumption that MRB loan production of approximately \$500 million the first two years will decrease to \$275 million by 2025, while MBS production increases to \$382 million by 2025. The Plan projects that none of THDA's debt will carry the “moral obligation” of the State by June 2023, compared to over \$1.3 billion at June 30, 2013. Liquidity assumptions for the housing trust fund and new start mortgages are \$44 million and \$20.6 million (\$25 million less \$4.4 million of New Start recoveries) respectively over the next five years. THDA withdrawals for MRB DPA loans total \$42.7 million (\$96.3 million funded less \$53.6 million of DPA recoveries). Lender compensation for MRB loans is estimated to be 33.7 million over the next five years. It should be noted that DPA (\$60.6 million) and Lender Compensation (\$23.6 million) for MBS loans are included in Conventional Loan Product Net Cash Outlay of \$29.8 million.

Financial Results

Cash & Investment Composition (1974, 1985, 2009, and 2013 Resolutions)

This slide shows the composition of our cash and investments after planned withdrawals and uses. Overall total cash and investments is projected to decrease from approximately \$289 million in

2021 to approximately \$270 million in 2025. Remaining Liquidity is projected to increase from \$103 million to \$151 million by 2025.

Remaining Liquidity (1974, 1985, 2009, and 2013 Resolutions)

Remaining Liquidity represents a further breakdown of cash and investments remaining by Bond Resolution after considering the 2.25% loan loss reserve required by the rating agencies, \$25 million BFC requirement, mortgage repays and prepays (for bond calls), bond reserve requirements, and program withdrawals. Of the \$151 million in remaining liquidity at June 30, 2025, \$139.5 million is projected to reside in the 2013 Resolution.

Balance Sheet Measurements (1974, 1985, 2009, and 2013 Resolutions)

Balance Sheet Measurements show that, at assumed production levels and uses of liquidity total, debt outstanding is projected to be less than THDA's Statutory Debt Limit of \$4.0 billion, ending at approximately \$3.1 billion by 2025. The overall Weighted Average Program Asset to Debt Ratios (PADR) for THDA ranges from 1.17 in 2021 to 1.12 in 2025. The PADR for the 13 Resolution remains above levels required by Rating Agencies, with a projected PADR of 1.11. The 13 Resolution maintains a healthy fund balance of \$360 million in 2025, which is vital to maintaining a strong PADR for lower cost of funds.

Detailed Assumptions

In addition to the assumptions included on the Summary of New Production and Program Withdrawals, other assumptions for each bond resolution are listed separately. Some of the additional assumptions include, but are not limited to, (1) \$25 million BFC set-aside is available each year, (2) cashflow scenarios assume a 150% PSA based on historical prepayment speeds, (3) reinvestment rates of .15% through 2023 and .50% thereafter, and (4) debt service reserve rates of .75% through 2023 and 1.25% thereafter.

MEMORANDUM

TO: Board of Directors
Bond Finance Committee

FROM: Lynn Miller, Chief Legal Counsel
Trent Ridley, Chief Financial Officer
Wayne Beard, Director of Finance

DATE: November 2, 2020

SUBJECT: THDA Debt Limit Analysis

SUMMARY

Under T.C.A. Section 13-23-121(a), the amount of bonds and notes THDA may have outstanding at any one time, regardless of general resolution, is \$4,000,000,000. This dollar amount was increased from \$2,930,000 by legislative amendment in 2020. While a limit has been in place since the creation of THDA, the dollar amount has been increased a number of times.

THDA staff, as well as others involved in THDA bond closings, regularly monitor THDA's debt outstanding in comparison to the statutory limit. THDA staff also monitor THDA debt outstanding through the Five Year Finance Plan that includes, among other things, assumptions regarding future loan production, loan prepayments and future debt issuance. Under Section VIII of the THDA Debt Management Policy, adopted on November 29, 2011, as amended, staff is to report their assessment of the potential to reach the statutory limit within the next 24 months to the Bond Finance Committee and the THDA Board.

Due to the legislative change this year to increase the amount of the THDA debt limit, THDA is not expected to reach the new debt limit within the next 24 months.

ANALYSIS

As of October 1, 2020, THDA bonds in the principal amount of \$2,833,685,000 were outstanding under the various THDA General Bond Resolutions as shown below:

| | 10/1/2020 |
|--|-----------------|
| General Residential Finance Program Bond Resolution ^(1, 2) | \$2,692,200,000 |
| General Housing Finance Resolution ⁽¹⁾ (the “2009 General Resolution”) | \$71,050,000 |
| General Homeownership Program Bond Resolution | \$70,435,000 |

(1)The 2009 General Resolution and the 2013 General Resolution do not include the moral obligation pledge of the State. As bonds in the 1985 General Resolution are redeemed, the amount of THDA bonds that carry the moral obligation pledge of the State will be reduced.

(2)All bonds outstanding under the Housing Bond Resolution (Mortgage Finance Program) (the “1974 General Resolution”) were refunded in 2013 and all bond related assets of the 1974 General Resolution were transferred to the 2013 General Resolution.

Four THDA bonds issues priced in 2020, all of which have closed and the amount of bonds added by each bond issue is included in the 10/1/2020 data in the above chart.

THDA expects to continue with monthly bond redemptions in the current interest rate environment. The following bond redemptions occurred or are expected:

| | |
|------------------|---------------|
| November 1, 2020 | \$31,315,000 |
| December 1, 2020 | \$33,865,000 |
| January 1, 2021 | \$28,500,000* |

*estimate

Taking this all into account, THDA bonds in the principal amount of approximately \$2,740,005,000 will be outstanding at January 2, 2021.

Production projections are uncertain at this time given recent reductions in production due to Covid and the reduction of the interest rate on THDA mortgage loans. The expectation, however, is that production will remain near normal levels for the next few years. Thereafter, production will be split between loans made with the proceeds of bond issues and loans sold through Fannie Mae, Ginnie Mae and Freddie Mac, thereby reducing pressure on the THDA debt limit.

LEM/ds

MEMORANDUM

TO: THDA Bond Finance Committee

FROM: Tim Rittenhouse, David Jones, and Eric Olson

SUBJECT: Underwriter Performance Review,
January 2020 through October 2020

DATE: November 2, 2020

EXECUTIVE SUMMARY

The Tennessee Housing Development Agency (“THDA”) successfully secured attractive, highly competitive bond rates for the \$598.5 million of bonds closed in 2020 in Issues 2020-1, 2020-2, 2020-3, and 2020-4.

The underwriting team selected by THDA in January 2018 has performed well this year. The book-running managers achieved favorable pricing and delivered smooth execution on all components of THDA’s bond offerings, including PAC, term, and serial bonds. In addition to strong distribution to institutional investors, particularly critical on PACs and longer term bonds, the senior managers also generated strong retail support from Tennessee and out-of-state investors. The term of services of the underwriting team was extended through 2021. (A September 8, 2020 memorandum on the extension is attached as Exhibit 1.)

After the co-senior managers, regular co-manager Wells Fargo led in winning allotments in 2020 offerings, followed by selling group member RW Baird. Selling group member FHN Financial was least effective.

INTRODUCTION

As financial advisor to THDA, CSG Advisors prepared this review of THDA’s underwriters’ performance for bond issues sold in 2020 through October. The purpose is to help THDA evaluate the performance of the members of the current underwriting team and to review certain aspects of the underwriting syndicate structure. Also, this report is intended to meet the requirements of Section XII of the THDA Debt Management Policy titled “Debt Management Review” that calls for an annual review of underwriters and the results of THDA’s debt issuance.

I. CURRENT UNDERWRITING TEAM MEMBERS: ROLES AND SELECTION

Though THDA’s current underwriting team was selected in January 2018, co-senior managers (Citigroup, Raymond James, and RBC) and regular co-managers (JP Morgan and Wells Fargo) were familiar from their performance on prior THDA bond offerings. Consistent with THDA’s practice in recent years, in 2020 a third co-manager was selected from the selling group on an issue-by-issue basis, as described below.

In addition to the managers, THDA used a selling group that at the start of the year consisted of four firms focused on submitting orders from retail customers. With issues that include retail-oriented bonds, the use of a selling group helps maximize orders, especially from in-state retail customers, and broadens distribution of the bonds to end-buyers.

On each appropriate new issue, it has been THDA's practice to include an additional co-manager selected as the selling group firm allotted the most bonds for retail orders on the prior issue. This approach has helped provide a strong incentive for members of the selling group to submit priority in-state retail orders to support each bond sale. RW Baird served as a co-manager on three of the four 2020 transactions (Issues 2020-1, 2020-2, and 2020-4), while Wiley Bros. – Aintree Capital was a co-manager on Issue 2020-3.

Roles

Members of the underwriting team are expected to perform distinct functions, summarized below:

Book-Running Senior or Lead Manager. (Selected for each issue from among the co-senior managers listed below.)

- a) Serves as the lead underwriting manager on a bond offering, helping to evaluate the market for THDA's bonds, participating in and providing analyses in finance team meetings in preparation for a sale, making suggestions and recommendations for potential financing alternatives, presenting a pricing strategy and terms for the offering, and pre-marketing the bonds to investors to identify purchasers, price points, and negotiating opportunities to benefit THDA.
- b) Represents the underwriting team in pricing the bonds, coordinating the members, accepting orders, communicating unsold balances to members, and proposing and making allotments of bonds to orders.
- c) Leads the marketing campaign for the bonds, negotiates with institutional investors, and typically records most institutional investor orders (and receives the largest share of sales compensation, or "takedown," from each such order).
- d) As book-running manager, typically logs the most professional retail investor orders (and receives the largest share of sales compensation from such orders).
- e) Negotiates for the underwriters in setting final pricing terms of a bond sale, makes an offer for the bonds, including unsold balances, on behalf of the underwriters, controls the distribution of the bonds after the pricing period and the formal award by the issuer.
- f) Receives the management fee component of the underwriters' compensation on a bond issue they lead. Also assumes the largest share of the risk on any bonds that are underwritten but not purchased by the public from the sale.

Co-Senior Managers. (Citigroup, Raymond James, and RBC)

- a) Bring new financing ideas or techniques to THDA for consideration.
- b) Help to evaluate appropriate market yield levels for each offering, based on strong working knowledge of housing bond pricing and THDA's position in the municipal bond market.

- c) If for any reason a co-senior manager selected as book-running manager is unable to perform its functions (as happened for a number of HFAs in 2008, when UBS abruptly closed its public finance business, for example) or is removed by THDA, a co-senior manager is capable of immediately stepping into the book-running role, performing quickly and well. Co-senior managers must be thoroughly familiar with THDA's financial needs and concerns, bond issues and practices, and programs.
- d) Actively solicit both retail and institutional orders, generally receiving larger shares of sales compensation from institutional orders ("designations") to the extent of the firm's assistance to the investor and, typically, all of the sales compensation from priority professional retail orders within a retail order period.
- e) Focus sales efforts on available bond balances.
- f) Take on a share of the risk on any unsold bonds, standing ready to purchase and sell underwritten bonds at least in proportion the firm's participation, and tendering member orders to support the sale.

Co-Managers. (JP Morgan, Wells Fargo, and one firm from the selling group based on performance on prior sale):

- a) Provide pre-marketing yield views on potential bond pricing levels for each bond sale.
- b) Actively solicit both retail and institutional orders, generally receiving smaller sales designations on institutional orders than co-senior managers.
- c) Focus sales efforts on available bond balances.
- d) Take a share of the risk on any unsold bonds, purchasing and selling underwritten bonds at least in proportion to the firm's participation, and tendering member orders to support the sale.

Selling Group Members. These firms are included to expand the distribution for retail bond sales, especially in Tennessee. Since each member of the underwriting syndicate brings its own sales network, individual retail buyers may only have access to a THDA bond issue if they have an account relationship with a member. Selling group members do not provide input into bond pricing, receive any management fee, or take risk on unsold bonds. They do not place institutional orders or receive designations on institutional sales. Their salespeople receive a sales commission on retail orders they submit for which bonds are allotted. The firms are bound to observe the terms of the offering set by THDA and the lead manager.

Team Structure Compared to Other State HFAs

Not all state housing finance agencies use the same underwriting group structure, but like THDA, many use a team of co-senior managers, where one of several regular co-senior managers is tapped to serve as the book-runner on each transaction. This approach spreads the work and compensation among those selected as co-senior managers and offers backup coverage, if a selected manager exits the business or cannot perform.

Also, some HFAs use rotating managers to gain the benefit of each firm's financing ideas. In theory changing book-runners could provide less continuity, but THDA's reliance on a stable finance team preserves the advantages without the downside. Further, THDA's practice of using a consistent team of

senior managers over an extended period assures that each senior underwriter is well acquainted with THDA's operations and bond market position.

In placing primary responsibility on senior managers for marketing THDA's bonds, THDA's approach has been especially successful in keeping the book-running seniors focused on aggressively marketing its bonds. While relying on two co-seniors might allow each co-senior to reap more revenues from their relationships with THDA, the particularly aggressive marketing results prompted by the present use of three co-seniors provides greater depth of backup and appears to offer better overall execution for THDA.

In early 2018, THDA continued forward with a similar underwriting team structure to that which it had previously used, with one significant change: instead of continuing to employ a formal rotation between co-senior managers in selecting the firm to lead the next bond offering, the book-runner for the next issue is now determined upon authorization of each issue by the Bond Finance Committee. Although the effects of this change have not yet been dramatic, it both underscores the importance of each senior manager's continuing focus on developing financing opportunities and ideas for the benefit of THDA, and it appears to sharpen the aggressiveness of the book-runner in seeking the most favorable terms for THDA based on the circumstances of the pricing.

The strong sales results of THDA's underwriting team in a variety of bond markets reflects strengths of the syndicate structure that seems well adapted to the mix of features of THDA's bond offerings. **CSG's recommendations for the syndicate structure are these:**

- Maintain a similar structure going forward. Since the underwriter selection process that was concluded in early 2018, choosing the bookrunning manager has occurred with the authorization of each new issue. In 2020 selections have continued to be based on overall assessments of the contribution of each senior manager, including sales performance on recent issues, capital committed in support of THDA's needs, and investment banking ideas.
- While the co-seniors might prefer that each had a more central role, the use of three firms has been effective for THDA. More co-seniors would add little depth of backup support while making each firm's relationship more remote. Fewer co-seniors could weaken the aggressive sales competition that has been a key feature of the operation of the team.
- Selection of co-senior managers has been based on their experience as a book-running manager and their knowledge of THDA, the market for its bonds, and its programs. This selection process has been effective in maintaining a syndicate structure that has consistently fostered competition for THDA's bonds.
- Three co-managers, including the elevation of the most productive selling group member, has been a helpful component of THDA's strategy. More co-managers would tend to dilute the ability of the existing team to reasonably expect priority orders to be filled, while the present co-manager group provides broader investor access to bonds.
- Some of the selling group members have distinguished themselves strongly and consistently – most notably RW Baird in 2020. Overall, the size of the selling group has been appropriate to the size of THDA's offerings, although industry consolidation has reduced the number of suitable firms. Without a retail network, the performance of selling group member FHN Financial has been weak (as shown in Table 2). In the interest of seeing how each selling group member can perform in a range of markets, in creating opportunities for other firms to prove their value, and in spurring future attentiveness, we suggest periodic assessment and removal of the weakest performing selling group member, especially

when selling group positions are limited and other firms are seeking the role that may be able to offer stronger performance. With the loss of several selling group members in recent years, we suggest adding up to two or three new members, if promising candidates can be identified.

Reasons for Selection

Late in 2017, THDA received written proposals to its RFP from a number of firms to serve as an underwriter. The selection committee narrowed the pool of firms to the particular composition and membership of the firms selected. It is worth reviewing the objectives and expectations under which they were selected.

Expectations for Co-Senior Managers. Citigroup, Raymond James, and RBC were selected as co-senior managers on the expectation that each would provide a high level of housing bond expertise and a commitment to meet THDA's financing needs. Each firm offered investment banking ideas and relevant bond market knowledge, combined with excellent management of bond sales. Each firm had previously served as a senior manager for THDA. Raymond James had a proven history of outstanding retail strength in marketing housing bonds in Tennessee. RBC was particularly responsive in offering capital to address THDA's ongoing financing needs in the face of the threatened federal end of private activity bond authority in December 2017 and other credit facility needs. Citigroup has a strong in-state presence. All three firms offered both proven experience in selling THDA's issues and ranked among the most active housing bond underwriters in the nation. Each firm was considered to have the depth and capabilities to take on the role of book-running senior manager, if another firm was to resign or be removed for any reason.

Expectations for Co-Managers. JP Morgan and Wells Fargo both offer housing bond and mortgage market leadership, have experienced personnel, have an extensive Tennessee retail presence, and have experience with a number of HFAs across the country. Each of the managers could provide, through key assigned individuals, extensive experience and familiarity with THDA financings, and each was expected to play an active role in understanding THDA's needs and in selling bonds at attractive rates.

Although the availability of bonds for co-managers is limited by aggressive competition for priority orders from both co-seniors and selling group members, the success of the co-managers in winning significant shares of orders and allotments is a good indicator of a productive underwriting team organization that rewards going-away sales.

Expectations for Selling Group Members. Based on past performance, selling group members have been selected for their strength in in-state bond sales and other factors, with the added incentive from THDA's practice of elevating the firm with the greatest allotment of bonds to retail orders to be included as a co-manager to the next suitable issue. This practice has been an effective motivator of selling group members and has become more widespread among HFAs throughout the country as a tool to spur retail sales performance.

Established Fee Levels. THDA set protocols for payment of management fees, established liabilities ("participation") for unsold balances on bond issues, and maintained the rules for allocation of sales compensation ("designations") among the managers. In addition, precedents for sales compensation, or "takedown", have been very competitive and supported by the book-runners.

II. TECHNICAL BACKGROUND

1. CRITERIA FOR PERFORMANCE REVIEW

THDA has used several criteria for evaluating members of the underwriting team:

- a) How well the senior manager performed its functions of:
 - Running the books on each transaction and pricing and completing all transactions on terms attractive to THDA compared to similar bond issues then in the market, and
 - Developing extensive retail and institutional sales to support each transaction.
- b) How well the co-managers sales supported each transaction.
- c) How well selling group members provided retail sales, particularly in-state, to support the transactions. As first priority among retail orders, allotments of bonds to in-state retail orders tends to measure a member's retail support for a bond sale.

2. COMPARISONS

In order to evaluate the various underwriters' performance, we have provided the following analyses:

- a) Bond pricing compared to other housing issues in the market around the sale time – specifically, to assess how favorably bonds were priced and how transactions were completed compared to other issuers' offerings and to industry benchmarks. At the time of each transaction, a pre-sale report compared potential pricing levels with recent bond issues, and a post-sale memo compared the final pricing with similar bond issues.
- b) Sales participation by all of the managers and selling group members relative to each other. This is most usefully measured by retail orders that are allotted bonds, since institutional orders are primarily submitted directly to the senior manager.
- c) Underwriting compensation compared to other housing issuers and consistency with the fees established by THDA.
- d) Final allotments to orders.

3. THE BOND ISSUES

Since January 2020, THDA completed four bond issues with its current underwriting team. The following table summarizes the issues with their dates of sale, collateral, ratings and issue features.

Table 1. THDA Residential Finance Program Bond Issue Summary, 2020 to Date

| Issue | Sale Date | Collateral | Amount | Moody's Rating | S&P Rating | Components |
|--------------|-----------|-------------|----------------------|----------------|------------|-------------------------------|
| 2020-1 | 2/25/20 | Whole Loans | \$200,000,000 | Aa1 | AA+ | Non-AMT, Taxable; PACs |
| 2020-2 | 5/6/20 | Whole Loans | 108,500,000 | Aa1 | AA+ | Taxable, PAC, econ. refunding |
| 2020-3 | 6/30/20 | Whole Loans | 145,000,000 | Aa1 | AA+ | Non-AMT, Taxable; PACs |
| 2020-4 | 9/29/20 | Whole Loans | 145,000,000 | Aa1 | AA+ | Non-AMT, PAC |
| Total | | | \$598,500,000 | | | |

Noteworthy features are as follows:

Size. Ranging from \$108.5 million (Issue 2020-2) to \$200 million (Issue 2020-1), the substantial issue sizes underscore the importance of a large and capable underwriting team.

Fixed Rate. All issues took advantage of historically low fixed rates without variable rate bonds or interest rate swaps.

Tax Status. Three of the four issues included taxable series, including Issue 2020-2 that was an all taxable economic refunding. All-time low rates have made taxable bonds feasible, permitting THDA to use private activity bond cap more sparingly. Investor demand for taxable bonds has been dominated by institutions. Retail demand has been much lighter than for tax-exempt bonds and tends to be led by professional retail buyers.

Single Family. The 2020 issues totaled \$598.5 million and are Residential Finance Program Bonds under THDA's 2013 General Resolution. All are without the moral obligation pledge of the State.

III. EVALUATION

1. Retail Distribution.

Sales to retail investors continue to be an important goal for THDA's underwriting team. For the four 2020 bond issues, retail investors recorded \$268.7 million of orders and received \$121.1 million of bond allotments, or 9.7% of total orders and 20.2% of total allotments. These retail sales and the added demand they represent, continued to help leverage more attractive yields from institutional investors. Maximizing retail sales and reducing balances to be sold to institutional investors has remained an important strategy for marketing THDA's and other HFAs' more traditionally structured housing bond offerings. Further, placing significant proportions of each bond issue with 'going-away,' buy-and-hold investors helps to maintain the scarcity of THDA's bonds in both the primary and secondary markets.

Professional retail investment managers continue to play a growing role in lieu of traditional "mom-and-pop" buyers. (Professional retail consists of investments managed by professional investment firms on behalf of separately managed retail accounts, also known as "SMAs", as opposed to traditional mom-and-pop orders placed by private individuals or their broker.) Like institutional investors, SMAs typically seek to improve their chances of an allotment by placing their orders directly with the book-running senior manager, and with multiple brokerage relationships they have easy flexibility to switch firms with which they place their orders. Also, they tend to behave more like institutional buyers both in having stronger

views about what a bond is worth and in being knowledgeable about comparable credits. A consequence of the growing importance of SMA orders is a shift toward more ‘national’ retail orders over in-state purchases. Since the pandemic, uncertainty and low absolute rates have kept individual retail investors more comfortable with shorter maturities.

Table 2 below summarizes all retail orders and allotments for THDA’s four 2020 bond issues, including pie chart representations of each underwriter’s contribution to orders and allotments.

Table 2. Retail Orders and Allotments by Underwriter (\$s in 000s), Issues 2020-1, 2, 3, 4

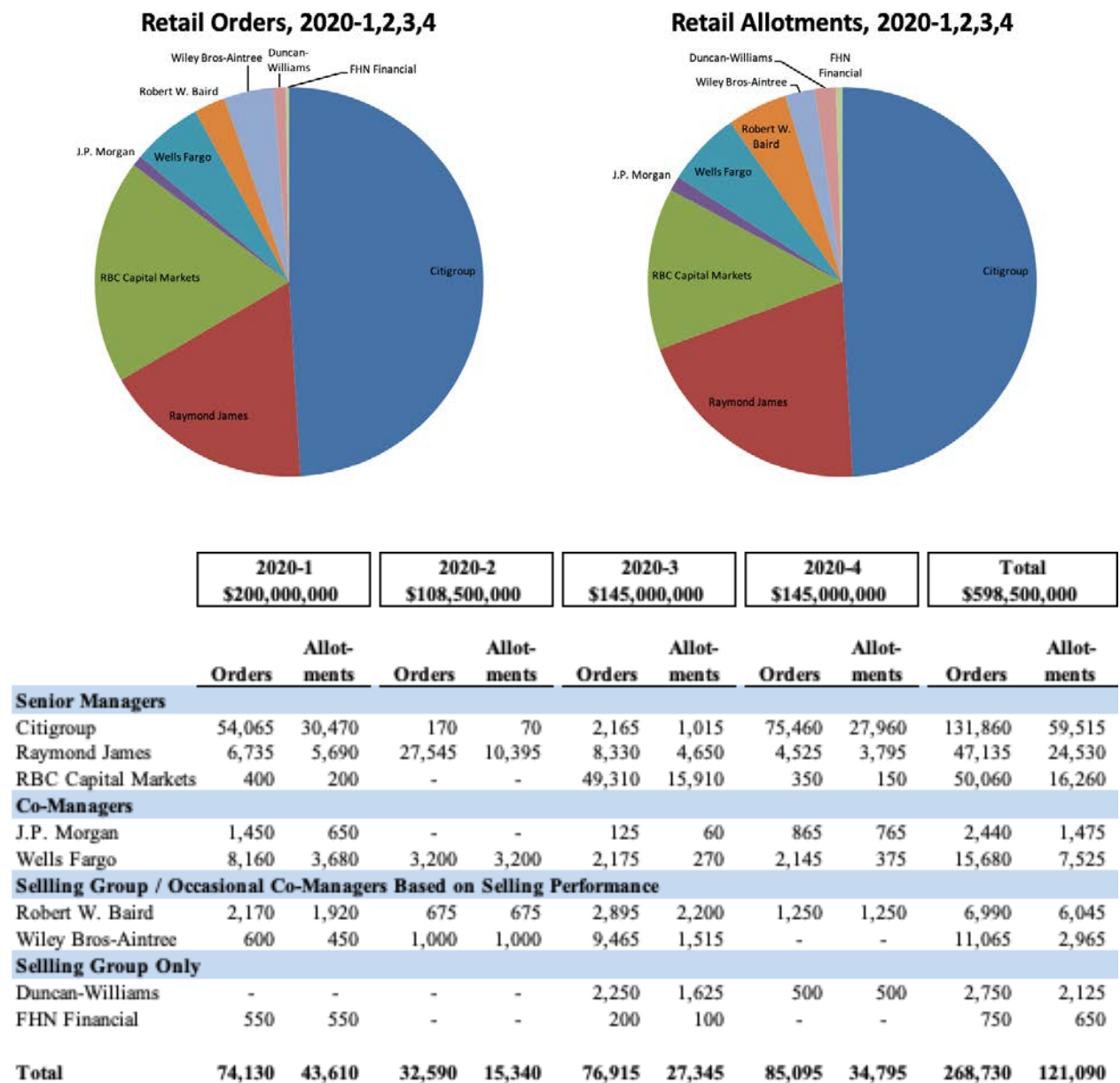


Table 3 shows syndicate members ranked by the amount of total retail orders recorded on THDA's 2020 issues.

**Table 3. Retail Distribution Summary (\$s in 000s), Issues 2020-1, 2, 3, 4
Firms Ranked by Retail Orders**

| Firm | Role | Orders | As % | Allotments | As % |
|--------------------|--------------------|----------------|-------------|-------------------|-------------|
| Citigroup | Co-Senior Manager | 131,860 | 49% | 59,515 | 49% |
| RBC | Co-Senior Manager | 50,060 | 19% | 16,260 | 13% |
| Raymond James | Co-Senior Manager | 47,135 | 18% | 24,530 | 20% |
| Wells Fargo | Regular Co-Manager | 15,680 | 6% | 7,525 | 6% |
| Wiley Bros-Aintree | Selling Group (a) | 11,065 | 4% | 2,965 | 2% |
| RW Baird | Selling Group (b) | 6,990 | 3% | 6,045 | 5% |
| Duncan-Williams | Selling Group | 2,750 | 1% | 2,125 | 2% |
| JP Morgan | Regular Co-Manager | 2,440 | 1% | 1,475 | 1% |
| FHN Financial | Selling Group | 750 | 0% | 650 | 1% |
| Total | | 268,730 | 100% | 121,090 | 100% |

(a) Wiley Bros-Aintree served on 2020-3 as the additional co-manager.

(b) RW Baird was elevated on 2020-1, 2020-2, and 2020-4 as the additional co-manager.

Book-Running Senior Managers. The three co-senior managers collectively accounted for \$229.1 million, or 85.2%, of the \$268.7 million total of retail orders in the 2020 issues, with retail strength in Tennessee significantly effecting this performance. Citi and RBC led total orders, and Citi and Raymond James led in allotments, as shown in Tables 2 and 3. The bulk of those orders were recorded when they were the book-running manager. (Note that Citi served as book-running senior manager for Issues 2020-1 and 2020-4, skewing the cumulative results to appear in their favor.)

Not surprisingly, co-senior managers' production was sharply lower when they were not serving as book-runners, as shown in Table 4 below. Reflecting the firm's in-state retail network, as in prior years, Raymond James delivered significant retail orders even when not serving as the book-runner. Because SMA orders are generally placed with the book-running manager, the size of the four issues is an important factor in the amount of total retail orders recorded by each firm.

**Table 4. Retail Orders from Co-Seniors While Not Running the Books
Issues 2020-1, 2, 3, 4 (\$s in 000s)**

| Firm | Co-Senior Orders | As % of Firm's Total Orders | Co-Senior Allotments | As % of Firm's Total Allotments |
|---------------|-----------------------------|--|---------------------------------|--|
| Raymond James | 19,590 | 42% | 14,135 | 58% |
| Citigroup | 2,335 | 2% | 1,085 | 2% |
| RBC | 750 | 1% | 350 | 2% |

Co-Managers. Using their retail networks in Tennessee and nationally, the two standing co-managers accounted for 6.7% of all retail orders and 7.4% of retail allotments. Wells Fargo was awarded \$7.5 million of retail allotments, while JP Morgan received approximately \$1.5 million.

Elevated Selling Group Members as Co-Managers. With active in-state marketing networks, RW Baird and Wiley Bros.-Aintree Capital generated approximately \$18.1 million or 6.7% of all retail orders and \$9.0 million, or 7.4%, of retail allotments.

Selling Group Members. Aside from RW Baird and Wiley Bros.-Aintree Capital, the two other selling group members accounted for \$3.5 million of retail orders (1.3% of total) and \$2.8 million of retail allotments (2.3% of total), contributing to retail distribution. FHN Financial was least successful, with just \$750,000 of retail orders, reflecting that firm's institutionally oriented distribution.

While retail sales are a key measure of co-manager and selling group performance and these orders are certainly helpful from co-senior managers, the book-running senior managers must be assessed on their ability to manage bond offerings in a complex and changing market environment, as well as other factors. The market disturbance and uncertainty related to the coronavirus pandemic has made 2020 a particularly challenging period.

2. Comparable Transactions

While order volume and allotments are quantitative measures of an underwriter's contribution to a bond sale, the overall success of the underwriting team is sometimes observed in assessing comparable transactions. In the 2020 issues reviewed here THDA's underwriting team has continued to deliver results that compare favorably to other similar financings. Tables 5a and 5b below summarize how selected maturities in THDA's issues priced compared to other state HFA housing bond transactions with similar tax status marketed in similar time periods. (Numbers in parentheses are the years of maturities shown.)

Table 5a. Non-AMT Comparable Single Family Issues

| Issuer | Sale Date | Amount | Spreads to iMMD/MMD | | | | Rating |
|--------------|-----------|-------------|---------------------|---------|----------|---------|-----------|
| | | | 10 Year | 15 Year | 20 Year | 30 Year | |
| THDA 2020-1A | | | | | | | |
| Tennessee | 2/25/20 | 100,000,000 | +62 | +86 | +92 | -- | Aa1 / AA+ |
| Vermont | 2/19/20 | 24,500,000 | +67 | +84 | +90 | -- | Aa2 / AA+ |
| Mississippi | 2/19/20 | 62,320,000 | +57 | +84 | +88 (19) | -- | Aaa / - |
| New York | 2/26/20 | 100,630,000 | +61 (11) | +81 | +92 | +98 | Aa1 / - |
| THDA 2020-3A | | | | | | | |
| Tennessee | 6/30/20 | 72,500,000 | +102 | +87 | +92 | -- | Aa1 / AA+ |
| Florida | 6/23/20 | 100,000,000 | +104 | +92 | +97 | +112 | Aaa / - |
| Missouri | 7/15/20 | 55,000,000 | +102 | +95 | +90 | +100 | - / AA+ |
| THDA 2020-4 | | | | | | | |
| Tennessee | 9/29/20 | 145,000,000 | +85 | +84 | +78 | +87 | Aa1 / AA+ |
| New Mexico | 9/24/20 | 55,000,000 | +90 | +84 | +78 | +92 | Aaa / - |
| Illinois | 9/29/20 | 80,000,000 | +92 | -- | -- | -- | Aaa / - |

Table 5b. Taxable Comparable Single Family Issues

| Issuer | Sale Date | Amount | Spreads to U.S. Treasury | | | | Rating |
|--------------|-----------|-------------|--------------------------|---------|---------|---------|-----------|
| | | | 10 Year | 15 Year | 20 Year | 30 Year | |
| THDA 2020-1B | | | | | | | |
| Tennessee | 2/25/20 | 100,000,000 | +95 | +120 | +105 | -- | Aa1 / AA+ |
| Minnesota | 1/23/20 | 60,000,000 | +95 | +120 | +105 | -- | Aa1 / AA+ |
| Colorado | 1/16/20 | 34,810,000 | +95 | +105 | -- | -- | Aaa / AAA |
| THDA 2020-2 | | | | | | | |
| Tennessee | 5/6/20 | 108,500,000 | +170 | +225 | -- | -- | Aa1 / AA+ |
| Michigan | 6/3/20 | 100,000,000 | +180 | +220 | +195 | +220 | Aa2 / AA+ |
| THDA 2020-3B | | | | | | | |
| Tennessee | 6/30/20 | 72,500,000 | +165 | +205 | +170 | -- | Aa1 / AA+ |
| Michigan | 6/3/20 | 100,000,000 | +180 | +220 | +195 | +220 | Aa2 / AA+ |
| Colorado | 7/8/20 | 28,545,000 | +158 | -- | -- | -- | Aaa/ /AAA |

Historically, holding ratings and other features equal, THDA's tax-exempt bonds typically achieve lower interest rates than similarly rated HFAs' bonds from many other states. HFA issues in municipal market 'specialty states,' including Virginia, Connecticut, New York, Massachusetts, Oregon, and Maryland, often price better than similar HFA issues from non-specialty states, such as THDA – though THDA benefits from the State's low debt. (Specialty state advantages are typically attributed to higher state and local taxes and the relative abundance of in-state investor capital.) Depending on market conditions, significantly larger bond components may require higher yields to attract enough buyers to clear the market for all the bonds. Due to timing, structure, tax status, size, state, collateral, and rating differences, other bond sales shown provide only limited direct comparability to the pricing of THDA's issues. Transactions sold on the same day by different HFAs are often not exactly comparable, and market conditions may be significantly different for offerings that occurred further apart.

PAC Bonds

Planned amortization class bonds have been a significant component of THDA's 2020 issues and in recent years, and they accounted for \$176.8 million, or 29.5%, of THDA's total \$598.5 million of bonds issued this year. THDA's lead underwriters continued to succeed in pricing THDA's PACs at spreads among the tightest to the benchmark high-quality interpolated Municipal Market Data Index (the "iIMMD"), as shown in Tables 6a and 6b, below.

Table 6a. Tax-Exempt Comparable Single Family PAC Bonds

| Issuer | Sale Date | PAC Bond Size | Average Life | Spread to iMMD | Rating |
|---------------------|-----------|---------------|--------------|----------------|-----------|
| THDA 2020-1A | | | | | |
| Tennessee | 2/25/20 | 29,890,000 | 5.5 yrs | +51 | Aa1 / AA+ |
| Vermont | 2/19/20 | 7,275,000 | 5 yrs | +55 | Aa2 / AA+ |
| Mississippi | 2/19/20 | 19,590,000 | 4.5 yrs | +50 | Aaa / - |
| THDA 2020-3A | | | | | |
| Tennessee | 6/30/20 | 20,665,000 | 5 yrs | +88 | Aa1 / AA+ |
| Florida | 6/23/20 | 30,000,000 | 5 yrs | +93 | Aaa / - |
| Missouri | 7/15/20 | 21,995,000 | 5 yrs | +80 | - / AA+ |
| THDA 2020-4 | | | | | |
| Tennessee | 9/29/20 | 47,350,000 | 5 yrs | +69 | Aa1 / AA+ |
| New Mexico | 9/24/20 | 23,000,000 | 5 yrs | +68 | Aaa / - |
| Illinois | 9/29/20 | 42,780,000 | 5 yrs | +69 | Aaa / - |

Table 6b. Taxable Comparable Single Family PAC Bonds

| Issuer | Sale Date | PAC Bond Size | Average Life | Spread to UST | Rating |
|---------------------|-----------|---------------|--------------|---------------|-----------|
| THDA 2020-1B | | | | | |
| Tennessee | 2/25/20 | 29,890,000 | 5.5 yrs | +90 | Aa1 / AA+ |
| Minnesota | 1/23/20 | 20,770,000 | 5 yrs | +110 | Aa1 / AA+ |
| THDA 2020-2 | | | | | |
| Tennessee | 5/6/20 | 28,330,000 | 3.4 yrs | +195 | Aa1 / AA+ |
| THDA 2020-3B | | | | | |
| Tennessee | 6/30/20 | 20,665,000 | 5 yrs | +185 | Aa1 / AA+ |
| Colorado | 10/1/20 | 15,320,000 | 5 yrs | +166 | Aaa / AAA |

Among the challenges facing book-runners, the market for PAC bonds has been sensitive to a number of factors. In the wake of the financial crisis of 2008, PAC bonds suffered from their association with housing. At times whole loan-backed Aa-rated PACs lagged behind bonds backed by guaranteed mortgage securities (“MBS”) in achieving tighter spreads to the MMD. In periods of low absolute yields and heightened uncertainty, newly offered PACs have found some leading investors unwilling to buy.

Also, in periods with significant declines in rates – such as in early-March 2020 – spreads to key benchmarks tend to widen until institutions can be induced to buy again. Until such adjustments occur, the depth of PAC orders (often reflected in oversubscriptions of orders) has tended to thin, placing a greater reliance on winning the support of lead investors during the premarketing of the bonds. This process of “price discovery” also has been observed in the market for term bonds, especially intermediate terms, since they do not offer the higher yields of the longest maturities.

CONCLUSION

Co-Senior Managers. The three book-running managers were successful in leading THDA's 2020 bond offerings in some difficult markets. Both Citi (for Issues 2020-1 and 2020-4) and RBC (for Issue 2020-3) recorded strong retail support for the financings that each firm led. For the \$145 million Issue 2020-3, RBC recorded over \$1 billion of total orders. For Issues 2020-1 and 2020-4 with Citi as book-runner, the issues logged more than \$1 billion in total orders.

Facing a difficult market reopening after the shutdown that followed the arrival of the pandemic, for the taxable Issue 2020-2 Raymond James was successful in finding significant retail support and building a 4.3 times subscription for the PAC, even as PAC-spreads to treasury benchmarks widened sharply. Total orders for the \$108.5 million taxable series amounted to \$491.9 million. Also, Raymond James continues to lead in finding retail orders and winning allotments while not serving as the book-runner.

Among co-managers Wells Fargo led, garnering \$7.5 million in allotments on \$15.7 million in retail orders. Next most productive, selling group member RW Baird received \$6.0 million in allotments on \$7.0 million in retail orders.

EXHIBIT 1 –
Recommendation for 1-Year Underwriter Term Extension

MEMORANDUM

TO: THDA Bond Finance Committee, Division of State Government Finance (SGF), and THDA

FROM: David Jones, Tim Rittenhouse, and Eric Olson

SUBJECT: Recommendation for 1-Year Underwriter Term Extension

DATE: September 8, 2020

In January 2018, THDA's Bond Finance Committee selected a new underwriting team consisting of senior managers Citigroup, Raymond James, and RBC; and co-managers JP Morgan and Wells Fargo, plus a third co-manager position held by the selling group member that performed best on the prior bond issue. This selection was for a period of three years.

Since this underwriter selection, the book-running senior manager has been chosen from among the two firms that did not serve as the book-running manager on the last issue, based on criteria determined by the Bond Finance Committee in consultation with SGF and CSG. While THDA reserves the right to change these criteria at any time for any reason, established measures of manager performance include, but are not limited to, the following features:

- Bond distribution performance,
- Pricing aggressiveness,
- Ultimate execution of the sale,
- Flexibility,
- Ability to attract new investors,
- Secondary market support,
- Idea generation,
- Syndicate management,
- Willingness to underwrite unsold bonds,
- Offering of additional credit resources (lines of credit, etc.)

The managers have continued to perform very well by these standards. Moreover, the underwriting team has produced consistently favorable results for THDA, even in unusually uncertain bond markets. Accordingly, we see no disadvantage to THDA in extending the service of its underwriters for an additional year.

Most importantly, with the impact of the coronavirus on the economy and the capital markets ongoing, extending the term of the current underwriting team limits additional disruption to THDA's access to the capital markets and allows THDA to continue to work with a team that has proven itself very familiar with the market for THDA's bonds. Though the bond market may continue to be unstable, THDA will be able to draw on the experience of its seasoned team.

CSG's recommendation is that THDA extend the service of this underwriting team for one year.

ESTIMATEDState Form No. CT-0253
Revised Effective 2/6/2020**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, Third Floor, 502 Deaderick Street |
| | Nashville, TN 37243-0200 |
| Debt Issue Name: | Issue 2020-2 |
| If disclosing initially for a program, attach the form specified for updates, indicating the frequency required. | |

| | |
|------------------------|---------------------|
| 2. Face Amount: | \$ 108,500,000.00 |
| Premium/Discount: | \$ See Attachment 1 |

| | | | |
|--|---|-------------------------------------|---|
| 3. Interest Cost: | 2.95417 % *Excluding Underwriter's Discount | <input type="checkbox"/> Tax-exempt | <input checked="" type="checkbox"/> Taxable |
| <input checked="" type="checkbox"/> TIC* | <input type="checkbox"/> NIC | | |
| <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 Division of Local Government Finance ("LGF"). | | |

| | |
|----------------------------------|-----|
| 5. Ratings: | |
| <input type="checkbox"/> Unrated | |
| Moody's | Aa1 |
| Standard & Poor's | AA+ |
| Fitch | |

| | |
|--|----------------------------------|
| 6. Purpose: | |
| | BRIEF DESCRIPTION |
| <input type="checkbox"/> General Government _____ % | _____ |
| <input type="checkbox"/> Education _____ % | _____ |
| <input type="checkbox"/> Utilities _____ % | _____ |
| <input type="checkbox"/> Other _____ % | _____ |
| <input checked="" type="checkbox"/> Refunding/Renewal 100.00 % | Refunding of Single Family 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): Special Limited Obligation |

| | |
|---|---|
| 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: 05/28/2020 | Issue/Closing Date: 05/28/2020 |

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 | |
| Paying Agent Fees | \$ 0 | |
| Registrar Fees | \$ 0 | |
| Trustee Fees | \$ 5,425 | US Bank, NA |
| Remarketing Agent Fees | \$ 0 | |
| Liquidity Fees | \$ 0 | |
| Rating Agency Fees | \$ 131,000 | Moody's and S & P |
| Credit Enhancement Fees | \$ 0 | |
| Bank Closing Costs | \$ 0 | |
| Underwriter's Discount _____% | | |
| Take Down | \$ 551,488 | Raymond James & Associates, Inc. ("Raymond James") |
| Management Fee | \$ 30,000 | Raymond James |
| Risk Premium | \$ 0 | |
| Underwriter's Counsel | \$ 25,000 | Hawkins Delafield & Wood |
| Other expenses | \$ 13,254 | Raymond James |
| Printing and Advertising Fees | \$ 1,500 | i-Deal and TN General Services Printing Services |
| Issuer/Administrator Program Fees | \$ 0 | |
| Real Estate Fees | \$ 0 | |
| Sponsorship/Referral Fee | \$ 0 | |
| Other Costs _____ | \$ 0 | |
| TOTAL COSTS | \$ 852,667 | |

REPORT ON DEBT OBLIGATION

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

12. Recurring Costs:
☒ No Recurring Costs

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

13. Disclosure Document / Official Statement:
☐ None Prepared

☐ EMMA link

☒ Copy attached

See Attachment 3: Issue 2020-2 Supplemental Resolution; and
See Attachment 4: Issue 2020-2 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 ☐ No

If yes to either question, date that disclosure is due 210 days after end of each Fish Year

Name 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 _____ and presented at public meeting held on _____

Copy to Director, Division of Local Govt Finance: Estimate: _____ on _____ either by:

☐ Mail to:

Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, TN 37243-3400

OR

☒ Email to:

LGF@cot.tn.gov

18. Signatures:

| | AUTHORIZED REPRESENTATIVE | PREPARER |
|-------|--------------------------------------|--------------------------------------|
| Name | | Lynn E. Miller |
| Title | Executive Director | Chief Legal Counsel |
| Firm | Tennessee Housing Development Agency | Tennessee Housing Development Agency |
| Email | RPerrey@thda.org | LMiller@thda.org |
| Date | | |

2. PREMIUM/DISCOUNT:

Includes the original issue premium of \$1,647,956 on the Issue 2020-2 PAC Bonds maturing July 1, 2040

10. MATURITY DATES, AMOUNTS AND INTEREST RATES

\$108,500,000 Issue 2020-2 (Federally Taxable)

| \$63,595,000 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> |
| 2021 | \$ 1,935,000 | 1.080% | 880461Q43 | \$ 2,185,000 | 1.130 % | 880461Q50 |
| 2022 | 2,200,000 | 1.180 | 880461Q68 | 2,220,000 | 1.280 | 880461Q76 |
| 2023 | 2,235,000 | 1.495 | 880461Q84 | 2,255,000 | 1.545 | 880461Q92 |
| 2024 | 2,275,000 | 1.723 | 880461R26 | 2,300,000 | 1.773 | 880461R34 |
| 2025 | 2,320,000 | 1.823 | 880461R42 | 2,345,000 | 1.923 | 880461R59 |
| 2026 | 2,365,000 | 2.011 | 880461R67 | 2,390,000 | 2.041 | 880461R75 |
| 2027 | 2,415,000 | 2.121 | 880461R83 | 2,445,000 | 2.141 | 880461R91 |
| 2028 | 2,470,000 | 2.208 | 880461S25 | 2,495,000 | 2.258 | 880461S33 |
| 2029 | 2,525,000 | 2.308 | 880461S41 | 2,555,000 | 2.358 | 880461S58 |
| 2030 | 2,585,000 | 2.408 | 880461S66 | 2,620,000 | 2.458 | 880461S74 |
| 2031 | 2,650,000 | 2.508 | 880461S82 | 2,685,000 | 2.558 | 880461S90 |
| 2032 | 2,720,000 | 2.608 | 880461T24 | 2,760,000 | 2.658 | 880461T32 |
| 2033 | 2,800,000 | 2.708 | 880461T40 | 2,845,000 | 2.758 | 880461T57 |

| \$44,905,000 Term Bonds | | | |
|--------------------------------|--|---------------------------------|--|
| <u>Maturity Date</u> | <u>Principal Amount Due</u> | <u>Interest Rate</u> | <u>CUSIP Number⁽¹⁾</u> |
| July 1, 2036 | \$ 16,575,000 | 2.958 % | 880461T65 |
| July 1, 2040 (PAC) | 28,330,000 | 4.000 | 880461T73 |

PRICE OF ISSUE 2020-2 BONDS DUE JULY 1, 2040 (PAC): 105.817%

PRICE OF ALL REMAINING ISSUE 2020-2 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
\$108,500,000 Issue 2020-2 (Federally Taxable)**

Adopted March 24, 2020
as approved in its amended and supplemented form
by the Designated Authorized Officer
on May 6, 2020

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**A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
\$108,500,000 ISSUE 2020-2 (FEDERALLY TAXABLE)**

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 2020-2 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 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 2020-2 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 Robert W. Baird & Co. Incorporated.

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

“*Designated Authorized Officer*” means the Secretary of the Bond Finance Committee or, in the absence of the Secretary of the Bond Finance Committee, an officer designated by the Secretary of the Bond Finance Committee.

“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 2020-2 Principal Payments*” means, as of any date of computation, 100% of all regularly scheduled principal payments and prepayments on 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 2020-2 Bonds.

“*Excess Program Loans*” means the Program Loans previously allocable to a portion of the Refunded Bonds in an expected aggregate outstanding amount of \$43,733,383; upon the refunding of the Refunded Bonds, such Program Loans will be deposited to the General Resolution but not allocated to the Issue 2020-2 Bonds.

“*Issue 2020-2 Bonds*” means the Issue 2020-2 Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“*Issue Date*” means the date on which the Issue 2020-2 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on May 28, 2020.

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

“*Official Statement*” means the Official Statement dated May 6, 2020 used in connection with the sale of the Issue 2020-2 Bonds.

“*PAC Bonds*” means the Issue 2020-2 Bonds in the aggregate principal amount of \$28,330,000 maturing on July 1, 2040.

“*PAC Bonds Planned Amortization Amount*” means the cumulative amount of Issue 2020-2 PAC Bonds expected to be redeemed upon the receipt of Excess 2020-2 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 28, 2020 used in connection with the offering of the Issue 2020-2 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, the bonds of THDA listed in Exhibit D hereto.

“*Resolution*” means this Supplemental Resolution adopted by THDA on March 24, 2020, as approved in its amended and supplemented form by the Designated Authorized Officer on May 6, 2020.

“*Serial Bonds*” means the Issue 2020-2 Bonds which are not Term Bonds.

“*Term Bonds*” means, collectively, the Issue 2020-2 Bonds maturing July 1, 2036 and July 1, 2040.

“*Transferred Investments*” means amounts on deposit in certain funds and accounts of THDA allocated to the Refunded Bonds which are allocated to the Issue 2020-2 Bonds upon the refunding of the Refunded Bonds.

“*Transferred Program Loans*” means the Program Loans allocable to a portion of the Refunded Bonds in an expected aggregate outstanding amount of \$108,819,605 which will be allocated to the Issue 2020-2 Bonds upon the refunding of the Refunded Bonds.

“*Underwriters*” means, collectively, Raymond James & Associates, Inc., RBC Capital Markets, LLC, and Citigroup Global Markets Inc., their respective successors and assigns, and the Co-Managers as purchasers of the Issue 2020-2 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 as well as new Program Loans, if any, and, without duplication, Program Securities, and the phrase “Program Loans allocable to the Issue 2020-2 Bonds” shall include the Transferred Program Loans as well as any new Program Loans and Program Securities acquired with proceeds of the Issue 2020-2 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 2020-2 are hereby authorized to be issued as taxable bonds in the aggregate

principal amount of \$108,500,000. In addition to the title “Residential Finance Program Bond,” the Issue 2020-2 Bonds will bear the additional designation “Issue 2020-2 (Federally Taxable).” The Issue 2020-2 Bonds shall be issued only in fully registered form. The Issue 2020-2 Bonds will consist of \$63,595,000 principal amount of Serial Bonds and \$44,905,000 principal amount of Term Bonds.

Section 2.02. Purposes. The Issue 2020-2 Bonds are being issued (a) to refund the Refunded Bonds, (b) if required, to pay capitalized interest on the Issue 2020-2 Bonds, (c) if required, to make a deposit in the Bond Reserve Fund, and (d) if required, to pay certain costs of issuance relating to the Issue 2020-2 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 2020-2 Bonds and the Excess Program Loans will become allocable to the General Resolution. The proceeds of the Issue 2020-2 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 2020-2 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, 2021, at the rate set opposite such date in the following tables:

[Remainder of page intentionally left blank]

Issue 2020-2 Bonds

Serial Bonds

| Maturity Date | Principal Amount | Interest Rate | Maturity Date | Principal Amount | Interest Rate |
|----------------------|-------------------------|----------------------|----------------------|-------------------------|----------------------|
| January 1, 2021 | \$ 1,935,000 | 1.080% | July 1, 2027 | \$ 2,445,000 | 2.141% |
| July 1, 2021 | 2,185,000 | 1.130 | January 1, 2028 | 2,470,000 | 2.208 |
| January 1, 2022 | 2,200,000 | 1.180 | July 1, 2028 | 2,495,000 | 2.258 |
| July 1, 2022 | 2,220,000 | 1.280 | January 1, 2029 | 2,525,000 | 2.308 |
| January 1, 2023 | 2,235,000 | 1.495 | July 1, 2029 | 2,555,000 | 2.358 |
| July 1, 2023 | 2,255,000 | 1.545 | January 1, 2030 | 2,585,000 | 2.408 |
| January 1, 2024 | 2,275,000 | 1.723 | July 1, 2030 | 2,620,000 | 2.458 |
| July 1, 2024 | 2,300,000 | 1.773 | January 1, 2031 | 2,650,000 | 2.508 |
| January 1, 2025 | 2,320,000 | 1.823 | July 1, 2031 | 2,685,000 | 2.558 |
| July 1, 2025 | 2,345,000 | 1.923 | January 1, 2032 | 2,720,000 | 2.608 |
| January 1, 2026 | 2,365,000 | 2.011 | July 1, 2032 | 2,760,000 | 2.658 |
| July 1, 2026 | 2,390,000 | 2.041 | January 1, 2033 | 2,800,000 | 2.708 |
| January 1, 2027 | 2,415,000 | 2.121 | July 1, 2033 | 2,845,000 | 2.758 |

Term Bonds

| Maturity Date | Principal Amount | Interest Rate |
|----------------------|-------------------------|----------------------|
| July 1, 2036 | \$ 16,575,000 | 2.958% |
| July 1, 2040 | 28,330,000 | 4.000 |

(b) Whenever the due date for payment of interest on or principal of the Issue 2020-2 Bonds or the date fixed for redemption of any Issue 2020-2 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 2020-2 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 2020-2 Bonds maturing in such year. The Issue 2020-2 Bonds are to be lettered “R-2,” and numbered separately from 1 consecutively upwards.

(b) The Issue 2020-2 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2020-2 Bond will be outstanding for each maturity and interest rate of the Issue 2020-2 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 2020-2 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2020-2 Bonds will not receive certificates representing their interest in the Issue 2020-2 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2020-2 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2020-2 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 2020-2 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 2020-2 Bonds shall be executed by the manual or facsimile signature of the Chair or Vice Chair and the seal of THDA or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Issue 2020-2 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2020-2 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 2020-2 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2020-2 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 2020-2 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2020-2 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2020-2 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2020-2 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2020-2 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 2020-2 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 2020-2 Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2020-2 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 2020-2 Term Bonds due July 1, 2036

| Date | Amount Due | Date | Amount Due |
|-----------------|--------------|-----------------|--------------|
| January 1, 2034 | \$ 2,885,000 | July 1, 2035 | \$ 3,020,000 |
| July 1, 2034 | 2,930,000 | January 1, 2036 | 3,065,000 |
| January 1, 2035 | 2,975,000 | July 1, 2036* | 1,700,000 |

*Maturity

Issue 2020-2 Term Bonds due July 1, 2040 (PAC)

| Date | Amount Due | Date | Amount Due |
|-----------------|--------------|-----------------|--------------|
| July 1, 2036 | \$ 1,410,000 | January 1, 2039 | \$ 3,390,000 |
| January 1, 2037 | 3,165,000 | July 1, 2039 | 3,450,000 |
| July 1, 2037 | 3,220,000 | January 1, 2040 | 3,510,000 |
| January 1, 2038 | 3,275,000 | July 1, 2040* | 3,575,000 |
| July 1, 2038 | 3,335,000 | | |

*Maturity

(b) Upon the purchase or redemption of Issue 2020-2 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 2020-2 Bonds of such maturity will be credited by an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Issue 2020-2 Bonds of such maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such maturity of Issue 2020-2 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2020-2 Bonds maturing on and after January 1, 2030, 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, 2029 (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 2020-2 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) repayments and prepayments of the Transferred Program Loans not otherwise required to be applied to the special mandatory redemption of the Issue 2020-2 Bonds as described in Section 2.11 hereof or to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2020-2 Bonds, (ii) 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, (iii) other amounts on deposit in the Revenue Fund in excess of the amounts required for the payment of Debt Service and Program Expenses, and (iv) 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 (i) above as described in Section 2.11 hereof, and (B) shall not be subject to redemption as described in clauses (ii), (iii) and (iv) 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 2020-2 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.

The Issue 2020-2 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 2020-2 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 of 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 2020-2 Principal Payments. Any Excess 2020-2 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, 2021; provided, however, that PAC Bonds may be redeemed on or after July 1, 2020, and 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 2020-2 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Transferred Program Loans are equal to or less than the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2020-2 Principal Payments shall first be applied to redeem the PAC Bonds up to an amount correlating to the PAC Bonds Planned Amortization Amount, and 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 Transferred Program Loans are in excess of the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2020-2 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 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 2020-2 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 2020-2 Bonds then Outstanding.

Section 2.12. Selection by Lot. If less than all of the Issue 2020-2 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 2020-2 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 Board of Directors of THDA hereby authorizes the Designated Authorized Officer to approve the purchase price of the Issue 2020-2 Bonds and to execute the Bond Purchase Agreement.

(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 2020-2 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 2020-2 Bonds to the public is hereby authorized and approved.

(c) The Issue 2020-2 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this 2020-2 Supplemental Resolution.

ARTICLE IV

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 4.01. Proceeds of Issue 2020-2 Bonds. Upon receipt of the proceeds of the sale of the Issue 2020-2 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2020-2 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 2020-2 Bonds. On the Issue Date,

amounts on deposit in the Issue 2020-2 Bond Subaccount of the Loan Fund equal to (i) the principal amount of the Refunded Bonds (\$108,545,000) and (ii) a portion of the interest due on the Refunded Bonds (approximately \$747,789.66) shall be allocated to the refunding of the Refunded Bonds on their respective redemption dates (as set forth in Exhibit D hereto); the remaining interest due on the related respective redemption dates of the Refunded Bonds will be paid from funds on deposit in the respective redemption accounts relating to the Refunded Bonds. On such date, (i) the Transferred Program Loans shall be credited to the Issue 2020-2 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 Issuance Date and (ii) the Excess Program Loans shall be transferred and credited to the Debt Service and Expense Account of the Revenue Fund of the General Resolution.

Section 4.02. Loan Fund; Bond Reserve Fund Requirement. Subsequent to the refunding of the Refunded Bonds, amounts on deposit in the Issue 2020-2 Bond Subaccount of the Loan Fund (including Transferred Investments), shall be applied to (i) 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.

The Bond Reserve Fund Requirement with respect to the Issue 2020-2 Bonds shall be an amount equal to 3% of the then current balance of Transferred Program Loans allocable to the Issue 2020-2 Bonds plus the amount on deposit in the Issue 2020-2 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 and upon the refunding of the Refunded Bonds, 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 4.03. [Reserved].

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 2020-2 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 2020-2 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 2020-2 (Federally Taxable) 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 2020-2 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2020-2 Bonds and neither the members of THDA nor any person executing the Issue 2020-2 Bonds may be liable personally on the Issue 2020-2 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 2020-2 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 2020-2 Bonds. The Issue 2020-2 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 2020-2 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. [Reserved].

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 2020-2 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 2020-2 Bonds, or other material events affecting the tax status of the Issue 2020-2 Bonds;

(vii) modifications to rights of the holders of the Issue 2020-2 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 2020-2 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;

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

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

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

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

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

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Issue 2020-2 Bonds or defeasance of any Issue 2020-2 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 2020-2 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 2020-2 Bonds whether or not the Rule applies to such Issue 2020-2 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2020-2 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 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 2020-2 Bonds or (B) the holders of the Issue 2020-2 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 2020-2 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 2020-2 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 2020-2 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 Designated Authorized Officer. The terms of the Issue 2020-2 Bonds are herein established subject to confirmation by the Designated Authorized Officer upon the approval of the sale of the Issue 2020-2 Bonds by the Designated Authorized Officer. The Designated Authorized Officer is hereby authorized to make such changes or modifications in the principal amounts, maturities and interest rates for the Issue 2020-2 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 Designated Authorized Officer determines to be necessary or convenient to better achieve the purposes of the Act and in the best interests of THDA.

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

EXHIBIT A
BOND PURCHASE AGREEMENT

EXHIBIT B

PLANNED AMORTIZATION AMOUNTS FOR PAC BONDS

| <u>Date</u> | <u>PAC Bonds</u> <u>Planned Amortization Amount</u> |
|-----------------|--|
| January 1, 2021 | \$ 3,215,000 |
| July 1, 2021 | 6,010,000 |
| January 1, 2022 | 8,630,000 |
| July 1, 2022 | 11,070,000 |
| January 1, 2023 | 13,340,000 |
| July 1, 2023 | 15,445,000 |
| January 1, 2024 | 17,385,000 |
| July 1, 2024 | 19,160,000 |
| January 1, 2025 | 20,780,000 |
| July 1, 2025 | 22,245,000 |
| January 1, 2026 | 23,565,000 |
| July 1, 2026 | 24,735,000 |
| January 1, 2027 | 25,760,000 |
| July 1, 2027 | 26,640,000 |
| January 1, 2028 | 27,385,000 |
| July 1, 2028 | 27,995,000 |
| January 1, 2029 | 28,330,000 |

**400% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2020-2 BONDS**

| Date | Cumulative Amount | Date | Cumulative Amount |
|-----------------|------------------------------|-----------------|------------------------------|
| July 1, 2020 | \$ 2,453,084 | January 1, 2031 | \$ 90,340,448 |
| January 1, 2021 | 15,912,931 | July 1, 2031 | 90,723,612 |
| July 1, 2021 | 27,434,829 | January 1, 2032 | 91,037,654 |
| January 1, 2022 | 37,289,845 | July 1, 2032 | 91,294,053 |
| July 1, 2022 | 45,711,634 | January 1, 2033 | 91,506,121 |
| January 1, 2023 | 52,901,938 | July 1, 2033 | 91,681,597 |
| July 1, 2023 | 59,034,808 | January 1, 2034 | 91,827,049 |
| January 1, 2024 | 64,260,258 | July 1, 2034 | 91,947,724 |
| July 1, 2024 | 68,707,528 | January 1, 2035 | 92,047,460 |
| January 1, 2025 | 72,487,916 | July 1, 2035 | 92,129,539 |
| July 1, 2025 | 75,697,221 | January 1, 2036 | 92,196,787 |
| January 1, 2026 | 78,417,862 | July 1, 2036 | 92,251,574 |
| July 1, 2026 | 80,720,712 | January 1, 2037 | 92,295,910 |
| January 1, 2027 | 82,666,681 | July 1, 2037 | 92,331,507 |
| July 1, 2027 | 84,308,087 | January 1, 2038 | 92,359,813 |
| January 1, 2028 | 85,689,841 | July 1, 2038 | 92,382,058 |
| July 1, 2028 | 86,850,473 | January 1, 2039 | 92,399,280 |
| January 1, 2029 | 87,823,013 | July 1, 2039 | 92,412,359 |
| July 1, 2029 | 88,635,759 | January 1, 2040 | 92,422,033 |
| January 1, 2030 | 89,312,936 | July 1, 2040 | 92,428,926 |
| July 1, 2030 | 89,875,262 | | |

EXHIBIT C

FORM OF BONDS

REGISTERED

R-2-[1]

\$[_____]

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2020-2 (FEDERALLY TAXABLE)**

| Interest Rate | Dated Date | Maturity Date | CUSIP |
|----------------------|-------------------|----------------------|---------------|
| [_____]% | May 28, 2020 | [_____] | 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, 2021. 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 2020-2” (herein called the “Bonds”) issued in the aggregate principal amount of \$108,500,000 under the General Resolution, a resolution of THDA adopted on March 24, 2020, as approved in its amended and supplemented form by the Designated Authorized Officer on May 6, 2020 (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 subseries 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 _____
Michael L. Hedges
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 2020-2 (Federally Taxable) of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

Dated: May 28, 2020

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 - _____ | Custodian _____ |
| (Cust) | (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.

EXHIBIT D
REFUNDED BONDS

Homeownership Program Bonds

| <u>Issue</u> | <u>Amount</u> | <u>Redemption Date^{1, 2}</u> |
|---------------------|----------------------|--|
| 2010-1 | \$ 8,165,000 | June 1, 2020 and June 10, 2020 |
| 2011-1 | 28,270,000 | June 1, 2020, July 1, 2020 and January 1, 2021 |

Housing Finance Program Bonds

| <u>Issue</u> | <u>Amount</u> | <u>Redemption Date^{1, 2}</u> |
|---------------------|----------------------|--|
| 2011-A | \$ 6,775,000 | June 1, 2020 and July 1, 2020 |
| 2011-B | 8,060,000 | June 1, 2020, July 1, 2020 and January 1, 2021 |
| 2009B-4 | 27,180,000 | June 1, 2020 |
| 2011-C | 16,835,000 | June 1, 2020, July 1, 2020 and January 1, 2021 |
| 2009B-5 | 13,260,000 | June 1, 2020 |

¹ Refunded Bonds with a redemption date of January 1, 2021 are being defeased pursuant to the terms of the related bond resolution.

² For Refunded Bonds with multiple redemption dates, principal and interest amounts for each redemption date, together with source of funds (bond proceeds and amounts on deposit in the related redemption accounts), shall be as set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2020-2 Bonds.

13. OFFICIAL STATEMENT:

**REFERENCED
OFFICIAL STATEMENT**

See Tab 8

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, Third Floor, 502 Deaderick Street Nashville, TN 37243-0200 |
| Debt Issue Name: | Issue 2020-3 |
| If disclosing initially for a program, attach the form specified for updates, indicating the frequency required. | |
| 2. Face Amount: \$ 145,000,000.00 | |
| Premium/Discount: | \$ See Attachment 1 |
| 3. Interest Cost: | |
| Issue 2020-3A: 2.534 %*Excluding Underwriter's Discount <input type="checkbox"/> Tax-exempt <input checked="" type="checkbox"/> Taxable Issue 2020-3B: 2.994 % | |
| <input checked="" type="checkbox"/> TIC* <input type="checkbox"/> NIC <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 Division of Local Government Finance ("LGF"). | |
| 5. Ratings: | |
| <input type="checkbox"/> Unrated Moody's <u>Aa1</u> Standard & Poor's <u>AA+</u> Fitch _____ | |
| 6. Purpose: | |
| <input type="checkbox"/> General Government _____ % <input type="checkbox"/> Education _____ % <input type="checkbox"/> Utilities _____ % <input checked="" type="checkbox"/> Other <u>100.00</u> % <input type="checkbox"/> Refunding/Renewal _____ % | BRIEF DESCRIPTION _____ _____ _____ <u>Single Family Housing</u> _____ |
| 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>07/16/2020</u> | Issue/Closing Date: <u>07/16/2020</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 | \$ 47,500 | 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 | |
| Paying Agent Fees | \$ 0 | |
| Registrar Fees | \$ 0 | |
| Trustee Fees | \$ 7,250 | US Bank, NA |
| Remarketing Agent Fees | \$ 0 | |
| Liquidity Fees | \$ 0 | |
| Rating Agency Fees | \$ 148,000 | Moody's and S & P |
| Credit Enhancement Fees | \$ 0 | |
| Bank Closing Costs | \$ 0 | |
| Underwriter's Discount _____% | | |
| Take Down | \$ 793,225 | RBC Capital Markets, LLC ("RBC") |
| Management Fee | \$ 30,000 | RBC |
| Risk Premium | \$ 0 | |
| Underwriter's Counsel | \$ 25,000 | Hawkins Delafield & Wood |
| Other expenses | \$ 0 | RBC |
| Printing and Advertising Fees | \$ 1,500 | i-Deal and TN General Services Printing Services |
| Issuer/Administrator Program Fees | \$ 0 | |
| Real Estate Fees | \$ 0 | |
| Sponsorship/Referral Fee | \$ 0 | |
| Other Costs _____ | \$ 0 | |
| TOTAL COSTS | \$ 1,087,475 | |

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 2020-3 Supplemental Resolution; and
 See Attachment 4: Issue 2020-3 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 Fish 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 08/26/2020

and presented at public meeting held on

07/29/2020

Copy to Director, Division of Local Govt Finance:

on 08/26/2020

either by:

☐ Mail to:

OR

☒ Email to:
 Cordell Hull Building
 425 Fifth Avenue North, 4th Floor
 Nashville, TN 37243-3400
LGF@cot.tn.gov**18. Signatures:****AUTHORIZED REPRESENTATIVE****PREPARER**

Name

Ralph Perrey by LEM

Lynn E. Miller

Title

Executive Director

Chief Legal Counsel

Firm

Tennessee Housing Development Agency

Tennessee Housing Development Agency

Email

RPerrey@thda.orgLMiller@thda.org

Date

08/26/202008/26/2020

2. PREMIUM/DISCOUNT:

Includes the original issue premium of \$2,191,316.60 on the Issue 2020-3A PAC Bonds maturing July 1, 2050

Includes the original issue premium of \$1,310,780.95 on the Issue 2020-3B PAC Bonds maturing July 1, 2050

10. MATURITY DATES, AMOUNTS AND INTEREST RATES

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BONDS**

Maturities, Amounts, Interest Rates and Prices

\$72,500,000 Issue 2020-3A (Non-AMT)

\$20,990,000 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> |
|-------------|---|--------------------------|---------------------------------------|--|--------------------------|---------------------------------------|
| 2021 | \$ 65,000 | 0.35 % | 880461T81 | \$ 800,000 | 0.40 % | 880461T99 |
| 2022 | 825,000 | 0.45 | 880461U22 | 830,000 | 0.50 | 880461U30 |
| 2023 | 835,000 | 0.75 | 880461U48 | 840,000 | 0.75 | 880461U55 |
| 2024 | 845,000 | 0.90 | 880461U63 | 855,000 | 0.95 | 880461U71 |
| 2025 | 860,000 | 1.00 | 880461U89 | 870,000 | 1.05 | 880461U97 |
| 2026 | 880,000 | 1.25 | 880461V21 | 890,000 | 1.30 | 880461V39 |
| 2027 | 900,000 | 1.45 | 880461V47 | 910,000 | 1.50 | 880461V54 |
| 2028 | 920,000 | 1.70 | 880461V62 | 935,000 | 1.75 | 880461V70 |
| 2029 | 945,000 | 1.80 | 880461V88 | 960,000 | 1.85 | 880461V96 |
| 2030 | 970,000 | 1.90 | 880461W20 | 985,000 | 1.95 | 880461W38 |
| 2031 | 995,000 | 2.00 | 880461W46 | 1,010,000 | 2.00 | 880461W53 |
| 2032 | 1,025,000 | 2.05 | 880461W61 | 1,040,000 | 2.05 | 880461W79 |

\$51,510,000 Term Bonds

| <u>Maturity Date</u> | <u>Principal Amount Due</u> | <u>Interest Rate</u> | <u>CUSIP Number⁽¹⁾</u> |
|----------------------|---------------------------------|--------------------------|---------------------------------------|
| July 1, 2035 | \$ 6,570,000 | 2.10 % | 880461W87 |
| July 1, 2040 | 12,430,000 | 2.35 | 880461W95 |
| January 1, 2045 | 11,845,000 | 2.55 | 880461X29 |
| July 1, 2050 (PAC) | 20,665,000 | 3.50 | 880461X37 |

\$72,500,000 Issue 2020-3B (Federally Taxable)

\$20,990,000 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> |
|-------------|---|--------------------------|---------------------------------------|--|--------------------------|---------------------------------------|
| 2021 | \$ 65,000 | 0.804 % | 880461X45 | \$ 800,000 | 0.854 % | 880461X52 |
| 2022 | 825,000 | 0.954 | 880461X60 | 830,000 | 1.004 | 880461X78 |
| 2023 | 835,000 | 1.056 | 880461X86 | 840,000 | 1.156 | 880461X94 |
| 2024 | 845,000 | 1.289 | 880461Y28 | 855,000 | 1.389 | 880461Y36 |
| 2025 | 860,000 | 1.489 | 880461Y44 | 870,000 | 1.589 | 880461Y51 |
| 2026 | 880,000 | 1.795 | 880461Y69 | 890,000 | 1.845 | 880461Y77 |
| 2027 | 900,000 | 1.895 | 880461Y85 | 910,000 | 1.945 | 880461Y93 |
| 2028 | 920,000 | 2.079 | 880461Z27 | 935,000 | 2.159 | 880461Z35 |
| 2029 | 945,000 | 2.209 | 880461Z43 | 960,000 | 2.259 | 880461Z50 |
| 2030 | 970,000 | 2.309 | 880461Z68 | 985,000 | 2.359 | 880461Z76 |
| 2031 | 995,000 | 2.409 | 880461Z84 | 1,010,000 | 2.459 | 880461Z92 |
| 2032 | 1,025,000 | 2.509 | 880461ZA5 | 1,040,000 | 2.559 | 880461ZB3 |

\$51,510,000 Term Bonds

| <u>Maturity Date</u> | <u>Principal Amount Due</u> | <u>Interest Rate</u> | <u>CUSIP Number⁽¹⁾</u> |
|----------------------|---------------------------------|--------------------------|---------------------------------------|
| July 1, 2035 | \$ 6,570,000 | 2.709 % | 8804612C1 |
| July 1, 2040 | 12,430,000 | 3.104 | 8804612D9 |
| January 1, 2045 | 11,845,000 | 3.254 | 8804612E7 |
| July 1, 2050 (PAC) | 20,665,000 | 3.500 | 8804612F4 |

PRICE OF ISSUE 2020-3A BONDS DUE July 1, 2050 (2020-3A PAC): 110.604%

PRICE OF ISSUE 2020-3B BONDS DUE July 1, 2050 (2020-3B PAC): 106.343%

PRICE OF ALL REMAINING ISSUE 2020-3 BONDS: 100%

13. DISCLOSURE DOCUMENT:

TENNESSEE HOUSING DEVELOPMENT AGENCY

**A Supplemental Resolution
Authorizing the Sale of
Residential Finance Program Bonds
\$72,500,000 Issue 2020-3A (Non-AMT)
\$72,500,000 Issue 2020-3B (Federally Taxable)**

Adopted March 24, 2020,
as approved in its amended and supplemented form by
its Designated Authorized Officer on June 30, 2020

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**A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
\$72,500,000 ISSUE 2020-3A (Non-AMT)
\$72,500,000 ISSUE 2020-3B (FEDERALLY TAXABLE)**

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 2020-3 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 2020-3 Bonds at a rate equal to 400% PSA, as set forth in Exhibit B hereto.

“*Bond Purchase Agreements*” means, collectively, the Issue 2020-3A Bond Purchase Agreement and the Issue 2020-3B Bond Purchase Agreement.

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

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

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

“*Designated Authorized Officer*” means the Secretary of the Bond Finance Committee or, in the absence of the Secretary of the Bond Finance Committee, an officer designated by the Secretary of the Bond Finance Committee.

“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 2020-3 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 2020-3 Bonds to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2020-3 Bonds.

“*Issue 2020-3 Bonds*” means, collectively, the Issue 2020-3A Bonds and the Issue 2020-3B Bonds.

“*Issue 2020-3A Bond Purchase Agreement*” means the contract for the purchase of the Issue 2020-3A Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A-1.

“*Issue 2020-3A Bonds*” means the Issue 2020-3A Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“*Issue 2020-3A PAC Bonds*” means the Issue 2020-3A Bonds in the aggregate principal amount of \$20,665,000 maturing July 1, 2050.

“*Issue 2020-3A PAC Bonds Planned Amortization Amount*” means the cumulative amount of Issue 2020-3A PAC Bonds expected to be redeemed upon the receipt of Excess 2020-3A Principal Payments at a rate equal to 100% PSA, as set forth in Exhibit B hereto.

“*Issue 2020-3A Serial Bonds*” means the Issue 2020-3A Bonds which are not Issue 2020-3A Term Bonds.

“*Issue 2020-3A Term Bonds*” means, collectively, the Issue 2020-3A Bonds maturing July 1, 2035, July 1, 2040, January 1, 2045, and July 1, 2050.

“*Issue 2020-3B Bond Purchase Agreement*” means the contract for the purchase of the Issue 2020-3B Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A-2.

“*Issue 2020-3B Bonds*” means the Issue 2020-3B Bonds (Federally Taxable) of THDA authorized by this Resolution pursuant to the Plan of Financing.

“*Issue 2020-3B PAC Bonds*” means the Issue 2020-3B Bonds in the aggregate principal amount of \$20,665,000 maturing July 1, 2050.

“*Issue 2020-3B PAC Bonds Planned Amortization Amount*” means the cumulative amount of Issue 2020-3B PAC Bonds expected to be redeemed upon

the receipt of Excess 2020-3B Principal Payments at a rate equal to 100% PSA, as set forth in Exhibit B hereto.

“Issue 2020-3B Serial Bonds” means the Issue 2020-3B Bonds which are not Issue 2020-3B Term Bonds.

“Issue 2020-3B Term Bonds” means, collectively, the Issue 2020-3B Bonds maturing July 1, 2035, July 1, 2040, January 1, 2045, and July 1, 2050.

“Issue Date” means the date on which the Issue 2020-3 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on July 16, 2020.

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

“Official Statement” means the Official Statement dated June 30, 2020 used in connection with the sale of the Issue 2020-3 Bonds.

“PAC Bonds” means, collectively, the Issue 2020-3A PAC Bonds and the Issue 2020-3B PAC Bonds.

“PAC Bonds Planned Amortization Amount” means, collectively, the Issue 2020-3A PAC Bonds Planned Amortization Amount and the Issue 2020-3B PAC Bonds Planned Amortization Amount.

“Preliminary Official Statement” means the Preliminary Official Statement dated June 23, 2020, used in connection with the offering of the Issue 2020-3 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 the bonds of THDA set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2020-3 Bonds.

“Resolution” means this Supplemental Resolution adopted by THDA on March 24, 2020, as approved in its amended and supplemented form by the Designated Authorized Officer on June 30, 2020.

“Serial Bonds” means, collectively, the Issue 2020-3A Serial Bonds and the Issue 2020-3B Serial Bonds.

“Term Bonds” means, collectively, the Issue 2020-3A Term Bonds and the Issue 2020-3B Term Bonds.

“Transferred Proceeds” means the amount on deposit in the Issue 2020-3 Bond Subaccount of the Loan Fund subsequent to the refunding of the Refunded

Bonds, as set forth in a certificate of THDA to be delivered on or before the date of issuance of the Issue 2020-3 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 2020-3 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 new Program Loans and, without duplication, Program Securities, and the phrase “Program Loans allocable to the Issue 2020-3 Bonds” shall include the any new Program Loans and Program Securities acquired with proceeds of the Issue 2020-3 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 2020-3A are hereby authorized to be issued in the aggregate principal amount of \$72,500,000 and Residential Finance Program Bonds, Issue 2020-3B are hereby authorized to be issued in the aggregate principal amount of \$72,500,000. In addition to the title “Residential Finance Program Bond,” the Issue 2020-3A Bonds will bear the additional designation “Issue 2020-3A (Non-AMT)” and the Issue 2020-3B Bonds will bear the additional designation “Issue 2020-3B (Federally Taxable)” The Issue 2020-3 Bonds shall be issued only in fully registered form. The Issue 2020-3 Bonds will consist of \$41,980,000 aggregate principal amount of Serial Bonds and \$103,020,000 aggregate principal amount of Term Bonds.

Section 2.02. Purposes. The Issue 2020-3 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 2020-3 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 2020-3 Bonds. As a result of the refunding of the Refunded Bonds, the Transferred Proceeds will become allocated to the Issue 2020-3 Bonds.

The proceeds of the Issue 2020-3 Bonds and the Transferred Proceeds shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2020-3 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, 2021, at the rate set opposite such date in the following tables:

Issue 2020-3A Bonds

Issue 2020-3A Serial Bonds

| Maturity Date | Principal Amount | Interest Rate | Maturity Date | Principal Amount | Interest Rate |
|----------------------|-------------------------|----------------------|----------------------|-------------------------|----------------------|
| January 1, 2021 | \$ 65,000 | 0.35% | January 1, 2027 | \$ 900,000 | 1.45% |
| July 1, 2021 | 800,000 | 0.40 | July 1, 2027 | 910,000 | 1.50 |
| January 1, 2022 | 825,000 | 0.45 | January 1, 2028 | 920,000 | 1.70 |
| July 1, 2022 | 830,000 | 0.50 | July 1, 2028 | 935,000 | 1.75 |
| January 1, 2023 | 835,000 | 0.75 | January 1, 2029 | 945,000 | 1.80 |
| July 1, 2023 | 840,000 | 0.75 | July 1, 2029 | 960,000 | 1.85 |
| January 1, 2024 | 845,000 | 0.90 | January 1, 2030 | 970,000 | 1.90 |
| July 1, 2024 | 855,000 | 0.95 | July 1, 2030 | 985,000 | 1.95 |
| January 1, 2025 | 860,000 | 1.00 | January 1, 2031 | 995,000 | 2.00 |
| July 1, 2025 | 870,000 | 1.05 | July 1, 2031 | 1,010,000 | 2.00 |
| January 1, 2026 | 880,000 | 1.25 | January 1, 2032 | 1,025,000 | 2.05 |
| July 1, 2026 | 890,000 | 1.30 | July 1, 2032 | 1,040,000 | 2.05 |

Issue 2020-3A Term Bonds

| Maturity Date | Principal Amount | Interest Rate |
|----------------------|-------------------------|----------------------|
| July 1, 2035 | \$ 6,570,000 | 2.10% |
| July 1, 2040 | 12,430,000 | 2.35 |
| January 1, 2045 | 11,845,000 | 2.55 |
| July 1, 2050 (PAC) | 20,665,000 | 3.50 |

Issue 2020-3B Bonds

Issue 2020-3B Serial Bonds

| Maturity Date | Principal Amount | Interest Rate | Maturity Date | Principal Amount | Interest Rate |
|----------------------|-------------------------|----------------------|----------------------|-------------------------|----------------------|
| January 1, 2021 | \$ 65,000 | 0.804% | January 1, 2027 | \$ 900,000 | 1.895% |
| July 1, 2021 | 800,000 | 0.854 | July 1, 2027 | 910,000 | 1.945 |
| January 1, 2022 | 825,000 | 0.954 | January 1, 2028 | 920,000 | 2.079 |
| July 1, 2022 | 830,000 | 1.004 | July 1, 2028 | 935,000 | 2.159 |
| January 1, 2023 | 835,000 | 1.056 | January 1, 2029 | 945,000 | 2.209 |
| July 1, 2023 | 840,000 | 1.156 | July 1, 2029 | 960,000 | 2.259 |
| January 1, 2024 | 845,000 | 1.289 | January 1, 2030 | 970,000 | 2.309 |
| July 1, 2024 | 855,000 | 1.389 | July 1, 2030 | 985,000 | 2.359 |
| January 1, 2025 | 860,000 | 1.489 | January 1, 2031 | 995,000 | 2.409 |
| July 1, 2025 | 870,000 | 1.589 | July 1, 2031 | 1,010,000 | 2.459 |
| January 1, 2026 | 880,000 | 1.795 | January 1, 2032 | 1,025,000 | 2.509 |
| July 1, 2026 | 890,000 | 1.845 | July 1, 2032 | 1,040,000 | 2.559 |

Issue 2020-3B Term Bonds

| Maturity Date | Principal Amount | Interest Rate |
|----------------------|-------------------------|----------------------|
| July 1, 2035 | \$ 6,570,000 | 2.709% |
| July 1, 2040 | 12,430,000 | 3.104 |
| January 1, 2045 | 11,845,000 | 3.254 |
| July 1, 2050 (PAC) | 20,665,000 | 3.500 |

(b) Whenever the due date for payment of interest on or principal of the Issue 2020-3 Bonds or the date fixed for redemption of any Issue 2020-3 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 2020-3 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 2020-3 Bonds maturing in such year. The Issue 2020-3 Bonds are to be lettered “R-[3A][3B]” and numbered separately from 1 consecutively upwards.

(b) The Issue 2020-3 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2020-3 Bond will be outstanding for each maturity and interest rate of the Issue 2020-3 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 2020-3 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2020-3 Bonds will not receive certificates representing their interest in the Issue 2020-3 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2020-3 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2020-3 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 2020-3 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 2020-3 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 2020-3 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2020-3 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 2020-3 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2020-3 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 2020-3 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2020-3 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2020-3 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2020-3 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2020-3 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 2020-3 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 2020-3 Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2020-3 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 2020-3A Term Bonds due July 1, 2035

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|-----------------|-----------------------|
| January 1, 2033 | \$ 1,055,000 | July 1, 2034 | \$ 1,105,000 |
| July 1, 2033 | 1,070,000 | January 1, 2035 | 1,120,000 |
| January 1, 2034 | 1,085,000 | July 1, 2035* | 1,135,000 |

*Maturity

Issue 2020-3A Term Bonds due July 1, 2040

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|-----------------|-----------------------|
| January 1, 2036 | \$ 1,155,000 | July 1, 2038 | \$ 1,255,000 |
| July 1, 2036 | 1,170,000 | January 1, 2039 | 1,275,000 |
| January 1, 2037 | 1,190,000 | July 1, 2039 | 1,295,000 |
| July 1, 2037 | 1,210,000 | January 1, 2040 | 1,315,000 |
| January 1, 2038 | 1,230,000 | July 1, 2040* | 1,335,000 |

*Maturity

Issue 2020-3A Term Bonds due January 1, 2045

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|------------------|-----------------------|
| January 1, 2041 | \$ 1,360,000 | July 1, 2043 | \$ 1,480,000 |
| July 1, 2041 | 1,380,000 | January 1, 2044 | 1,505,000 |
| January 1, 2042 | 1,405,000 | July 1, 2044 | 1,530,000 |
| July 1, 2042 | 1,430,000 | January 1, 2045* | 300,000 |
| January 1, 2043 | 1,455,000 | | |

*Maturity

Issue 2020-3A Term Bonds due July 1, 2050 (PAC)

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|-----------------|-----------------------|
| January 1, 2045 | \$ 1,260,000 | January 1, 2048 | \$ 1,760,000 |
| July 1, 2045 | 1,585,000 | July 1, 2048 | 1,795,000 |
| January 1, 2046 | 1,620,000 | January 1, 2049 | 1,835,000 |
| July 1, 2046 | 1,650,000 | July 1, 2049 | 1,875,000 |
| January 1, 2047 | 1,690,000 | January 1, 2050 | 1,915,000 |
| July 1, 2047 | 1,725,000 | July 1, 2050* | 1,955,000 |

*Maturity

Issue 2020-3B Term Bonds due July 1, 2035

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|-----------------|-----------------------|
| January 1, 2033 | \$ 1,055,000 | July 1, 2034 | \$ 1,105,000 |
| July 1, 2033 | 1,070,000 | January 1, 2035 | 1,120,000 |
| January 1, 2034 | 1,085,000 | July 1, 2035* | 1,135,000 |

*Maturity

Issue 2020-3B Term Bonds due July 1, 2040

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|-----------------|-----------------------|
| January 1, 2036 | \$ 1,155,000 | July 1, 2038 | \$ 1,255,000 |
| July 1, 2036 | 1,170,000 | January 1, 2039 | 1,275,000 |
| January 1, 2037 | 1,190,000 | July 1, 2039 | 1,295,000 |
| July 1, 2037 | 1,210,000 | January 1, 2040 | 1,315,000 |
| January 1, 2038 | 1,230,000 | July 1, 2040* | 1,335,000 |

*Maturity

Issue 2020-3B Term Bonds due January 1, 2045

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|------------------|-----------------------|
| January 1, 2041 | \$ 1,360,000 | July 1, 2043 | \$ 1,480,000 |
| July 1, 2041 | 1,380,000 | January 1, 2044 | 1,505,000 |
| January 1, 2042 | 1,405,000 | July 1, 2044 | 1,530,000 |
| July 1, 2042 | 1,430,000 | January 1, 2045* | 300,000 |
| January 1, 2043 | 1,455,000 | | |

*Maturity

Issue 2020-3B Term Bonds due July 1, 2050 (PAC)

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|-----------------|-----------------------|
| January 1, 2045 | \$ 1,260,000 | January 1, 2048 | \$ 1,760,000 |
| July 1, 2045 | 1,585,000 | July 1, 2048 | 1,795,000 |
| January 1, 2046 | 1,620,000 | January 1, 2049 | 1,835,000 |
| July 1, 2046 | 1,650,000 | July 1, 2049 | 1,875,000 |
| January 1, 2047 | 1,690,000 | January 1, 2050 | 1,915,000 |
| July 1, 2047 | 1,725,000 | July 1, 2050* | 1,955,000 |

*Maturity

(b) Upon the purchase or redemption of Issue 2020-3 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 2020-3 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 2020-3 Bonds of such maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such maturity of Issue 2020-3 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2020-3 Bonds maturing on and after January 1, 2030, 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, 2029 (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 2020-3 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 2020-3 Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans allocated to the Issue 2020-3 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2020-3 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 2020-3 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 2020-3 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 2020-3 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 2020-3 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 2020-3 Bonds are subject to mandatory redemption on December 1, 2021 in the event and to the extent that there are unexpended proceeds of the Issue 2020-3 Bonds on deposit in the Issue 2020-3 Subaccount of the Loan Fund on November 1, 2021; 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 4.02 hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2020-3A Bonds are subject to mandatory redemption on January 1, 2024, to the extent any amounts (other than Transferred Proceeds) allocable to the Issue 2020-3A Bonds remain on deposit in the Issue 2020-3 Subaccount of the Loan Fund on December 1, 2023.

The redemption price of the Issue 2020-3 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 2020-3 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 2020-3 Bonds then Outstanding.

(b) ***Excess 2020-3 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 2020-3 Principal Payments. Any Excess 2020-3 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, 2021; 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 2020-3 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Issue 2020-3 Bonds are equal to or less than the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2020-3 Principal Payments shall first be applied to redeem the PAC Bonds on a pro rata basis up to an amount correlating to the related 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 2020-3 Bonds are in excess of the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2020-3 Principal Payments shall first be applied to redeem PAC Bonds on a pro rata basis up to an amount correlating to the related 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 2020-3 Principal Payments which is in excess of 400% PSA, (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 2020-3 Bonds then Outstanding, and (iii) the PAC Bonds shall be redeemed on a pro rata basis.

The PAC Bonds Planned Amortization Amounts 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 2020-3 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 2020-3A Bonds (including Sinking Fund Payments) or otherwise required to be used to redeem the Issue 2020-3A 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 2020-3A Bonds (directly or through a series of refundings) received more than ten years after the Issue Date of the Issue 2020-3A Bonds (or the date of original issuance of the bonds refunded by the Issue 2020-3A Bonds, directly or through a series of refundings) shall be applied to redeem the Issue 2020-3A Bonds on or before the next Interest Payment Date with respect to the Issue 2020-3A 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 2020-3A 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 2020-3A Bonds to be redeemed shall be selected by THDA in its sole discretion; provided however, that the Issue 2020-3A PAC Bonds may be redeemed in an amount that exceeds the Issue 2020-3A PAC Bonds Planned Amortization Amount only if there are no other Issue 2020-3A Bonds Outstanding.

Section 2.12. Selection by Lot. If less than all of the Issue 2020-3 Bonds of like series and 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 2020-3 Bonds are hereby authorized to be sold to the Underwriters at the prices and on the terms and conditions set forth in each Bond Purchase Agreement and upon the basis of the representations, warranties and agreements therein set forth. The Chairperson, Secretary or Assistant Secretary of the Bond Finance Committee and the Executive Director of THDA are hereby authorized to execute the Bond Purchase Agreements. The Board of Directors of THDA hereby authorizes the Designated Authorized Officer to approve the purchase price of the Issue 2020-3 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 2020-3 Bonds in substantially the form presented to THDA with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Chairperson, Vice Chairperson, 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 2020-3 Bonds to the public is hereby authorized and approved.

(c) The Issue 2020-3 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreements and this 2020-3 Supplemental Resolution.

ARTICLE IV

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 4.01. Proceeds of the Issue 2020-3 Bonds. Upon receipt of the proceeds of the sale of the Issue 2020-3 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2020-3 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 2020-3 Bonds. On the Issue Date, an amount equal to the principal amount of the Refunded Bonds on deposit in the Issue 2020-3 Bond Subaccount of the Loan Fund (representing a portion of the proceeds of the Issue 2020-3A 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 Proceeds shall be credited to the Issue 2020-3 Bond Subaccount of the Loan Fund as shall be set forth in a certificate of THDA delivered on or prior to the Issue Date.

Section 4.02. Loan Fund; Bond Reserve Fund Requirement. Subsequent to the refunding of the Refunded Bonds, amounts on deposit in the Issue 2020-3 Bond Subaccount of the Loan Fund (including the Transferred Proceeds) 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 2020-3 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of Issue 2020-3 Bonds pursuant to Section 2.11(a) hereof, as set forth in the certificate of THDA delivered on or prior to the date of issuance of the Issue 2020-3 Bonds. 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 2020-3A Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2020-3A Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2020-3A Bonds shall not exceed 2% of the proceeds of the Issue 2020-3A Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2020-3 Bond Subaccount of the Loan Fund relating to the Issue 2020-3A Bonds in excess of the Transferred Proceeds and 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 July 16, 2021.

The Bond Reserve Fund Requirement with respect to the Issue 2020-3 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 2020-3 Bonds plus the amount on deposit in the Issue 2020-3 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 4.03. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2020-3A Bonds (including the Transferred Proceeds) unless (i) such Program Loan is made for the acquisition of residential housing for occupancy by not more than four families and (ii) the deed of trust securing such Program Loan shall constitute and create a first lien subject only to Permitted Encumbrances, on the fee simple or leasehold estate, of real property located in the State or on the interest in the real property constituting a part of the residential housing with respect to which the Program Loan secured thereby is made and on the fixtures

acquired with the proceeds of the Program Loan attached to or used in connection with such residential housing.

In addition, the Program Loan must either:

- (a) have been pooled into a Program Security; or
- (b) have been insured or guaranteed or have a commitment for insurance or guaranty by:
 - (i) the United States or any instrumentality thereof (inclusive of the Federal Housing Administration, the Farmers Home Administration, the Veteran's Administration, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred, or which is exercising similar powers with reference to the insurance or guaranty of Program Loans), or
 - (ii) any agency or instrumentality of the State authorized by law to issue such insurance; or
- (c) be made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value (as determined in an appraisal by or acceptable to THDA) or the sale price of the property securing the Program Loan; or
- (d) be made in an amount not exceeding the value, as determined in an appraisal by or acceptable to THDA, or sale price of the property securing the Program Loan, whichever is less, but only if (i) THDA is issued a mortgage insurance policy by a private mortgage insurance company, qualified to issue such insurance or guarantee in the State and approved by THDA, and the claims paying ability of which private mortgage insurer is rated by each Rating Agency in a rating category at least as high as the then current rating assigned to the Bonds, under which the insurer, upon foreclosure of the property securing the Program Loan, must pay the holder of the Program Loan the unrecovered balance of a claim including unpaid principal, accrued interest, taxes, insurance premiums, and expenses of foreclosure, if any, or in lieu thereof may permit the holder of the Program Loan to retain title and may pay an agreed insured percentage of such claim; and (ii) the insured percentage of the Program Loan equals the amount by which the original principal amount of the Program Loan exceeds 78% of the value, as determined by an appraisal by or acceptable to THDA or sale price of the property securing the Program Loan, whichever is less.

ARTICLE V

FORM OF BONDS, AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Section 5.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2020-3 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 2020-3 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 2020-3A (Non-AMT)] [Issue 2020-3B (Federally Taxable)] 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 2020-3 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2020-3 Bonds and neither the members of THDA nor any person executing the Issue 2020-3 Bonds may be liable personally on the Issue 2020-3 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 2020-3 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 2020-3 Bonds. The Issue 2020-3 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 2020-3 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 Chairperson, Vice Chairperson, 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 2020-3A 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 2020-3A 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 2020-3 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 2020-3 Bonds, or other material events affecting the tax status of the Issue 2020-3 Bonds;
- (vii) modifications to rights of the holders of the Issue 2020-3 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 2020-3 Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of THDA (which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for THDA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of THDA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement

or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of THDA);

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

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

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

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

For the purposes of the events identified in clauses (xv) and (xvi) above, the term “financial obligation” means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”).

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Issue 2020-3 Bonds or defeasance of any Issue 2020-3 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 2020-3 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 2020-3 Bonds whether or not the Rule applies to such Issue 2020-3 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2020-3 Bonds (except to the extent

required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of THDA or the type of business conducted thereby; (ii) these agreements as so amended would have complied with the requirements of the Rule as of the date of this Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) THDA shall have delivered to the Trustee an opinion of counsel, addressed to THDA and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) THDA shall deliver to the Trustee an opinion of or determination by a person unaffiliated with THDA (which may include the Trustee or bond counsel), acceptable to THDA and the Trustee, addressed to THDA and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Issue 2020-3 Bonds or (B) the holders of the Issue 2020-3 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 2020-3 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 2020-3 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 2020-3 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 Designated Authorized Officer. The terms of the Issue 2020-3 Bonds are herein established subject to confirmation by the Designated Authorized Officer upon the sale of the Issue 2020-3 Bonds by the Designated Authorized Officer. The Designated Authorized Officer is hereby authorized to make such changes or modifications in the principal amounts, maturities and interest rates for the Issue 2020-3 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 Designated Authorized Officer 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-1

ISSUE 2020-3A BOND PURCHASE AGREEMENT

EXHIBIT A-2

ISSUE 2020-3B BOND PURCHASE AGREEMENT

EXHIBIT B

PLANNED AMORTIZATION AMOUNTS FOR PAC BONDS

| <u>Date</u> | <u>Issue 2020-3A</u> | <u>Issue 2020-3B</u> |
|-----------------|-----------------------------|-----------------------------|
| | <u>PAC Bonds</u> | <u>PAC Bonds</u> |
| | <u>Planned Amortization</u> | <u>Planned Amortization</u> |
| | <u>Amount</u> | <u>Amount</u> |
| January 1, 2021 | \$ 290,000 | \$ 290,000 |
| July 1, 2021 | 490,000 | 500,000 |
| January 1, 2022 | 1,140,000 | 1,160,000 |
| July 1, 2022 | 2,190,000 | 2,220,000 |
| January 1, 2023 | 3,620,000 | 3,650,000 |
| July 1, 2023 | 5,320,000 | 5,350,000 |
| January 1, 2024 | 7,010,000 | 7,040,000 |
| July 1, 2024 | 8,610,000 | 8,640,000 |
| January 1, 2025 | 10,125,000 | 10,155,000 |
| July 1, 2025 | 11,550,000 | 11,585,000 |
| January 1, 2026 | 12,885,000 | 12,930,000 |
| July 1, 2026 | 14,140,000 | 14,185,000 |
| January 1, 2027 | 15,315,000 | 15,360,000 |
| July 1, 2027 | 16,410,000 | 16,445,000 |
| January 1, 2028 | 17,430,000 | 17,460,000 |
| July 1, 2028 | 18,370,000 | 18,395,000 |
| January 1, 2029 | 19,235,000 | 19,255,000 |
| July 1, 2029 | 20,030,000 | 20,040,000 |
| January 1, 2030 | 20,665,000 | 20,665,000 |

**400% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2020-3 BONDS**

| Date | Cumulative Amount | Date | Cumulative Amount |
|-----------------|------------------------------|-----------------|------------------------------|
| January 1, 2021 | \$ 951,434 | July 1, 2036 | \$ 128,326,771 |
| July 1, 2021 | 4,920,081 | January 1, 2037 | 128,536,384 |
| January 1, 2022 | 12,010,055 | July 1, 2037 | 128,714,088 |
| July 1, 2022 | 21,941,846 | January 1, 2038 | 128,864,536 |
| January 1, 2023 | 34,088,873 | July 1, 2038 | 128,991,723 |
| July 1, 2023 | 46,907,840 | January 1, 2039 | 129,099,075 |
| January 1, 2024 | 58,370,318 | July 1, 2039 | 129,189,530 |
| July 1, 2024 | 68,377,839 | January 1, 2040 | 129,265,605 |
| January 1, 2025 | 77,004,533 | July 1, 2040 | 129,329,455 |
| July 1, 2025 | 84,438,373 | January 1, 2041 | 129,382,924 |
| January 1, 2026 | 90,842,012 | July 1, 2041 | 129,427,587 |
| July 1, 2026 | 96,356,159 | January 1, 2042 | 129,464,793 |
| January 1, 2027 | 101,102,519 | July 1, 2042 | 129,495,691 |
| July 1, 2027 | 105,186,334 | January 1, 2043 | 129,521,261 |
| January 1, 2028 | 108,698,592 | July 1, 2043 | 129,542,339 |
| July 1, 2028 | 111,717,941 | January 1, 2044 | 129,559,638 |
| January 1, 2029 | 114,312,342 | July 1, 2044 | 129,573,761 |
| July 1, 2029 | 116,540,511 | January 1, 2045 | 129,585,224 |
| January 1, 2030 | 118,453,163 | July 1, 2045 | 129,594,462 |
| July 1, 2030 | 120,094,089 | January 1, 2046 | 129,601,845 |
| January 1, 2031 | 121,501,091 | July 1, 2046 | 129,607,686 |
| July 1, 2031 | 122,706,796 | January 1, 2047 | 129,612,249 |
| January 1, 2032 | 123,739,349 | July 1, 2047 | 129,615,757 |
| July 1, 2032 | 124,623,029 | January 1, 2048 | 129,618,399 |
| January 1, 2033 | 125,378,766 | July 1, 2048 | 129,620,330 |
| July 1, 2033 | 126,024,602 | January 1, 2049 | 129,621,685 |
| January 1, 2034 | 126,576,084 | July 1, 2049 | 129,622,574 |
| July 1, 2034 | 127,046,600 | January 1, 2050 | 129,623,089 |
| January 1, 2035 | 127,447,679 | July 1, 2050 | 129,623,308 |
| July 1, 2035 | 127,789,242 | January 1, 2051 | 129,623,347 |
| January 1, 2036 | 128,079,826 | July 1, 2051 | 129,623,356 |

EXHIBIT C

FORM OF BONDS

REGISTERED

R-[1A][1B][-1]

\$[_____]

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2020-3[A][B] [(Non-AMT)] [FEDERALLY TAXABLE]**

| Interest Rate | Dated Date | Maturity Date | Cusip |
|----------------------|-------------------|----------------------|---------------|
| [_____]% | July 16, 2020 | [_____] | 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, 2021. 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 2020-3[A][B] [(Non-AMT)][(Federally Taxable)]” (herein called the “Bonds”) issued in the aggregate principal amount of \$72,500,000 under the General Resolution, a resolution of THDA adopted on March 24, 2020, as approved in its amended and supplemented form by the Designated Authorized Officer on June 30, 2020 (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. The Bonds are issued contemporaneously with THDA’s Residential Finance Program Bonds, Issue 2020-3[A][B] [(Non-AMT)][(Federally Taxable)] issued in the aggregate principal amount of \$72,500,000.

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 subseries 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 Chairperson 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 _____
Michael L. Hedges
Chairperson
[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 2020-3[A][B] [(Non-AMT)][(Federally Taxable)] of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

Dated: July 16, 2020

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 - _____ | Custodian _____ |
| (Cust) | (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>

ESTIMATEDState Form No. CT-0253
Revised Effective 2/6/2020**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, Third Floor, 502 Deaderick Street |
| | Nashville, TN 37243-0200 |
| Debt Issue Name: | Issue 2020-2 |
| If disclosing initially for a program, attach the form specified for updates, indicating the frequency required. | |

| | |
|------------------------|---------------------|
| 2. Face Amount: | \$ 108,500,000.00 |
| Premium/Discount: | \$ See Attachment 1 |

| | | | |
|--|--|-------------------------------------|---|
| 3. Interest Cost: | Issue 2020-2 2.95417 % *Excluding Underwriter's Discount | <input type="checkbox"/> Tax-exempt | <input checked="" type="checkbox"/> Taxable |
| <input checked="" type="checkbox"/> TIC* | <input type="checkbox"/> NIC | | |
| <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"/> BAN | <input type="checkbox"/> CRAN |
| <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 Division of Local Government Finance ("LGF"). | |

| | |
|----------------------------------|-----|
| 5. Ratings: | |
| <input type="checkbox"/> Unrated | |
| Moody's | Aa1 |
| Standard & Poor's | AA+ |
| Fitch | |

| 6. Purpose: | | | |
|---|----------|-------------------|----------------------------------|
| <input type="checkbox"/> General Government | _____ % | | |
| <input type="checkbox"/> Education | _____ % | | |
| <input type="checkbox"/> Utilities | _____ % | | |
| <input type="checkbox"/> Other | _____ % | | |
| <input checked="" type="checkbox"/> Refunding/Renewal | 100.00 % | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="background-color: black; color: white;">BRIEF DESCRIPTION</th> </tr> <tr> <td>Refunding of Single Family Bonds</td> </tr> </table> | | BRIEF DESCRIPTION | Refunding of Single Family Bonds |
| BRIEF DESCRIPTION | | | |
| Refunding of Single Family 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): Special Limited Obligation |

| | |
|---|---|
| 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: 05/28/2020 | Issue/Closing Date: 05/28/2020 |

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 equal 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 | |
| Paying Agent Fees | 0 | |
| Registrar Fees | \$ 0 | |
| Trustee Fees | \$ 5,425 | US Bank, NA |
| Remarketing Agent Fees | 0 | |
| Liquidity Fees | 0 | |
| Rating Agency Fees | \$ 131,000 | Moody's and S & P |
| Credit Enhancement Fees | 0 | |
| Bank Closing Costs | 0 | |
| Underwriter's Discount _____% | | |
| Take Down | \$ 551,488 | Raymond James & Associates, Inc. ("Raymond James") |
| Management Fee | \$ 30,000 | Raymond James |
| Risk Premium | 0 | |
| Underwriter's Counsel | \$ 25,000 | Hawkins Delafield & Wood |
| Other expenses | \$ 13,254 | Raymond James |
| Printing and Advertising Fees | \$ 1,500 | i-Deal and TN General Services Printing Services |
| Issuer/Administrator Program Fees | \$ 0 | |
| Real Estate Fees | \$ 0 | |
| Sponsorship/Referral Fee | \$ 0 | |
| Other Costs _____ | \$ 0 | |
| TOTAL COSTS | \$ 852,667 | |

REPORT ON DEBT OBLIGATION

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

12. Recurring Costs:
☒ No Recurring Costs

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

13. Disclosure Document / Official Statement:
☐ None Prepared

☐ EMMA link

☒ Copy attached

See Attachment 3: Issue 2020-2 Supplemental Resolution; and
See Attachment 4: Issue 2020-2 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 ☐ No

If yes to either question, date that disclosure is due 210 days after end of each Fish Year

Name 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 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 _____ and presented at public meeting held on _____

Copy to Director, Division of Local Govt Finance: _____ Estimate: _____ either by: _____

☐ Mail to:

Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, TN 37243-3400

OR

☒ Email to:

LGF@cot.tn.gov

18. Signatures:

| | AUTHORIZED REPRESENTATIVE | PREPARER |
|-------|--------------------------------------|--------------------------------------|
| Name | | Lynn E. Miller |
| Title | Executive Director | Chief Legal Counsel |
| Firm | Tennessee Housing Development Agency | Tennessee Housing Development Agency |
| Email | RPerrey@thda.org | LMiller@thda.org |
| Date | | |

2. PREMIUM/DISCOUNT:

Includes the original issue premium of \$4,746,837.50 on the Issue 2020-4 PAC Bonds maturing January 1, 2051

10. MATURITY DATES, AMOUNTS AND INTEREST RATES

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BONDS**

Maturities, Amounts, Interest Rates and Prices

\$145,000,000 Issue 2020-4 (Non-AMT)

| \$ 31,615,000 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> |
| 2021 | | | | \$ 1,310,000 | 0.150 % | 8804612G2 |
| 2022 | \$ 1,310,000 | 0.200 % | 8804612H0 | 1,315,000 | 0.250 | 8804612J6 |
| 2023 | 1,315,000 | 0.350 | 8804612K3 | 1,325,000 | 0.400 | 8804612L1 |
| 2024 | 1,325,000 | 0.450 | 8804612M9 | 1,330,000 | 0.500 | 8804612N7 |
| 2025 | 1,335,000 | 0.600 | 8804612P2 | 1,340,000 | 0.650 | 8804612Q0 |
| 2026 | 1,345,000 | 0.800 | 8804612R8 | 1,350,000 | 0.850 | 8804612S6 |
| 2027 | 1,365,000 | 1.000 | 8804612T4 | 1,370,000 | 1.050 | 8804612U1 |
| 2028 | 1,380,000 | 1.300 | 8804612V9 | 1,390,000 | 1.350 | 8804612W7 |
| 2029 | 1,395,000 | 1.500 | 8804612X5 | 1,410,000 | 1.550 | 8804612Y3 |
| 2030 | 1,420,000 | 1.650 | 8804612Z0 | 1,430,000 | 1.700 | 8804613A4 |
| 2031 | 1,445,000 | 1.800 | 8804613B2 | 1,455,000 | 1.850 | 8804613C0 |
| 2032 | 1,470,000 | 1.875 | 8804613D8 | 1,485,000 | 1.900 | 8804613E6 |

| \$113,385,000 Term Bonds | | | |
|---------------------------------|---------------------------------|--------------------------|---------------------------------------|
| <u>Maturity Date</u> | <u>Principal Amount Due</u> | <u>Interest Rate</u> | <u>CUSIP Number⁽¹⁾</u> |
| July 1, 2035 | \$ 9,230,000 | 2.00 % | 8804613F3 |
| July 1, 2040 | 16,765,000 | 2.15 | 8804613G1 |
| July 1, 2045 | 18,810,000 | 2.30 | 8804613H9 |
| July 1, 2050 | 21,230,000 | 2.45 | 8804613J5 |
| January 1, 2051 (PAC) | 47,350,000 | 3.00 | 8804613K2 |

PRICE OF ISSUE 2020-4 BONDS DUE JANUARY 1, 2051 (2020-4 PAC):110.025%

PRICE OF ALL REMAINING ISSUE 2020-4 BONDS: 100.00%

⁽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
\$145,000,000 Issue 2020-4 (Non-AMT)

Adopted July 29, 2020
as approved in its amended and supplemented form
by its Designated Authorized Officer on September 29, 2020

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**A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
\$145,000,000 ISSUE 2020-4 (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 2020-4 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 2020-4 Bonds at a rate equal to 400% PSA, as set forth in Exhibit B hereto.

“*Bond Purchase Agreement*” means the contract for the purchase of the Issue 2020-4 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 Robert W. Baird & Co. Incorporated.

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

“*Designated Authorized Officer*” means the Secretary of the Bond Finance Committee or, in the absence of the Secretary of the Bond Finance Committee, an officer designated by the Secretary of the Bond Finance Committee.

“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 2020-4 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 2020-4 Bonds to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2020-4 Bonds.

“*Issue 2020-4 Bonds*” means the Issue 2020-4 Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“*Issue Date*” means the date on which the Issue 2020-4 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on October 28, 2020.

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

“*Official Statement*” means the Official Statement dated September 29, 2020 used in connection with the sale of the Issue 2020-4 Bonds.

“*PAC Bonds*” means the Issue 2020-4 Bonds in the aggregate principal amount of \$47,350,000 maturing January 1, 2051.

“*PAC Bonds Planned Amortization Amount*” means the cumulative amount of PAC Bonds expected to be redeemed upon the receipt of Excess 2020-4 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 September 21, 2020, used in connection with the offering of the Issue 2020-4 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 the bonds of THDA set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2020-4 Bonds.

“*Resolution*” means this Supplemental Resolution adopted by THDA on July 29, 2020, as approved in its amended and supplemented form by the Designated Authorized Officer on September 29, 2020.

“*Serial Bonds*” means the Issue 2020-4 Bonds which are not Term Bonds.

“*Term Bonds*” means, collectively, the Issue 2020-4 Bonds maturing July 1, 2035, July 1, 2040, July 1, 2045, July 1, 2050 and January 1, 2051.

“*Transferred Proceeds*” means the amount on deposit in the Issue 2020-4 Bond Subaccount of the Loan Fund subsequent to the refunding of the Refunded Bonds, as set forth in a certificate of THDA to be delivered on or before the date of issuance of the Issue 2020-4 Bonds.

“*Underwriters*” means, collectively, Citigroup Global Markets Inc., Raymond James & Associates, Inc. and RBC Capital Markets, LLC, their respective successors and assigns, and the Co-Managers as purchasers of the Issue 2020-4 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 new Program Loans and, without duplication, Program Securities, and the phrase “Program Loans allocable to the Issue 2020-4 Bonds” shall include any new Program Loans and Program Securities acquired with proceeds of the Issue 2020-4 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 2020-4 are hereby authorized to be issued in the aggregate principal amount of \$145,000,000. In addition to the title “Residential Finance Program Bond,” the Issue 2020-4 Bonds will bear the additional designation “Issue 2020-4 (Non-AMT).” The Issue 2020-4 Bonds shall be issued only in fully registered form. The Issue 2020-4 Bonds will consist of \$31,615,000 principal amount of Serial Bonds and \$113,385,000 principal amount of Term Bonds.

Section 2.02. Purposes. The Issue 2020-4 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 2020-4

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 2020-4 Bonds. As a result of the refunding of the Refunded Bonds, the Transferred Proceeds will become allocated to the Issue 2020-4 Bonds.

The proceeds of the Issue 2020-4 Bonds and the Transferred Proceeds shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2020-4 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, 2021, at the rate set opposite such date in the following tables:

Issue 2020-4 Bonds

Serial Bonds

| Maturity Date | Principal Amount | Interest Rate | Maturity Date | Principal Amount | Interest Rate |
|----------------------|-------------------------|----------------------|----------------------|-------------------------|----------------------|
| July 1, 2021 | \$ 1,310,000 | 0.150% | July 1, 2027 | \$ 1,370,000 | 1.050% |
| January 1, 2022 | 1,310,000 | 0.200 | January 1, 2028 | 1,380,000 | 1.300 |
| July 1, 2022 | 1,315,000 | 0.250 | July 1, 2028 | 1,390,000 | 1.350 |
| January 1, 2023 | 1,315,000 | 0.350 | January 1, 2029 | 1,395,000 | 1.500 |
| July 1, 2023 | 1,325,000 | 0.400 | July 1, 2029 | 1,410,000 | 1.550 |
| January 1, 2024 | 1,325,000 | 0.450 | January 1, 2030 | 1,420,000 | 1.650 |
| July 1, 2024 | 1,330,000 | 0.500 | July 1, 2030 | 1,430,000 | 1.700 |
| January 1, 2025 | 1,335,000 | 0.600 | January 1, 2031 | 1,445,000 | 1.800 |
| July 1, 2025 | 1,340,000 | 0.650 | July 1, 2031 | 1,455,000 | 1.850 |
| January 1, 2026 | 1,345,000 | 0.800 | January 1, 2032 | 1,470,000 | 1.875 |
| July 1, 2026 | 1,350,000 | 0.850 | July 1, 2032 | 1,485,000 | 1.900 |
| January 1, 2027 | 1,365,000 | 1.000 | | | |

Term Bonds

| Maturity Date | Principal Amount | Interest Rate |
|-----------------------|-------------------------|----------------------|
| July 1, 2035 | \$ 9,230,000 | 2.000% |
| July 1, 2040 | 16,765,000 | 2.150 |
| July 1, 2045 | 18,810,000 | 2.300 |
| July 1, 2050 | 21,230,000 | 2.450 |
| January 1, 2051 (PAC) | 47,350,000 | 3.000 |

(b) Whenever the due date for payment of interest on or principal of the Issue 2020-4 Bonds or the date fixed for redemption of any Issue 2020-4 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 2020-4 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 2020-4 Bonds maturing in such year. The Issue 2020-4 Bonds are to be lettered "R" and numbered separately from 1 consecutively upwards.

(b) The Issue 2020-4 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2020-4 Bond will be outstanding for each maturity and interest rate of the Issue 2020-4 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 2020-4 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2020-4 Bonds will not receive certificates representing their interest in the Issue 2020-4 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2020-4 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2020-4 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 2020-4 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 2020-4 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 2020-4 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2020-4 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 2020-4 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2020-4 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 2020-4 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2020-4 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2020-4 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2020-4 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2020-4 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 2020-4 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 2020-4 Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2020-4 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 2020-4 Term Bonds due July 1, 2035

| Date | Amount Due | Date | Amount Due |
|-----------------|-------------------|-----------------|-------------------|
| January 1, 2033 | \$1,500,000 | July 1, 2034 | \$1,545,000 |
| July 1, 2033 | 1,515,000 | January 1, 2035 | 1,565,000 |
| January 1, 2034 | 1,530,000 | July 1, 2035* | 1,575,000 |

*Maturity

Issue 2020-4 Term Bonds due July 1, 2040

| Date | Amount Due | Date | Amount Due |
|-----------------|-------------------|-----------------|-------------------|
| January 1, 2036 | \$ 1,595,000 | July 1, 2038 | \$ 1,685,000 |
| July 1, 2036 | 1,610,000 | January 1, 2039 | 1,705,000 |
| January 1, 2037 | 1,630,000 | July 1, 2039 | 1,720,000 |
| July 1, 2037 | 1,650,000 | January 1, 2040 | 1,745,000 |
| January 1, 2038 | 1,665,000 | July 1, 2040* | 1,760,000 |

*Maturity

Issue 2020-4 Term Bonds due July 1, 2045

| Date | Amount Due | Date | Amount Due |
|-----------------|-------------------|-----------------|-------------------|
| January 1, 2041 | \$ 1,780,000 | July 1, 2043 | \$ 1,890,000 |
| July 1, 2041 | 1,800,000 | January 1, 2044 | 1,915,000 |
| January 1, 2042 | 1,825,000 | July 1, 2044 | 1,935,000 |
| July 1, 2042 | 1,850,000 | January 1, 2045 | 1,960,000 |
| January 1, 2043 | 1,870,000 | July 1, 2045* | 1,985,000 |

*Maturity

Issue 2020-4 Term Bonds due July 1, 2050

| Date | Amount Due | Date | Amount Due |
|-----------------|-----------------------|-----------------|-----------------------|
| January 1, 2046 | \$ 2,005,000 | July 1, 2048 | \$ 2,135,000 |
| July 1, 2046 | 2,030,000 | January 1, 2049 | 2,160,000 |
| January 1, 2047 | 2,060,000 | July 1, 2049 | 2,190,000 |
| July 1, 2047 | 2,085,000 | January 1, 2050 | 2,215,000 |
| January 1, 2048 | 2,110,000 | July 1, 2050* | 2,240,000 |

*Maturity

[Remainder of page intentionally left blank]

Issue 2020-4 Term Bonds due January 1, 2051 (PAC)

| Date | Amount Due | Date | Amount Due |
|-----------------|-------------------|------------------|-------------------|
| July 1, 2021 | \$ 475,000 | July 1, 2036 | \$ 770,000 |
| January 1, 2022 | 485,000 | January 1, 2037 | 780,000 |
| July 1, 2022 | 490,000 | July 1, 2037 | 790,000 |
| January 1, 2023 | 500,000 | January 1, 2038 | 805,000 |
| July 1, 2023 | 505,000 | July 1, 2038 | 820,000 |
| January 1, 2024 | 515,000 | January 1, 2039 | 830,000 |
| July 1, 2024 | 525,000 | July 1, 2039 | 845,000 |
| January 1, 2025 | 530,000 | January 1, 2040 | 855,000 |
| July 1, 2025 | 540,000 | July 1, 2040 | 870,000 |
| January 1, 2026 | 550,000 | January 1, 2041 | 885,000 |
| July 1, 2026 | 560,000 | July 1, 2041 | 900,000 |
| January 1, 2027 | 565,000 | January 1, 2042 | 910,000 |
| July 1, 2027 | 575,000 | July 1, 2042 | 925,000 |
| January 1, 2028 | 585,000 | January 1, 2043 | 940,000 |
| July 1, 2028 | 595,000 | July 1, 2043 | 955,000 |
| January 1, 2029 | 605,000 | January 1, 2044 | 970,000 |
| July 1, 2029 | 615,000 | July 1, 2044 | 985,000 |
| January 1, 2030 | 625,000 | January 1, 2045 | 1,000,000 |
| July 1, 2030 | 635,000 | July 1, 2045 | 1,015,000 |
| January 1, 2031 | 645,000 | January 1, 2046 | 1,035,000 |
| July 1, 2031 | 655,000 | July 1, 2046 | 1,050,000 |
| January 1, 2032 | 665,000 | January 1, 2047 | 1,065,000 |
| July 1, 2032 | 675,000 | July 1, 2047 | 1,080,000 |
| January 1, 2033 | 685,000 | January 1, 2048 | 1,100,000 |
| July 1, 2033 | 700,000 | July 1, 2048 | 1,115,000 |
| January 1, 2034 | 710,000 | January 1, 2049 | 1,135,000 |
| July 1, 2034 | 720,000 | July 1, 2049 | 1,150,000 |
| January 1, 2035 | 730,000 | January 1, 2050 | 1,170,000 |
| July 1, 2035 | 745,000 | July 1, 2051 | 1,190,000 |
| January 1, 2036 | 755,000 | January 1, 2051* | 1,250,000 |

*Maturity

(b) Upon the purchase or redemption of Issue 2020-4 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 2020-4 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 2020-4 Bonds of such maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such maturity of Issue 2020-4 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2020-4 Bonds maturing on and after July 1, 2030, 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 January 1, 2030 (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 2020-4 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 2020-4 Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans allocated to the Issue 2020-4 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2020-4 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 2020-4 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 2020-4 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 2020-4 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 2020-4 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 2020-4 Bonds are subject to mandatory redemption on December 1, 2021 in the event and to the extent that there are unexpended proceeds of the Issue 2020-4 Bonds on deposit in the Issue 2020-4 Subaccount of the Loan Fund on November 1, 2021; 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 4.02 hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2020-4 Bonds are subject to mandatory redemption on April 1, 2024, to the extent any amounts (other than Transferred Proceeds) remain on deposit in the Issue 2020-4 Subaccount of the Loan Fund on March 1, 2024.

The redemption price of the Issue 2020-4 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 2020-4 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 2020-4 Bonds then Outstanding.

(b) ***Excess 2020-4 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 2020-4 Principal Payments. Any Excess 2020-4 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, 2021; 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 2020-4 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Issue 2020-4 Bonds are equal to or less than the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2020-4 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 2020-4 Bonds are in excess of the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2020-4 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 2020-4 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 2020-4 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 2020-4 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 2020-4 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 2020-4 Bonds (directly or through a series of refundings) received more than ten years after the Issue Date of the Issue 2020-4 Bonds (or the date of original issuance of the bonds refunded by the Issue 2020-4 Bonds, directly or through a series of refundings) shall be applied to redeem the Issue 2020-4 Bonds on or before the next Interest Payment Date with respect to the Issue 2020-4 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 2020-4 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 2020-4 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 2020-4 Bonds Outstanding.

Section 2.12. Selection by Lot. If less than all of the Issue 2020-4 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 2020-4 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 Chairperson, 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 Designated Authorized Officer to approve the purchase price of the Issue 2020-4 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 2020-4 Bonds in substantially the form presented to THDA with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Chairperson, Vice Chairperson, 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 2020-4 Bonds to the public is hereby authorized and approved.

(c) The Issue 2020-4 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this 2020-4 Supplemental Resolution.

ARTICLE IV

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 4.01. Proceeds of the Issue 2020-4 Bonds. Upon receipt of the proceeds of the sale of the Issue 2020-4 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2020-4 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 2020-4 Bonds. On the Issue Date, an amount equal to the principal amount of the Refunded Bonds on deposit in the Issue 2020-4 Bond Subaccount of the Loan Fund (representing a portion of the proceeds of the Issue 2020-4 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 Proceeds shall be credited to the Issue 2020-4 Bond Subaccount of the Loan Fund as shall be set forth in a certificate of THDA delivered on or prior to the Issue Date.

Section 4.02. Loan Fund; Bond Reserve Fund Requirement. Subsequent to the refunding of the Refunded Bonds, amounts on deposit in the Issue 2020-4 Bond Subaccount of the Loan Fund (including the Transferred Proceeds) 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, (iv) payment of Costs of Issuance and (v) payment of capitalized interest to the extent, if any, specified by written instructions of an Authorized Officer.

Amounts on deposit in the Issue 2020-4 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of Issue 2020-4 Bonds pursuant to Section 2.11(a) hereof, as set forth in the certificate of THDA delivered on or prior to the date of issuance of the Issue 2020-4 Bonds. 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 2020-4 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2020-4 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2020-4 Bonds shall not exceed 2% of the proceeds of the Issue 2020-4 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2020-4 Bond Subaccount of the Loan Fund in excess of the Transferred Proceeds and 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 October 28, 2021.

The Bond Reserve Fund Requirement with respect to the Issue 2020-4 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 2020-4 Bonds plus the amount on deposit in the Issue 2020-4 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 4.03. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2020-4 Bonds (including the Transferred Proceeds) unless (i) such Program Loan is made for the acquisition of residential housing for occupancy by not more than four families and (ii) the deed of trust securing such Program Loan shall constitute and create a first lien subject only to Permitted Encumbrances, on the fee simple or leasehold estate, of real property located in the State or on the interest in the real property constituting a part of the residential housing with respect to which the Program Loan secured thereby is made and on the fixtures acquired with the proceeds of the Program Loan attached to or used in connection with such residential housing.

In addition, the Program Loan must either:

- (a) have been pooled into a Program Security; or

(b) have been insured or guaranteed or have a commitment for insurance or guaranty by:

(i) the United States or any instrumentality thereof (inclusive of the Federal Housing Administration, the Farmers Home Administration, the Veteran's Administration, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred, or which is exercising similar powers with reference to the insurance or guaranty of Program Loans), or

(ii) any agency or instrumentality of the State authorized by law to issue such insurance; or

(c) be made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value (as determined in an appraisal by or acceptable to THDA) or the sale price of the property securing the Program Loan; or

(d) be made in an amount not exceeding the value, as determined in an appraisal by or acceptable to THDA, or sale price of the property securing the Program Loan, whichever is less, but only if (i) THDA is issued a mortgage insurance policy by a private mortgage insurance company, qualified to issue such insurance or guarantee in the State and approved by THDA, and the claims paying ability of which private mortgage insurer is rated by each Rating Agency in a rating category at least as high as the then current rating assigned to the Bonds, under which the insurer, upon foreclosure of the property securing the Program Loan, must pay the holder of the Program Loan the unrecovered balance of a claim including unpaid principal, accrued interest, taxes, insurance premiums, and expenses of foreclosure, if any, or in lieu thereof may permit the holder of the Program Loan to retain title and may pay an agreed insured percentage of such claim; and (ii) the insured percentage of the Program Loan equals the amount by which the original principal amount of the Program Loan exceeds 78% of the value, as determined by an appraisal by or acceptable to THDA or sale price of the property securing the Program Loan, whichever is less.

ARTICLE V

FORM OF BONDS, AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Section 5.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2020-4 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 2020-4 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 2020-4 (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 2020-4 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2020-4 Bonds and neither the members of THDA nor any person executing the Issue 2020-4 Bonds may be liable personally on the Issue 2020-4 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 2020-4 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 2020-4 Bonds. The Issue 2020-4 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 2020-4 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 Chairperson, Vice Chairperson, 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 2020-4 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 2020-4 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 2020-4 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 2020-4 Bonds, or other material events affecting the tax status of the Issue 2020-4 Bonds;
- (vii) modifications to rights of the holders of the Issue 2020-4 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 2020-4 Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of THDA (which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for THDA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of THDA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of THDA);
- (xiii) The consummation of a merger, consolidation or acquisition involving THDA or the sale of all or substantially all of the assets of THDA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

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

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

For the purposes of the events identified in clauses (xv) and (xvi) above, the term “financial obligation” means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”).

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Issue 2020-4 Bonds or defeasance of any Issue 2020-4 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 2020-4 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 2020-4 Bonds whether or not the Rule applies to such Issue 2020-4 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2020-4 Bonds (except to the extent required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of THDA or the type of business conducted thereby; (ii) these agreements as so amended would have complied with the requirements of the Rule as of the date of this Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) THDA shall have delivered to the Trustee an opinion of

counsel, addressed to THDA and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) THDA shall deliver to the Trustee an opinion of or determination by a person unaffiliated with THDA (which may include the Trustee or bond counsel), acceptable to THDA and the Trustee, addressed to THDA and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Issue 2020-4 Bonds or (B) the holders of the Issue 2020-4 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 2020-4 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 2020-4 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 2020-4 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 Designated Authorized Officer. The terms of the Issue 2020-4 Bonds are herein established subject to confirmation by the Designated Authorized Officer upon the sale of the Issue 2020-4 Bonds by the Designated Authorized Officer. The Designated Authorized Officer is hereby authorized to make such changes or modifications in the principal amounts, maturities and interest rates for the Issue 2020-4 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 Designated Authorized Officer 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> |
| July 1, 2021 | \$ 475,000 |
| January 1, 2022 | 1,160,000 |
| July 1, 2022 | 3,165,000 |
| January 1, 2023 | 5,960,000 |
| July 1, 2023 | 9,460,000 |
| January 1, 2024 | 13,275,000 |
| July 1, 2024 | 17,085,000 |
| January 1, 2025 | 20,785,000 |
| July 1, 2025 | 24,300,000 |
| January 1, 2026 | 27,640,000 |
| July 1, 2026 | 30,815,000 |
| January 1, 2027 | 33,810,000 |
| July 1, 2027 | 36,650,000 |
| January 1, 2028 | 39,330,000 |
| July 1, 2028 | 41,855,000 |
| January 1, 2029 | 44,235,000 |
| July 1, 2029 | 46,470,000 |
| January 1, 2030 | 47,350,000 |

**400% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2020-4 BONDS**

| Date | Cumulative Amount | Date | Cumulative Amount |
|-----------------|------------------------------|-----------------|------------------------------|
| January 1, 2021 | 93,246 | July 1, 2036 | 127,085,836 |
| July 1, 2021 | 2,013,921 | January 1, 2037 | 127,319,613 |
| January 1, 2022 | 6,495,377 | July 1, 2037 | 127,517,729 |
| July 1, 2022 | 13,890,046 | January 1, 2038 | 127,685,409 |
| January 1, 2023 | 23,990,150 | July 1, 2038 | 127,827,136 |
| July 1, 2023 | 36,074,852 | January 1, 2039 | 127,946,750 |
| January 1, 2024 | 48,087,456 | July 1, 2039 | 128,047,540 |
| July 1, 2024 | 59,244,770 | January 1, 2040 | 128,132,321 |
| January 1, 2025 | 69,057,557 | July 1, 2040 | 128,203,501 |
| July 1, 2025 | 77,505,119 | January 1, 2041 | 128,263,138 |
| January 1, 2026 | 84,774,824 | July 1, 2041 | 128,312,990 |
| July 1, 2026 | 91,028,600 | January 1, 2042 | 128,354,558 |
| January 1, 2027 | 96,406,354 | July 1, 2042 | 128,389,122 |
| July 1, 2027 | 101,028,948 | January 1, 2043 | 128,417,773 |
| January 1, 2028 | 105,000,762 | July 1, 2043 | 128,441,439 |
| July 1, 2028 | 108,411,923 | January 1, 2044 | 128,460,911 |
| January 1, 2029 | 111,340,233 | July 1, 2044 | 128,476,859 |
| July 1, 2029 | 113,852,837 | January 1, 2045 | 128,489,854 |
| January 1, 2030 | 116,007,669 | July 1, 2045 | 128,500,379 |
| July 1, 2030 | 117,854,701 | January 1, 2046 | 128,508,843 |
| January 1, 2031 | 119,437,026 | July 1, 2046 | 128,515,592 |
| July 1, 2031 | 120,791,793 | January 1, 2047 | 128,520,919 |
| January 1, 2032 | 121,951,021 | July 1, 2047 | 128,525,070 |
| July 1, 2032 | 122,942,293 | January 1, 2048 | 128,528,253 |
| January 1, 2033 | 123,789,369 | July 1, 2048 | 128,530,641 |
| July 1, 2033 | 124,512,706 | January 1, 2049 | 128,532,382 |
| January 1, 2034 | 125,129,910 | July 1, 2049 | 128,533,598 |
| July 1, 2034 | 125,656,131 | January 1, 2050 | 128,534,390 |
| January 1, 2035 | 126,104,398 | July 1, 2050 | 128,534,844 |
| July 1, 2035 | 126,485,913 | January 1, 2051 | 128,535,035 |
| January 1, 2036 | 126,810,303 | | |

EXHIBIT C

FORM OF BOND

REGISTERED

R[-1]

\$[_____]

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2020-4 (Non-AMT)**

| Interest Rate | Dated Date | Maturity Date | Cusip |
|----------------------|-------------------|----------------------|---------------|
| [_____]% | October 28, 2020 | [_____] | 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, 2021. 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 2020-4” (herein called the “Bonds”) issued in the aggregate principal amount of \$145,000,000 under the General Resolution, a resolution of THDA adopted on July 29, 2020, as approved in its amended and supplemented form by the Designated Authorized Officer on September 29, 2020 (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 Chairperson 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 _____
Michael L. Hedges
Chairperson
[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 2020-4 (Non-AMT) of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

Dated: October 28, 2020

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>

TENNESSEE HOMEOWNERS DURING THE PANDEMIC:

Mortgage Delinquency, Forbearance, and Foreclosure

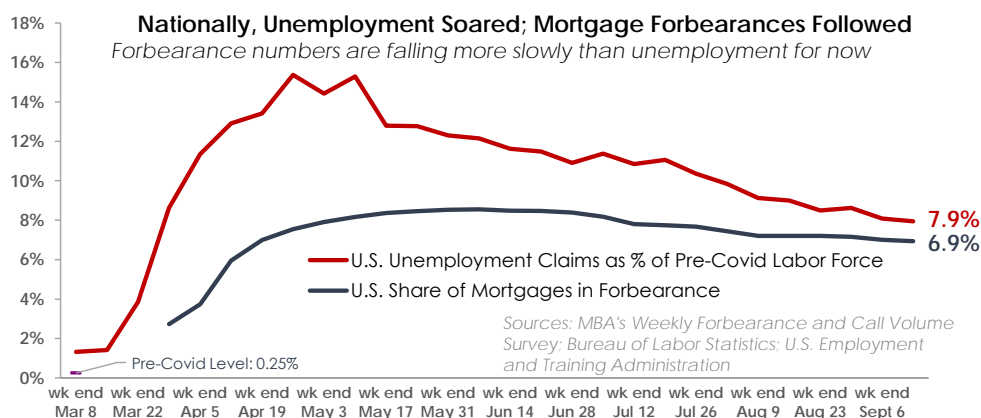
KEY FINDINGS:

- Mortgage delinquency rates are now improving, albeit gradually, across Tennessee and the U.S., as employment has improved from its April/May low point. However, severe delinquencies (loans delinquent for 90 days or longer) continue to trend upward, as borrowers who became non-current at the onset of the pandemic are unable to catch up.
- There are two major unknowns in the outlook for the next several months.
 - First, it is unclear what impact the expiration of enhanced unemployment benefits in late July has had on homeowners' ability to continue to pay their mortgages; data for August, September, and October will be instructive. The gradual improvements in mortgage delinquency during June and July 2020 could easily reverse in upcoming months.
 - Second, the pace of recovery (and the possibility of a setback) remains a major unknown, with many moving parts and lingering unpredictability of the pandemic environment.
- Regardless of Grand Division or Urban/Rural status, virtually every area of Tennessee has seen mortgage delinquency increase substantially during the pandemic.

INTRODUCTION: THE PANDEMIC, FORBEARANCE, AND THE NATIONAL ENVIRONMENT

The Covid-19 pandemic has produced abrupt shifts in Tennessee's economic and housing landscape. This report summarizes these abrupt shifts and emergent patterns in employment and mortgage delinquency.

As the economic crisis unfolded, the federal government passed the CARES Act in late March, codifying the option of forbearance for American homeowners. Several weeks after unemployment increased dramatically, the proportion of mortgages in forbearance followed suit. According to data from the [Mortgage Bankers Association](#), displayed below¹, roughly 0.25 percent of the nation's mortgages were in forbearance before the pandemic; after reaching 8.6 percent in early June, they remain at 6.93 percent of all mortgages through mid-September.



The widespread use of forbearance adds a new dimension to how we consider mortgage delinquency. Forbearance and delinquency are not synonymous; some mortgages in forbearance are still current on their payments, while some delinquent mortgages have not entered into forbearance. Data on FHA loans in Tennessee, however, show that higher rates of mortgage delinquency are [strongly predictive](#) of higher rates of forbearance at a

About Forbearance:

- Mortgage-holders who have experienced financial hardship due to Covid-19 are legally allowed to seek and obtain forbearance for up to 12 months.
- Under forbearance, a borrower can usually repay missed mortgage payments through a gradual repayment plan at the end of the forbearance term; details vary by loan insurer.
- Millions of American households have entered into a forbearance agreement with their mortgage servicer. As of mid-September 2020, [6.93 percent of mortgages nationwide](#) are estimated by the Mortgage Bankers Association to be in forbearance.
- Not all loans in forbearance are delinquent on their payments; Black Knight estimates that [25 to 30 percent of loans in forbearance](#), as of July 31, were current on their July mortgage payment.
- Not all delinquent mortgages have entered into forbearance. The aforementioned report by Black Knight estimates that more than 1 million loans fall into this category of delinquent, but not in forbearance. [Survey data by the National Housing Resource Center](#) suggest that many of these borrowers are either unaware of their forbearance eligibility, or under the impression that lump sum payments are required at the end of forbearance. Further research by the [Urban Institute](#) examined characteristics of these borrowers and their loans.
- Tennessee-specific data on forbearance is harder to come across. It is likely that the state's forbearance rate will rise and fall as the nation's data does in the coming weeks and months.

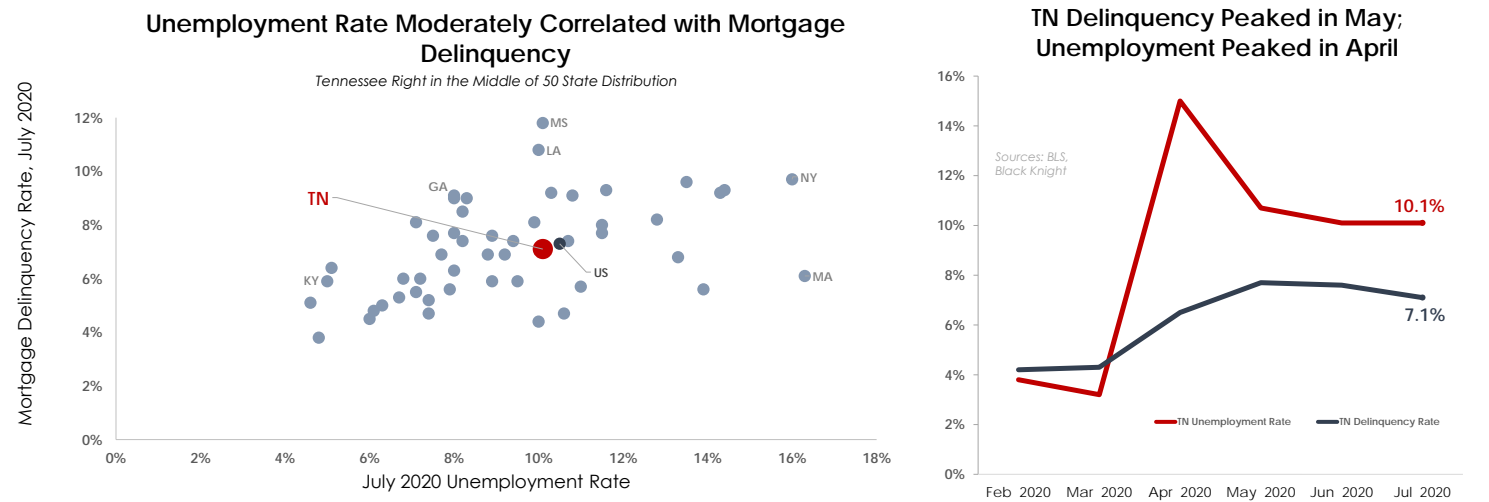
¹ A version of this chart in last month's report used continued unemployment claims (CCNSA) as a percent of the nation's civilian labor force pre-COVID (Feb 1st); this version adds initial unemployment claims (ICNSA) as well. The data are not synonymous with unemployment rate; they are meant to provide a weekly picture, rather than monthly, of the pandemic's rapid onset.

county and regional level. Homeowners nationwide have been slowly exiting forbearance plans since the beginning of June. However, the slow pace of these exits, through mid-September, suggests that many homeowners will remain in forbearance for the maximum 12-month timeframe.

When we turn our focus to Tennessee, state-level data on forbearance is less available, with the notable exception of FHA loans. Tennessee, given that delinquency and forbearance track with one another, it is likely that states and counties with high incidence of delinquency have high incidence of forbearance, and vice versa.

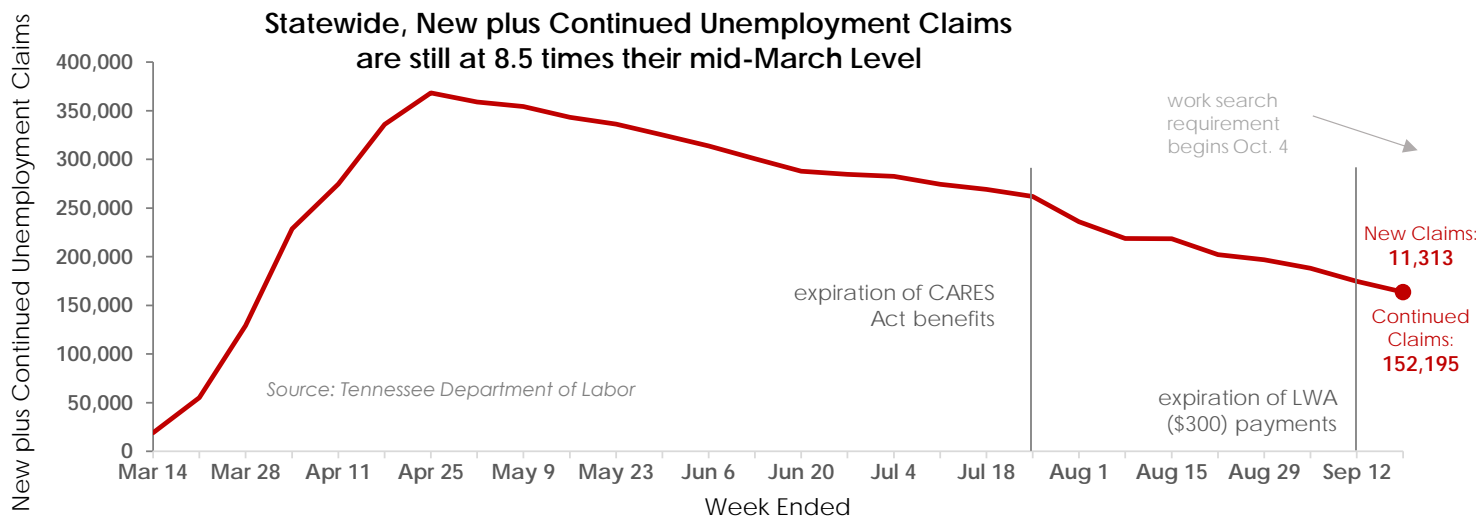
TENNESSEE DURING THE PANDEMIC: EMPLOYMENT AND MORTGAGE DELINQUENCY

Tennessee’s mortgage delinquency rate spiked from 4.3 percent in March to 7.7 percent in May 2020; by July, it had fallen slightly to 7.1 percent. As of July 2020, Tennessee ranked 17th in unemployment rate and 25th in delinquency rate nationwide.²



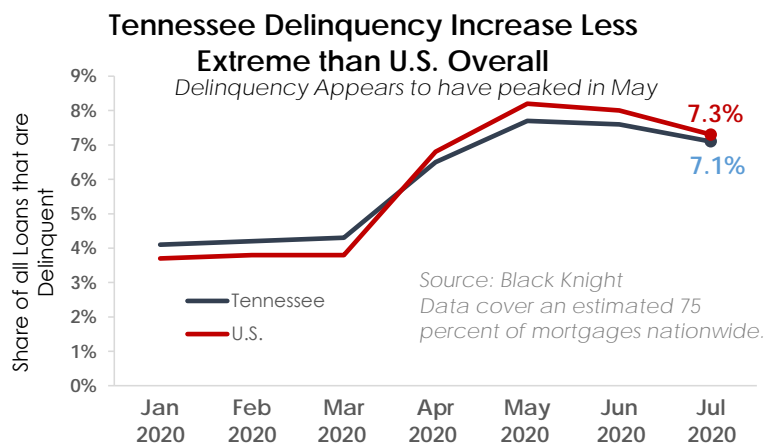
Data on unemployment provides valuable context for the state’s mortgage performance data. During the month of July, Tennessee’s unemployment rate (from the [Bureau of Labor Statistics](#); shown in the above right graph) remained at 10.1 percent for the second consecutive month. Mortgage delinquency, meanwhile, fell from 7.6 percent to 7.1 percent. Subsequent months of data will show whether both metrics have truly stabilized, which would bode poorly for the pace of recovery. More recent data from the [Tennessee Department of Labor](#) (shown below) reveal that Tennessee’s unemployment claims, by mid-September, had fallen by roughly 38 percent since the expiration of CARES mortgage delinquency rates for the months of August and September will show a drop commensurate with an improving employment landscape.

² A prior version of these charts in last month’s report excluded loans in the foreclosure process; these are a small portion of overall loans, and have been stable since the onset of the pandemic (Tennessee’s share of loans in foreclosure has been at 0.2 percent during each month of 2020). However, these loans are included this month’s tabulations for consistency with foreclosure’s treatment in CoreLogic and HUD NeighborhoodWatch data.



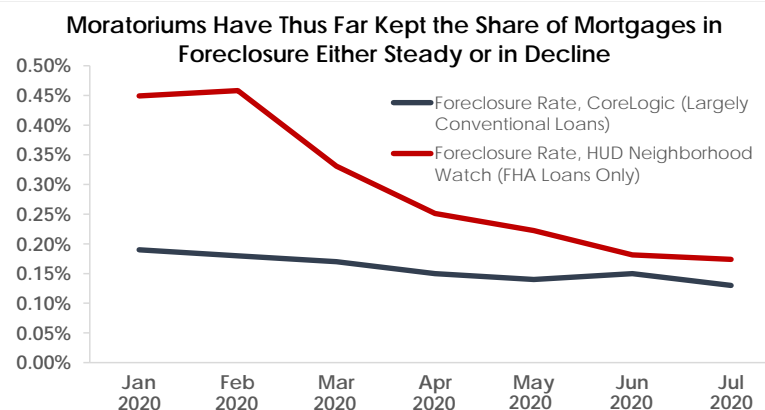
Between the end of March and the end of May, Tennessee's mortgage delinquency rate went from 4.3 to 7.7 percent, or an increase of 79 percent, according to data from [Black Knight](#). This is a considerable increase, to be sure, but the nation's mortgage delinquency rate increased by 116 percent during this same time period. When one further factors in that Tennessee's unemployment claims in June 2020 were nearly 15 times their pre-pandemic levels, the state's increase in mortgage delinquency appears modest in relation.

While Tennessee's delinquency rate has come close to doubling in the past several months, its foreclosure rate has remained largely unchanged. Foreclosure starts, which were already low to begin with, have plummeted during the pandemic. From April through July 2019, there were 4,277 Tennessee. From April through



percent drop.³

Future months of data may show an uptick, but thus far, a surge of foreclosures has yet to materialize in Tennessee. Nationwide moratoriums on foreclosure, applying to most government-backed mortgages, and now extended through December 31, have likely forestalled any otherwise-expected foreclosure increase. The current moratoriums prevent servicers from both a) initiating the foreclosure process with delinquent borrowers, and b) completing the foreclosure process with borrowers who had already been in foreclosure before the pandemic.⁴ Data from [HUD's Neighborhood Watch dataset](#) shows that FHA loans in particular have seen foreclosure rates drop during the pandemic.



³ Data on pre-foreclosure filings are from CoreLogic MarketTrends tabulations of public records.

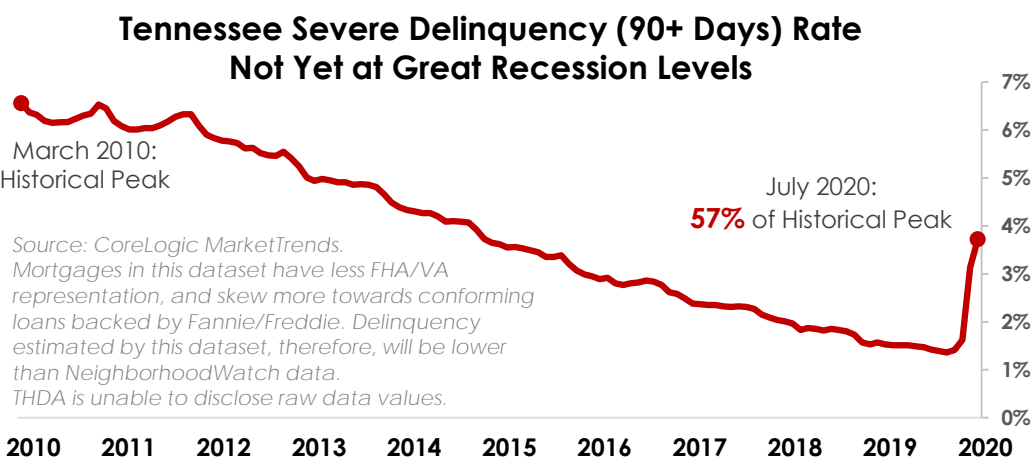
⁴ The moratoriums, which have been extended through December 31, 2020, apply to Fannie/Freddie backed loans, as well as FHA, VA, and USDA mortgages. As a result, there are many mortgages that are not covered by moratoriums; foreclosures may still begin to increase before these moratoriums expire at the end of 2020.

PUTTING THE COVID-19 DELINQUENCY INCREASE IN HISTORICAL CONTEXT

CoreLogic MarketTrends data,

from Black Knight and HUD’s NeighborhoodW a comparison between mortgage delinquency during Covid-19 and delinquency during the Great Recession. The available data show that severe mortgage delinquency, which include mortgages that are 90 days or more delinquent, in Tennessee is not yet at Great Recession levels. As shown to the right, the state’s severe delinquency rate for the month of July 2020 was at just 57 percent of the state’s historical peak severe delinquency rate in 2010.⁵

Because the MarketTrends data only include 90+ day delinquencies, mortgages that became non-current during May or June are not included in the end-of-July data. For this reason, Tennessee’s severe delinquency rate could continue to approach its Great Recession peak in upcoming months of data releases.



LOCAL AND REGIONAL DATA & ADDITIONAL RESOURCES

state’s 95 counties, as well as 10 years of historical data. HUD’s NeighborhoodWatch data only includes FHA

documents on CoreLogic MarketTrends data and HUD’s NeighborhoodW THDA Research and Planning has produced summary

| TRACKING LOCAL-LEVEL DATA ON MORTGAGE PERFORMANCE DURING THE PANDEMIC | |
|---|---|
| Analyzing Severe Delinquency in Tennessee, July 2020 | Tennessee FHA Loan Performance through August 2020 |
| CoreLogic MarketTrends PDF XLSX | HUD NeighborhoodWatch PDF XLSX |
| <ul style="list-style-type: none">• Data include all of Tennessee’s Government Sponsored Enterprise (GSE) loans, which include some, but not all, FHA and VA loans. More than 600,000 loans in total.• Data are broken out by County.• Data span more than 10 years, allowing for comparison to the Great Recession.• Data only include 90+ day delinquency and foreclosure. | <ul style="list-style-type: none">• Data include all of Tennessee’s FHA loans; more than 200,000 in total.• Data are broken out by Metropolitan and Micropolitan Statistical Areas. Metropolitan Statistical Areas are multi-county regions, while most Micropolitan regions are a single county.• Data do not just include 90+ day delinquency and foreclosure; they also include 30- and 60-day delinquency, as well as forbearance totals. |

A deep dive into both datasets shows many concurrent geographical trends. In both CoreLogic and NeighborhoodWatch data, delinquencies are particularly high in the Memphis metropolitan area (Shelby, Tipton, and Fayette Counties) and places like Haywood County. In both datasets, Sevier County has shown the most pronounced increase in delinquency since the pandemic began—a fact perhaps explained by its Tennessee-leading county-level unemployment rate during the months of April and May.

Overlapping outcomes between these two datasets is to be expected, but there are some divergent outcomes. Among FHA loans only, Warren County (known as the McMinnville Micropolitan Area in NeighborhoodWatch data) had the state’s highest rate of severe delinquency in July 2020 among MSAs. In CoreLogic’s dataset, which contains more conventional loans, Warren County ranked near the . Divergences between these two datasets underscore the value of tracking developments in both as the economic recovery progresses.

⁵ This comparison is limited by available data; THDA has access to historical MarketTrends data beginning in March 2010. This means that months during 2008 and 2009 may very well have shown higher severe delinquency rates, which would make March 2010 not the “true” historical peak during the Great Recession.

Finances and Resources

Available Volume Cap
(September 30, 2020) \$1,399,963,818

Bonds Outstanding
(September 30, 2020) \$2,867,055,000

| | <i>Current Year</i> | <i>Prior Year</i> |
|---|---------------------|-------------------|
| Operating Income (12 Months ended June 30, 2020) | \$16,601,000 | \$15,578,000 |

| | | |
|-------------------------------|---------------|---------------|
| Net Assets (June 30, 2020) | \$533,980,000 | \$519,868,000 |
|-------------------------------|---------------|---------------|

Homeownership Activities

| | <i>MRB</i> | <i>MBS</i> |
|--------------------------------|---------------|-------------|
| Loans Committed During Quarter | 607 | 39 |
| Value of Loans Committed | \$105,759,598 | \$7,072,458 |
| Loans Funded During Quarter | 646 | 45 |
| Value of Loans Funded | \$115,807,297 | \$8,354,985 |

| | <i>Q3 2020</i> | <i>Q3 2019</i> |
|-------------------------------|----------------|----------------|
| Loans Active | 27,418 | 26,657 |
| Value of Loans (in millions) | \$2,852 | \$2,644 |
| Loans Paid Off during Quarter | 790 | 542 |
| Loans 60-days Delinquent | 2.32% | 2.11% |
| Loans 90-days Delinquent | 7.95% | 4.65% |
| Loans in Foreclosure | 0.30% | 0.30% |

Section 8 Housing Choice Voucher Program

| | |
|------------------------|-----------------|
| Rental Vouchers | 6,099 |
| Homeownership Vouchers | 51 |
| Total HAP Payments | \$10,825,767.92 |

Project Based Section 8

| | |
|--------------------|-----------------|
| Properties | 372 |
| Units | 28,501 |
| Total HAP Payments | \$52,584,561.94 |

Multifamily Tax Exempt Bond Authority

2020 Applications

Bond Authority: \$256,276,546

| | Applications | Bond Authority |
|---------------------------------|--------------|----------------|
| Firm Bond Authority Requested | 15 | \$256,276,546 |
| Conditional Authority Requested | 3 | \$155,000,000 |
| Committed | 5 | \$97,096,546 |
| Closed | 9 | \$133,180,000 |

Low Income Housing Tax Credit Program

2020 Applications

Noncompetitive (4%)

| | Applications | Credits (\$) |
|--------------------|--------------|--------------|
| Received/Requested | 15 | \$16,396,818 |
| Reserved | 9 | \$9,259,916 |

Competitive (9%)

| | Applications | Credits (\$) |
|--------------------|--------------|--------------|
| Received/Requested | 42 | \$39,506,782 |
| Allocated | 0 | \$0 |



























Developments Under Construction

| | Properties | Units |
|----------------------|------------|-------|
| Noncompetitive LIHTC | 67 | 8,880 |
| Competitive LIHTC | 45 | 3,768 |

Placed in Service/Compliance

As of 12/31/19

| | |
|------------|--------|
| Properties | 624 |
| Units | 54,683 |

| <u>Program</u> | <u>Funds Awarded / Allocated</u> | <u>Paid this Quarter</u> | <u>Paid to Date</u> | <u>Awarded Funds Remaining</u> | <u>Unallocated Program \$</u> | <u>Percent Expended</u> |
|---|--------------------------------------|--------------------------|---------------------|------------------------------------|-----------------------------------|---|
| <i>Tennessee Housing Trust Fund (active grants)</i> | | | | | | |
| Home Modification and Ramps | \$300,000 | \$54,104 | \$121,435 | \$178,565 | |  40% |
| Emergency Repair | \$5,335,683 | \$652,311 | \$3,781,756 | \$1,553,927 | |  71% |
| Competitive Grants | \$18,327,029 | \$1,201,683 | \$9,549,531 | \$8,777,498 | |  52% |
| Habitat for Humanity | \$500,000 | \$0 | \$0 | \$500,000 | |  0% |
| Challenge Grant | \$2,000,000 | \$0 | \$1,000,000 | \$1,000,000 | |  50% |
| Building Trades Demonstration | \$450,000 | \$0 | \$392,472 | \$57,528 | |  87% |
| Appraisal Gap Program | \$1,000,000 | \$0 | \$211,174 | \$788,826 | |  21% |
| Continuums of Care | \$350,000 | \$70,649 | \$76,649 | \$273,351 | |  22% |
| <i>National Housing Trust Fund</i> | | | | | | |
| 2020 | \$5,197,026 | \$0 | \$0 | \$5,197,026 | |  0% |
| 2019 | \$1,945,959 | \$0 | \$0 | \$1,945,959 | |  0% |
| 2018 | \$3,117,433 | \$355,825 | \$1,198,825 | \$1,918,608 | |  38% |
| 2017 | \$2,844,252 | \$283,784 | \$1,649,565 | \$1,194,687 | |  58% |
| 2016 | \$2,700,000 | \$883,785 | \$883,785 | \$1,816,215 | |  33% |
| <i>HOME</i> | | | | | | |
| 2020 | \$9,971,548 | \$0 | \$0 | \$9,971,548 | |  0% |
| 2019 | \$9,523,910 | \$286,431 | \$787,818 | \$8,736,092 | |  8% |
| 2018 | \$14,780,877 | \$384,133 | \$2,888,373 | \$11,892,504 | |  20% |
| 2017 | \$11,140,000 | \$1,095,308 | \$4,759,828 | \$6,380,172 | |  43% |
| 2016 | \$6,986,799 | \$331,592 | \$4,552,327 | \$2,434,472 | |  65% |
| 2015 | \$8,505,402 | \$266,071 | \$6,187,314 | \$2,318,088 | |  73% |
| 2014 | \$9,820,975 | \$29,647 | \$7,119,417 | \$2,701,558 | |  72% |
| <i>Emergency Solutions Grant</i> | \$6,012,471 | \$746,166 | \$2,928,292 | \$3,084,179 | |  49% |
| <i>Weatherization</i> | \$9,695,185 | \$796,295 | \$5,102,948 | \$4,592,237 | |  53% |
| LIHEAP Set-Aside | \$10,061,456 | \$390,164 | \$3,563,852 | \$6,497,603 | |  35% |
| <i>LIHEAP (excluding Weatherization Set-Aside)</i> | \$204,894,957 | \$10,095,081 | \$136,899,157 | \$67,995,800 | |  67% |
| <i>Treasury/Recovery Programs</i> | | | | | | |
| Tennessee Renovation Loan Program | \$1,760,998 | \$222,620 | \$1,760,998 | | \$967,502 |  65% |
| Blight Elimination Program | \$1,846,276 | \$5,699 | \$1,846,276 | | \$3,153,724 |  37% |

Notes:

Finances and Resources

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

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

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

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

Multifamily Programs

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

Homeownership Activities

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

Summary of Grant Programs

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

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