



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

**Committee and Board Meeting Materials
July 23, 2024**



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 and Committee Meetings Agendas

Committee Agendas

Tuesday, July 23, 2024 at 10am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

AUDIT & BUDGET COMMITTEE

A. Approval of Audit & Budget Committee Meeting Minutes-May 21, 2024*

B. Committee Item (** items require committee vote*)

1. Fiscal Year Audit Plan *
2. Financial Status Update
3. Performance Evaluation - Internal Audit Director *
4. Performance Evaluation - Executive Director *

BOND FINANCE COMMITTEE

A. Approval of Bond Finance Committee Meeting Minutes-May 21, 2024*

B. Committee Items (** items require committee vote*)

1. Bond Issue 2024-3*



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THDA Board of Directors Board Meeting Agenda
(directly following Bond Finance Committee Meeting)

Tuesday, July 23, 2024 at 10am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

- A. Board Chair Convening of the Board and Introductory Comments**
- B. Public Comment Period**
- C. Executive Director’s Report**
- D. Single Family Business**
Business Update
- E. Multifamily Business**
Business Update
2025 QAP Discussion
- F. Board Action items (* items require board vote)**
 - 1. Approval of Minutes from May 21, 2024 meeting*
 - 2. Performance Evaluation – Executive Director*
 - 3. Bond Issue 2024-3*
 - 4. Updated Ginnie Mae 11702 Form Authorization*
 - 5. 2024-2 HOME CHDO Homeownership Development Program Description*
 - 6. 2024-2 HOME Rental Housing Development Program Description*
 - 7. Grant Extension Request – 2019 THTF Challenge Grant – Appalachia Service Project*
 - 8. Grant Extension Request – 2019 Tennessee Housing Trust Fund – Gallatin Housing Authority*
 - 9. Grant Extension Request – 2020 HOME Urban/Rural – City of Paris*
 - 10. Grant Extension Request – 2020 National Housing Trust Fund – Memphis Housing Authority*
 - 11. 2024 Qualified Allocation Plan (QAP) amendment*
 - 12. Appeal of Threshold Disqualification of Collins Place from 2024 Competitive Round*
- G. Annex**
 - 1. Emergency Rental Assistance – Eviction Prevention Program Additional Funding Awards
 - 2. Multifamily Tax-Exempt Bond Authority – Round 1 Overview



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

Audit & Budget Committee



Tennessee Housing Development Agency

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502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Audit & Budget Committee Meeting Agenda

Tuesday, July 23, 2024 at 10am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Minutes from May 21, 2024 meeting*

B. Committee Items (**items require committee vote*)

1. Fiscal Year Audit Plan *
2. Financial Status Update
3. Performance Evaluation - Internal Audit Director *
4. Performance Evaluation - Executive Director *

Committee Members:

Secretary Tre Hargett
Treasurer David Lillard (Chair)
Rick Neal
Stephen Dixon
Chrissi Rhea



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TENNESSEE HOUSING DEVELOPMENT AGENCY
AUDIT & BUDGET COMMITTEE
May 21, 2024

Pursuant to the call of the Chairman, the Audit & Budget Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met on Tuesday, May 21, 2024, at 10:00 AM CT at the William R. Snodgrass Tennessee Tower, Nashville Room, 312 Rosa Parks Blvd; Nashville, TN 37243.

The following Committee members were present in person: Rick Neal (Acting Board Chair); Secretary Tre Hargett (Audit & Budget Committee Chair); Sara Queirolo (for Treasurer David Lillard); and Matt McGauley. Other Board Members present were: Robert Mitchell; Katie Armstrong (for Comptroller Jason Mumpower); Alex Schuhmann (for Commissioner Jim Bryson); Stephen Dixon; Tennion Reed; Micheal Miller; and Jacky Akbari.

Recognizing a quorum present, Secretary Hargett called the meeting to order at 10:00 AM CT. For the first order of business, Secretary Hargett called for consideration and approval of the November 14, 2023, Audit & Budget Committee Meeting Minutes. Upon motion by Sara Queirolo, second by Secretary Hargett, and following a vote with all members identified as present voting “yes”, the motion carried to approve the November 14, 2023, minutes.

Secretary Hargett presented an overview of the evaluation proceed for Director of Internal Audit and Executive Director for THDA. This review process would be coordinated with the State Treasurers Office. Upon completion of the presentation Secretary Hargett indicated no Board action is required.

There being no further business, Secretary Hargett adjourned the meeting at 10:02 AM CT.

Respectfully submitted,

Gathelyn Oliver
Director of Internal Audit
Approved this 23rd day of July, 2024



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 Audit and Budget Committee
FROM: Gathelyn Oliver, Director of Internal Audit
SUBJECT: Fiscal Year Audit Plan
DATE: July 8, 2024

Recommendation

Staff recommends the Audit and Budget Committee approve the Fiscal Year 2025 Annual Audit Plan.

Key Points

The Internal Audit Plan outlines the priorities of the Internal Audit Division. For Fiscal Year 2025, the plan was derived primarily from the results of the Internal Audit risk assessment. Many of the projects are required to be performed and are on the plan each year. Additional projects on this year's plan include:

- Quality Review of processes within the Multifamily Programs Division
- Quality Review of the Eviction Prevention Program

Background

The FY 2025 audit plan and a listing of projects in progress as of July 1, 2024 were required to be submitted to the Comptroller's office this year by July 5. We submitted the documents on June 28. A copy of our submission is included in your packet. The plan was developed using input from management and results of our risk assessment. The draft plan was emailed to Audit and Budget Committee members on June 13 for review. While this is our work plan for fiscal year 2025 projects may change as priorities change throughout the year.

Feel free to contact me with any questions or concerns.



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Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
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Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Ms. Kathy Stickel, CPA, Director
Office of the Comptroller, Division of State Audit

FROM: Ms. Gathelyn Oliver, CPA
Director of Internal Audit

DATE: June 28, 2024

SUBJECT: Audit Projects in Progress and Internal Audit Plan

According to TCA Section 4-3-304(7), copies of all reports issued during the fiscal year are filed with your office at the time of completion. We have enclosed a copy of our annual Internal Audit Plan (IAP) for the fiscal year ended June 30, 2025 and a listing of all internal audits, reviews and investigations currently in progress as of July 1, 2024.

The Internal Audit Plan (IAP) outlines the priorities of the Internal Audit Division. The 2025 Fiscal Year priorities were derived primarily from the results of the Internal Audit risk assessment. The Internal Audit risk assessment was developed in consultation with Senior Management and the THDA Audit and Budget Committee to obtain a current understanding of the Department's key programs/process areas. The risk assessment was conducted by assigning risk scores to criteria for each key program/process area identified within the Department. The criteria included, but were not limited to, strategic, operational, financial, regulatory/compliance, and reputational risks. Utilizing the average risk scores assigned to the criteria, program/process areas were identified/prioritized for audit plan inclusion, with consideration for the limited resources within Internal Audit. Detailed risk assessment documentation is on file with Internal Audit and is available for review upon request.

In addition to the priorities identified from the risk assessment, the IAP also includes reviews, audits, and other activities as required by statute, rules, and Department policies. The IAP may also include reviews, assessments, or audits resulting from external audit(s) recommendations or findings. The IAP may include consulting engagements and other activities designed to help improve the management of



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risk, add value to the Department, and/or improve departmental operations. The IAP may be modified throughout the year, based on changes in the organization, audit resources, and/or additional risk considerations.

Audit reports are provided to the Audit and Budget Committee of the THDA Board of Directors after audit engagements are completed. Hopefully, these items will enable the Division of State Audit to adequately coordinate audit efforts for the State.

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

Enclosures

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



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TENNESSEE HOUSING DEVELOPMENT AGENCY
INTERNAL AUDIT PROJECTS IN PROCESS
As of July 1, 2024

Blount County Community Action Agency Subrecipient Monitoring 10/1/2019 – 3/31/2024
HAF Program Review 10/1/2023 – 3/31/2023
S8RA HQS Inspections/CGI Review 2024



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Tennessee Housing Development Agency

Internal Audit Plan

For The Fiscal Year Ended June 30, 2025

Based on an assessment of risk of all THDA activities and programs, and on discussions with THDA management, the following audits are planned for the Fiscal Year Ended June 30, 2025.

1. **Financial Integrity Act/Enterprise Risk Management Assessment** – Lead THDA in the preparation of the self-assessments and compilation of the reports required to comply with the Financial Integrity Act due by December 31, 2024.
2. **Third Party Risk Management** - Provide oversight of third party vendors contracted to provide products and services to and on behalf of THDA. Oversight includes ensuring compliance with Federal consumer financial law and other regulatory requirements. This project involves ongoing review of due diligence documentation and contract performance.
3. **Hardest Hit Fund (HHF) Review** – Perform a limited review of the internal controls established for THDA programs funded by the Hardest Hit Fund, including review of loan documentation, funding process and follow-up activities performed by Community Services division staff to ensure compliance with US Department of Treasury and THDA requirements. This review will be performed semi-annually.
4. **Subrecipient Monitoring** – These projects involve a review of internal controls, expenditure of awards and delivery of services by subrecipients of Federal and State awards in accordance with Central Procurement Office Grant Management and Subrecipient Monitoring Policy and Procedures.
5. **Staff and Board Disclosure Analysis** – This project will involve a review of annual disclosure forms submitted by all THDA staff, board members and representatives for compliance with the disclosure policy and THDA’s enabling legislation.
6. **Quality Review of Development District** – This project involves a review of internal controls, expenditure of awards and delivery of services by one development district that has been awarded funds by THDA.
7. **Quality Review of THDA’s Administration of the Section 8 Rental Assistance Program** – This project will involve a review of internal controls and agency performance relative to the Section 8 Housing Choice Voucher Program.
8. **Section 8 HQS Inspection Quality Control Review** - This project involves a regular review of internal controls, quality and delivery of services by the contractor performing HQS inspections for the Housing Choice Voucher program.
9. **Administer the Compliance Management System for Mortgage Loan Servicing** – To ensure compliance with federal regulators and THDA policy, this responsibility includes reviewing all aspects of



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servicing THDA mortgages including monthly quality control reviews, as specified in the Quality Control Plan for Mortgage Loan Servicing.

10. **Administer the Compliance Management System for Mortgage Loan Originations** – To ensure compliance with regulatory requirements and THDA policy, this responsibility includes reviewing all aspects of originating THDA mortgages including monthly quality control reviews, as specified in the Quality Control Plan for Mortgage Loan Originations.
11. **Compliance Review of Intranet Content** - This project involves a review of internal controls, and data posted on internal data systems.
12. **Eviction Prevention Program** – This project will involve a limited review of the internal controls established for THDA Eviction Prevention Program funded by the American Rescue Plan Act of 2021, including review of required documentation, funding process and follow-up activities performed by the Community Services division staff and grantees to ensure compliance with US Department of Treasury and THDA requirements.
13. **Single Family Homeowner Assistance Fund Review** – This project will involve a limited review of the internal controls established for THDA mortgage relief programs funded by the American Rescue Plan Act of 2021, including review of loan documentation, funding process and follow-up activities performed by Single Family staff to ensure compliance with US Department of Treasury and THDA requirements. This review is generally performed on a semi-annual basis.
14. **Single Audit Finding Follow-up** - This project involves a follow-up review of internal controls and corrective action associated with issues identified during the FY2023 Single Audit
15. **Internal Audit Finding Follow-ups** – This project involves a follow-up review of findings identified by the Internal Audit Division during FY2023 related to THDA’s administration of the following programs: Emergency solutions Grant, Emergency Repair Program, COVID19 Rent Relief Program.
16. **Quality Review of THDA’s Administration of Multifamily Programs** – This project will involve a review of internal controls and agency performance relative to projects administered in the Multifamily Programs division.
17. **Various Audit and Investigative Projects** – As THDA programs have increased in size and complexity over the years, additional items arise that require either audit or investigative attention. THDA takes these items seriously with the intent to maintain the utmost transparency and integrity throughout our organization. Therefore, we will continue to spend an increased amount of our time and resources in performing reviews and investigations of potential fraud, waste, and abuse situations, or other matters requiring audit attention as they may arise during the period.



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Tennessee Housing Development Agency

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Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors
FROM: Trent Ridley, Chief Financial Officer
SUBJECT: Financial Update – May 31, 2024 (Unaudited)
DATE: July 8, 2024

Attached is a financial update consisting of a Schedule of Net Position and Operating Income Statements as of May 31, 2024 (Unaudited). It should be noted that these statements are “unaudited” and may not include accruals and adjustments normally reflected in THDA’s quarterly/annual financial statements. The following are highlights of the schedules:

1. **Schedule of Net Position** – THDA’s assets total \$4.28 billion (\$3.60 billion May 2023) primarily consisting of first and second mortgages at \$3.17 billion and \$73 million respectively. Under the Bond Resolutions, we have approximately \$788 million in cash and investments primarily of Bond Loan Fund and Zeros, Debt Service Reserves, Loan Repayments/Prepayments and Interest, BFC Set-aside, Housing Trust Fund, and New Start. These funds are restricted under the bond indentures. THDA also has approximately \$40 million in cash restricted for Servicing Escrows and Refundable Multifamily Fees.
2. **Operating Income** – Overall Operating Income of \$16.2 million is tracking well with the FY24 Budget of \$16.2 million. As expected, gains in mortgage interest and investment income due to rising interest rates were somewhat offset by increased bond interest expense for a net increase in operating income from our mortgage business of approximately \$9 million. This gain was primarily offset by increases Cost of Issuance due to more bonds being issued and Personnel Expenses due to state salary increases.

If you have any questions regarding the comprehensive budget or need additional information, please do not hesitate to contact me at (615) 815-2012 or via e-mail at tridley@thda.org.



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TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULE OF NET POSITION (\$000)
MAY 31, 2024
(UNAUDITED)

	MRB	OTHER	TOTAL
ASSETS			
First Mortgages & Interest Rec	\$ 3,172,649	\$ 11	\$ 3,172,660
Second Mortgages	73,570	0	73,570
Loans held for resale	0	3,419	3,419
Cash and Investments	788,429	149,535	937,964
Other Assets	62,274	35,807	98,081
Total	<u>4,096,922</u>	<u>188,772</u>	<u>4,285,694</u>
LIABILITIES			
Bonds and Interest Payable	\$ 3,518,445	\$ 0	\$ 3,518,445
Unearned Revenue	13,533	118,744	\$ 132,277
Escrow Deposits	53	40,523	40,576
Other	2,367	19,475	21,842
Total	<u>3,534,398</u>	<u>178,742</u>	<u>3,713,140</u>
NET POSITION			
Invested In Capital Assets	\$ 0	\$ 5,375	\$ 5,375
MRB Restricted	493,238	0	493,238
Other Restricted	15,754	3,320	19,074
Unrestricted	53,525	1,343	54,868
Total	<u>\$ 562,517</u>	<u>\$ 10,038</u>	<u>\$ 572,555</u>

TENNESSEE HOUSING DEVELOPMENT AGENCY
 OPERATING INCOME (\$000)
 MAY 31, 2024
 (UNAUDITED)

	REVENUE	EXPENSES	OPER INC
MORTGAGE REVENUE BONDS			
Mortgage Interest	\$ 125,712		
Investment Income	16,580		
Other Revenue	4,709		
	<u>\$ 147,001</u>		
Bond Interest		\$ 97,375	
Cost of Issuance		5,980	
DPA Forgiveness		1,302	
		<u>\$ 104,657</u>	
			<u>\$ 42,344</u>
FEDERAL AND ADMINISTRATIVE			
Federal Revenue	\$ 16,673		
Multifamily Fees	11,301		
Servicing Fees	1,134		
Interest Income	1,565		
Other	230		
	<u>\$ 30,903</u>		
Personnel		\$ 29,738	
Lender Compensation		6,014	
Contractual services		9,258	
Computer and Other Supplies		2,425	
Direct Servicing Expenses		4,344	
Other		5,261	
		<u>\$ 57,040</u>	
			<u>\$ (26,137)</u>
GRAND TOTAL	<u><u>\$ 177,904</u></u>	<u><u>\$ 161,697</u></u>	<u><u>\$ 16,207</u></u>



Bond Finance Committee



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Bond Finance Committee Meeting Agenda

Tuesday, July 23, 2024 at 10am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Bond Finance Committee Meeting Minutes – May 21, 2024*

B. Committee Item (* items require committee vote)

1. Bond Issue 2024-3*

Committee Members:

Rick Neal (Chair)
Commissioner Jim Bryson
Secretary Tre Hargett
Treasurer David Lillard
Comptroller Jason Mumpower



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TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
May 21, 2024

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency (“THDA”) Board of Directors (the “Committee”) met on Tuesday, May 19, 2024, at 10:02 AM CT at the William R. Snodgrass Tennessee Tower, Nashville Room, 312 Rosa Parks Blvd; Nashville, TN 37243.

The following Committee members were present in person: Mathew McGauley (Bond Finance Committee Chair); Secretary of State Tre Hargett; Sara Queirolo (for Treasurer David Lillard); Katie Armstrong (for Comptroller Jason Mumpower); and Alex Schuhmann (for Commissioner Jim Bryson). Other Board Members present were: Rick Neal; Jacky Akbari; Stephen Dixon; Rob Mitchell; Tennion Reed; and Micheal Miller. Board Members absent were: Chrissi Rhea; and Dan Springer.

Recognizing a quorum present, BFC Chair McGauley called the meeting to order at 10:02 AM CT. For the first order of business, Chair McGauley called for the consideration and approval of the March 19, 2024, Bond Finance Committee meeting minutes. Upon motion by Ms. Armstrong, second by Mr. Schuhmann, and following a vote with all members identified as present voting “yes”, the motion carried to approve the March 19, 2024, minutes.

BFC Chair McGauley indicated the next item for consideration was THDA’s Fiscal Year 2024-25 Schedule of Financing presented by Bruce Balcom, THDA Chief Legal Counsel. Mr. Balcom stated that the FY 24-25 Schedule of Financing is a good faith estimate that also includes a breakdown of Multifamily Allocations. Upon motion by Ms. Armstrong, seconded by Mr. Schuhmann and a vote with all members identified as present voting “yes”, the motion carried to approve the THDA’s FY 24-25 Schedule of Financing.

BFC Chair McGauley indicated the next item for consideration was a request to approve the selection of Bond Counsel for THDA. Chair McGauley recognized Bruce Balcom, THDA Chief Legal Counsel, who informed the committee there were responses from five firms to the RFQ for Bond Counsel contract that expires on June 30, 2024. Mr. Balcom stated that out of the five firms two submissions, Kutak Rock (Kutak) and Hawkins Delafield & Wood LLP (Hawkins) were clearly superior in terms of experience with housing bonds and housing finance agencies. After careful review and consideration from the Bond Counsel Selection team one submission, Kutak, was determined to have a stronger resume in housing finance agency work, as well as a substantially lower cost. BFC Chair McGauley asked if there were any further questions from the committee members, and hearing on from Secretary Hargett asked what the difference in cost was. Mr. Balcom responded that he was not able to give an accurate number but believed the difference in pricing exceeded \$ 100,000 and the exact numbers were in the memo submitted with the BFC committee materials. BFC Chair McGauley, after there were no further questions, called for a motion to approve the selection of Kutak Rock as Bond Counsel with a term to begin on July 1, 2024 through June 30, 2029. Upon motion by Ms. Armstrong, second by Mr. Schuhmann and a vote with all members identified as present voting “yes”, the motion carried to recommend approval of Kutak Rock for the selection of Bond Counsel for THDA.

There being no further business, Chair McGauley adjourned the meeting at 10:06 AM CT.

Respectfully submitted,

Sandi Thompson,
Assistant Secretary
Approved this 23rd day of July, 2024

DRAFT



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 Bond Finance Committee, THDA Board of Directors

FROM: Bruce Balcom, Chief Legal Counsel

SUBJECT: Approval of Issue 2024-3

DATE: July 9, 2024

Recommendation

Approval of the Plan of Financing by the Bond Finance Committee, with recommendation to the Board to approve, and subsequent Board approval, of the Authorizing Resolution, including the form of the Supplemental Resolution, and the Reimbursement Resolution. Board approval of adding Fidelity to the selling group in an ongoing basis.

Key Points

Pricing will occur in the 4th Quarter of 2024, the date depending upon production during the summer. It would be anticipated that the pricing would occur in the October-November timeframe.

Background

Attached please find the following documents in connection with the requested authorization of the THDA bond issue, Issue 2024-3:

1. Memos from CSG Advisors Incorporated (“CSG”) recommending authorization in the maximum principal amount of \$350,000,000 for a bond issue under the General Residential Finance Program Bond Resolution adopted in 2013. Staff expects this bond issue to be priced at the earliest in October 2024 and closed not later than December 2024. The final size and structure will be determined by the Authorized Officer. It is also recommended that



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Fidelity be added to the selling group as they provided the bulk of Citigroup's retail orders for THDA bond issues from Citigroup.

2. THDA Plan of Financing for Issue 2024-3 Residential Finance Program Bonds, which the Bond Finance Committee will be asked to approve.
3. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing the Issuance and Sale of Residential Finance Program Bonds, Issue 2024-3, that includes the form of Supplemental Resolution for Issue 2024-3 and that authorizes the referenced bond issue and delegates authority to the Authorized Officer to determine all final terms and conditions. The Bond Finance Committee will be asked to recommend this resolution and the transaction to the THDA Board of Directors.
4. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing Reimbursement of THDA from Proceeds of Issue 2024-3 in an amount not to exceed \$100,000,000. The Bond Finance Committee will be asked to recommend this resolution to the Board of Directors.

COMPLIANCE WITH THDA DEBT MANAGEMENT POLICY

Issue 2024-3 complies with the Tennessee Housing Development Agency Debt Management Policy adopted on November 28, 2011, as amended (the "Debt Management Policy"). In particular, Issue 2024-3 complies with the Debt Management Policy as follows:

Part III - by allowing THDA "...to maintain a steadily available supply of funds to finance its mortgage loan programs at cost levels that provide competitive, fixed interest rate mortgage loans that benefit low and moderate income families, while maintaining or improving THDA's overall financial strength and flexibility..."

Part VIII - the issuance of this debt will not cause THDA to exceed the statutory debt limit contained in TCA Section 13-23-121.

Part X - the factors and items listed to be considered in planning, structuring and executing a bond issue have been and will be considered as planning, structuring and executing this bond issue moves forward.

Part XIV - serial bonds, terms bonds, convertible option bonds and PAC bonds are being considered for the structure of the bond issue.

Parts XV – authorization of a potential refunding component is expected to result in present value savings and/or preserve volume cap and will further THDA program objectives of providing competitive, fixed interest rate mortgage loans that benefit low and moderate income families.

Parts XVIII, XIX, XX and XXI are not applicable as authorization requested for Issue 2024-3 does not include interest rate and forward purchase agreements, conduit debt, or variable rate debt.



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MEMORANDUM

TO: THDA Board of Directors and THDA Bond Finance Committee

FROM: Tim Rittenhouse, David Jones, and Eric Olson

SUBJECT: Bond Issue Authorization Recommendation

RE: Residential Finance Program Bonds, Issue 2024-3

DATE: July 8, 2024

Executive Summary

- CSG recommends that the THDA Board of Directors and THDA Bond Finance Committee authorize up to \$350 million of Issue 2024-3 bonds under the Residential Housing Finance Program Bond Resolution as both new money and convertible option bonds to fund THDA’s qualified Great Choice mortgage loan pipeline as well as potentially its non-qualified mortgage loan pipeline. The exact issue size will be evaluated closer to the bond sale date based on THDA’s mortgage pipeline and interest rates at the time.
- THDA is currently committing loans against Issues 2024-1 and 2024-2, and expects to have Issue 2024-1 fully reserved later this month and 2024-2 by the end of the year.
- Issue 2024-3, if authorized, is expected to be sold in late 2024 and could include both non-AMT bonds and taxable bonds to a) preserve volume cap and/or b) fund THDA’s non-qualified conventional loan production. Issue 2024-3 could also potentially be used to fund second mortgage down payment assistance loans, as further described herein.

Background

On May 14th, THDA priced its \$255 million Residential Finance Program Bonds, Issue 2024-2 (Non-AMT/Federally Taxable). THDA is reserving loans against the Issue 2024-2 proceeds, with the expectation that it will continue committing against Issue 2024-2 until late this year.

Once the Issue 2024-2 proceeds are fully originated, THDA would purchase mortgage loans using available THDA funds, expecting that such advances will be reimbursed with proceeds of Issue 2024-3. Based on current projections, staff expects THDA has sufficient available funds on hand to continue purchasing mortgage loans through the anticipated closing of Issue 2024-3, assuming a closing sometime in late 2024.

Proposed Sizing

Authorizing a bond issue of not to exceed \$350 million is expected to allow THDA to continue purchasing mortgage loans through calendar year 2024 and potentially into early 2025. The ultimate size of the issue will depend on mortgage loan demand until pricing, on interest rates, and on an assessment of any negative reinvestment costs (the cost of investing bond proceeds at lower interest rates than the bond interest rate before the proceeds can be used to purchase mortgage loans). Current reinvestment costs are quite minimal given the favorable rates at which THDA can currently invest its bond proceeds prior to purchasing mortgage loans.

Potential Funding of Down Payment Assistance Loans

THDA should consider using a small portion of Issue 2024-3 to fund second mortgage down payment assistance loans, as was done on Issues 2024-1 and 2024-2. There has been significant demand on THDA's balance sheet and specifically its liquidity over the past year, driven by the combination of a rapid slowdown in loan prepayments due to spiking loan rates and sharply increased THDA loan originations. Balance sheet liquidity within the 2013 General Resolution has become increasingly important. Funding DPA loans out of the bond proceeds of Issue 2024-3 would help preserve liquidity at a modest cost to the yield spread of the bond issue. We recommend including this possibility in the structuring of Issue 2024-3 and will provide more analysis and recommendations as we get closer to the pricing of the bonds.

Tax Status

Issue 2024-3 is proposed to include a mix of non-AMT bonds and taxable bonds. The taxable bonds are recommended in order to preserve future volume cap and/or potentially fund THDA's non-qualified conventional loans, as done in Issues 2023-1 through 2024-2.

Private Activity Bond Cap Utilization

Of the \$217.7 million of volume cap carried forward from 2021 available at the beginning of 2024, after Issue 2024-2, THDA has \$125.0 million in 2021 volume cap remaining that must be used by December 31, 2024. The proposed Issue 2024-3 would be structured to prevent any of that cap from expiring unused. Issue 2024-3 would either (a) use all \$125 million in the form of non-AMT bonds funding new qualified loans, or (b) include short-term non-AMT convertible option bonds ("COBs") that could extend the 2021 volume cap into 2025, as more fully described below.

Convertible Option Bonds

Convertible Option Bonds have been used by a number of state housing finance agencies in recent years and offer two potential benefits: (a) extending the life of private activity bond cap that would otherwise expire unused, and (b) generating net investment income on bond proceeds for a short period of time.

For Issue 2024-3, COBs could allow THDA to extend its \$125 million of 2021 volume cap into 2025, rather than letting it expire on December 31, 2024. This would be particularly important if it were not feasible or economically beneficial to structure \$125 million of longer-term non-AMT bonds in the financing.

COBs in Issue 2024-3 could also potentially create investment returns greater than the borrowing costs for the short period between issuance and conversion or repayment. In recent years, taxable reinvestment rates have exceeded short-term tax-exempt bond rates. By issuing COBs in late 2024 and reinvesting the proceeds until a conversion sometime in 2025, THDA could potentially realize net investment returns while preserving volume cap that would otherwise expire. This opportunity to include COBs is likely to be

available when THDA looks to price its Issue 2024-3 bonds. This approach will be evaluated closer to the time when the Issue 2024-3 bonds are scheduled to price to determine the current market benefits and whether advantageous to include in the transaction.

Potential Refunding of Prior Bonds

Some of THDA's prior bond issues are now optionally redeemable at par on any date, including those from Homeownership Program Bonds Issues 2013-1 and 2013-2 and Residential Finance Program Bonds Issues 2014-1 and 2014-2. These bonds may be refunded by Issue 2024-3 or a future bond issue anytime under a common plan of finance with the "new money" portion of the Issue 2024-3 transaction. However, based on current bond rates, there would be no economic benefit to refunding any of these prior issues. We will continue to monitor market conditions to see if bond rates come down enough to make a refunding economically attractive.

Planned Amortization Class Bonds

Based on current market conditions and investor appetite, structuring Issue 2024-3 to include planned amortization class bonds ("PACs") to be sold at a premium would significantly lower the issue's bond yield. PACs are often priced at a premium and most frequently designed with an expected five-year or six-year average life, assuming future prepayment speeds over a broad range. Prepayments up to 75% or 100% PSA would be directed first to redeeming the PACs until they are completely retired. Due to the projected short and stable average life and the high coupon on the PACs, institutional investors accept much lower yields than for conventional term bonds with the same maturity.

A possible concern with the use of PACs is that actual prepayments could occur at a sustained speed slower than originally expected, causing the PACs to remain outstanding longer than projected and potentially extending the period during which THDA would pay the high coupon on these bonds. However, THDA's average historical prepayment speeds have typically exceeded 125% to 150% PSA, though recent prepayment speeds have dipped closer to and in some issues, below 75% PSA. If actual sustained prepayment speeds are less than the minimum used in originally structuring the PACs, THDA has the flexibility to choose to redeem the PACs up to the originally anticipated amounts with other available funds to maintain the short average life of the PACs.

Preliminary Structuring Analysis

Two alternative bond structures are shown in Exhibit A and summarized below. Both scenarios reflect the same total bond par amount of \$350 million in long-term bonds with the same bond components: \$175 million of tax-exempt non-AMT bonds for qualified loan production and \$175 million of taxable bonds for qualified loan production to preserve volume cap. Our analysis assumed current market bond rates, as well as THDA's current Great Choice mortgage loan rate of 6.50%.

In each case after calculating an estimated bond yield, the spread between the mortgage loan yield and the bond yield was determined. Then, the amount of zero participation loans needed to achieve an aggregate (tax-exempt and taxable) yield spread of 1.20% was computed, based on current bond market interest rates and THDA's mortgage rates.

- **Scenario 1** shows a level-debt issue with no PAC bonds and an aggregate (tax-exempt and taxable) yield spread of 1.23%. \$1.94 million of zero participation loans could be created to bring the issue down to 1.20% aggregate (tax-exempt and taxable) yield spread. Alternatively, THDA could elect to target a higher yield spread, so long as the tax-exempt portion remained at or below 1.125%, or THDA could elect to lower its mortgage lending rates.

- **Scenario 2** includes both tax-exempt and taxable PAC bonds, with the PAC bond repayments spread throughout the overall maturity structure of the issue. The lower yield on the PAC reduces the overall bond yield by approximately 0.07%. This results in an aggregate yield spread of 1.30%. \$5.76 million of zero participation loans could be created to bring the issue down to 1.20% aggregate (tax-exempt and taxable) yield spread, or higher spreads or lower mortgage lending rates are also options.

THDA has approximately \$73 million in zeros that can be used to subsidize new bond issues, such as Issue 2024-3. The amount of zero participation loans that THDA accumulated helps mitigate for THDA the risk of higher bond rates on future transactions, particularly with fewer economic refunding opportunities over the next few years than in the recent past, as well as higher current interest rates that could reduce the attractiveness of economic refunding opportunities.

As the financing is developed, production needs will be refined, and as the proposed pricing date approaches, CSG will continue to evaluate the benefits of including PACs and other premium or discount bonds, or super-sinker bonds, to assess if further refinement of the structure could offer improvement in the pricing of Issue 2024-3.

Issuing the Issue 2024-3 Bonds under the 2013 General Resolution avoids a state moral obligation pledge on the bonds.

Method of Sale

In the current market for housing bonds THDA will continue to benefit from offering its bonds via negotiated sale, rather than by competitive bid. Factors favoring a negotiated sale include:

Retail Sales / In-State Selling Group – THDA has enjoyed strong demand for its bonds among Tennessee retail investors with retail buyers often helping to set prices for institutions. Underwriting syndicate members with strong in-state marketing and distribution networks for bonds to retail investors have been an important component of support for THDA's issues. Bonds not subject to the AMT have been and are expected to continue to appeal to retail investors. The presence of selling group members, who only earn a fee on bonds they sell, helps assure that competitive forces work in THDA's interest during a negotiated sale. When housing bonds are sold via competitive bid, the winning bidder has little time or incentive to market bonds to retail investors or to involve smaller Tennessee-based broker-dealers. THDA's practice of elevating a top-performing member of the selling group to co-manager status on the next offering has reinforced retail support.

Market Volatility – A competitively bid bond issue requires that the timing and, to a significant extent, the final bond structure be established well in advance of the bid date. Continued market volatility makes it unlikely THDA could structure its bonds to obtain the lowest possible cost of debt in advance of pricing. A negotiated sale provides flexibility to price on shorter notice, to adjust the bond structure through the pricing period in response to market factors and investor indications, or to delay or accelerate the pricing as conditions warrant.

Complexity and Credit – While investors are familiar with bonds issued by housing finance agencies, a negotiated sale provides greater opportunity to communicate with investors about the more complex structure, program experience, and the credit features of THDA's bonds.

Bond Structure – Though Issue 2024-3 is expected to be relatively straightforward for a traditional housing bond, it may be desirable to make changes to the structure close to the time of the bond sale in order to cater

to the interests of certain investors, such as those interested in the PACs, to add additional maturities or features, or to use bonds priced at a premium or discount (such as lockout premium serial bonds as recently utilized). A negotiated sale facilitates greater flexibility to make structural changes, as reflected in a number of THDA's offerings in which negotiated long-dated serial bonds allowed THDA to realize savings versus the higher cost of an intermediate term bond.

Pricing Oversight – THDA's policies and practices for negotiated bond sales – including the review of co-manager price views, consensus scales, comparable pricings, historic and current spreads, other current market data, and concurrent monitoring by the Division of State Government Finance and CSG – provide THDA with the basis for confirming that its bonds are priced fairly at time of sale. In advance of the offering CSG also provides a pre-pricing memo with information related to general bond market conditions, the housing bond market, and projected interest rate levels based on recent housing bond issues, previous THDA offerings, and pending statistical releases. To manage incentives for the syndicate members and investors, CSG also advises on syndicate rules and procedures, proposed holdbacks of specific maturities, and allotments of bonds.

Current Market Conditions

Since early 2022, the Federal Reserve's posture towards short-term interest rates and its withdrawal of liquidity have been the focus of bond markets, in addition to economic data that affects the likelihood of future rate changes. After the Fed Chairman's "higher-for-longer" interest rate warning last fall, hope that the Fed would begin to cut rates helped to shift retail investor purchases to longer maturities. As the apparent resilience of the economy has given the Fed more flexibility to delay cutting rates ahead of proof of improved inflation, some institutional investors have grown more wary of how long rates might have to stay up to bring inflation down to the Fed's 2% target. Key themes concerning bond market investors include the following:

- While regional banking weakness and an improving trend in inflation have permitted the Federal Reserve to slow its campaign to raise rates, uncertainty about the pace of future Fed actions provided a note of caution for some investors considering buying municipal bonds.
- Reports signaling US economic resilience have raised hopes that the Fed's monetary tightening may not lead to a recession or stagnation – while also heightening concern that a period of expansion could push long-term rates higher.
- Fed Chairman Powell's recent 'wait-for-the-data' posture toward inflation reports has spurred a more cautious assessment of prospects for rate reductions in 2024.
- So far in 2024, elevated supply of municipal bonds has been met with ample investor demand, with housing bonds continuing to play a larger role in the municipal bond market as investors recognize the value they currently provide.

With the strength of the US economy suggesting a ‘soft landing’ (or ‘no landing’) from the Fed’s tightening campaign is possible, ratios between municipals and treasuries remain very attractive for issuers of tax-exempt bonds.

Recommendations

CSG Advisors recommends that the THDA Board of Directors and THDA Bond Finance Committee:

- Authorize the sale and issuance of Residential Finance Program Bonds, Issue 2024-3, with a par amount not to exceed \$350 million;
- Delegate to the Authorizing Officer authority to:
 - Establish the principal amount of Issue 2024-3;
 - Establish the structure, sub-series and pricing schedule of Issue 2024-3, including:
 - a. the possible use of a portion of the proceeds to fund down-payment assistance loans;
 - b. the potential issuance of taxable bonds to preserve volume cap and/or fund THDA’s non-qualified loan production; and
 - c. the potential issuance of a short-term tax-exempt series of bonds to preserve volume cap that would otherwise expire, with the proceeds of the bonds reinvested at rates that generate positive investment income to THDA.
 - Approve fixed-rate serial and term bonds in any combination with maturities no longer than 32 years; and
 - Refund any combination of bonds that are optionally callable, based upon projected benefits under market conditions at the time of sale.
- Based on current market conditions and for the reasons described above, authorize Issue 2024-3 via a negotiated sale; and
- Select Raymond James to serve as book-running senior manager for Issue 2024-3, in view of the continuing value and strong execution they have provided as a member of THDA’s underwriting syndicate. (See our Underwriter Recommendation Memo for additional information.)

**EXHIBIT A:
PRELIMINARY STRUCTURING ANALYSIS**

EXHIBIT A: STRUCTURING SCENARIOS

Tennessee Housing Development Agency Issue 2024-3

As of 7/8/24, for Authorization Memo

		<u>1</u>		<u>2</u>	
		<u>No PAC</u>		<u>PAC Throughout Maturity Schedule</u>	
Key Structuring Variables					
Including PAC Bonds		No		Yes	
PAC Bond Maturity Years		N/A		2025 - 2055	
PAC Structure		N/A		75% PSA, 6yr A/L	
Bond Series and Amounts					
New Money	Non-AMT	175,000,000	50%	175,000,000	50%
New Money	Taxable	175,000,000	50%	175,000,000	50%
Total		350,000,000	100%	350,000,000	100%
Bond Structure					
<u>Non-AMT</u>		<u>Coupon / Yield</u>			
3A: Serials	3.250% - 3.950%	44,575,000	25%	30,185,000	17%
3A: 7/1/39 Term	4.100%	15,210,000	9%	10,305,000	6%
3A: 7/1/44 Term	4.450%	30,085,000	17%	20,365,000	12%
3A: 7/1/49 Term	4.650%	37,670,000	22%	25,510,000	15%
3A: 7/1/54 Term	4.700%	47,460,000	27%	32,135,000	18%
3A: 1/1/55 PAC Term	6.00% / 4.10%	-	0%	56,500,000	32%
Total		175,000,000	100%	175,000,000	100%
<u>Taxable</u>		<u>Coupon / Yield</u>			
3B: Serials	4.770% - 5.410%	32,215,000	18%	21,820,000	12%
3B: 7/1/39 Term	5.740%	18,465,000	11%	12,495,000	7%
3B: 7/1/44 Term	5.960%	29,955,000	17%	20,290,000	12%
3B: 7/1/49 Term	6.010%	40,225,000	23%	27,235,000	16%
3B: 7/1/54 Term	6.060%	54,140,000	31%	36,660,000	21%
3B: 1/1/55 PAC Term	6.25% / 5.57%	-	0%	56,500,000	32%
Total		175,000,000	100%	175,000,000	100%
Yields If No Loan Participations In or Out					
<u>Overall Tax-Exempt Plus Taxable</u>					
Mortgage Yield		6.419%		6.419%	
Bond Yield		5.185%		5.118%	
Overall Yield Spread		1.234%		1.301%	
GC Rate to Achieve Overall 1.20% Yield Spread					
		6.47%		6.40%	
Loan Particip. to Achieve 1.20% Yield Spread					
0% Loans (Consumed) from Past Issues		-		-	
0% Loans Created from 2024-3		1,940,000		5,760,000	
Net Zero Percent Loans (Consumed) / Created		1,940,000		5,760,000	
New Volume Cap Needed					
2024-3A (Non-AMT)		175,000,000		175,000,000	
Plus PAC Premium		-		5,519,485	
Total		175,000,000		180,519,485	
Other Key Assumptions Common to All Scenarios					
6.50% Great Choice Loan Rate, 1% loan yield point on all loans, 0.8% of proceeds for 0% DPA seconds					
First mortgage originations at \$50MM/month, 88% Great Choice / 12% Homeownership for Heroes					

MEMORANDUM

TO: THDA Bond Finance Committee, Division of State Government Finance, and THDA
FROM: David Jones, Tim Rittenhouse, and Eric Olson
SUBJECT: Underwriter Recommendation
 Residential Finance Program Bonds, Issue 2024-3
DATE: July 8, 2024

Background

In January 2018, THDA’s Bond Finance Committee selected an underwriting team consisting of co-senior managers Citigroup, Raymond James, and RBC; co-managers JP Morgan and Wells Fargo, with a third co-manager position to be filled by a selling group member based on performance on THDA’s prior bond issue. In October 2020, the Bond Finance Committee extended the term of the existing team. In December 2023, Citigroup announced its exit from the municipal bond underwriting business, effectively ending its position as a senior manager to THDA. To accommodate the current underwriter selections, the recent underwriting team is expected to be used for Issue 2024-3.

The purpose of this memo is to recommend firms to serve on THDA’s Issue 2024-3 as:

1. book-running senior manager; and
2. elevated selling group member.

1. Book-Running Senior Manager

Table 1 shows the firms that served as book-running senior managers on THDA’s recent bond issues.

TABLE 1: BOOK-RUNNING SENIOR MANAGERS, RECENT THDA BOND ISSUES

Bond Issue	Par Amount of Bonds Issued	Book-Running Senior Manager
2022-1	175,000,000	Raymond James
2022-2	149,990,000	RBC Capital Markets
2022-3	160,000,000	Citigroup Global Markets
2023-1	140,000,000	Raymond James
2023-2	235,000,000	RBC Capital Markets
2023-3	360,000,000	Citigroup Global Markets
2024-1	270,000,000	Raymond James
2024-2	255,000,000	RBC Capital Markets

Rather than select the book-running senior manager based on a fixed rotation, following the 2018 underwriter selection by the Bond Finance Committee, the book-running senior manager is selected from among the two firms who did not serve as the senior book-running manager on the last bond issue, based on criteria as determined by the Bond Finance Committee in consultation with the Comptroller's Office and CSG. As always, the Bond Finance Committee reserves the right to adjust the rotation or the factors to be considered at any time and for any reason. Measures of a senior manager's performance include, but are not limited to, the following:

- 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.)

Raymond James continues to perform very well when selected as the book-running senior manager, evidenced by aggressive pricing and a solid book of both retail and institutional orders for Issue 2024-1, the last issue Raymond James senior-managed for THDA. When senior managing prior issues, the firm has shown a willingness to work the order book diligently, price bonds aggressively, and underwrite unsold bonds when necessary. Raymond James continues to successfully manage and achieve good pricing results for other housing finance agencies, the latest being Georgia and Alabama both of which priced in June.

In view of their continued performance, we recommend that Raymond James serve as book-running senior manager for Issue 2024-3.

2. Elevated Selling Group Member

The following table shows the retail performance of each selling group member for Issue 2024-2, including Wiley Brothers – Aintree Capital which acted as the third co-manager.

TABLE 2: RETAIL ORDERS AND ALLOTMENTS BY MEMBER: ISSUE 2024-2

Selling Group Member	Retail Orders	Final Allotments
RW Baird	\$1,200,000	\$885,000
Bancroft	750,000	450,000
Duncan Williams	1,375,000	375,000
Wiley Brothers - Aintree	1,925,000	175,000
FHN Financial	-	-
Fifth Third	-	-
Total	\$5,250,000	\$1,885,000

Excluding member orders.

Based on final retail allotments on Issue 2024-2, we recommend that RW Baird be named the selling group member elevated to co-manager for THDA’s Issue 2024-3.

3. Consider Adding Additional Selling Group Member

With Citigroup’s exit from the U.S municipal bond industry, and more particular no longer a senior manager within THDA’s underwriter syndicate, we see benefit to adding an additional selling group member. Much of Citigroup’s retail orders was generated through their arrangement with Fidelity, and Fidelity serves as a selling group member for several other HFA underwriter syndicates with good productivity in generating retail orders. As such, we would recommend that THDA consider adding Fidelity as an additional selling group member for Issue 2024-3.

A summary of the orders and final allotments for each of the last three bond issues is provided as Exhibit A.

**EXHIBIT A: SUMMARY OF FINAL ORDERS AND ALLOTMENTS,
LAST THREE BOND ISSUES**

THDA UNDERWRITER PERFORMANCE SUMMARY – 2023-3, 2024-1, and 2024-2 (\$ thousands)

	2023-3 (Citi lead, UBS co) 360,000		2024-1 (RJ lead, Wiley co) 270,000		2024-2 (RBC lead, Wiley co) 255,000		Combined 2023-3 to 2024-2 885,000	
	Orders	Allot- ments	Orders	Allot- ments	Orders	Allot- ments	Orders	Allotments
Citigroup								
Tennessee Retail	11,175	10,415	0	0	0	0	11,175	10,415
National Retail	62,625	31,700	0	0	0	0	62,625	31,700
Net Designated	804,140	241,730	0	0	0	0	804,140	241,730
Member	11,670	1,670	0	0	0	0	11,670	1,670
Total	889,610	285,515	0	0	0	0	889,610	285,515
Raymond James								
Tennessee Retail	6,560	6,560	24,715	14,180	12,870	13,060	44,145	33,800
National Retail	17,380	8,770	28,115	14,090	3,495	1,095	48,990	23,955
Net Designated	6,000	1,000	1,347,025	194,970	9,200	3,400	1,362,225	199,370
Member	28,000	0	15,035	1,885	51,000	0	94,035	1,885
Total	57,940	16,330	1,414,890	225,125	76,565	17,555	1,549,395	259,010
RBC Capital Markets								
Tennessee Retail	200	200	4,000	4,000	5,375	3,875	9,575	8,075
National Retail	5,620	5,320	3,030	815	12,860	5,535	21,510	11,670
Net Designated	10,900	4,370	63,810	32,060	840,880	197,565	915,590	233,995
Member	80,145	150	89,150	0	19,090	19,090	188,385	19,240
Total	96,865	10,040	159,990	36,875	878,205	226,065	1,135,060	272,980
J.P. Morgan								
Tennessee Retail	40	40	400	400	605	605	1,045	1,045
National Retail	9,205	7,740	5,470	1,330	2,600	1,590	17,275	10,660
Net Designated	0	0	0	0	610	300	610	300
Member	16,000	0	15,000	0	14,000	0	45,000	0
Total	25,245	7,780	20,870	1,730	17,815	2,495	63,930	12,005
Wells Fargo								
Tennessee Retail	0	0	450	425	0	0	450	425
National Retail	3,445	3,385	6,500	2,660	2,990	910	12,935	6,955
Net Designated	3,250	1,850	2,525	600	0	0	5,775	2,450
Member	18,035	0	60,255	0	32,015	0	110,305	0
Total	24,730	5,235	69,730	3,685	35,005	910	129,465	9,830
Bancroft								
Tennessee Retail	250	250	300	300	650	350	1,200	900
National Retail	0	0	2,000	575	100	100	2,100	675
Total	250	250	2,300	875	750	450	3,300	1,575
Duncan-Williams								
Tennessee Retail	0	0	0	0	175	175	175	175
National Retail	500	500	0	0	1,200	200	1,700	700
Total	500	500	0	0	1,375	375	1,875	875
FHN Financial								
Tennessee Retail	0	0	20	20	0	0	20	20
Total	0	0	20	20	0	0	20	20
Fifth Third								
Total	0	0	0	0	0	0	0	0
Robert W. Baird & Co.								
Tennessee Retail	0	0	930	790	1,200	885	2,130	1,675
Total	0	0	930	790	1,200	885	2,130	1,675
UBS								
Tennessee Retail	9,140	8,355	0	0	0	0	9,140	8,355
National Retail	16,900	14,220	0	0	0	0	16,900	14,220
Member	19,025	0	0	0	0	0	19,025	0
Total	45,065	22,575	0	0	0	0	45,065	22,575
Wiley Bros-Aintree								
Tennessee Retail	13,045	11,775	1,300	900	175	175	14,520	12,850
Member	0	0	0	0	1,750	0	1,750	0
Total	13,045	11,775	1,300	900	1,925	175	16,270	12,850
TOTAL								
Tennessee Retail	40,410	37,595	32,115	21,015	21,050	19,125	93,575	77,735
National Retail	115,675	71,635	45,115	19,470	23,245	9,430	184,035	100,535
Net Designated	824,290	248,950	1,413,360	227,630	850,690	201,265	3,088,340	677,845
Member	172,875	1,820	179,440	1,885	117,855	19,090	470,170	22,795
Total	1,153,250	360,000	1,670,030	270,000	1,012,840	248,910	3,836,120	878,910

TENNESSEE HOUSING DEVELOPMENT AGENCY
PLAN OF FINANCING
RESIDENTIAL FINANCE PROGRAM BONDS, ISSUE 2024-3
July 23, 2024

Pursuant to TCA Section 13-23-120(e)(4):

AMOUNT:

The bonds may be sold in one or more series to be known as Residential Finance Program Bonds, Issue 2024-3 (the “Bonds”), to be issued under the General Residential Finance Program Bond Resolution adopted by THDA on January 29, 2013, as amended (the “General Resolution”).

The aggregate principal amount of the Bonds shall not exceed \$350,000,000. The actual aggregate principal amount shall be determined by the Authorized Officer appointed by the THDA Board of Directors (the “Authorized Officer”) upon the recommendation of the Financial Advisor, Executive Director, Assistant Secretary of the Bond Finance Committee and approved by THDA’s Bond Counsel and may take into account the following limitations and other factors:

- (1) the amount of Bonds which may be issued pursuant to the Act and the total amount of bonds outstanding under the General Resolution; and
- (2) the amount of Bonds which may be issued to refund bonds or notes outstanding under the General Resolution and/or the General Housing Finance Resolution (the “2009 Resolution”) to provide economic savings, additional opportunities for interest rate subsidies with respect to THDA Program Loans or as a result of prepayments, proceeds on hand, excess revenues, or maturing principal; and
- (3) the amount of Bonds that may be issued, the proceeds of which are necessary to reimburse THDA for Program Loans and program securities financed from available THDA funds or other financing sources prior to the availability of proceeds from the Bonds; and
- (4) the amount of Bonds which may be issued, the proceeds of which are necessary to meet demand for Program Loans; and
- (5) the availability of THDA’s funds, subject to the review of the Authorized Officer, for the purpose of providing for the payment of the costs of issuance of the Bonds, paying capitalized interest with respect to the Bonds, funding the Bond Reserve Fund, providing additional security for the Bonds, and achieving a lower rate of interest on the Program Loans; and
- (6) the amount of resources (loans and cash) available under the 1985 General Resolution to over collateralize the Bonds, if needed, to improve yield, reduce the amount of other subsidies and to increase the program asset debt ratio under the General Resolution.

APPLICATION
OF PROCEEDS:

Proceeds of the Bonds will be applied to (i) redemption and payment at maturity of certain of THDA's bonds or notes outstanding under the General Resolution, and/or the 2009 Resolution; (ii) finance Program Loans by the direct purchase thereof (iii) to finance Program Loans upon the refunding or conversion thereof; and (iv) other uses as specified below in approximately the following amounts:

- 90% for single-family first lien mortgage loans, single-family second lien DPA loans, refinancing outstanding bonds;
- 8% for bond reserve;
- 1% for capitalized interest; and
- 1% for cost of issuance and underwriter's discount/fee.

DATE, METHOD AND
TERMS OF SALE:

The sale of the Bonds will take place by competitive or negotiated sale, including private placement, and will occur no later than December 31, 2024. THDA will prepare for the sale with the aid of its financial advisor CSG Advisors, and its bond counsel, Kutak Rock.

MATURITIES:

The Bonds may be any combination of tax-exempt and/or taxable long and/or short term serial, term, convertible option, and/or discounted or premium bonds as may be determined by the Authorized Officer. The Bonds shall have a maturity not to exceed 34 years from the date of original issuance.

BOND INTEREST RATES:

The interest rates on the Bonds shall be fixed long term rates and shall not result in a net interest cost in excess of 9% per annum.

REDEMPTION TERMS:

The Bonds may be subject to redemption prior to maturity on such terms as are to be determined by the Authorized Officer.

LOAN INTEREST RATES AND
COST OF ADMINISTRATION:

Unless otherwise permitted under the Internal Revenue Code, the blended effective interest rate on Program Loans financed with proceeds of tax-exempt Bonds (including any transferred loans upon the refunding of any outstanding bonds) will not exceed 112.5 basis points over the yield on such tax-exempt bonds, as calculated in accordance with the Internal Revenue Code, from which all of THDA's costs of administration for the Bonds may be paid. The minimum spread necessary to finance the Issue 2024-3 Program Loans may be as low as 60 basis points.

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING THE ISSUANCE AND SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS, ISSUE 2024-3
July 23, 2024

WHEREAS, pursuant to the Tennessee Housing Development Agency Act (the “Act”), the Bond Finance Committee of the THDA Board of Directors (the “Committee”), on July 23, 2024, approved a plan of financing for Residential Finance Program Bonds, Issue 2024-3 (the “Bonds”) in an aggregate par amount not to exceed \$350,000,000 (the “Plan of Financing”); and

WHEREAS, the Plan of Financing provides for the Bonds to be issued as additional series of long term and/or short term tax-exempt and/or taxable bonds, including convertible option bonds, with fixed interest rates, under the General Residential Finance Program Bond Resolution adopted by THDA on January 29, 2013, as amended (the “General Resolution”) and to be sold by competitive or negotiated sale, all at the election of the Authorized Officer; and

WHEREAS, THDA on January 23, 2024, adopted a Housing Cost Index, as defined in Section 13-23-103(7) of the Act, which shows that, as of December 11, 2023, primary housing costs exceed 25% of an average Tennessee household’s gross monthly income; and

WHEREAS, pursuant to Section 147 of the Internal Revenue Code of 1986, as amended (the “Code”), THDA must conduct a public hearing regarding the issuance of the Bonds and submit the results of the public hearing to the Governor of the State of Tennessee for approval; and

WHEREAS, THDA proposes to distribute a preliminary official statement (the “Preliminary Official Statement”) to prospective purchasers and has proposed to make available to the respective purchasers a final official statement (the “Official Statement”) with respect to the Bonds; and

WHEREAS, the Board wishes to authorize the Authorized Officer to proceed with the issuance and sale of the Bonds to provide funds for THDA’s programs in accordance with the Plan of Financing and this Resolution.

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

1. The Secretary of the Committee, or in the absence of the Secretary of the Committee, an officer designated by the Secretary of the Committee is appointed as the authorized officer (the “Authorized Officer”) and is authorized to sell the Bonds and to fix the details of the Bonds in accordance with the Plan of Financing and this Resolution.

2. The issuance and sale of the Bonds, in an aggregate par amount not to exceed \$350,000,000, with the final terms, all as determined by the Authorized Officer pursuant to the Plan of Financing and upon the recommendation of THDA’s Financial Advisor, and the Executive Director, with the approval of THDA’s Bond Counsel, is hereby authorized.

3. The resolution titled “A Supplemental Resolution Authorizing the Sale of Residential Finance Program Bonds, \$_____ Issue 2024-2A” (Non-AMT), \$_____ Issue 2024-2B (Non-AMT) and \$_____ Issue 2024-2C (Federally Taxable) (the “Supplemental Resolution”), in the form attached hereto, is adopted, subject to the provisions contained herein.

4. THDA is authorized and directed to conduct a public hearing prior to the issuance of the tax-exempt Bonds, to the extent required by the Code, with reasonable public notice and to submit the results of the public hearing to the Governor to obtain the Governor’s written approval.

5. The Authorized Officer is authorized to (a) select the manner of sale; (b) designate multiple series or sub-series, as needed; (c) designate AMT, non-AMT or taxable components; (d) designate fixed interest rates; (e) approve a final structure for the Bonds (including whether or not any of the Bonds are convertible option bonds); (f) approve a final principal amount or amounts, not to exceed a par amount of

\$350,000,000; (g) authorize bond insurance, if determined necessary; (h) determine all other final terms of the Bonds, in accordance with this Resolution, the Plan of Financing and the Supplemental Resolution; (i) approve the final version of the Supplemental Resolution, with such additional changes, substitutions, deletions, additions, completions or amendments therein as determined by the Authorized Officer, upon the recommendation of the Executive Director with the approval of Chief Legal Counsel of THDA and Bond Counsel, as the Authorized Officer shall determine to be necessary or appropriate to establish the final terms of the Bonds and their manner of sale; (j) select the senior bookrunning manager and the rotating co-manager upon the recommendation of the Financial Advisor and THDA staff; and (k) award the Bonds in accordance therewith. At the discretion of the Authorized Officer, the Bonds may include new volume cap and any combination of amounts needed to refund all or any part of bonds or notes outstanding under the General Resolution, under the General Homeownership Program Bond Resolution or under the General Housing Finance Resolution, including, without limitation, to produce proceeds for new mortgage loans or to produce economic savings or opportunities for interest rate subsidies. In addition, the Authorized Officer, at their discretion, may elect to transfer resources from the General Homeownership Program Bond Resolution and/or the General Housing Finance Resolution to the General Resolution in connection with the issuance of the Bonds upon recommendation of the Executive Director or Secretary of the Committee with the approval of Bond Counsel, Financial Advisor and Chief Legal Counsel.

6. The Assistant Secretary of the Committee, with the assistance of Bond Counsel, the Financial Advisor, and the Executive Director and Chief Legal Counsel of THDA, is authorized to prepare a Preliminary Official Statement and a final Official Statement for printing and distribution in connection with the issuance and sale of the Bonds.

7. The Assistant Secretary of the Committee, with the assistance of Bond Counsel and the Executive Director and Chief Legal Counsel of THDA, is authorized to prepare all documents determined to be necessary or appropriate for the competitive sale of all or any portion of the Bonds or all documents, including, without limitation, a purchase agreement or purchase agreements in a form appropriate for a negotiated sale, including a private placement, of all or any portion of the Bonds, as determined to be necessary or appropriate, for a negotiated sale of all or any portion of the Bonds.

8. The Authorized Officer is hereby authorized to execute (i) the proposal submitted by the lowest bidder or bidders in the event of a competitive sale of all or any portion of the Bonds or (ii) purchase agreements in the event of a negotiated sale, including a private placement, of all or any portion of the Bonds, the form of which has been approved by the Authorized Officer, upon the recommendation of the Financial Advisor and Bond Counsel, and (iii) to deliver the Bonds as appropriate.

9. The Authorized Officer, and the Chair, the Vice-Chair, the Executive Director, the Director of Finance and the Chief Legal Counsel of THDA and other appropriate officers and employees of THDA are hereby authorized to do and perform or cause to be done and performed, for or on behalf of THDA, all acts and things (including, without limitation, execution and delivery of documents) that constitute conditions precedent to the issuance and sale of the Bonds or that are otherwise required to be done and performed by or on behalf of THDA prior to or simultaneously with the issuance and sale of the Bonds.

10. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Supplemental Resolution, as the context indicates.

11. This resolution shall take effect immediately.

This Resolution was adopted by the affirmative vote of no fewer than eight (8) members of the THDA Board of Directors at its meeting on July 23, 2024.

TENNESSEE HOUSING DEVELOPMENT AGENCY

A Supplemental Resolution

Authorizing the Sale of

Residential Finance Program Bonds

\$ _____ Issue 2024-3A (Non-AMT)

\$ _____ Issue 2024-3B (Non-AMT)

\$ _____ Issue 2024-3C (Federally Taxable)

Adopted July 23, 2024
as approved in its amended and supplemented form
by its Designated Authorized Officer
on _____, 2024

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A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
\$ _____ ISSUE 2024-3A (Non-AMT)
\$ _____ ISSUE 2024-3B (Non-AMT)
\$ _____ ISSUE 2024-3C (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 2024-3 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 2024-3A Bonds or a particular Subseries of Long Term Rate Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) at a rate equal to 400% PSA, as set forth in Exhibit B hereto.]

 “*Bond Amortization Schedule*” shall mean the schedule of principal maturities and sinking fund installments with respect to the 2024-3B Bonds upon conversion of the interest rate thereon to Long Term Rates which schedule shall provide for substantially level debt service determined by the (i) scheduled repayments (net of servicing fees) of Program Loans to be made from bond proceeds, (ii) interest income and scheduled reductions of the Bond Reserve Fund, (iii) interest income from the Revenue Fund and (iv) payment of Trustee fees.

 “*Bond Purchase Agreement*” means, collectively, the Issue 2024-3AC Bond Purchase Agreement and the Issue 2024-3B 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 [_____]].

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

“*Convertible Bonds*” shall mean all Issue 2024-3B Bonds, with respect to which THDA has not yet exercised its Long Term Option.

“*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.

“*DPA Loan*” means a subordinate lien loan made in connection with a first lien loan made by THDA, for purposes of downpayment and closing cost assistance; such DPA Loans may be either (i) non-interest bearing loans with 30 year terms, due on sale or refinance, or (ii) fully amortizing 30 year term loans with an interest rate equal to the related first lien loan.

“*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.

“*Election Certificate*” shall mean a Certificate of an Authorized Officer delivered on an Election Date pursuant to Section 3.02 hereof.

“*Election Date*” shall mean any date on which THDA is required to elect in accordance with Section 3.02 hereof the Short Term Option, the Long Term Option or the Redemption Option with respect to any outstanding Convertible Bonds. Such election must occur on or prior to the 10th day next preceding any Tender Date.

“*Excess 2024-3 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 2024-3 Bonds or a Subseries of Long Term Rate Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans][allocable to such Long Term Rate 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 2024-3 Bonds][such Long Term Rate Bonds].

“*Issue 2024-3 Bonds*” means, together, the Issue 2024-3A Bonds and the Issue 2024-3B Bonds.

“*Issue 2024-3A Bonds*” means the Issue 2024-3A Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

[“*Issue 2024-3A PAC Bonds*” means the Issue 2024-3A Bonds in the aggregate principal amount of \$_____ maturity on _____.]

[“*Issue 2024-3A PAC Bonds Planned Amortization Amount*” means the cumulative amount of Issue 2024-3A PAC Bonds expected to be redeemed upon

the receipt of Excess 2024-3 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

“*Issue 2024-3A Serial Bonds*” means the Issue 2024-3A Bonds which are not Issue 2024-3A Term Bonds.

“*Issue 2024-3A Term Bonds*” means, collectively, the Issue 2024-3A Bonds maturing [_____, _____, and _____].

“*Issue 2024-3AC Bond Purchase Agreement*” means the contract for the purchase of the Issue 2024-3A Bonds and the Issue 2024-3C Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A.

[“*Issue 2024-3B Bond Purchase Agreement*” means the contract for the purchase of the Issue 2024-3B Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A.]

“*Issue 2024-3B Bonds*” means the Issue 2024-3B Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing, which Issue 2024-3B Bonds shall include the Convertible Bonds and the Long Term Rate Bonds of such Series.

[“*Issue 2024-3B PAC Bonds*” means, if so designated in an Election Certificate on any Election Date, the last Term Bond of any Subseries of Long Term Rate.]

[“*Issue 2024-3B PAC Bonds Planned Amortization Amount*” means the cumulative amount relating to a Subseries of Long Term Rate Bonds expected to be redeemed upon the receipt of Excess 2024-3 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

“*Issue 2024-3B Serial Bonds*” means the Issue 2024-3B Bonds which are not Term Bonds.

“*Issue 2024-3B Tender Date*” shall mean (i) the initial Tender Date for 100% of the Issue 2024-3B Convertible Bonds of [_____] , unless THDA designates a Business Day occurring on or after [_____] , as the initial Tender Date for all or a portion of the Issue 2024-3B Convertible Bonds in accordance with Section 3.01 and, if applicable, (ii) the Tender Dates thereafter for any Issue 2024-3B Bonds shall be any Business Day occurring on or before [_____] , as designated by THDA in accordance with Section 3.01; provided, that Long Term Rate Bonds shall not be subject to mandatory tender on any Tender Date and provided further that the last Issue 2024-3B Tender Date shall be [_____] , if there are any Issue 2024-3B Convertible Bonds outstanding on such date.

“*Issue 2024-3B Term Bonds*” means, subsequent to the conversion of the interest rate thereon to Long Term Rates, collectively, the Issue 2024-3B Bonds maturing [_____, _____, and _____].

“*Issue 2024-3C Bonds*” means the Issue 2024-3C Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

[“*Issue 2024-3C PAC Bonds*” means the Issue 2024-3C Bonds in the aggregate principal amount of \$_____ maturity on _____.]

[“*Issue 2024-3C PAC Bonds Planned Amortization Amount*” means the cumulative amount of Issue 2024-3C PAC Bonds expected to be redeemed upon the receipt of Excess 2024-3 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

“*Issue 2024-3C Serial Bonds*” means the Issue 2024-3C Bonds which are not Term Bonds.

“*Issue 2024-3C Term Bonds*” means, collectively, the Issue 2024-3C Bonds maturing [_____, _____, and _____].

“*Issue Date*” means the date on which the Issue 2024-3 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on [_____] , 2024.

“*Long Term Option*” shall have the meaning set forth in Section 3.02(a) hereof.

“*Long Term Rate*” shall have the meaning set forth in Section 3.02(a) hereof.

“*Long Term Rate Bonds*” shall mean all Issue 2024-3B Bonds for which the Long Term Option has been exercised, which Bonds bear interest at fixed interest rates to their maturity or prior redemption.

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

“*Official Statement*” means the Official Statement dated [_____] , 2024 used in connection with the sale of the Issue 2024-3 Bonds.

“*Notification Date*” shall mean any date on which the Trustee is required to send a Tender Notice to owners of Convertible Bonds in accordance with Section 3.03 hereof. Such Tender Notice must be sent on or prior to the 15th day next preceding a Tender Date.

[“*PAC Bonds*” means, collectively, the Issue 2024-3A PAC Bonds, the Issue 2024-3B PAC Bonds and the Issuer 2024-3C PAC Bonds.]

[“*PAC Bonds Planned Amortization Amount*” means, collectively, the Issue 2024-3A Planned Amortization Amount, the Issue 2024-3B Planned Amortization Amount, and the Issue 2024-3C Planned Amortization Amount.]

“*Preliminary Official Statement*” means the Preliminary Official Statement dated [_____], 2024 used in connection with the offering of the Issue 2024-3 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).

“*Redemption Option*” shall have the meaning set forth in Section 3.02(c) hereof.

[“*Refunded Bonds*” means, the THDA bonds [listed in Exhibit D hereto][set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2024-3 Bonds.]

“*Remarketing Agent*” means the Remarketing Agent appointed in accordance with Section 3.04 of this Resolution.

“*Remarketing Agreement*” means the Remarketing Agreement for the remarketing of the Convertible Bonds by and between THDA and the Remarketing Agent referred to in Section 3.04 of this Resolution which shall constitute the Remarketing Agreement for purposes of the Resolution.

“*Remarketing Costs*” means any costs associated with the remarketing of any Short Term Rate Bonds or the conversion of any Issue 2024-3B Bonds to Long Term Rate Bonds, including fees of the Remarketing Agent, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds, accrued interest in connection with the financing of Program Loans and any other cost, charge or fee in connection with the remarketing of the Issue 2024-3B Bonds.

“*Resolution*” means this Supplemental Resolution adopted by THDA on July 23, 2024, as approved in its amended and supplemented form by the Designated Authorized Officer on [_____], 2024.

“*Serial Bonds*” means, collectively, the Issue 2024-3A Serial Bonds, the Issue 2024-3B Serial Bonds, and the Issue 2024-3C Serial Bonds.

“*Short Term Option*” shall have the meaning set forth in Section 3.02(b) hereof.

“*Short Term Rate*” shall mean the short-term adjustable interest rate (i) initially borne by the Convertible Bonds upon issuance and (ii) pursuant to the Short Term Option set forth in Section 3.02(b) hereof.

“*Subseries*” shall mean any subseries of Issue 2024-3 Bonds established pursuant to this Resolution and references to the Bonds of any Subseries shall

include all Bonds at any particular point in time designated as the Bonds of such Subseries in accordance with the provisions of this Resolution.

“*Tender Date*” shall mean any date on which all or a portion of Convertible Bonds become subject to mandatory tender for purchase by the Trustee, including any Issue 2024-3B Tender Date.

“*Term Bonds*” means, collectively, the Issue 2024-3A Term Bonds, the Issue 2024-3B Term Bonds, and the Issue 2024-3C Term Bonds.

[“*Transferred Investments*” means amounts on deposit in certain funds and accounts of THDA allocated to any Refunded Bonds relating to the Issue 2024-3A Bonds or a Subseries of Long Term Rate Bonds which are allocated to such Long Term Bonds upon the refunding of such Refunded Bonds.]

[“*Transferred Proceeds*” means the sum of \$ _____ on deposit in the Issue 2024-3 Bond Subaccount of the Loan Fund subsequent to the refunding of any Refunded Bonds.]

[“*Transferred Program Loans*” means the Program Loans allocable to any Refunded Bonds which are allocated to the Issue 2024-3A Bonds or a Subseries of Long Term Rate Bonds upon the refunding of such Refunded Bonds.]

“*Underwriters*” means, collectively, [Raymond James & Associates, Inc., and RBC Capital Markets, LLC], their respective successors and assigns, and the Co-Managers as purchasers of the Issue 2024-3 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 any Transferred Program Loans, as well as new Program Loans and DPA Loans, and, without duplication, Program Securities, and the phrase “Program Loans allocable to the Issue 2024-3 Bonds” shall include any Transferred Program Loans as well as any new Program Loans, DPA Loans, and Program Securities acquired with proceeds of the Issue 2024-3 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 2024-3A are hereby authorized to be issued in the aggregate principal amount of \$ _____, Residential Finance Program Bonds, Issue 2024-3B are hereby authorized to be issued in the aggregate principal amount of \$ _____, and Residential Finance Program Bonds, Issue 2024-3C are hereby authorized to be issued in the aggregate principal amount of \$ _____. In addition to the title “Residential Finance Program Bond,” the Issue 2024-3 Bonds will bear the additional designation “Issue 2024-3A (Non-AMT),” “Issue 2024-3B (Non-AMT),” and “Issue 2024-3C (Federally Taxable),” as appropriate. The Issue 2024-3 Bonds shall be issued only in fully registered form. The Issue 2024-3A Bonds will consist of \$ _____ principal amount of Serial Bonds and \$ _____ principal amount of Term Bonds. The Issue 2024-3B Bonds will initially consist of \$ _____ principal amount of Convertible Bonds. The Issue 2024-3C Bonds will consist of \$ _____ principal amount of Serial Bonds and \$ _____ principal amount of Term Bonds.

Section 2.02. Purposes. [A portion of] the Issue 2024-3A Bonds are being issued to refund the Refunded Bonds. [As a result of such refunding, the Transferred Program Loans, [Transferred Proceeds] and the Transferred Investments will become allocated to the Issue 2024-3 Bonds.] [A portion of] the Issue 2024-3A Bonds, and the Issue 2024-3B Bonds and the Issue 2024-3C Bonds are being issued, subsequent to the conversion of the interest rate on any Convertible Bonds to Long Term Rates, (a) to finance DPA Loans and Program Loans (including Program Securities), or participations therein, on single family residences located within the State, (b) if required, to pay capitalized interest on the Issue 2024-3 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 2024-3 Bonds. Upon the conversion of the interest rate on all or a portion of the Convertible Bonds to Long Term Rate Bonds, amounts on deposit in the Issue 2024-3B Subaccount of the Loan Fund also may be used, if required, to pay certain costs of issuance or remarketing with respect to the Issue 2024-3B Bonds. [As a result of the refunding of the Refunded Bonds, the Transferred Proceeds will become allocated to the Issue 2024-3 Bonds.]

The proceeds of the Issue 2024-3A Bonds [and the [Transferred Proceeds and the] Transferred Investments] shall be applied in accordance with Article IV hereof.

Prior to the initial Issue 2024-3B Tender Date, all moneys made available from the issuance of the Issue 2024-3B Bonds shall be deposited in the Issue 2024-3B Subaccount of the Loan Fund, and shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2024-3A 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 [_____], at the rate set opposite such date in the following tables:

Issue 2024-3A Bonds

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
	\$	%		\$	%

Term Bonds

Maturity Date	Principal Amount	Interest Rate
	\$	%

Issue 2024-3C Bonds

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
	\$	%		\$	%

Term Bonds

Maturity Date	Principal Amount	Interest Rate
	\$	%

(b) Prior to the conversion of the interest rate on any Issue 2024-3B Bonds to Long Term Rates, such Convertible Bonds shall have a nominal maturity of [_____]. The Convertible Bonds shall bear interest at the initial Short Term Rate of [_____] % per annum to, but excluding, the Issue 2024-3B Tender Date, calculated on the basis of a 360-day year of twelve 30-day months.

(c) At such time as THDA elects the Long Term Option with respect to all or a portion of the Convertible Bonds, the Issue 2024-3B Bonds with respect to which such an election shall have been made shall bear interest at the Long Term Rate (calculated on the basis of a 360-day year of twelve 30-day months) and shall mature on each January 1 and July 1 commencing on the first January 1 or July 1 which is at least twelve months subsequent to the date of conversion of the interest rate on the 2024-3B Bonds to Long Term Rates through and including July 1, [____], and on January 1, [____], July 1, [____],

January 1, [____] and July 1, [____], each in the principal amounts determined by application of the related Bond Amortization Schedule.

Notwithstanding the foregoing, in the event that the application of the Bond Amortization Schedule results in a principal amount of Issue 2024-3B Bonds that is to mature or to be redeemed on any date which is not an integral multiple of \$5,000, then the amount of such principal shall be rounded up to the next integral multiple of \$5,000 and the principal amount of the final maturity of the Issue 2024-3B Bonds which are being converted to the Long Term Rate shall be reduced by a corresponding amount.

[The maturity dates for the Issue 2024-3B Bonds set forth above may be modified and the Issue 2024-3B Bonds which are to be converted to Long Term Rates shall be modified to incorporate [PAC Bonds], capital appreciation bonds and tender option bonds; provided, that (i) the Remarketing Agent delivers a certificate to the Trustee, THDA and Bond Counsel to the effect that the proposed changes in the maturity dates and structure of the Issue 2024-3B Bonds result in the lowest net interest cost to THDA that permits THDA to originate 30 year mortgages; (ii) the Trustee receives an opinion from Bond Counsel to the effect that such proposed changes do not adversely affect the exclusion of interest on the Issue 2024-3B Bonds from gross income for federal income tax purposes and that such proposed changes are permitted under the General Resolution and this Resolution; and (iii) written confirmation from the Rating Agencies that the proposed changes will not, in and of themselves, cause the ratings on the Issue 2024-3B Bonds to be adversely affected.]

(d) The Issue 2024-3B Bonds shall be dated their date of issuance and shall bear interest from that date to, but excluding, their respective Tender Date, and, if THDA selects the Short Term Option (as described below) in connection with such Tender Date or any subsequent Tender Date with respect to all or a portion of the Issue 2024-3B Bonds, then such Issue 2024-3B Bonds shall bear interest at the Short Term Rate (as defined in Section 3.02(b) hereof) from and including such Tender Date to, but excluding, the next succeeding Tender Date.

Prior to the first Issue 2024-3B Tender Date, interest on the Issue 2024-3B Bonds bearing interest at a Short Term Rate shall be payable on [July 1, ____], and the first Tender Date with respect thereto.

Subsequent to the first Tender Date, Issue 2024-3B Bonds bearing interest at a Short Term Rate shall be payable on each January 1 and July 1 commencing on the first January 1 or July 1 which is more than sixty days after the related Tender Date and on the next subsequent Tender Date. If THDA selects the Long Term Option in accordance with Section 3.02(a) hereof with respect to all or a portion of the Issue 2024-3B Bonds, then the Issue 2024-3B Bonds which are so converted shall bear interest at the Long Term Rate (as defined in Section 3.02(a) hereof) from the Tender Date on which the Long Term Rate goes into effect with respect to such Issue 2024-3B Bonds until maturity or prior redemption, payable on each January 1 and July 1 thereafter, commencing on the first such January 1 or July 1 which occurs more than sixty days following the Tender Date with respect to which THDA exercised its Long Term Option.

(e) Whenever the due date for payment of interest on or principal of the Issue 2024-3 Bonds or the date fixed for redemption of any Issue 2024-3 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 2024-3 Bonds of each Series or Subseries 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 2024-3 Bonds of each Series or Subseries maturing in such year. The Issue 2024-3 Bonds are to be lettered “R-3A,” “R-3B,” or “R-3C,” as applicable, and numbered separately from 1 consecutively upwards.

(b) The Issue 2024-3 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2024-3 Bond of each Series or Subseries will be outstanding for each maturity and interest rate of each Series or Subseries of the Issue 2024-3 Bonds in the aggregate principal amount of such maturity, interest rate and Series or Subseries. Subject to the provisions of the General Resolution, purchases of ownership interests in the Issue 2024-3 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2024-3 Bonds will not receive certificates representing their interest in the Issue 2024-3 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2024-3 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2024-3 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 2024-3 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 2024-3 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 2024-3 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2024-3 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 2024-3 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2024-3 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 2024-3 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2024-3 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2024-3 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2024-3 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2024-3 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 2024-3 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 2024-3A Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2024-3 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 2024-3A Term Bonds due _____

Date	Amount Due	Date	Amount Due
	\$		\$

*Maturity

Issue 2024-3A Term Bonds due _____

Date	Amount Due	Date	Amount Due
	\$		\$

*Maturity

Issue 2024-3C Term Bonds due _____

Date	Amount Due	Date	Amount Due
	\$		\$

*Maturity

(a) The Issue 2024-3B Bonds that are Term Bonds are subject to redemption in part by lot on each January 1 and July 1 as set forth in the Bond Amortization Schedule at a Redemption Price equal to 100% of the principal amount thereof plus interest accrued to the date of redemption from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem the Term Bonds specified for each of the dates in Section 2.03(e).

(b) Upon the purchase or redemption of Issue 2024-3 Bonds of any series and 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 2024-3 Bonds of such series 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 2024-3 Bonds of such series and maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such series and maturity of Issue 2024-3 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2024-3A Bonds maturing on and after [] [other than the Issue 2024-3A PAC Bonds], 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 [] (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.

[[The Issue 2024-3A PAC Bonds are subject to redemption at the option of THDA, either as a whole or in part at any time or on or after [] (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 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 the respective Redemption Prices set forth below (expressed as a percentage of the principal amount of such PAC Bonds to be redeemed), plus accrued interest to the redemption date:

<u>Period</u>	<u>PAC Bond Redemption Price</u>
[] to []	[]%
[] and thereafter	[]

The 2024-3B Bonds bearing interest at a Short Term Rate shall be subject to redemption prior to maturity at the option of THDA in whole or in part on a Tender Date for such Bonds at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption.

The 2024-3B Bonds bearing interest at Long Term Rates shall be subject to redemption prior to maturity at the option of THDA, in whole or in part at any time on or after the first January 1 or July 1 subsequent to the [ninth] anniversary of the conversion of interest on such Bonds to Long Term Rates, at Redemption Prices (expressed as percentages of the principal amount of the Bonds or portions thereof to be redeemed) together with interest accrued to the date of redemption, during the applicable period listed below:

Redemption Period	Redemption Prices
January 1 or July 1 of [ninth] year following Long Term Rate conversion through the succeeding December 31 or June 30, as applicable	101%
January 1 or July 1 of [tenth] Year following Long Term Rate Conversion and thereafter	100

Section 2.10. Special Optional Redemption. The Issue 2024-3A Bonds, the Issue 2024-3C Bonds, and, subsequent to their conversion to Long Term Rate Bonds, the Issue 2024-3B 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 such Issue 2024-3 Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans (including DPA Loans, and Program Securities [and the Transferred Program Loans]) allocated to the Issue 2024-3 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2024-3 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 2024-3 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 any 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 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 2024-3 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 2024-3 Bonds to be redeemed pursuant to this Section 2.10 shall be selected by THDA in its sole discretion; provided, however, that any PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2024-3 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 2024-3A Bonds are subject to mandatory redemption on [] in the event and to the extent that there are unexpended proceeds of the Issue 2024-3A Bonds [in excess of \$[] on deposit in the Issue 2024-3AC Subaccount of the Loan Fund on []; 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 5.02 hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2024-3A Bonds are subject to mandatory redemption on [_____, _____], to the extent any proceeds of the Issue 2024-3A Bonds remain on deposit in the Issue 2024-3AC Subaccount of the Loan Fund on [_____, _____].

The Issue 2024-3B Bonds are subject to mandatory redemption in whole or in part at 100% of the principal amount thereof, plus accrued interest, on [_____] from the unexpended proceeds of the Issue 2024-3B Bonds in excess of \$249,999 on deposit in the Issue 2024-3B Subaccounts of the Loan Fund which have not been utilized to finance Program Loans and/or DPA Loans prior to [_____]. Such redemption shall be paid out of all of the unexpended proceeds in the Issue 2024-3B Subaccounts of the Loan Fund made available from the issuance of the Issue 2024-3B Bonds and the investment income therefrom

The redemption price of the Issue 2024-3 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 any PAC Bonds shall be the issue price thereof (par plus premium) plus accrued interest to the redemption date. The Issue 2024-3 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided, however, that any PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2024-3 Bonds then Outstanding.

(b) **[Excess 2024-3 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 2024-3 Principal Payments. Any Excess 2024-3 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of PAC Bonds on any Interest Payment Date commencing [_____]; provided 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 Issue 2024-3 PAC Bonds remain Outstanding, Excess 2024-3 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to a Series or Subseries of Issue 2024-3 Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) are equal to or less than the related 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2024-3 Principal Payments shall first be applied to redeem such PAC Bonds 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 such PAC Bonds.

SECOND, if principal prepayments on the Program Loans allocable to a Series or Subseries of the Issue 2024-3 Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) are in excess of the related 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2024-3 Principal Payments shall first be applied to redeem such PAC Bonds 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 such PAC Bonds (any such remainder used to redeem such 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 2024-3 Principal Payments which is in excess of the related 400% PSA Prepayment Amount, and (ii) the principal amount of an Excess Principal PAC Bond Redemption may not be an amount in excess of such PAC Bonds’ proportionate amount of all Issue 2024-3 Bonds then Outstanding.

The Issue 2024-3A PAC Bonds Planned Amortization Amount and the Issue 2024-3A 400% PSA Prepayment Amount set forth in Exhibit B hereto, any Issue 2024-3B PAC Bonds Planned Amortization Amount and Issue 2024-3B 400% PSA Prepayment Amount determined for the Issue 2024-3B PAC Bonds, and the Issue 2024-3C PAC Bonds Planned Amortization Amount and Issue 2024-3C 400% PSA Prepayment Amount set forth in Exhibit B hereto, are each subject to proportionate reduction to the extent the related PAC Bonds are redeemed from amounts on deposit in the Issue 2024-3 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 2024-3 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, allocable to the Issue 2024-3A Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) received more than ten years after the Issue Date of the Issue 2024-3A Bonds (or the date of original issuance of the bonds refunded by the Issue 2024-3A Bonds, directly or through a series of refundings) shall be applied to redeem the Issue 2024-3A Bonds on or before the next Interest Payment Date with respect to the Issue 2024-3A 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 2024-3A 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 2024-3 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided however, that any PAC Bonds may be redeemed in an amount that exceeds the related PAC Bonds

Planned Amortization Amount only if there are no other Issue 2024-3 Bonds Outstanding.

(d) *Mandatory Redemption of Issue 2024-3B Bonds Bearing Interest at Short Term Rate.* The Issue 2024-3B Bonds bearing interest at a Short Term Rate shall be subject to mandatory redemption on any related Tender Date, in whole or in part by lot, from proceeds of such Issue 2024-3B Bonds on deposit in the Issue 2024-3B Subaccount of the Loan Fund, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, in the event such Issue 2024-3B Bonds have been tendered, or deemed tendered, for purchase on such Tender Date and the conversion to Long Term Rate Bonds does not occur or such Issue 2024-3B Bonds are not remarketed. No notice of redemption shall be given with respect to a redemption under this Section 2.11(d).

(e) *Selection of Bonds Subject to Mandatory Redemption.* THDA shall direct redemptions pursuant to subsections 2.11(a) and (b) hereof pro rata among all maturities of the related Subseries of Issue 2024-3B Bonds bearing interest at Long Term Rates, as applicable, then outstanding unless THDA shall deliver a Projected Cash Flow Statement indicating a different selection of such Subseries of Issue 2024-3B Bonds bearing interest at Long Term Rates, to be redeemed.

Section 2.12. Selection by Lot. If less than all of the Issue 2024-3 Bonds of like Series or Subseries 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

TENDER, REMARKETING AND PURCHASE OF CONVERTIBLE BONDS AND LONG TERM RATE LOANS

Section 3.01. Designation of Tender Dates [and Rate Estimation]. The Convertible Bonds are subject to mandatory tender in whole or in part on each related Tender Date; provided, however, that 100% of the Issue 2024-3B Convertible Bonds are subject to mandatory tender on [_____]. THDA may designate a Tender Date other than the stated Tender Date (any Business Day on or after [_____]) in relation to the Issue 2024-3B Bonds, with respect to the first Tender Date for such Issue 2024-3B Bonds) for all or a portion of the Convertible Bonds for which funds are on deposit in the Issue 2024-3B Subaccount of the Loan Fund and shall pay the purchase price thereof in accordance herewith in the event of a failed remarketing by giving written notice of such designation to the Trustee, the Remarketing Agent and each Rating Agency no later than the 25th day prior to such Tender Date. (Such written notice to the Trustee shall also contain the direction for the Trustee to give Tender Notices as set forth in Section 3.03). THDA may specify in such written designation a period of time prior to the designated Tender Date during which THDA may not designate an earlier Tender Date. If only a portion of the Convertible Bonds

are to be subject to tender on such Tender Date, then the Trustee shall select by lot which Convertible Bonds will be subject to tender on such Tender Date and such Convertible Bonds shall be given a special Subseries designation to distinguish them from other Convertible Bonds which are not subject to tender on such Tender Date. THDA will evaluate its ability to originate Program Loans and will be required to elect one of the Options described in Section 3.02 hereof on or before the 10th day next preceding each respective Tender Date (each, an “Election Date”).

Section 3.02. Options. On each Election Date one of three Options must be selected by THDA and the Option selected will be effective as to all or a specified portion of the Convertible Bonds, as the case may be, on the next succeeding Tender Date. The Options are that the Convertible Bonds, or a specified portion thereof, will be:

(a) remarketed as serial and term bonds (including a PAC Bond, if so elected pursuant to the terms of this Section 3.02) having the maturity and redemption provisions described in Article II hereof and bearing long term interest rates determined by negotiated (including, without limitation, a private placement) or competitive sale, at THDA’s option, as necessary to market such Convertible Bonds at a purchase price for each maturity equal to 100% of the principal amount thereof (the “Long Term Rate”) from and including the applicable Tender Date next following THDA’s exercise of its Long Term Option to the respective maturity dates of such Convertible Bonds, with such maturity dates determined in accordance with Section [_____] hereof (the “Long Term Option”);

(b) remarketed as term bonds having the maturity and redemption provisions described herein, but subject to mandatory tender on the next succeeding applicable Tender Date and bearing a short term rate determined by negotiated (including, without limitation, a private placement) or competitive sale, at THDA’s option, as necessary to market such Convertible Bonds at a purchase price equal to 100% of the principal amount thereof (the “Short Term Rate”) from and including the Tender Date immediately following THDA’s exercise of its Short Term Option to, but excluding, the next succeeding Tender Date which must be designated by THDA in accordance with Section 3.01 at the time THDA exercises its Short Term Option (the “Short Term Option”); or

(c) redeemed at par pursuant to Section 2.09(b) hereof (the “Redemption Option”) (the Long Term Option, the Short Term Option and the Redemption Option are hereinafter collectively called the “Options”).

THDA shall elect the Long Term Option with respect to all or a portion of the Convertible Bonds with respect to which an election is being made if prevailing market conditions are such that such Bonds can be remarketed at a Long Term Rate which will enable THDA to implement THDA’s program of financing Program Loans. THDA’s determination shall be based on, among other things, whether, under prevailing financial market conditions, the Long Term Rate which the Issue 2024-3B Bonds would bear would be low enough to enable mortgagors to afford Program Loans and the mortgage lenders to commit to originate Program Loans and whether such remarketing is economically advantageous to THDA and otherwise satisfies the financial objectives of THDA. THDA may elect the Long Term Option for all or part of such Convertible Bonds. The Short Term Option or the Redemption Option is available to THDA only in the event that the prevailing financial conditions do not warrant THDA electing the Long Term Option prior to any Tender Date. On the last applicable Tender Date, THDA may only elect between the Long Term Option and the Redemption Option.

THDA may elect to include a PAC Bond as part of its Long Term Option only so long as [PAC test/requirement language to be provided]. Any election to include a PAC Bond in such Long Term Option must be designated in the Election Certificate delivered in connection with the related Tender Date.

In order to elect either the Short Term Option or the Long Term Option, THDA must notify the Rating Agencies of its election and deliver to them such information as they may require. In addition, in order to elect either the Long Term Option or the Short Term Option, THDA shall deliver to the Trustee (a) a Projected Cash Flow Statement, (b) a Bond Counsel Option to the effect that THDA's choice of such Option will not affect the validity of such Bonds or adversely affect the exclusion of interest on such Bonds from the gross income of the recipient thereof for federal income tax purposes, (c) written confirmation from each Rating Agency to the effect that such election will not adversely affect the then existing rating on any Bonds Outstanding, and (d) an Election Certificate.

Each Election Certificate shall set forth (a) the related Series, (b) the Outstanding principal amount of such Series on such Election Date, (c) the Option selected for such principal amount, or, if more than one Option is selected, the principal amount of such Series or Subseries relating to each Option, including the Subseries designation for each such Option, (d) the next Tender Date (including any lockout period) relating to any Series or Subseries, if any, with a Short Term Rate, (e) whether or not a PAC Bond is included in any Subseries of Bonds with a Long Term Rate, (f) the Bond Amortization Schedule for each Subseries with a Long Term Rate, and (g) the Planned Amortization Amounts relating to the PAC Bond, if any.

Section 3.03. Notification of Each Tender Date. On or prior to the 15th day next preceding each Tender Date, THDA will direct the Trustee to deliver to the registered owner or owners of Convertible Bonds subject to mandatory tender, by registered or first class mail, a notice of tender (the "Tender Notice") no later than the Notification Date. Notwithstanding the foregoing, so long as Cede & Co., as nominee of DTC, is the registered owner of all Convertible Bonds, such Tender Notice shall be delivered solely to Cede & Co. by registered or first class mail, or such other method of notification as shall be acceptable to DTC.

The Tender Notices with respect to the Issue 2024-3B Bonds shall state in substance that (a) the Convertible Bonds which are subject to mandatory tender on the next Tender Date are required to be tendered for mandatory purchase on the next Tender Date (which date shall be specified in the Tender Notice) at a purchase price equal to 100% of the principal amount thereof plus accrued interest thereon to the purchase date; (b) the registered Bondowner will be entitled only to the payment of the purchase price equal to 100% of the principal amount of his Convertible Bonds plus accrued interest to the applicable Tender Date but will not be entitled to the payment of interest which accrues on his Convertible Bonds from and after such Tender Date; (c) such registered Bondowner must deliver his Convertible Bonds to the Trustee not later than 10:30 A.M., New York City time, on the next Tender Date duly endorsed in blank for transfer.

Section 3.04. Remarketing of Tendered Bonds. THDA shall select an investment banking firm, financial advisory firm or other entity experienced in the sale or placement of qualified mortgage revenue bonds to serve as Remarketing Agent with respect to the Convertible Bonds either through negotiation (including, without limitation, the placement thereof with an institutional investor) or competitive sale. THDA shall direct the Remarketing Agent to offer, the Convertible Bonds (or portions thereof) in the amount required to be tendered for purchase. The

Remarketing Agent shall offer for sale and use its best efforts to sell, or negotiate the sale or private placement of, the Convertible Bonds (or portions thereof) of each maturity at a price equal to 100% of the principal amount thereof. The Remarketing Agent shall notify the Trustee no later than one Business Day (or two Business Days if THDA elects the Long Term Option) preceding the applicable Tender Date, of the amount remarketed, their maturities and interest rates. Any portion of the Convertible Bonds not remarketed shall be redeemed by the Trustee with moneys made available from proceeds of such Bonds on deposit in the Issue 2024-3B Subaccount of the Loan Fund, as applicable.

Section 3.05. Payment of Tendered Convertible Bonds.

(a) *Application of Remarketing Account.* The Trustee shall establish hereunder a Remarketing Account and shall deposit therein proceeds received from the remarketing of the Convertible Bonds.

(b) *Payment of Tendered Bonds.* On each Tender Date, the Trustee shall purchase the amount of the Convertible Bonds which have been tendered to the extent proceeds for such purchase are available in the Remarketing Account. Any portion of a Convertible Bond which has been tendered but not remarketed shall be redeemed by the Trustee with moneys available in the Issue 2024-3B Subaccount of the Loan Fund, as applicable, which are attributable to the proceeds of such unremarketed Convertible Bonds.

ARTICLE IV

SALE AND DELIVERY

Section 4.01. Sale.

(a) The Issue 2024-3 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 2024-3 Bonds and to execute the Bond Purchase Agreement.

(b) The Designated Authorized Officer of THDA is hereby authorized to make public and to authorize distribution of the Official Statement relating to the Issue 2024-3 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 Designated Authorized Officer are hereby authorized to sign and deliver such Official Statement to the Underwriters. The distribution of the Preliminary Official Statement relating to the Issue 2024-3 Bonds to the public is hereby authorized and approved.

(c) The Issue 2024-3 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this 2024-3 Supplemental Resolution.

ARTICLE V

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 5.01. Loan Fund; Bond Reserve Fund Requirement. Upon receipt of the proceeds of the sale of the Issue 2024-3 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2024-3 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 2024-3 Bonds. Amounts on deposit in the Issue 2024-3B Subaccount of the Loan fund shall not be applied to finance Program Loans until the interest rates on all or a portion of the Issue 2024-3B Bonds are converted to Long Term Rate Bonds. Amounts on deposit in the Issue 2024-3AC Bond Subaccount of the Loan Fund in excess of \$[_____], [together with the Transferred Proceeds,] shall be applied to (i) the financing of Program Loans (including Program Securities and DPA Loans), or participations therein, in accordance with the provisions of the General Resolution and Section 5.04 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.

Upon the conversion of any Issue 2024-3B Bonds to a Long Term Rate Bonds, THDA shall deposit the proceeds of such Long Term Rate Bonds, together with any contribution from THDA of available THDA funds, in a Subseries subaccount of the related Issue 2024-3B Subaccount of the Loan Fund and in the Bond Reserve Fund, if applicable; such deposits shall be as set forth in a certificate of THDA delivered on or prior to the date of conversion of any Issue 2024-3B Bonds to Long Term Rate Bonds. Such proceeds may be (a) applied to the refunding of Refunded Bonds, if any, (b) deposited to the Issue 2024-3B Subaccount of the Bond Fund in any amount required to meet the Bond Reserve Requirement for such Series, and (c) applied to the payment of Remarketing Costs; all remaining proceeds may be applied to finance Program Loans, or participations therein, in accordance with the provisions of the General Resolution and Section 5.04 hereof.

Amounts on deposit in a Subseries subaccount of any the Issue 2024-3 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of the related Issue 2024-3 Bonds as described in Section 2.11(a) hereof. The date of such redemption provided in Section 2.11(a) may be extended upon the delivery by THDA to the Trustee and the Rating Agency of a Projected Cash Flow Statement which satisfies the requirements of Section 7.11 of the General Resolution; provided further that the date of such redemption shall not be extended beyond the date set forth in the second paragraph of Section 2.11(a) unless THDA is in receipt of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Issue 2024-3 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2024-3 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2024-3 Bonds shall not exceed 2% of the proceeds of the Issue 2024-3 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2024-3 Bond Subaccount of the Loan Fund allocable to the new money proceeds of the Issue 2024-3A Bonds which are to be used to finance Program Loans shall be made available for owner financing of “targeted area residences” (as defined in Section 143(j) of the Code) for a period of one year subsequent to the date on which such funds are first made

available to finance Program Loans, unless THDA shall receive an opinion of Bond Counsel to the effect that the failure to make such moneys available will not adversely affect the exclusion of interest on the Issue 2024-3 Bonds from the gross income of the owners thereof for federal income tax purposes.

The Bond Reserve Fund Requirement with respect to the Issue 2024-3 Bonds and any Subseries of Long Term Rate 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 such Series or Subseries of the Issue 2024-3 Bonds plus the amount on deposit in the related Issue 2024-3 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 to satisfy the Bond Reserve Requirement.]

Section 5.02. Proceeds of Issue 2024 Bonds. Proceeds of the Issue 2024-3A Bonds, Issue 2024-3B Bonds and Issue 2024-3C Bonds, together with any contribution from THDA of available THDA funds, initially shall be deposited (a) in the principal amount of \$[_____], in the Issue 2024-3AC Bond Subaccount of the Loan Fund, and (b) in the principal amount of \$[_____], in the Issue 2024-3B Bond Subaccount of the Loan Fund. [On the Issuance Date, \$[_____] of the amount on deposit in the Issue 2024-3AC Bond Subaccount of the Loan Fund [(representing [the principal] [a portion of] the proceeds of the Issue 2024-3A Bonds)] shall be applied to the refunding of the Refunded Bonds. [On such date, the Transferred Program Loans [and the Transferred Proceeds] shall be credited to the Issue 2024-3 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.]]

Section 5.03. Investment of Proceeds of Issue 2024-3B Bonds. The proceeds of the Issue 2024-3B Bonds bearing interest at a Short Term Rate shall be invested in Investment Securities which mature and bear interest in an amount at least equal to the principal of and interest due on such Issue 2024-3B Bonds on their Tender Date. Such Investment Securities will secure all Bonds Outstanding under the General Resolution on a parity basis. Notwithstanding the foregoing, THDA hereby covenants and agrees for the benefit of the owners of the Issue 2024-3B Bonds bearing interest at a Short Term Rate, that amounts on deposit in the Issue 2024-3B Subaccount of the Loan Fund shall be used to pay debt service on Bonds other than the Issue 2024-3B Bonds only to the extent that there are no other funds available for such payment under the Resolution.

Section 5.04. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2024-3 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; provided, however, that DPA Loans may be made on a subordinate lien basis. DPA Loans may be financed with no more than 6% of the total principal amount of the Issue 2024-3 Bonds.

In addition, the Program Loan (other than a DPA 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 VI

FORM OF BONDS, AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Section 6.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2024-3 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 6.02. Form of Trustee's and Authenticating Agent's Certificate of Authentication. The Issue 2024-3 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 2024-3A (Non-AMT)] [Issue 2024-3B (Non-AMT)] [Issue 2024-3C (Federally Taxable)] of the Tennessee Housing Development Agency.

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

ARTICLE VII

MISCELLANEOUS

Section 7.01. 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 2024-3 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2024-3 Bonds and neither the members of THDA nor any person executing the Issue 2024-3 Bonds may be liable personally on the Issue 2024-3 Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 7.02. Bonds not Debt, Liability or Obligation of the State or the United States of America. The Issue 2024-3 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 2024-3 Bonds. The Issue 2024-3 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 2024-3 Bonds.

Section 7.03. 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 7.04. 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 7.05. 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 7.06. 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 2024-3 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 2024-3 Bonds from time to time.

Section 7.07. 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 2024-3 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 2024-3 Bonds, or other material events affecting the tax status of the Issue 2024-3 Bonds;

(vii) modifications to rights of the holders of the Issue 2024-3 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 2024-3 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 2024-3 Bonds or defeasance of any Issue 2024-3 Bonds need not be given pursuant to this Section 7.07 any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Issue 2024-3 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 7.07 shall be for the benefit of the beneficial owners of the Issue 2024-3 Bonds whether or not the Rule applies to such Issue 2024-3 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2024-3 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 2024-3 Bonds or (B) the holders of the Issue 2024-3 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 2024-3 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 2024-3 Bonds. THDA shall give notice of any such termination to the MSRB.

(h) Failure by THDA to comply with this Section 7.07 shall not constitute an Event of Default under the General Resolution but the undertaking in this Section 7.07 may be enforced by any beneficial owner of the Issue 2024-3 Bonds exclusively by an action for specific performance. The obligations of THDA in this Section 7.07 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 7.07 shall be instituted in a court of competent jurisdiction in the State.

Section 7.08. Confirmation and Adjustment of Terms by Designated Authorized Officer. The terms of the Issue 2024-3 Bonds are herein established subject to confirmation by the Designated Authorized Officer upon the approval of the sale of the Issue 2024-3 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 2024-3 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 7.09. Covenant as to Investment Securities. THDA will not change the terms of any Investment Securities in which the Issue 2024-3B Bond proceeds are invested nor liquidate such Investment Securities at less than par prior to the maturity thereof during the period prior to its selection of the Long Term Option for all Issue 2024-3B Bonds without first obtaining the prior written consent of each Rating Agency.

Section 7.10. Effective Date. This Resolution will take effect immediately.

EXHIBIT A

BOND PURCHASE AGREEMENTS

EXHIBIT B

[PLANNED AMORTIZATION AMOUNTS FOR ISSUE 2024-3A PAC BONDS]

Date

Issue 2024-3A PAC Bonds
Planned Amortization Amount

**[[400]% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2024-3A BONDS]**

Date	Cumulative Amount	Date	Cumulative Amount
-------------	------------------------------	-------------	------------------------------

[Add tables as needed for Issue 2024-3B PAC Bonds and Issue 2024-3C PAC Bonds, if any.]

EXHIBIT C

FORM OF BOND

REGISTERED

R-[3A][3B][3C]-__

\$[_____]

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2024-3[A][B][C] [(Non-AMT)][Federally Taxable]**

Interest Rate	Dated Date	Maturity Date	Cusip
[_____]%	[_____] , 2024	[_____]	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 [_____]. The principal of and interest on this Bond are payable at the designated corporate trust office of U.S. Bank Trust Company, 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 2024-3[A][B][C]” (herein called the “Bonds”) issued in the aggregate principal amount of \$[_____] under the General Resolution, a resolution of THDA adopted on July 23, 2024, as approved in its amended and supplemented form by the Designated Authorized Officer on [_____] , 2024 (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 Trust Company, 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 _____
Matt McGauley
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 2024-3[A][B][C] [(Non-AMT)][(Federally Taxable)] of the Tennessee Housing Development Agency.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

Dated: _____, 2024

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

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING REIMBURSEMENT OF THDA
FROM PROCEEDS OF ISSUE 2024-3

July 23, 2024

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

WHEREAS, THDA expects to use its own funds to continue its mortgage loan programs prior to the availability of proceeds from the issuance of the General Residential Finance Program Bonds, Issue 2024-1, if and when issued and sold (the “Bonds”), through the direct purchase of eligible mortgage loans; and

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

WHEREAS, THDA expects that up to \$100,000,000 in mortgage loans may be purchased prior to Closing; and

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

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

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



Board of Directors Meeting



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 Board Meeting Agenda (directly following Bond Finance Committee Meeting)

Tuesday, July 23, 2024 at 10am CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

- A. **Board Chair Convening of the Board and Introductory Comments**
- B. **Public Comment Period**
- C. **Executive Director's Report**
- D. **Single Family Business**
Business Update
- E. **Multifamily Business**
Business Update
2025 QAP Discussion
- F. **Board Action items (* items require board vote)**
 - 1. Approval of Minutes from May 21, 2024 meeting*
 - 2. Performance Evaluation – Executive Director*
 - 3. Bond Issue 2024-3*
 - 4. Updated Ginnie Mae 11702 Form Authorization*
 - 5. 2024-2 HOME CHDO Homeownership Development Program Description*
 - 6. 2024-2 HOME Rental Housing Development Program Description*
 - 7. Grant Extension Request – 2019 THTF Challenge Grant – Appalachia Service Project*
 - 8. Grant Extension Request – 2019 Tennessee Housing Trust Fund – Gallatin Housing Authority*



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9. Grant Extension Request – 2020 HOME Urban/Rural – City of Paris*
10. Grant Extension Request – 2020 National Housing Trust Fund – Memphis Housing Authority*
11. 2024 Qualified Allocation Plan (QAP) Amendment*
12. Appeal of Threshold Disqualification of Collins Place from 2024 Competitive Round*

G. Annex

1. Emergency Rental Assistance – Eviction Prevention Program Additional Funding Awards
2. Multifamily Tax-Exempt Bond Authority – Round 1 Overview



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

Multifamily Programs Update



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: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Programs Officer

SUBJECT: Summary of Changes Incorporated into the Draft Low-Income Housing Credit 2025 Qualified Allocation Plan

DATE: July 3, 2024

This document provides a summary of the changes incorporated into the draft 2025 Qualified Allocation Plan.

Key Main Changes

- The number of true set-asides under the competitive housing credit program have been reduced from five to three: the Non-Profit Set-Aside, a revised Economic Development Area Set-Aside, and the Permanent Supportive Housing for Homeless Set-Aside.
- Previously-existing separate set-asides for Choice Neighborhood Initiative (CNI) proposals, and for Twinning proposals, have been eliminated. CNI proposals will now be accepted under the revised Economic Development Area Set-Aside.
- The revised Economic Development (EDA) Area Set-Aside now covers the entire state, and provides a specific set-aside for proposals “that intend to provide housing in support of and in connection with a significant targeted economic development investment made by the federal government, the state, a local government, or a private foundation.” CNI proposals will be deemed to have met the threshold for a “significant targeted economic development,” and will receive priority consideration for applications. In addition, applicants under the EDA Set-Aside are not required to, but may apply for a twinning structure under the set-aside – this is the only path for twinning under the draft 2025 QAP. Up to three applications may be funded, at up to \$1.8MM in allocation per proposal, with a total set-aside cap of \$5.4MM.



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- New Construction, Existing Multifamily, and Public Housing Authority tranches are now characterized as “General Priority Categories,” to differentiate them from the set-aside categories.
- Section 10, pertaining to compliance and monitoring, has a new subsection M updating the determination of utility allowances.

Ancillary Changes

- Section 2: Defined Terms have been edited or added as necessary to provide additional clarity in response to changes.
- Sections have been removed and the overall document re-ordered to reflect the elimination of previous set-aside categories, and to ensure that the document consistently reflects the allocation waterfall throughout.
- Internal references have been updated to reflect changes in section numbering.



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Low-Income Housing Tax Credit Program
DRAFT 2024-2025 Qualified Allocation Plan

Administered by:

Multifamily Programs Division

Tennessee Housing Development Agency

Ralph M. Perrey, Executive Director

Approved by THDA-Board of Directors: _____-September 26, 2023[DATE]

Approved by Governor Bill Lee: _____-December 21, 2023[DATE]

**Low-Income Housing Tax Credit ~~2024~~ 2025 Qualified Allocation Plan
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PART I: ALL ALLOCATIONS

Section 1: Introduction and Disclaimers

The Tennessee Housing Development Agency (“THDA”) administers the Low-Income Housing Tax Credit program in Tennessee. The Low-Income Housing Tax Credit (“Housing Credit”) program was created by the Tax Reform Act of 1986 under Section 42 of the Internal Revenue Code of 1986, as amended (“Section 42”), to encourage the construction and rehabilitation of rental housing for low-income individuals and families. Under Section 42(m), THDA is required to develop a Qualified Allocation Plan (“QAP”) to define the process by which it will allocate an annual amount of Housing Credit in Tennessee.

This QAP contains uniform resource locators to resources utilized by THDA in the application process, such as the Tennessee Growth Policy Act, Multifamily Tax Subsidy Project Income Limits, Qualified Census Tracts, designations of Difficult to Develop Areas, Fair Housing Act requirements, etc. “**Attachments**” are forms or documents, which must be submitted in the Tennessee Housing On-line Management Administration System (“THOMAS”) as part of the Initial Application.

All QAP requirements, Initial Application requirements, and Code requirements must be met. These requirements include, without limitation, all applicable requirements of the THOMAS User Manual and use of all applicable forms and templates from the THOMAS Documents Page.

This QAP has been approved by the THDA Board of Directors and adopted by the Governor of Tennessee.

When this QAP calls for some THDA action, including but not limited to a determination, adjustment, review, evaluation, or exercise of discretion, all such actions will be at THDA’s sole discretion, whether specifically so stated or not.

No person or entity who submits an Initial Application ~~shall have~~ has any right to an allocation of Housing Credit under this QAP based solely on the score assigned to their Initial Application. THDA decisions are final.

The QAP as Public Policy

The policy surrounding this QAP is to use the Housing Credit allocated to Tennessee to create, maintain, and preserve affordable rental housing for low-income households. Specific objectives of this QAP are to:

- A. Make rental units affordable, in the areas of greatest need, to households with as low an income as possible and for the longest time period possible;
- B. Encourage development of appropriate housing units for persons with special needs, including individuals who are older persons, homeless, or have a disability;
- C. Allocate only the minimum amount of Housing Credit necessary to make a development financially feasible and viable throughout the credit period;
- D. Encourage Qualified Nonprofit Organizations to develop rental housing for low-income households;
- E. Encourage fair distribution of Housing Credit among counties and developers; and
- F. Allocate Housing Credit fairly.

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Amendments

THDA may amend any part of this QAP following public notice and approval by the THDA Board of Directors. Such amendment is expressly permitted by this QAP, and the making of such amendment will not require further public hearings or approval by the Governor. THDA, in accordance with Section 42, may impose additional requirements in order to fulfill the objectives of its housing initiatives.

Site Changes

A request for a Site change will only be considered if the original allocation of Housing Credit is returned and a new allocation of Housing Credit is made pursuant to Section 42(m)(1)(A)(iv) of the Code.

Document Review

THDA will review and evaluate only those materials submitted in compliance with the requirements of this QAP. THDA is not responsible for missing, inaccurate, or incomplete documentation. THDA will not evaluate any materials submitted outside the deadlines for submission of such materials and will assume no obligation to request additional information from Applicants for any purpose.

THDA may require additional information and/or documentation if THDA determines that additional information is necessary for clarification and/or explanation. THDA’s review of documents submitted with any Initial Application, including Initial Applications or documents submitted in connection with Housing Credit reserved or allocated under this QAP, is for THDA’s own purposes and is not for the purpose of advising, certifying, representing, or warranting to others as to the feasibility or viability of any proposed development.

Adverse Action by Local Jurisdiction

If, following the allocation of Housing Credit to a proposed development, the local jurisdiction in which the proposed development is located takes action that THDA, in its sole discretion, determines to be for the primary purpose of preventing the proposed development from satisfying applicable program requirements, THDA may lower the amount of Housing Credit available to that jurisdiction in future Qualified Allocation Plans. Examples include, without limitation, “downzoning”, action regarding utilities or utility connections, action regarding required public roads, or action to prevent issuance of Certificates of Occupancy.

No THDA Liability

No member, officer, agent, or employee of THDA shall have any personal liability with respect to any matters arising out of, or in relation to, this QAP, Housing Credit reserved or allocated under this QAP, or the monitoring of Housing Credit Developments.

THDA makes no representations or warranties to applicants, developers, owners, or anyone else as to compliance with Section 42, Treasury regulations, or any other laws or regulations applying to Housing Credit or Housing Credit Developments, or as to the feasibility or viability of any proposed Housing Credit Development.

Enforcement

In the event THDA seeks enforcement of any matter connected with any reservation, allocation, or monitoring of Housing Credit, or any other matter connected with Housing Credit, THDA shall be entitled to recover all damages, costs, expenses and fees, including without limitation, all court costs, all legal fees and expenses, and all staff time, from any party connected to or with any Housing Credit Development.

False Statements

- A. Tennessee Code Annotated, Section 13-23-133, makes it a Class E felony for any person to knowingly make, utter, or publish a false statement of substance or aid or abet another person in making, uttering, or publishing a false statement of substance for the purpose of influencing THDA to allow participation in the Housing Credit Program. Any and all statements contained in any materials, including without limitation, an Initial Application and any other applications, documents, letters, opinions, or certifications, submitted to THDA in connection with any Initial Application, subsequent applications or in connection with Housing Credit reserved, allocated or monitored for compliance under this QAP or otherwise made by an Applicant or other person connected in any way with Housing Credit reserved, allocated or monitored for compliance under this QAP are statements of substance made for the purpose of influencing THDA to allow participation in the Housing Credit Program.

- B. By submitting any materials, including without limitation, an Initial Application and any other applications, documents, letters, opinions, or certifications to THDA in an effort to obtain or maintain Housing Credit, the Applicant and all parties connected with the development proposed in the Initial Application acknowledge and agree (1) they are entering into a contract with THDA; and (2) they intend for THDA to rely on and seek enforcement of all selections or statements (written or oral) made with respect to any reservation, allocation or monitoring of Housing Credit by any and all means available, including, without limitation, specific performance; and (3) they are knowingly making, uttering or publishing or aiding and abetting others in making, uttering or publishing statements of substance for the purpose of influencing THDA to allow participation in the Housing Credit program.

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Section 2: Definitions

20/50 Test – The 20/50 Test is a federal minimum set-aside that may be elected by an Applicant for Housing Credit that requires at least 20% of the units in a Housing Credit Development to be both rent restricted and occupied by households whose income is less than or equal to 50% of area median gross income (“AMI”). This is an irrevocable election made in an Initial Application.

40/60 Test – The 40/60 Test is a federal minimum set-aside that may be elected by an Applicant for Housing Credit that requires at least 40% of the units in a Housing Credit Development to be both rent restricted and occupied by households whose income is less than or equal to 60% of AMI. This is an irrevocable election made in an Initial Application.

Adaptive Reuse/Conversion – The renovation and reuse of a pre-existing building that has not been used for residential purposes and creates additional affordable housing units. Pre-existing buildings used as hotels or motels are eligible as Adaptive Reuse/Conversion. Adaptive Reuse/Conversion will be evaluated and reviewed as New Construction.

Allocation – the amount of Housing Credit reserved for a development.

AMI – Area Median Income as determined by the U.S. Department of Housing and Urban Development (“HUD”).

Applicable Fraction – The percentage of a building that is treated as low-income use and generally eligible for the LIHC. The Applicable fraction is the smaller of the Unit Fraction or the Floor Space Fraction.

Applicant – An applicant for Low-Income Housing Credit under this QAP that will own the proposed development and to which the credits may be allocated.

Application – See “Initial Application”.

Appraisal – An opinion of value for land and building cost.

Average Income Test – The Average Income Test is a federal minimum set-aside that may be elected by an Applicant for Housing Credit. Under this election, at least 40% of the units in a Housing Credit Development are required to be both rent restricted and occupied by individuals whose incomes do not exceed the imputed income limitation designated by the Applicant. The average of the imputed income limitations designated cannot exceed 60% of AMI. The designated imputed income limitations must be in 10% increments as follows: 20%, 30%, 40%, 50%, 60%, 70%, and 80%. Guidance regarding Average Income Test may be found on the THOMAS Documents Page. This is an irrevocable election made at Initial Application.

Basis Boost – An increase of up to 30% in eligible basis for a building in order to improve the financial feasibility of the building in a difficult to develop area, as determined by THDA in its sole discretion.

Building Permit(s) – Formal approval of building plans by the local government authority or building department certifying that the building plans meet the requirements of applicable codes to construct, enlarge, or alter a building, which allows construction to proceed.

Capital Needs Assessment – See Physical Needs Assessment.

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Carryover Allocation Agreement – The document allocating Housing Credit when a development that received a Reservation Notice will not be placed in service in the same year as the Reservation Notice. This document is issued by THDA and extends the required placed-in-service date to the end of the second calendar year after the year of the Reservation Notice.

Carryover Allocation Application – The application and all related documentation required when a development with a Reservation Notice will not be placed in service in the same year as the Reservation Notice.

Certificate of Occupancy – Formal approval by the relevant local government that a building is suitable for occupancy.

CNI – Choice Neighborhoods Implementation Grants awarded by HUD to PHAs, local governments, or tribal entities to revitalize severely distressed public housing and/or HUD assisted multifamily housing projects.

Code – Internal Revenue Code of 1986, as amended, together with all subsequent tax legislation duly enacted by the Congress of the United States, all United States Treasury Regulations in effect with respect thereto (including regulations first promulgated under previous versions of the Code) and all revenue procedures, revenue rulings, or other published determinations of the Treasury Department or the Internal Revenue Service of the United States.

Competitive ~~Housing~~ Credit Ceiling – the amount of ~~Housing~~ Housing Credit ~~Credit Ceiling~~ remaining for ~~2024-2025~~ after the Non-Profit Set-Aside, CNI Grant ~~Allocations~~ Set-Aside, Economic Development Area Set-Aside ~~Permanent Supportive Housing for Homeless Set-Aside~~, and Permanent Supportive Housing for Homeless Set-Aside ~~Economic Development Set-Aside~~, and Twinning Set-Aside established under this QAP ~~have been considered for received~~ allocations from the Total Credit Ceiling.

Compliance Period – The period of 15 taxable years, commencing on the first day of the taxable year in which any building that is part of the Housing Credit Development is placed in service or, if deferred by election of the Owner of the Housing Credit Development, the first day of the next calendar year, but only if the building is a qualified low-income building as of the close of the first year of such period. This definition may be revised under the land use restrictive covenants for a longer duration based on Applicant’s election under Section ~~20-18~~ and Section 2.

Concerted Community Revitalization Plan (“CCRP”) – A document that assesses the health and potential prosperity of an area less than the entire state, through public interaction and assessment of the physical, social and economic health of the citizenry, businesses, infrastructure, and built environment in the area. A CCRP must contain all of the following:

1. Clearly delineate a targeted area within a local government boundary and where the proposed site sits within that target area;
2. Include housing as a stated goal;
3. Include an assessment of the targeted area’s existing infrastructure needs;
4. Designate implementation measures; and
5. ~~Be approved or re-approved by the appropriate local government or entity no earlier than 2014.5.~~ Local Consolidated Plans for HUD CPD funding are not acceptable.

Conditional 42(m) Letter – A letter issued by THDA to Applicants seeking a determination of 4% Housing Credit in conjunction with uncommitted Multifamily Tax-Exempt Bond Authority.

Construction Schedule – A document showing work to be performed, resources to perform the work, and timeframes in which the work is expected to be performed. The Construction Schedule should reflect all the work associated with delivering a Housing Credit Development on time.

Consultant - A third-party entity that provides consulting services to Housing Credit Development Participants. An entity acting in the capacity of Owner, Developer, or General Contractor or which provides technical assistance to the Owner, Developer, or General Contractor is considered a Consultant. Consultants include, but are not limited to, construction management consultants, interior design consultants, relocation specialists, tax credit application consultants, resident certification consultants, HOPE VI consultants, etc. All consulting fees are considered part of the calculation of the maximum allowable Developer fee for each Housing Credit Development.

Cost Certification – The certification of actual total development costs for a Housing Credit Development and the amount of Housing Credit eligible basis in the Housing Credit Development upon completion of the development.

Credit Period – The 10–year period over which Housing Credit may be claimed. The Credit Period begins on the first day of the taxable year in which any building that is part of a Housing Credit Development is placed in service or, if deferred by election of the Owner of the Housing Credit Development, the first day of the next calendar year, but only if the building is a qualified low–income building as of the close of the first year of such period.

Cure Notice – The notice sent by THDA to the contact person specified in an Initial Application after completion of Initial Application review to indicate deficiencies in the Initial Application.

Developer - The legal entity designated as the Developer in the Application as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities that have a direct or indirect ownership interest in the Developer entity. Material participation (through Placed In Service) is required for all developers and for all entities that receive any portion of the Developer Fee.

Development Team – Any individual or member of the development team including Governors/Directors, Members, and Managers/Officers of the Ownership Entity; Officers, Directors, and Stockholders of the Development Entity; and Officers, Directors, and Stockholders of the Property Management Company.

Difficult Development Area (“DDA”) –Any area designated as such by HUD or as so defined by THDA in accordance with Section 42(d)(5)(B)(v). The list is available here: <https://www.huduser.gov/portal/datasets/qct.html>.

Disability –With respect to an individual, a physical or mental impairment that substantially limits one or more major life activities of such individual; a record of such impairment; or being regarded as having such an impairment. Major life activities include, but are not limited to, caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating, and working. A major life activity also includes the operation of a major bodily function, including but not limited to, functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions. An individual meets the requirement of “being regarded as having such an impairment” if the individual establishes that he or she has been subjected to an action prohibited by law because of an actual or perceived physical or mental impairment whether or not the impairment limits or is perceived to limit a major life activity. An individual will not be regarded as having such an impairment when the impairment is transitory and minor. A transitory impairment is an impairment with an actual or expected duration of 6 months or less. An impairment that is episodic or in remission is a disability if it

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would substantially limit a major life activity when active. For further definition, please see the Americans with Disabilities Act of 1990, as amended.

Draw Package — Monthly report that minimally includes the following:

1. Request for funds
2. Documentation of change orders
3. Tracking of finances and progress of development
4. Architect inspection report.

Elderly – see definition of Older Persons.

ENERGY STAR – The federal program established by the U.S. Environmental Protection Agency in 1992 under the authority of the Clean Air Act Section 103(g). The program establishes an energy efficient designation that can be achieved. Such designation must be obtained in order to use the ENERGY STAR utility allowances.

Evaluation Notice – A notice provided by THDA to request clarification or additional information during review of a Carryover Allocation Application, requested status report on the development, 10-percent Test, Final Application, quarterly construction report, or certified property management application; during an on-site inspection of the Site during construction, after the buildings are placed in service, or during the term of the Extended Use Agreement; or other compliance concern identified by THDA in its sole discretion. Failure to respond to successive Evaluation Notices by the Final deadline allows THDA, in its sole discretion, to return or reject the application, recapture the allocation, or issue an event of noncompliance under the terms of the Extended Use Agreement.

Executed Notice to Proceed – The Notice to Proceed date marks the beginning of the performance time of the construction contract.

Extended Use Agreement – Also known as the Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits (“LURC”), is the agreement executed between THDA and Owner. The LURC:

1. Is binding on Owner and all successors of Owner;
2. Requires the Housing Credit Development to comply with the requirements of Section 42, the QAP, the Application, and THDA;
3. Evidences Applicant’s federal election and any requirements pursuant to Applicant’s scoring elections in the Initial Application;
4. Requires that the applicable fraction for each building for each taxable year during the term of the LURC will not be less than the applicable fraction specified in the LURC;
5. Prohibits the eviction or termination of the tenancy (except for good cause) of an existing low-income resident or any increase in the gross rent with respect to a low-income unit that is not otherwise permitted;
6. Allows individuals who meet the income limitation applicable to the building (whether prospective, present, or former occupants of the building) the right to enforce in any State court the rights under (1) and (2) above;
7. Prohibits the disposition to any person of any portion of the building to which the LURC applies, unless all of the building to which the LURC applies is disposed of to such person;
8. Prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective resident as such a holder;
9. Is recorded in the real property records of the county in which the Housing Credit Development is located as a restrictive covenant running with the land; and

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10. Commences on the first day of the Compliance Period for a term of at least thirty (30) years (the “Extended Use Period”).

Existing Multifamily Housing – A multifamily development that will preserve affordable housing units that are rent and income restricted or, through rehabilitation of units that were not previously affordable, create affordable housing units.

Final Application – The application and all related documentation required when a Housing Credit Development is to be placed in service and for which IRS Forms 8609 are sought.

Final Notice – The THDA notice sent to Applicants, after any required THDA Board of Directors Review Meeting has been held. This notice will summarize the final eligibility and scoring determinations.

Firm 42(m) Letter – A letter issued by THDA to Applicants seeking a determination of 4% Housing Credit in conjunction with a commitment of Multifamily Tax-Exempt Bond Authority.

Floor Space Fraction – The numerator of which is the total floor space of the Low-Income Units in a building and the denominator of which is the total floor space of the residential units (whether or not occupied) in the same building.

Forms and Templates – THDA provided documents that are used in conjunction with Initial, Carryover, or Final Applications and processes.

Forward Reservation – A binding commitment to allocate Housing Credit from a future year to a proposed development.

Hard Cost – Costs directly related to the physical construction of a building in a Housing Credit Development such as construction materials and construction labor.

Housing Credit – Low-Income Housing Tax Credit as described in Section 42 of the Code.

~~Housing Credit Ceiling – The maximum amount of Housing Credit THDA may allocate in a given year, which includes Housing Credit returned pursuant to Section 24.~~

Housing Credit Development – the proposed or existing rental housing development for which Housing Credit has been applied for or allocated.

Housing for the Homeless – housing created to provide permanent supportive housing for individuals or families defined and documented as homeless under the “Criteria and Recordkeeping Requirements for Definition of Homelessness” published as HUD Guidance in January 2012, as found on the HUD Exchange website at <https://www.hudexchange.info/resource/1974/criteria-and-recordkeeping-requirements-for-definition-of-homeless/>.

Housing for Older Persons – Housing (i) intended for, and solely occupied by, persons age 62 or older; or (ii) where at least 80 percent of the units have at least one occupant that is age 55 years or older per unit, the project publishes and adheres to policies and procedures that demonstrate the intent to operate as “55 or older” housing, and the project complies with HUD’s regulatory requirements for age verification of residents; or (iii) provided for under any state or federal program that HUD has determined is specifically designed and operated to assist older persons (as defined in the state or federal program).

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HUD – The United States Department of Housing and Urban Development.

Incremental Development – A proposed development that adds units to a Housing Credit Development that received an allocation of ~~2023-2024~~ Housing Credit.

Initial Application – The application submitted by an Applicant seeking an allocation of Housing Credit, including, without limitation, all information and documents entered into THOMAS.

IRS – Internal Revenue Service.

Local Government Notification – Notice provided by THDA, following receipt of Initial Applications, to the chief executive officer (or the equivalent) of the local government in whose jurisdiction a development proposed in an Initial Application is to be located. Such individual will have an opportunity to comment on the development proposed in the Initial Application to be located in the jurisdiction, as required by Section 42(m)(1)(A)(ii).

Low-Income Unit – Any unit in a building if such unit is rent-restricted as provided in Section 42 or this QAP and the individuals occupying such unit meet the income limitation applicable as provided in Section 42 or this QAP.

Market Study – An analysis of the market conditions of supply, demand and pricing for a specific property type in specific areas.

Modification – Any changes to buildings, units, square footage, scoring items, etc. which determine eligibility for an allocation of Housing Credit.

MTBA – Multifamily Tax-Exempt Bond Authority.

~~NSPIRE - National Standards for the Physical Inspection of Real Estate is HUD's replacement for the Uniform Physical Condition Standard ("UPCS") inspection protocol. While NSPIRE is a protocol established by HUD for the purpose of HUD programs, the IRS adopted the same protocol for the purposes of the Housing Credit program incentive in Treasury Regulation Section 1.42-5(d)(2)(ii). THDA will begin utilizing NSPIRE January 1, 2025, unless otherwise directed by Treasury.~~

~~No Further Monitoring Status—Housing Credit Developments that are outside of the Section 42 defined Compliance Period that have failed to respond to and/or cure notices for monitoring reviews, non-submittal of annual compliance reports, and noncompliance with program requirements for 180 days from the date THDA provides the notice of noncompliance. Ineligibility will continue until the noncompliance is cured or the LURC expires.~~

~~OAC—Owner's Annual Certification of Compliance ("OAC") – a certification provision that requires the ownerAn Owner's required annual certification that the -of a low-income housing projectHousing Credit Development to certify at least annual to the (state) Agency that was in compliance for the preceding 12-month period. See Section 10., the projects met the requirements as described in IRC 1.42-5(e)(1).~~

Owner/Ownership Entity - The single purpose legal entity (e.g. Corporation, Limited Partnership, Limited Liability Partnership) holding title to the Site.

Percentage of Construction Complete –
$$\frac{\text{Total Development Cost Incurred as of Report Date}}{\text{Total Development Costs}} \times 100$$

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PHA – A public housing authority created under the Housing Authorities Law, Tennessee Code Annotated Section 13–20–101, et seq.

Phase 2 Development – A proposed Housing Credit Development that would add units to a previously awarded Housing Credit Development when the construction of the previously awarded Housing Credit Development is complete and at least 50% of the credit restricted units are leased to income qualified households in compliance with current rent and income restrictions by the 2024-2025 Competitive Cycle Deadline for Initial Applications.

Placed-in-Service Application – See Final Application.

Physical Needs Assessment – A report prepared by licensed third party provider which contains detailed information about physical needs, deficiencies (including major systems, life safety, and ADA needs) and the capital needs requirements of existing buildings, including a detailed work plan showing all necessary and contemplated improvements and projected costs.

Preliminary Ranking List – A preliminary confirmation of a reservation of Housing Credit from the associated competitive application process.

Pre-Existing Building – A building containing residential rental units previously occupied or approved for occupancy by the applicable authority having jurisdiction.

Qualified Allocation Plan (“QAP”) – The document prepared pursuant to Section 42(m) of the Code that details THDA’s priorities, process, and requirements regarding the Housing Credit program.

Qualified Census Tract (“QCT”) – Any census tract identified as such by HUD. The list is available here: <https://www.huduser.gov/portal/datasets/qct.html>.

Qualified Contract Process (“QCP”) – The process carried out in compliance with elections made in the relevant QAP and THDA’s Qualified Contract Process Guidelines (available here: <https://thda.org/pdf/06.01.20-QUALIFIED-CONTRACT-GUIDELINES-REVISED-FOR-VENDOR-NEEDS.pdf>).

Qualified Nonprofit Organization – An organization that is described in Section 501(c)(3) or (4) of the Code that is exempt from tax under Section 501(a) of the Code, and that meets the additional requirements contained in Section 12 of this QAP.

RAD – Rental Assistance Demonstration Program administered by HUD that allows PHAs and owners of other HUD–assisted properties to convert (public housing or other assisted) units from their original sources of HUD financing to project–based Section 8 contracts.

Related Parties – In relation to the Initial Application, any subsequent application or any request for a Modification, related parties include, the Applicant, developer, Owner, entities with commonality of one or more persons with those listed in the Ownership Entity Breakdown, entities with commonality of one or more persons with those listed in the Developer Entity Breakdown, and any of the following:

- a. Any person or entity who has a right to (i) replace the developer, (ii) act as co–developer, (iii) replace any individuals or entities who comprise a developer or co–developer, or (iv) otherwise direct the activities of the developer will be considered a developer for purposes of applying this limit.

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- b. Any person or entity who has a right to (i) replace the general partner of the Owner or Applicant, (ii) act as co-general partner of the Owner or Applicant, (iii) replace any individuals or entities who comprise a general partner or co-general partner of the Owner or Applicant, or (iv) otherwise direct the activities of the general partner of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.
- c. Any person or entity who has a right to (i) replace the controlling stockholder of the Owner or Applicant, (ii) act as controlling stockholder of Owner or Applicant, (iii) replace any individuals or entities who comprise a controlling stockholder of the Owner or Applicant, or (iv) otherwise direct the activities of the controlling stockholder of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.
- d. Any person or entity who has a right to (i) replace the managing member of the Owner or Applicant, (ii) act as co-managing member of the Owner or Applicant, (iii) replace any individuals or entities who comprise a managing member or co-managing member of the Owner or Applicant, or (iv) otherwise direct the activities of the managing member of the Owner or Applicant will be considered an Owner or Applicant, as the case may be, for purposes of applying this limit.
- e. Any person who is a signatory or guarantor of construction financing documents, permanent financing documents, and/or equity syndication documents.
- f. This limit will also apply to any person or entity that is related to any person or entity specified above.

Reservation Notice – Notice from THDA to the contact person specified in an Initial Application that Housing Credit may be made available in the competitive Housing Credit allocation process.

Review Notice – The notice sent to the contact person specified in an Initial Application after THDA has reviewed documentation sent in conjunction with a Cure Notice.

Rural Counties – ~~Counties identified as rural on the THOMAS Documents Page:~~ [Benton](#), [Bledsoe](#), [Cannon](#), [Carroll](#), [Cheatham](#), [Chester](#), [Claiborne](#), [Clay](#), [Cocke](#), [Crockett](#), [Decatur](#), [DeKalb](#), [Dickson](#), [Fayette](#), [Fentress](#), [Franklin](#), [Gibson](#), [Giles](#), [Grainger](#), [Greene](#), [Grundy](#), [Hancock](#), [Hardeman](#), [Hardin](#), [Henderson](#), [Henry](#), [Hickman](#), [Houston](#), [Humphreys](#), [Jackson](#), [Jefferson](#), [Johnson](#), [Lake](#), [Lauderdale](#), [Lawrence](#), [Lewis](#), [Lincoln](#), [Macon](#), [Marion](#), [Marshall](#), [McNairy](#), [Meigs](#), [Monroe](#), [Moore](#), [Morgan](#), [Overton](#), [Perry](#), [Pickett](#), [Polk](#), [Rhea](#), [Scott](#), [Sequatchie](#), [Smith](#), [Stewart](#), [Tipton](#), [Trousdale](#), [Union](#), [Van Buren](#), [Wayne](#), [Weakley](#), and [White](#).

Scattered Site Development – a development located on 2 or more noncontiguous parcels of land.

Site – A parcel of land on which the Housing Credit Development will be developed, described by a unique legal description that will be part of the Carryover Allocation, and encumbered by the LURC. THDA will not allocate Housing Credit based on costs associated with a site, or any portion thereof, which was included in a prior allocation.

Site Control – Documentation submitted in conjunction with the Initial Application, as required by Section 13.A.1, that demonstrates control of the property by the applicant on which the development proposed in the Initial Application is to be located.

Scope of Work – A general description of the construction/rehabilitation work and estimate of cost that is expected to be performed under a construction contract. The Scope of Work should contain any milestones, reports, deliverables, and end products expected to be provided. The Scope of Work should contain a timeline for all deliverables.

Section 42 – Section 42 of the Code, as amended, together with all subsequent legislation duly enacted by the Congress of the United States affecting Section 42, all United States Treasury Regulations in effect with respect thereto (including regulations first promulgated under previous versions of the Code) and all revenue procedures, revenue rulings, or other published determinations of the Treasury Department or the ~~Internal Revenue Service of the United~~IRS States applicable to Section 42.

Significant Adverse Event (“SAE”) – An occurrence of noncompliance (curable or incurable), program fraud or misrepresentation, or an act that adversely conflicts with THDA’s mission as described in Section 5 of this QAP.

Special Housing Needs – Housing needs served by housing that has been constructed or rehabilitated with special features (e.g. location, design, layout, or on-site services) to help people live at the highest level of independence in the community. For example, the unit may be adapted to accommodate special physical or medical needs; or provide on-site services such as staff support for older persons, individuals with mental health issues, developmental, or other social needs.

Suburban Counties – Bedford, Campbell, Carter, Coffee, Cumberland, Dyer, Hawkins, Haywood, McMinn, Obion, Roane, Robertson, Sevier, Unicoi, and Warren.

Supportive Services – Furnished through a contract with supportive service providers to provide Supportive Services, appropriate for a particular special needs population, under a planned program of services. In the case of persons with disabilities or housing for older persons, such services may be designed to enable residents of a Housing Credit Development to remain independent and avoid placement in a hospital, nursing home, or intermediate-care facility.

Supportive Services for Older Persons – Must include at least two of the following services: social and recreational programs, continuing education, information and counseling, recreation, homemaker, outside maintenance and referral services, an accessible physical environment, emergency and preventive health care programs, congregate dining facilities, or transportation to facilitate access to social services and facilities available to them.

~~Suburban Counties – Bedford, Campbell, Carter, Coffee, Cumberland, Dyer, Hawkins, Haywood, McMinn, Obion, Roane, Robertson, Sevier, Unicoi, and Warren. Counties identified as suburban on the THOMAS Documents Page.~~

Tennessee Growth Policy Act – Tennessee Code Annotated Section 6-68-101 et seq. that requires growth plans approved by the Tennessee Advisory Commission on Intergovernmental Relations. Information available here: <https://www.tn.gov/tacir/tennessee-county-growth-plans.html>.

Total Credit Ceiling – The maximum amount of Housing Credit THDA may allocate in a given year, which includes Housing Credit returned pursuant to Section 24.

Total Development Cost – The total of actual costs associated with new construction or rehabilitation development activities, as determined to be reasonable by THDA, in its sole discretion.

THOMAS Documents Page – A web page with necessary forms, templates, guidance, calendar, and links that are used in all application processes.

THOMAS – The Tennessee Housing Online Management and Application System.

THOMAS User Manual – THDA provided document that gives guidance for use of THOMAS.

Twining – Combining Competitive and Noncompetitive Housing Credits within the same development proposal and within the same Initial Application.

~~Uniform Physical Conditional Standards (UPCS) – The HUD requirements that govern the physical condition of Housing Credit Developments.~~

Unit Fraction – The numerator of which is the number of Low-Income Units in a building and the denominator of which is the number of residential rental units (whether or not occupied) in the same building.

Urban Counties – Anderson, Blount, Bradley, Davidson, Hamblen, Hamilton, Knox, Loudon, Madison, Maury, Montgomery, Putnam, Rutherford, Shelby, Sullivan, Sumner, Washington, Williamson, and Wilson. Counties identified as urban on the THOMAS Documents Page.

Urbanicity – The quality or fact of (an area) being urban. The degree to which a given geographical area is urban. Urbanicity designations can be found on the THOMAS Documents Page.

Zoning – Written documentation from the appropriate local government authority demonstrating that current zoning and other local land use regulations permit the development as proposed: or that no such regulations currently apply to prevent the development proposed in the Initial Application.

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Section 3: THOMAS and Initial Application Submission Requirements

A. Applications

1. All applications involving Housing Credit, including Initial Applications, must be submitted electronically through THOMAS. If THDA determines that THOMAS malfunctions in a way that renders applicants unable to submit applications on-line, THDA will provide alternative instructions via e-mail BLASTS and THDA website postings. THDA reserves the right to identify in-progress applications and extend application deadlines to meet THOMAS's operational capacities.
2. Initial Applications proposing a combination of new construction **and** Existing Multifamily Housing will be scored as new construction if the majority of the Low-Income units are new construction or will be scored as Existing Multifamily Housing if the majority of the Low-Income units are Existing Multifamily Housing.
3. All fees must be received by THDA via a wire transfer in the amounts and by the deadlines specified in Section 4 of this QAP. An Initial Application is not complete unless and until the required fee is received by THDA.

B. Supporting Documents

1. Supporting documents required as part of an Initial Application or subsequent application must be uploaded into THOMAS as specified in the THOMAS User Manual. Supporting documents ~~must~~ be no older than 6 months prior to the applicable application deadline, unless otherwise specified in the QAP.
2. The THOMAS Documents Page contains Forms and Templates for required third party reports.
3. THDA will not accept cost certifications, market studies, physical needs assessments and/or appraisals prepared by parties connected with any person or entity involved with the Development Team or Related Parties, as determined by THDA, in its sole discretion.

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Section 4: Program Fees

A. Effective Date

The fee schedule reflected below shall be in effect as of January 1, ~~2024~~2025.

B. Wiring instructions

All fees must be paid via an electronic wire.

Table 4–1: Wiring Instructions Format	
Bank:	US Bank
ABA:	064000059
BNF:	THDA Clearing Housing
BNF A/C:	151203673398
BNF ADDRESS:	502 Deaderick Street Andrew Jackson Building, Third Floor Nashville, TN 37243
OBI:	Housing Credit/ Bond Application Fees + TN ID Number(s). Applicants may send one wire to cover multiple applications however, applicants must enter the applicable TN ID Number(s) in the OBI field on the wire.

Applicants are required to send the wire confirmation to thomas@thda.org.

C. Fee Schedule

Fees are not refundable and may not be applied to other types of fees or fees related to a different application, unless THDA determines that circumstances beyond the Applicant’s anticipation or control are present. The following fees shall apply:

Table 4-2: Fee Schedule			
Fee Type	Amount	Due	
Initial Application Fee			
1 – 4 Units	\$395	When Initial Application is submitted	
5 – 50 Units	\$1,595		
51 – 100 Units	\$2,210		
101 + Units	\$40 per unit		
Reservation Fee			
Determined at 6.25 percent of the total amount of competitive Housing Credit approved by THDA	Calculated by THDA	When Reservation Notice is accepted	
42(m) Letter Fee			
Determined at 6.25 percent of the total amount of noncompetitive Housing Credit requested by the Applicant	Calculated by THDA	When a Firm Commitment is accepted	
Modification Fee			
Equal to the greater of \$750 or 0.625 percent of the annual Housing Credit specified in the Reservation Notice	Calculated by THDA	When Request is made	
Deadline Extension Fee			
1 – 5 days	\$500	When Request is made	
6 – 30 days	\$200 per day		
Over 30 days	\$6,000		
<u>Subsidy Layering Review Fee</u>	\$5,000 <u>AMOUNT</u>	<u>When Initial Application is submitted</u> <u>SLR Request for is submitted</u> <u>SLR is submitted</u>	
8609 Amendment Fee	\$50 per form \$250 minimum	When Request is made	
Monitoring Fee	\$600 per Low Income unit	When Final Application is submitted	
Income Averaging Monitoring Fee	\$1,200 per Housing Credit unit	When Final Application is submitted	
Compliance Re-inspection Fee	\$200 per unit	When Request is made	
Owner’s Annual Certification Extension Fee (max 30 days)	\$250	Prior to submission deadline	
Owner’s Annual Certification (“OAC”) Late Fee	\$500 per month	Upon submission of Owner’s Annual Certification <u>OAC</u>	
Utility Allowance Estimate Fees			

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	Utility Company Estimate Methodology	\$10 per unit per review TBD	When Request is made
	Energy Consumption Model Methodology	TBD\$250 per review	
	Agency Estimate	TBD\$150 per review	

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Section 5: Development Team Members and Eligibility Thresholds

THDA prefers Development Teams that have successful experience in Tennessee with the THDA Housing Credit Program. Such experience is evidenced by successful construction, rehabilitation, and placing in service of a recent Housing Credit Development, maintaining a good track record in the on-going operations of the Housing Credit Development, and providing the capacity to sustain the Housing Credit Development in the ever changing regulatory and rental market. Consequently, an Initial Application for Housing Credit is ineligible under this QAP when any member of the Development Team or any individual who is identified in the Initial Application as a member of the Development Team have, with respect to any prior Housing Credit Development, incurred and failed to cure any and all major SAE(s) that have been identified since January 1, ~~2019~~2020 or are otherwise ineligible based on any other event listed under Other Ineligibility (below) as of the Initial Application date.

A. Major SAEs

Major SAEs include, without limitation, situations in which any individual involved in the Initial Application was part of a prior Housing Credit Development to which any of the following apply:

1. The general partner/managing member/sole stockholder being removed from the ownership entity of a prior Housing Credit Development;
2. Returning credits due to the development not being able to meet its targeted placed-in-service ~~deadline, and~~deadline and requesting THDA to approve and make an Exchange of Credit Allocation. (No Major SAE will be imposed when THDA determines that an Exchange was necessitated by circumstances beyond the Applicant's anticipation or control);
3. An uncured event of default under the Section 1602 or Tax Credit Assistance Program;
4. A Fair Housing Act violation, which resulted in a finding of discrimination by an adverse final decision from HUD, an equivalent state or local fair housing agency, or a federal or state court;
5. The Housing Credit Development was foreclosed, where such foreclosure occurred after December 31, ~~2019~~2020, including a deed in lieu of foreclosure;
6. Submitting to the IRS an IRS Form 8609 that was not created by THDA in an effort to claim Housing Credit or submitting to the IRS an IRS Form 8609 which has been altered or contains information inconsistent with the IRS Form 8609 created by THDA in an effort to claim Housing Credit; or
7. Failure to meet the federal placed-in-service deadline for a development that received Competitive or Noncompetitive Housing Credit.

B. Other Ineligibility

Housing Credit Initial Applications are ineligible if any of the following apply:

1. Any individual involved in the Initial Application has any one of the following:
 - a. A felony conviction of any type ~~within the last ten (10) years;~~on or after January 1, 2015; or
 - b. A fine, suspension, or debarment involving financial or housing activities ~~within the last five (5) year~~on or after January 1, 2020, imposed by any federal agency; or
 - c. A current bankruptcy or a bankruptcy discharged ~~within the last four (4) year~~on or after January 1, 2021, or any organization or entity in which the individual had significant control currently is in bankruptcy or had a bankruptcy discharged ~~on or after January 1, 2021~~within the last four (4) years; or
 - d. Individual bankruptcy of a member of the board of directors of an entity that is, or is wholly controlled by, a government entity will not be grounds for ineligibility provided that the individual certifies that he/she will not have substantial decision-making authority with regard to the proposed development; or

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- e. Any suspensions of required state licenses (Tennessee or any other state) on or after January 1, 2015 ~~within the last ten (10) years.~~
- 2. An individual who is a member of the Development Team identified in the Initial Application and who is involved with another Housing Credit Development in Tennessee that has participated in the Qualified Contract Process since January 1, 2023.
- 3. An individual who is a member of the Development Team identified in the Initial Application and who is involved with a pre-~~2024-2025~~ Housing Credit Development with a first allocation of Competitive Housing Credit in Tennessee; prior to THDA issuing IRS Form(s) 8609 for that development.
- 4. An individual who is a member of the Development Team identified in the Initial Application, where such individual was involved in an application that received a commitment of MTBA during ~~2023-2024~~, but such MTBA bonds were not issued and sold by the expiration date (original or extended) of the MTBA Firm Commitment Letter and the MTBA Firm Commitment Letter was not released as described in Section 10-H of the ~~2023-2024~~ MTBA Program Description.
- 5. If any of the following are true regarding an individual who is a member of the Development Team identified in the Initial Application for any development receiving an allocation of Housing Credit after December 31, 2014:
 - a. They were involved in a pre-~~2024-2025~~ Housing Credit Development with an accepted Reservation Notice, but the proposed Housing Credit Development failed to meet the federal allocation timeframes and did not obtain a Carryover Allocation Agreement; or
 - b. They were involved in a pre-~~2024-2025~~ Housing Credit Development with a fully executed Carryover Allocation Agreement, but the proposed Housing Credit Development failed to meet the federal allocation timeframes and did not obtain IRS Form(s) 8609; or
 - c. They were involved in a pre-~~2024-2025~~ Housing Credit Development for which THDA issued IRS Form(s) 8609, but the Housing Credit Development failed to meet the minimum set-aside test for low-income tenants as specified in the LURC by the end of the first year of the Credit Period; or
 - d. They were involved in a pre-~~2024-2025~~ Housing Credit Development that THDA determined to be in violation of the requirements of the applicable QAP regarding developer or related party issues; or
 - e. They were involved in a pre-~~2024-2025~~ Housing Credit Development that involved a “broker” who did not remain involved in the Initial Application through the closing of permanent financing for the Housing Credit Development; or
 - f. They were involved in a pre-~~2024-2025~~ Housing Credit Development that did not meet the requirements of the applicable QAP regarding submission of permanent financing documentation to THDA; or
 - g. They were involved in a pre-~~2024-2025~~ Housing Credit Development that involved a “consultant” who was determined to be a signatory of construction financing, permanent financing or equity syndications documents or provided a guaranty in connection with construction financing, permanent financing or equity syndication; or
 - h. They were involved in a pre-~~2023-2025~~ MTBA Application that received a firm commitment of bond authority but failed to meet the established deadline for issuance and sale of the bonds. Voluntary withdrawal of a Multifamily Tax Exempt Bond Authority Application in accordance with all applicable program requirements will not cause ineligibility; or
- 6. The Initial Application is deemed ineligible pursuant to any other provisions of this QAP.
- 76. An individual involved in the Initial Application was involved with another Housing Credit Development at the time the development was placed in “No Further Monitoring” status by THDA and the project remains in “No Further Monitoring” Status. “No Further Monitoring Status” was a status attributed to Housing Credit Developments that are outside of the Section

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42 defined Compliance Period that failed to respond to and/or cure notices for monitoring reviews, submit annual compliance reports, or comply with program requirements for 180 days from the date THDA provided the notice of noncompliance. Ineligibility hereunder continues until the noncompliance is cured or the LURC expires.

87. There is pending or threatened litigation with regard to (i) an entity or individual that is involved in the Initial Application; (ii) an entity or individual that will be involved in the Ownership Entity; or (iii) any other aspect of the proposed project, where THDA determines that the existence of such could be detrimental to the success or feasibility of the project. This does not include cases merely arising from opposition to the development of the Project.

C. Requests for Relief

If an Initial Application is submitted and one or more uncured SAEs is attributable to an individual involved with such application, the Initial Application is subject to disqualification at the determination of the Executive Director, who shall notify the THDA Board of Directors of such action. The THDA Board of Directors retains the authority to revisit such determination.

D. Minor SAEs

Minor SAEs are events that, cumulatively, may affect the eligibility of an Initial Application. Multiple Minor SAEs indicate consistent problems and poor performance in Housing Credit Developments in which members of the Development Team are involved.

Effective January 1, ~~2019~~2020, THDA will track Minor SAEs as they occur in the development and ongoing operations of Housing Credit Developments by Development Team and by individuals identified as members of the relevant Development Team.

As THDA becomes aware of Minor SAEs, THDA will notify the Development Team. The Minor SAE(s) reflected in the notice may or may not be curable. A **curable** Minor SAE(s) reflected in an Evaluation Notice may impact Initial Application scoring for a period of time beginning with the effective date of the notice and ending **the later of**: (i) two years after the effective date of the notice (as applicable) or (ii) when the Minor SAE is cured. An **incurable** Minor SAE(s) reflected in a notice may impact Initial Application scoring for a period of time beginning with the effective date of the notice and ending two years or five years after the effective date of the notice (as applicable).

Minor SAEs will be counted relative to the Development Team, not individual members. The cumulative total of Minor SAEs will determine the Development Team Track Record points.

Minor SAEs include, without limitation, any of the following that occur with respect to any Housing Credit Development in Tennessee:

1. Curable Minor SAEs are as follows: The **curable** Minor SAE(s) in this Section 5-D-1 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending **the later of** two years later, or when the Minor SAE is cured. The **incurable** Minor SAE(s) in this Section 5-D-1 may impact Initial Application Scoring for a period of time beginning with the effective date in the notice and ending two years later.
 - a. Defaulting on loan payments, unpaid property taxes, or having arrearages of at least three months on any loan for any Housing Credit Development;
 - (i) Unpaid property taxes will not constitute a Minor SAE if acceptable evidence of active appeal is provided.

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- b. Failing to utilize all listed funding sources in the amount or under the terms described in the Initial Application until any Housing Credit Development is placed in service, unless THDA has been advised of the change in funding source and agreed to the change;
- c. Failing to maintain and operate amenities and services specified in the Initial Application throughout the term of the LURC;
- d. Failing to convert construction loan financing to permanent loan financing within 6 months of THDA issuance of IRS Form 8609; or
- e. Making changes to the Housing Credit Development ownership entity without THDA approval.
- f. Failing to fulfill commitments made in any application, including without limitation those for scoring points in the Initial Application (except for changes approved by THDA, in its sole discretion);
- g. Failing to correct outstanding noncompliance issues within the applicable correction period;
- h. Failing to respond to written requests from THDA for information and/or documentation by the prescribed deadline in any such written request.

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Section 6: Mandatory and Threshold Requirements

All documentation must be in full force and effect and fully executed. To be eligible, Initial Applications for new construction or rehabilitation (with or without acquisition) must meet all of the following requirements, as applicable, as determined by THDA, in its sole discretion.

A. Mandatory Requirements

1. Ownership Entity Formation Documentation – Provide a copy of the most recent partnership agreement or operating agreement or draft partnership agreement or operating agreement for the Ownership Entity;

2. Site Control – To be eligible, an Initial Application must demonstrate control of the Site. A copy of any one of items a.- d. below must be part of the Initial Application:

- a. Recorded instrument of conveyance (warranty deed, quitclaim deed, trustee deed, court order) evidencing title to the Site vested in (A) the currently existing Ownership Entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed, along with a draft of the document that will convey title to the Ownership Entity;
- b. Acceptable evidence demonstrating the ability to acquire the Site through the power of eminent domain by (A) the currently existing Ownership Entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed;
- c. Contract for sale or a contract for a 50-year ground lease, which contract must show that the ground lease, when executed, will meet the requirements specified in item e. below, executed by (A) the owner of record of the Site and (B) the currently existing Ownership Entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed. The contract must extend at least six months from the applicable 2024-2025 Deadline for Initial Applications (see Table 21-1 or Section 6 of the 2024-2025 MTBA PD) with an extension to MTBA closing/Carryover site control demonstration; or
- d. An option to purchase or an option for a 50-year ground lease, which option must show that the ground lease, when executed, will meet the requirements specified in item e. below, executed by (A) the owner of record of the Site and (B) the currently existing Ownership Entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the Ownership Entity to be formed. The option must extend at least six months from the applicable Deadline for Initial Applications (see Table 21-1 or Section 6 of the 2024-2025 MTBA PD) with an extension to MTBA closing/Carryover site control demonstration.
- e. A ground lease for the Site must have a minimum term of 50 years with no provisions for termination or reversion prior to the expiration of the extended use period as defined in Section 42(h)(6)(D). Proposed developments which are the subject of a Payment In Lieu of Taxes (“PILOT”) agreement may be exempt from this minimum term requirement subject to THDA’s review of and satisfaction with the terms of the PILOT.
- f. Assignments of contracts or options will not be accepted unless the underlying contract or option that meets the requirements set forth above is provided as well.
- g. The legal description included with the documentation pursuant to Site Control requirements and the legal description included with the documentation pursuant to Underlying Seller Authority requirements must be consistent with each other. All documentation must be in full force and effect, fully executed, and include a correct legal description for the Site.
- h. If the legal descriptions required pursuant to Site Control requirements and Underlying Seller Authority Site Control requirements do not match exactly, the Aapplicant may submit a an attorney certification stating that the legal description included with the documentation

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pursuant to ~~Level 1 Site Control~~Section 6.A.1. and the legal description included with the documentation pursuant to ~~Level 2 Site~~Section 6.A.2. ~~Control~~ both refer to the same Site.

- i. The purchase price must be clearly stated in the documentation submitted pursuant to Site Control requirements.
- j. If the Site identified in an Initial Application under this QAP includes land for which the purchase cost has already been taken into account in connection with a prior allocation of Tax Credits, no cost for the purchase of the land will be permitted in connection with the Site identified in the Initial Application under this QAP.

2.3. Site Control – Underlying Seller Authority Documentation (required in addition to Site Control as described in Section 6.A.1.)

- a. A commitment for title insurance evidencing that title to the Site is vested in the person or entity who executed the document required for Site Control as owner, which must include a valid legal description of the Site. The commitment for title insurance must be dated no more than 60 days prior to the Initial Application Deadline and the proposed insured must be listed as the Ownership Entity or the general partner or managing member of the Ownership Entity to be formed;
- b. All documentation must be in full force and effect, fully executed, and include a correct legal description for the Site.
- c. The legal description included with the documentation pursuant to Site Control requirements and the legal description included with the documentation pursuant to Underlying Seller Authority requirements must be consistent with each other.
- d. If the legal descriptions required pursuant to Site Control requirements and Underlying Seller Authority do not match exactly, the Applicant may submit a ~~sworn affidavit from an individual listed in Ownership Organization Breakdown or an individual listed on Developer Organization Breakdown stating that the legal description included with Site Control documents and Underlying Seller Authority documents both refer to the Site.~~an attorney certification stating that the legal description included with the documentation pursuant to Section 6.A.1. and the legal description included with the documentation pursuant to Section 6.A.2. both refer to the same Site.

3.4. Zoning – Evidence that Sites are currently zoned for the proposed Development must be demonstrated through either:

- a. A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Development and containing all four (4) of the following: 1) location of the Site(s) (e.g. address or street crossings); and 2) The current zoning and any special use designations; and 3) A description of the Development (including number of units, proposed use, and construction type i.e. townhome, midrise elevator, etc.); and 4) A statement that the current zoning will permit the proposed Housing Development;

OR

- b. A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Development and containing all four (4) of the following: 1) The location of the Site(s) (e.g. address or street crossings); and 2) A description of the Development (including number of units, proposed use, and construction type, i.e. townhome, midrise elevator, etc.); and 3) A overview of the Zoning/PUD approval process and timing; and 4) Assurance that the Zoning/PUD will be reviewed in a timely manner, including any available dates so as it is complete by time of award process;

OR

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ec. A letter from the chief elected official identifying the Development and stating that there are no zoning regulations in place.

4.5. Minimum Score - Achieve a minimum score as specified in Section ~~20-18~~ of this QAP, or Section 6 of the ~~2024-2025~~ MTBA PD, as determined by THDA, in its sole discretion.

5.6. Market Study - is included, acceptable, accurately reflects the Development presented in the Initial Application, ~~is no older than six (6) months from application submission date,~~ and is performed and prepared by an independent third party in accordance with the Market Study Guidelines included on the THOMAS Documents Page.

6.7. Appraisal - If land or building acquisition costs are ~~included part of the development costs,~~ include an acceptable Appraisal of the land and/or building acquisition that is ~~performed no older than six (6) months from application submission date and performed~~ and prepared by an independent third party in accordance with the Appraisal Guidelines included on the THOMAS Documents Page.

B. Threshold Requirements

1. Eligible Initial Applications must meet all of the following requirements:
 - a. Be a qualified low-income housing development, containing qualified low-income buildings and low-income units;
 - a-b. **Submit a Physical Needs Assessment, if applicable, in accordance with the THDA Physical Needs Assessment Guidance on the THOMAS documents page;**
 - b-c. Comply with the Fair Housing Act, as applicable;
 - e-d. Comply with the Fair Housing Act design and construction requirements for units that are considered “covered multifamily dwellings” designed and constructed “for first occupancy” after March 13, 1991, using one of HUD’s recognized safe harbors;
 - d-e. Comply with the Americans with Disabilities Act (ADA), as applicable; and
 - e-f. Comply with all applicable local building codes or State adopted building codes in the absence of local building codes.
2. **Site Utilities** - Include documentation in the Initial Application from the relevant local jurisdiction verifying availability of electricity, water, sewer, and, if applicable, natural gas. Septic fields are prohibited for buildings with more than 4 units. If an on-site treatment facility is proposed, the Initial Application must include a separate financing commitment for the development and maintenance of the facility.
3. **Financial Feasibility** - Include documentation demonstrating that the development is financially feasible. The ownership entity for the proposed Development is structured as a single purpose entity and must be able to clearly show that the Development is financially sustainable based on income from operations. The sources and uses must be available at the time of Application. Lender and Investor LOIs should demonstrate that there will be no shortfall of funds during the construction period; and permanent finance is structured and included. THDA may require documentation not specifically included in the minimum documentation requirements to verify the reasonableness of operating costs, as determined by THDA, in its sole discretion.
4. **Financial Pro-forma** - Include a 30-year pro-forma for the proposed development in the Initial Application.
5. **Minimum Set-Aside Election** - Include one of the following minimum set-aside elections in the Initial Application, except for an Initial Application that proposes rehabilitation of a prior Housing Credit Development:
 - a. The 20/50 Test; or

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- b. The 40/60 Test; or
- c. The Average Income Test.

An Initial Application that proposes rehabilitation of a prior Housing Credit Development must elect the minimum set-aside elected in the Initial Application for the prior Housing Credit Development, except that where the 40/60 Test was initially selected, an Applicant may, prior to its submission of the Initial Application, petition THDA for consideration of the use of the Average Income Test.

6. Certifications and Disclosures.

- d.a.** Include an executed Statement of Application and Certification in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page.
- e.b.** Include an executed Certificate Regarding Eligibility for Low-Income Housing Credit in the form shown on the Template provided in THOMAS and in accordance with the Guidelines on the THOMAS Documents Page.
- f.c.** Include a Certificate Regarding Acquisition Housing Credit (if Acquisition Housing Credit is requested) in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page.
- g.d.** Include a certificate that Owner will comply with Affirmatively Furthering Fair Housing Marketing requirements and provide THDA its Marketing Plan in its Carryover Allocation Application or prior to issuance of a MTBA Firm Commitment Letter.
- h.e.** Include all required Disclosure Forms in the form shown on the Template provided in THOMAS and in accordance with Guidelines on the THOMAS Documents Page

7. Organizational Breakdowns.

- a. Include a THDA Organizational Ownership Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
- b. Include a THDA Organizational Developer Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.

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Section 7: New Construction and Rehabilitation Minimum Requirements

Owners shall develop all New Construction and Rehabilitation units in compliance with THDA’s “Minimum Design Standards for the Rehabilitation ~~and~~ New Construction of Single Family ~~and~~ Multifamily Housing Units,” as may be amended, which can be found on THDA’s website at https://thda.org/images/THDA-Design-Standard-w-Rehabilitation-Standards-Rev.-12.23.2023-12-27-140320_swrf.pdf. Other methods of construction and design may be acceptable on a ~~ease~~ ~~by-ease~~ case-by-case basis, and goals and requirements may be approved for waivers. All requests for waivers should be discussed with multifamily staff prior to application.

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Section 8: Construction Review Process

A. Construction Overview

THDA will conduct a preconstruction meeting with the ownership entity, developer, architect, and general contractor after closing of the equity syndication and construction financing. Documentation in a form and with substance specified by THDA must be uploaded into THOMAS. Guidance may be found on the THOMAS Documents Page. The architectural drawings and specifications, as approved by the syndicator and lender, shall be submitted into THOMAS within five (5) days after closing. If rehabilitation of Existing Multifamily Housing or adaptive reuse is proposed, the scope of work must also be submitted in THOMAS within five (5) days after closing. The scheduling of the preconstruction meeting shall not take place until the information is submitted to THDA using THOMAS. **THDA does not approve or provide any representations or warranties in connection with architectural drawings, ~~or~~ specifications or other documents submitted in connection with the construction review process described in this Section.**

B. Preconstruction Meeting

The purpose of the preconstruction meeting is to outline basic responsibilities and duties of the various parties throughout the construction process in relation to the Housing Credit Program.

1. For developers with no previous Housing Credit program experience, a full preconstruction meeting must take place.
2. Developers with previous Housing Credit program experience may request a limited preconstruction meeting.
3. THDA shall determine, in its sole discretion, whether the preconstruction meeting will be full or limited.

Preconstruction meeting scheduling should not delay construction progress.

C. Construction Inspections and Reporting

After the preconstruction meeting has been conducted, construction reporting and periodic construction site visits by THDA are required.

1. The following required documents shall be submitted in THOMAS prior to construction site visits:
 - a. Executed Notice to Proceed
 - b. Building Permits (if not required, the applicable local official must submit a letter verifying that building permits are not required).
 - c. Construction Schedule with anticipated benchmarks
2. During the construction process, THDA will inspect the work progress monthly, or as otherwise determined by THDA to be necessary, and conduct periodic site inspections for compliance with THDA requirements based on the Percentage of Construction Complete as reported in THOMAS.
3. Monthly executed draw packages and quarterly construction progress reports are required and shall be submitted in THOMAS.

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4. Updated construction schedule and scope of work shall be submitted based on the Schedule of Evaluation Notices and Deadlines if requested by THDA:

Table 8-1: Schedule of Evaluation Notices and Deadlines	
Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

D. Completion of Construction Documentation

The following items shall be uploaded to THOMAS following completion of construction and before the final construction inspection is scheduled:

1. Architect Certification regarding:
 - a. Compliance with applicable building codes; and
 - b. Compliance with all federal accessibility requirements including without limitation, ADA and Fair Housing Act requirement; and
 - c. Compliance with NSPIREUPCS, and
 - d. Compliance with all state requirements.
2. Certificate of substantial completion issued by the architect; and
3. Certificate of Occupancy for each building (if not required, applicable local official must submit a letter verifying this information), and
4. Final Draw Package.

E. Final Construction Inspection

Once construction is 100% complete, all documents have been submitted in THOMAS, ~~and~~ all threshold requirements in the QAP and items selected for points in the Initial Application are complete, a final construction inspection ~~will~~ shall be conducted to determine compliance with THDA requirements and NSPIREUPCS.

Section 9: Final or Placed in Service Process

A. Timeframes for Final Application Submission

After all units in a development are placed in service, the completion of construction documentation shall be submitted into THOMAS. THDA will then schedule the final construction inspection referenced in Section 8-E.

B. THOMAS Final Application Submission Requirements

Following notice from THDA regarding a satisfactory final construction inspection, a Final Application may be submitted through THOMAS. THDA maintains an open cycle for the submission of Final Applications in THOMAS. The Final Application must be entered into THOMAS with required supporting documents. The Final Application must include, without limitation, the following items:

1. An executed Final THDA Statement and Application in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
2. An executed Final THDA Accountant in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
3. An executed Final THDA Eligibility Certificate in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
4. An executed Final THDA Syndication Letter Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
5. An executed Final THDA Eligibility Opinion Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
6. An executed Final THDA Acquisition Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
7. An executed Final THDA Nonprofit in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
8. An executed Final THDA Ownership Organizational Breakdown Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
9. An executed Final THDA Developer Organizational Breakdown in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
10. An executed Final THDA Disclosure Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
11. An executed Final THDA Disclosure Exemption Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page, if applicable.
12. An executed copy of the most recent partnership agreement or operating agreement, if not already provided.
13. A 30-year pro-forma for the development in the Final Application
14. An executed Recorded Copy of THDA Land Use Restrictive Covenant in THOMAS.
15. An executed Permanent Financing Documentation in THOMAS, if applicable
16. An executed THDA Certification of Outstanding MTBA in the form shown on the template in accordance with the Guidelines on the THOMAS Documents Page, if applicable.

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C. Final Application Review Process

During the review of the Final Application, THDA will issue Evaluation Notices that may request additional documentation and/or information for purposes of clarification of eligibility, scoring and financial feasibility. Evaluation Notices will be issued in the following manner:

Evaluation Notice	Deadline for Response
1	5 business days
2	2 business days
Final	1 business day

THDA will not issue IRS Form(s) 8609 if all conditions contained in Evaluation Notices are not fully satisfied. The deadline specified in the final Evaluation Notice is the date upon which Housing Credit may be recaptured by THDA if the conditions related to the deadline are not met. Upon notification, the Housing Credit referred to in the Carryover Allocation Agreement or Section 42(m) Letter are not available for the development and will be made available to other qualified developments.

D. Final Allocation of Housing Credit

THDA will make a final allocation of Housing Credit and will issue IRS Form(s) 8609 after satisfactory review of the Final Application and supporting documents are completed. **The amount of Housing Credit allocated to a development at placed in service may be less than, but will not be more than, the amount reserved in the Reservation Notice, or the amount referenced in the Section 42(m) Letter, or the amount allocated in the Carryover Allocation Agreement. THDA reserves the right to make downward adjustments to the final amount of Housing Credit allocated based on the information submitted, QAP requirements, and Section 42 requirements.**

E. Timely Return of Signed 8609s

Owner must submit its executed 8609s to THDA within 30 calendar days after its first-year tax returns are due to the IRS.

E.F. Submission of Permanent Financing Documents

THDA must receive a copy of the promissory note and recorded deed of trust for permanent financing of the development in THOMAS within sixty (60) days of the date of recording of the deed of trust. Failure to provide such documentation shall be deemed an event of noncompliance. THDA reserves the right to issue revised IRS Form(s) 8609 following receipt of the promissory note and recorded deed of trust if the terms of the promissory note or deed of trust vary from the terms specified in the Final Application.

Section 10: Compliance Requirements and Monitoring Process

The following compliance requirements and monitoring process apply to all buildings placed in service in Tennessee under this QAP. Owners are responsible for complying or ensuring compliance of the Housing Credit Development with Section 42, relevant regulations, the LURC, and the applicable QAP throughout the term of the LURC. THDA's obligation to monitor the compliance of such with Section 42, relevant regulations, the LURC, and the applicable QAP does not make THDA or the State of Tennessee liable for an Owner's noncompliance. THDA shall carry out its monitoring responsibilities in accordance with Section 42, relevant regulations, the applicable QAP and Initial Applications submitted thereunder, and the LURC. THDA will also rely on guidance from the IRS, including via the "Guide for Completing Form 8823, Low Income Housing Credit Agencies Report of Noncompliance or Building Disposition," Revenue Procedures, Revenue Rulings, and other similar guidance. The requirements under this Section may be modified as federally required, all as modified from time to time.

- ~~A.~~ Owner's Annual Certification of Compliance ("OACCOAC"). ~~THDA will review all OACCOACs for compliance with Section 42, relevant regulations, the Initial Application, the LURC, and the applicable QAP(s).~~
- A. Each year, during the term of the LURC, Owners shall certify, under penalty of perjury, by the deadline established by THDA, that, for all times during the prior calendar year, that the Housing Credit Development was in compliance with Section 42, relevant regulations, the Initial Application, the LURC, and the applicable QAP(s) and that all of the following were true. If the Owner cannot certify to one or more of the above items, a detailed explanation of the situation must be provided to THDA with the OAC.:
- ~~0.1.~~ The units were leased according to the Owner's THDA-approved Affirmatively Furthering Fair Housing ("AFFH") Marketing Plan. All Owners must certify at Initial Application to affirmatively further fair housing through an AFFH Marketing plan, provide the AFFH Marketing Plan as part of the Carryover Allocation Application, and revise it yearly, as needed. The AFFH Marketing Plan must include:
- Owner's analysis to understand the development's housing market demographics for the area;
 - Identified impediments to fair housing choice within such area and underserved populations or populations that are least likely to apply to live in the development;
 - Marketing efforts Owner has developed to take appropriate actions to overcome the effects of any identified impediments to ensure a diverse applicant pool and resident population. Such marketing efforts should be beyond usual methods of advertising; and
 - Owner's plan to maintain records reflecting the analysis and actions under the Affirmative Fair Housing Marketing Plan. The following resources may assist in the development of an Affirmative Fair Housing Marketing Plan:
 - ~~(iii)(i)~~ 24 CFR Part 200 Subpart M -- Affirmative Fair Housing Marketing Regulations
 - ~~(+)(ii)~~ <https://www.irs.gov/pub/irs-drop/rr-16-29.pdf>
 - ~~(+)(iii)~~ <https://public-inspection.federalregister.gov/2021-12114.pdf>
 - ~~(iii)(iv)~~ 935-2A.PDF (hud.gov)
- ~~0.2.~~ There were no findings of discrimination under the Fair Housing Act, 42 U.S.C. 3601–3619 for the Housing Credit Development;
- ~~0.3.~~ The Housing Credit Development met the minimum election set-aside requirements of the appropriately selected test (i.e. 40/60 Test, 20/50 Test, or Average Income Test) consistent with the irrevocable election made at the time of the Initial Application under the relevant QAP;
- ~~0.4.~~ There was no change in the applicable fraction of any building in the Housing Credit Development or that there was a change and a description, satisfactory to THDA, of that change;

- ~~0.5.~~ The Owner's files contain annual Household Income Certifications from each low-income household and documentation to support that certification at initial occupancy and at each subsequent year during the term of the LURC;
- ~~0.6.~~ Proper approval for the applicable utility allowances used to determine rent as outlined in ~~26 C.F.R. Section 1.42-10 and THDA policy Paragraph M of this Section.~~
- ~~0.7.~~ THDA's restrictions on rent increases were followed. An Owner may only raise a tenant's amount of rent:
- ~~h.a.~~ -At lease renewal with a 90-day notice; or
 - ~~i.b.~~ -Mid-lease term, if the HUD-published income limits would raise the amount of rent an Owner is allowed to charge. However, the (i) the lease must allow for such increase mid-term (ii) the tenant must be given a 90-day notice, and (iii) the tenant must be given the opportunity to break the lease and relocate if the household does not agree to the increase in rent.
- ~~0.8.~~ All units in the Housing Credit Development were for use by the general public;
- ~~0.9.~~ Each building in the Housing Credit Development is suitable for occupancy, taking into account ~~NSPIREUPCS~~ standard and local health, safety, and building codes (or other habitability standards) and the state or local government unit responsible for making local, health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the development;
- ~~0.10.~~ There has been no change in the eligible basis of any building in the Housing Credit Development or, if there was a change, the nature of the change;
- ~~0.11.~~ All resident facilities included in the eligible basis of any building in the Housing Credit Development, such as a swimming pool, other recreational facilities, and parking areas, were provided on a comparable basis, without charge, to all residents of the Housing Credit Development;
- ~~0.12.~~ If a low-income unit became vacant during the year, reasonable attempts were made to rent that unit or the next available unit of comparable or smaller size to households having a qualifying income before any units in the Housing Credit Development were rented to households not having a qualifying income and while the unit was vacant, no units of comparable or smaller size were rented to households not having a qualifying income;
- ~~0.13.~~ If the income of a household occupying a low-income unit in the Housing Credit Development increased above the applicable income limit, the next available unit of a comparable or smaller size was rented to a household having a qualifying income;
- ~~0.14.~~ A LURC was in effect, and included a provision that an Owner cannot refuse to lease a unit in the Housing Credit Development to an applicant because the applicant holds a voucher under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f;
- ~~0.15.~~ All low-income units in the Housing Credit Development were used on a non-transient basis, ~~meaning the initial lease term was at least six (6) months~~, except for transitional housing for the homeless or single-room occupant units rented on a month-by-month basis;
- ~~0.16.~~ If the Owner received Housing Credit from the Non-Profit Set-Aside, the Qualified Non-profit Organization" materially participated (regular, continuous and substantial on-site involvement) in the on-going operation of the development; and
- ~~0.17.~~ All requirements associated with items for which points were taken at the time of Initial Application were met.
- ~~0.18.~~ All required Tenant Notices were provided.
- a. Owners shall notify every tenant household that if the LURC is terminated due to foreclosure or a qualified contract that, for a period of three years, beginning on the date of the termination, (i) eviction or termination of the tenancy of an existing tenant is prohibited, other than for good cause and (ii) increase in the gross rent is prohibited, except in accordance with Section 42(g); and

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- b. If the LURC is expiring naturally, Owners shall notify tenants of the upcoming expiration one (1) year before such expiration.
- ~~0.19.~~ Owner listed all vacancies for every property they own that receives any type of THDA funding at TNHousingSearch.com.
- B. Physical Reviews and Desk Reviews.
1. THDA must conduct physical, on-site inspections of all buildings in a Housing Credit Development Project (“Physical Reviews”) and must conduct desk reviews of the low-income certification files of a Housing Credit Development Project (“Desk Review”) by the end of the second calendar year following the year the last building in a Project is placed in service and then at least once every 3 years thereafter.
 2. For each Housing Credit Development Project that is due to be reviewed in a particular year, THDA must conduct physical reviews for 20% of the low-income units in the Housing Credit Development Project, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set for Housing Credit Development ~~th in the table to 26 CFR 1.42-5(e)(2)(iii), whichever is less.~~
 - 3.2. For each Project that is due to be reviewed in a particular year, THDA must also conduct desk reviews for an additional 20% of the low-income units in the Housing Credit Development Project, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set forth in the table to 26 CFR 1.42-5(e)(2)(iii), whichever is less.
 - 4.3. The Physical Reviews and Desk Reviews ~~should could~~ be conducted on ~~for~~ different units and may be conducted on different days or times.
 4. Desk Reviews may be performed on-site at THDA’s offices.
 5. Owners must have a provision in each lease that allows 24-hour notice to tenants of an upcoming THDA inspection. If an Owner fails Failure to timely notify tenants residents of an upcoming physical inspection, the inspection must be rescheduled and that causes the inspection to be rescheduled Owner shall pay a Compliance will cause the property to be subject to a Compliance-Rei-inspection Fee.
- C. Owners shall submit the OAC and required tenant data submission for the Desk Review via THOMAS or THDA’s online system within the timeframe specified by THDA. The Owner must designate an Administrator in THOMAS. This Administrator must be an individual approved by THDA within the Organization Structure and may not be an outside individual.
- D. THDA ~~will~~ shall provide prompt written notice to an Owner if any of the following occur:
1. THDA does not receive the ~~OAC~~ OAC by the specified deadline.;
 2. THDA does not receive or is not permitted to inspect household income certifications, supporting documentation, or rent records.;
 - 2.3.3. ~~THDA does not receive executed 8609s within 30 calendar days after the partnership has filed their first-year partnership tax returns; of the Owner’s deadline to file its first-year tax return.~~
 - 3.4. THDA discovers by inspection, review or in some other manner that the Housing Credit Development is not in compliance with Section 42, the relevant regulations, the LURC, or the applicable QAP.
- E. Owners shall pay fees, as determined by THDA, to cover the administrative expenses of monitoring compliance and other expenses incurred in carrying out its duties as the Housing Credit Agency, including but not limited to, reasonable fees for legal and professional services.
- F. Owners ~~shall~~ have thirty (30) days to provide missing documentation or to correct noncompliance (the “Correction Period”). The Correction Period begins on the date of THDA’s written notice to

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the Owner specifying the missing documentation or the noncompliance via regular mail or via e-mailed to the address specified for the Owner or Owner's contact in the files held by THDA. The Correction Period may be extended up to an additional 150 days for a total Correction Period not to exceed six (6) months upon a showing of good cause by the Owner, all as determined by THDA in its sole discretion. Notwithstanding the foregoing, THDA will not grant extensions for items that are immediate health and safety issues.

- G. Owners must mitigate all emergency health and safety items immediately and file a written report and documentation with THDA proving the items have been mitigated. Owners must provide the report and documentation of the action taken to complete the mitigation within 3 business days of the emergency instance (the "Health and Safety Correction Period").
- H. THDA ~~will~~ file an IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the ~~Internal Revenue Service~~IRS to show noncompliance or failure to certify compliance no later than 45 days after the end of the Correction Period and no earlier than the end of the Correction Period, whether or not the noncompliance or failure to certify compliance is corrected.
- I. THDA has the right to inspect any Housing Credit Development at any time during the term of the LURC, including, but not limited to, on-site inspections and review of all records relating to compliance with, without limitation, Section 42 requirements, Treasury regulations, the applicable QAP, and the LURC. Owner shall promptly deliver copies of household certifications and supporting documentation as may be required by THDA.
- J. Owners shall submit, not less than annually during the term of the LURC, information concerning the race, ethnicity, family composition, age, income, use of rental assistance under Section 8(o) of the United States Housing Act of 1937 or other similar assistance, disability status, and monthly rental payments of households residing in the development in a form, with substance, and with timing as THDA may require.
- K. Property Management Certification. Every property management team, whether Owner-managed or not, must receive and maintain a current, valid, certification through the THDA Property Management Compliance Certification Program for the term of the LURC. More information is available here: <https://thda.org/rental-housing-partners/multi-family-developers/housing-credit-compliance>.
- L. Compliance Training for Owners.
 - 1. For Housing Credit Developments involving new construction, Owners and the management entity shall send attendees (at least one representative per entity) to the Owner's compliance training sessions provided by THDA within the 12 months prior to the issuance of the IRS Form 8609. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
 - 2. For Housing Credit Developments involving rehabilitation, Owners and the management entities shall send attendees to the Owner's compliance training sessions provided by THDA prior to the placed ~~-in service~~in-service date for the development. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.
 - 3. If there is a change in the ownership entity during the term of the LURC, then the new Owner and management entity shall send attendees to the Owner's compliance training session as scheduled and provided by THDA. Only attendees who are listed on the Organization Chart submitted in THOMAS or who are employees of the Owner may meet this requirement.

M. Determination of Utility Allowance. Utility Allowances must be determined in accordance with Treasury Regulation 1.42-10.

1. If the cost of any utility (other than telephone, cable television, or Internet) for a residential rental unit is paid directly by the tenant(s), and not by or through the Owner of the Housing Credit Development, the gross rent for that unit includes the applicable utility allowance determined in accordance with 1.42-10. For purposes of the preceding sentence, if the cost of a particular utility for a residential unit is paid pursuant to an actual-consumption submetering arrangement within the meaning of paragraph (e)(1) of 1.42-10, then that cost is treated as being paid directly by the tenant(s) and not by or through the Owner.
2. All Utility Allowances must be rounded up to the nearest whole dollar amount.
3. Mandatory Utility Allowance Methodologies.
 - a. Rural Housing Service (“RHS”) Assisted Building. If a building receives assistance from the RHS, the applicable utility allowance for all rent-restricted units in the building is the utility allowance determined under the method prescribed by RHS for the building (whether or not the building or its tenants also receive other state or federal assistance).
 - b. Buildings with RHS Assisted Tenants. If any tenant in a building receives RHS rental assistance payments (RHS tenant assistance), the applicable utility allowance for all rent-restricted units in the building (including any units occupied by tenants receiving rental assistance payments from HUD) is the applicable RHS utility allowance.
 - c. Buildings Regulated by HUD. If neither a building nor any tenant in the building receives RHS housing assistance, and the rents and utility allowances of the building are regulated by HUD (HUD-regulated buildings), the applicable utility allowance for all rent-restricted units in the building is the applicable HUD utility allowance.
 - d. Tenants Receiving HUD Rental Assistance. If a building is neither an RHS-assisted nor a HUD-regulated building, and no tenant in the building receives RHS tenant assistance, the applicable utility allowance for any rent-restricted units occupied by tenants receiving HUD rental assistance payments (HUD tenant assistance) is the applicable Public Housing Authority (“PHA”) utility allowance established for the Section 8 Existing Housing Program.
4. Elective Utility Allowance Methodologies. If none of the above situations apply, an Owner may request to utilize one of the following utility allowance methodologies, however, a **\$200 fee will be charged** to cover THDA’s review for such requests, except for the Applicable PHA Utility Allowance Methodology. Each request must include a cover letter that identifies the development name, TN Number, method requested for each type of utility, and number of units categorized by the type of unit (apartment, townhome, etc.), bedroom sizes (1 bedroom, 2 bedrooms, etc.), square footage of the applicable units, and, if applicable, the proposed estimated rates for those units per type of utility (electric, gas, water, sewer, trash). All required documents must be sent to TNCompliance@thda.org. No elective methodology, other than the Applicable PHA Utility Allowance, may be elected until at least twelve (12) months’ worth of actual consumption data is available.
 - a. Applicable PHA Utility Allowance. The PHA utility allowance from the local housing authority that administers Section 8 vouchers for the area in which the Housing Credit Development is located. Copies of the PHA utility allowance must be uploaded to THOMAS during the application process and annually. These also may be requested during monitoring reviews. If THDA is the local PHA, the HUD Utility Schedule Model is the method utilized to calculate the estimate and can be found on THDA’s website.

- b. Utility Company Estimate. Any interested party (including a Housing Credit Development tenant, an Owner, or THDA) may obtain a local utility company estimate for a unit, as outlined below:
- (i) The estimate must be in writing and outline the estimated cost of that utility for a unit of similar size and construction for the geographic area in which the Housing Credit Development is located.
 - (ii) In the case of deregulated utility services, the interested party is required to obtain an estimate only from one utility company even if multiple companies can provide the same utility service to a unit. However, the utility company must offer utility services to the building in order for that utility company's rates to be used in calculating utility allowances.
 - (iii) The estimate should include all component deregulated charges for providing the utility service.
 - (iv) Unless the parties agree otherwise, costs incurred in obtaining the estimate are borne by the initiating party.
 - (v) The interested party that obtains the local utility company estimate must retain the original and furnish a copy to the Tenant, Owner, and THDA, as applicable.
 - (vi) The Owner must make copies of the estimate available to all tenants in the building.
- c. Agency Estimate.
- (i) THDA will take into account, among other things, local utility rates, property type, climate and degree-day variables by region in Tennessee, taxes and fees on utility charges, building materials, and mechanical systems.
 - (ii) An Owner must provide a completed THDA Utility Allowance Certification Form for each type of utility being considered. Such form will outline all requirements of the Owner in requesting this methodology.
- d. HUD Utility Schedule Model. A building owner may calculate a utility estimate using the "HUD Utility Schedule Model" that can be found on the Low-Income Housing Tax Credits page at <http://www.huduser.org/datasets/lihtc.html> (or successor URL). Utility rates used for the HUD Utility Schedule Model must be no older than the rates in place 60 days prior to the date Owner submits its request to THDA.
- e. Energy Consumption Model. An Owner may calculate utility estimates using an energy and water and sewage consumption and analysis model (energy consumption model).
- (i) The energy consumption model must, at a minimum, take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, characteristics of the building location, and available historical data.
 - (ii) The utility consumption estimates must be calculated by a properly licensed engineer or other qualified professional. The qualified professional and the building Owner must not be related within the meaning of section 267(b) or 707(b). If a qualified professional is not a properly licensed engineer and if the Owner wants to utilize that qualified professional to calculate utility consumption estimates, then the Owner must obtain approval from THDA.
 - (iii) THDA may approve or disapprove of the energy consumption model or require information before permitting its use.
- f. Additional Requirements.
- (i) The twelve-month data provided to substantiate the proposed estimated utility allowance, must be no older than 60 days prior to THDA's receipt of the request for the use of a specific methodology.

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- (ii) THDA's receipt of a request starts a 90-day review period (the 90-day Period'). Such request must include proof that, prior to the submittal of the request to THDA, the Owner provided each tenant with notice of the same proposed estimate it provided to THDA in its request.
- (iii) THDA will attempt to provide an approval or denial of the request within thirty (30) calendar days of its receipt of the request.
- (iv) Regardless of when THDA completes its review and provides an Owner with an approval letter, the new utility allowance must not be implemented prior to the expiration of the 90-Day Period.
- (v) THDA may ask for additional information or require that the utility allowance be recalculated to address shortcomings. If deficiencies are identified, they must be resolved before an approval notice will be provided to the Owner.
- (vi) If THDA's review results in a change to a utility allowance, the new utility allowance must be used to compute gross rents for the very next time rent is due under a lease and tenants must be given notice of such change in the gross rent 30 days prior to such due date.
- (vii) The year following an approval of a methodology, the Owner shall review the basis on which the utility allowances were established and complete and submit a certification to THDA that the basis has not changed.
- (viii) Biennially (every other year), the Owner must reapply for an elected methodology following the steps above.

5. Actual-Consumption Submetering Arrangements. Must possess all of the following attributes:

- a. The utility consumed in the unit meets one of the following:
 - (i) The utility is purchased from or through a local utility company by the Owner (or its agent or other party acting on behalf of the Owner); or
 - (ii) The utility is not purchased from or through a local utility company and is produced from a renewable source, as defined at 26 CFR 1.42-10(e)(1)(i)(C) and (D).
- b. The tenants in the unit are billed for, and pay the Owner (or its agent or other party acting on behalf of the building owner) for, the unit's consumption of the utility.
- c. The billed amount reflects the unit's actual consumption of the utility. In the case of sewerage charges, however, if the unit's sewerage charges are combined on the bill with water charges and the sewerage charges are determined based on the actual water consumption of the unit, then the bill is treated as reflecting the actual sewerage consumption of the unit; and
- d. The rate at which the building owner bills for the utility satisfies the following requirements:
 - (i) To the extent that the utility consumed is described in paragraph 5.a.(i) of this section, the utility rate charged to the tenants of the unit does not exceed the rate incurred by the building owner for that utility; and
 - (ii) To the extent that the utility consumed is described in paragraph 5.a.(ii) of this section, the utility rate charged to the tenants of the unit does not exceed the highest rate that the tenants would have paid if they had obtained the utility from a local utility company. In determining whether a rate satisfies the preceding sentence, a building owner may rely on the rates published by local utility companies.
- e. Administrative fees. If the owner charges a unit's tenants a fee for administering an actual-consumption submetering arrangement, the fee is not considered gross rent for purposes of Section 42(g)(2). The preceding sentence, however, does not apply unless the fee is computed in the same manner for every unit receiving the same submetered utility service, nor does it apply to any amount by which the aggregate monthly fee or fees for all of the

unit's utilities under one or more actual-consumption submetering arrangements exceed the greater of—

(i) Five dollars per month;

(ii) An amount (if any) designated by publication in the Internal Revenue Bulletin (see § 601.601(d)(2)(ii) of Title 26, Chapter I of the Code of Federal Regulations); or

(iii) The lesser of— (A) The dollar amount (if any) specifically prescribed under a State or local law; or (B) A maximum amount (if any) designated by publication in the Internal Revenue Bulletin (see § 601.601(d)(2)(ii) of Title 26, Chapter I of the Code of Federal Regulations).

M.N. Record Retention. Owners shall maintain records for each qualified low income building in the Housing Credit Development for each year for the term of the LURC sufficient to meet the requirements of 26 C.F.R. Section 1.42–5(b). Any household records or other records maintained in an electronic format ~~must~~shall be accessible to THDA at THDA's request.

N.O. Change in Ownership Entity, General Partner, or Managing Member. In the event of a sale, transfer, or exchange of a Housing Credit Development or any change with respect to the general partner/managing member of the ownership entity (including, without limitation, sale of any or all general partner interests, removal of any general partner/managing member, or admission of any general partner/managing member), the Owner shall:

- ~~1. If the property is a TCAP or 1602 property, obtain~~Obtain THDA's permission before such action occurs;
- ~~2. If the property is not TCAP or 1602, notify THDA in writing at least 30 days prior to the closing of such a transaction;~~
- ~~3.2.~~ Complete THDA's Organizational Breakdown Form;
- ~~4.3.~~ Provide a new Organizational Chart;
- ~~5.4.~~ Provide notarized THDA Disclosures Forms for every new individual added to the structure;
- ~~6.5.~~ THDA may require the proposed new Owner or proposed new general partner/managing member of the ownership entity to meet with THDA staff. This is in addition to the training requirements above;
- ~~7.6.~~ Depending on the change, attend compliance training. These requirements do not apply when a development is sold following the completion of the QCP when THDA has not identified a purchaser; and
- ~~8.7.~~ If the change is a change in the Ownership Entity, execute and record an Assignment & Assumption Agreement for the LURC (and all loan documents for TCAP and 1602).

P. VAWA. The Violence Against Women Reauthorization Act of 2013 ("VAWA") added the ~~low-income ho~~Housing ~~Ctax~~ credit program to the housing programs covered by VAWA. Even though ~~the act stated VAWA states~~ that nothing in the act shall be construed to disqualify an owner, manager, or other individual from participating in or receiving the benefit of the tax credit program due to noncompliance with VAWA, Owners may face other liability if the project is not in compliance. For example, a violation of VAWA arising from an eviction may violate the good cause eviction requirement or violations may put the tax credits in jeopardy as being seen as a violation of fair housing. VAWA was recently amended under The Violence Against Women Reauthorization Act of 2022. Therefore, Owners should implement the requirements of VAWA, including, but not limited to, providing Form HUD-5380 to all existing tenants, when an applicant is denied admission, when an applicant is admitted, and when a tenant receives any notice of eviction or termination of assistance.

P. ~~THDA may amend the compliance monitoring provisions of this QAP as required by applicable federal statutes or regulations or from time to time as processes and procedures change. Such amendment is expressly permitted by this QAP, and the making of such amendment will not require further public hearings. THDA, in accordance with Section 42, may impose additional requirements in order to fulfill the objectives of its housing initiatives.~~

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PART II: COMPETITIVE ALLOCATIONS ONLY

Section 11: Limits on Housing Credit Allocations

THDA will only allocate an amount of Housing Credit necessary for the financial feasibility of a development and its viability as a qualified low-income housing development in accordance with Section 42(m)(2). THDA may reject or require modifications to Initial Applications for Housing Credit when THDA determines that the proposed development is not financially feasible or does not need Housing Credit. THDA may also reserve or allocate an amount of Housing Credit less than the amount requested in an Initial Application, in a Carryover Allocation Application, or in a Final Application. THDA's determination under Section 42(m)(2) shall not be construed to be a representation or warranty by THDA as to the financial feasibility, viability, or lack thereof, of any development.

A. Annual Ceiling

The methodology to determine the annual ~~Housing-Total~~ Credit Ceiling is contained in Section 42 (h)(3)(C).

B. Set-Asides and Available Housing Credit Amounts

1. ~~Non-Profit Set-Aside~~ – No less than 10% of the ~~Housing-Total~~ Credit Ceiling will be set aside for allocations to Qualified Nonprofit Organizations. THDA reserves the right to make allocations of Housing Credit to Qualified Nonprofit Organizations as needed to meet the requirements of Section 42(h)(5).
2. ~~CNI Grants~~ – ~~Eligible PHAs with qualified CNI grants may receive an allocation of Housing Credit outside of the PHA Set-Aside. The annual amount of Housing Credit to be allocated to Initial Applications involving CNI grants shall not exceed \$1,700,000,000.00.~~
3. ~~2. Economic Development Area~~ – No more than \$5,430,000,000.00 of the ~~Total Credit Ceiling~~ will be allocated to developments in ~~the-an~~ Economic Development Area as described in Section 15.
4. ~~PHA Set-Aside~~ – No more than 25% of the ~~Competitive~~ Housing Credit Ceiling will be allocated to developments involving a PHA that meets the requirements of Section 14 of this QAP.
5. ~~Existing Multifamily Housing~~ – No more than 25% of the ~~Competitive~~ Housing Credit Ceiling will be allocated to developments that include rehabilitation of Existing Multifamily Housing.
6. ~~New Construction~~ – Up to 50% of the ~~Competitive~~ Housing Credit Ceiling will be allocated to developments involving new construction using the regional pool methodology described in Section 22.E.6.
7. ~~3. Permanent Supportive Housing for Homeless Set-Aside Support of Homeless Populations~~ – up to \$1,000,000.00 of the ~~Total Credit Ceiling~~ may be allocated to developments supporting homeless populations as described in Section 14~~8~~ of this QAP.
8. ~~Twinning Set-Aside~~ – up to \$3.6M may be allocated to developments proposing to “twin” a development using both 9%/MTBA and 4% credits.

C. General Priority Categories

1. ~~New Construction~~ – Up to 50% of the ~~Competitive Credit Ceiling~~ will be allocated to developments involving new construction using the regional pool methodology described in Section 20.E.4.
2. ~~Existing Multifamily Housing~~ – No more than 25% of the ~~Competitive Credit Ceiling~~ will be allocated to developments that include rehabilitation of Existing Multifamily Housing.
3. ~~PHA General Priority Category-Set-Aside~~ – No more than 25% of the ~~Competitive Credit Ceiling~~ will be allocated to developments involving a PHA that meets the requirements of Section 17 of this QAP.

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C.D. New Construction Regional Pools

1. THDA may allocate Housing Credit to developments proposing new construction from one of the following four regional pools:

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2024 QAP New Construction Regional Pools



REGIONAL POOLS MAP FOR 2025 UNDER DEVELOPMENT WILL BE COMPLETED PRIOR TO FINAL APPROVAL

D.E. Incremental Developments

The proposed new units must be located on the same parcel of land with a development that previously received an allocation of Housing Credits, share a common financing plan and use the same Development Team.

Initial Applications proposing Incremental Developments will be reviewed, evaluated, and scored based solely on the costs, characteristics, and other elements of the new housing units added. If an Incremental Development receives an allocation of competitive Housing Credit under this QAP, the development will be subject to the following limitations, based on the cumulative costs of the entire development as proposed:

1. By County
2. By Development
3. By Developer or Related Parties
4. Aggregate Qualified Census Tract
5. Total Development Cost Per Total Unit Limit
6. Second Allocation
7. Financial Feasibility
8. Developer, Consultant, Contractor, Overhead and General Requirements Fees

THDA reserves the right to determine, in its sole discretion, whether an Initial Application proposes an Incremental Development or a Phase 2 Development.

E.F. Annual Housing Credit Limit

1. Initial Applications are not eligible for annual Housing Credit in excess of \$1,800,000.00.

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F.G. Developer Fees and Consultant Fees Limits

1. The combined total of Developer and Consultant fees that may be included in the determination of the amount of Housing Credit for a particular development cannot exceed 15% of that portion of THDA determined eligible basis attributable to acquisition (before the addition of the developer and consultant fees), and cannot exceed 15% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the developer and consultant fees). Construction Advisory or Construction Supervision fees listed separately from the maximum allowed Contractor Fees will be considered as a Consultant Fee.
2. If the Developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total of developer fees, consultant fees, and contractor profit, contractor overhead, and general requirements, that may be included in the determination of the amount of Housing Credit for a particular development, cannot exceed 15% of THDA determined eligible basis of that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed 25% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

G.H. Limit on Contractor Fees, Profit, Overhead and General Requirements

1. The total contractor fees, including contractor profit, contractor overhead and general requirements, shall not exceed 14% of total site work costs plus cost of accessory buildings plus either new building hard costs or rehabilitation hard costs, as determined by THDA, broken down as follows:

Fee Description	Fee Amount
Contractor Profit	<=6 percent
Contractor Overhead	<=2 percent
Contractor General Requirements (including payment and performance bonds)	<=6 percent
Total Contractor Fees	<=14 percent

2. If the Developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total for (i) contractor profit, overhead, and general requirements; (ii) developer fees; and (iii) consultant fees that may be included in the determination of the amount of Housing Credit for a particular development cannot exceed 15% of THDA determined eligible basis on that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed 25% of that portion of THDA determined eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

H.I. Basis Boost

A “Basis Boost” of no more than 30% will be available to all applicants and awarded at THDA’s discretion.

H.J. Applying Limits

In applying the limits specified in this QAP, THDA will consider, without limitation, the physical location of developments; the relationships among Owners, Developers, contractors, Consultants,

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management agents, other development participants, and Related Parties; the structure of financing; and any other information which THDA, in its sole discretion, may deem necessary.

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Section 12: Non-Profit Set-Aside

To be eligible for Housing Credit from the Non-Profit Set-Aside, an Initial Application must contain information satisfactory to THDA demonstrating that the Owner for the development proposed in the Initial Application involves a Qualified Nonprofit Organization. An Initial Application must meet all requirements in this QAP for an eligible Initial Application and be subject to all applicable limits.

To be a Qualified Nonprofit Organization, ALL of the following requirements must be met:

- A. The organization must be a *bona fide* non-profit organization, as evidenced by the following:
 1. The organization must be an entity that is described in Section 501(c)(3) or (4) of the Code that is exempt from tax under Section 501(a) of the Code;
 2. The organization must be organized and existing in the State of Tennessee or if not organized and existing in Tennessee, then the organization must be organized and existing in another state and must be qualified to do business in Tennessee;
 3. The organization must: (i) not be formed by one or more individuals or for-profit entities for the principal purpose of being included in the Non-Profit Set-Aside; (ii) not be controlled by a for-profit organization; and (iii) not have any staff member, officer or member of the board of directors who will materially participate, directly or indirectly, in the proposed development as or through a for-profit entity; and
 4. The organization must be engaged in the business of developing **AND** constructing or rehabilitating low-income rental housing in Tennessee and must have been so engaged on or after January 1, ~~2019~~2020.
- B. The organization must, prior to the reservation of Housing Credit: (i) own all of the general partnership interests of the ownership entity of the development; or (ii) own, alone or with other Qualified Nonprofit Organizations that meet all of the requirements of this Section, 100 percent of the stock of a corporate ownership entity of the development; or (iii) own, alone or with other Qualified Nonprofit Organizations that meet all of the requirements of this Section, 100 percent of the stock, 100 percent of the partnership interests, or 100 percent of the membership interests of an entity that is the sole general partner or sole managing member of the ownership entity of the development proposed in the Initial Application. This structure must be maintained for the duration of the LURC.;
- C. The Qualified Nonprofit Organization must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the extended-use period.
- D. Initial Applications eligible for the PHA General Priority Category, Set-Aside, including Initial Applications involving a Qualified Nonprofit Organization that is wholly controlled by a PHA, are ineligible for the Non-Profit Set-Aside.
- E. To demonstrate eligibility, ALL of the following must be submitted in THOMAS as part of the Initial Application:
 1. A copy of the IRS determination letter clearly stating the organization's status as a 501(c)(3) or 501(c)(4) entity; and
 2. A copy of the most recent partnership agreement or operating agreement or draft partnership agreement or operating agreement for the Ownership Entity; and
 3. Certificate of Existence

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- a. If organized and existing under the laws of the State of Tennessee, a certificate of existence from the Tennessee Secretary of State's Office dated not more than thirty (30) days prior to the date of the Initial Application.
 - b. If organized and existing under the laws of another state, a certificate of existence from the secretary of state of the state in which the organization was organized and is existing, together with other documentation from such secretary of state indicating that the organization is in good standing under such laws and a certificate of authorization from the Tennessee Secretary of State indicating that the organization is qualified to do business in Tennessee, all dated not more than thirty (30) days prior to the date of the Initial Application; and
4. An executed Certificate Regarding Qualification for the Non-Profit Set Aside, the form of which is located on the THOMAS Documents Page.
- F. Developments in the Non-Profit Set-Aside may be located in a QCT.
- G. Eligible Initial Applications that include a Qualified Nonprofit Organization and receive Housing Credit outside of the Non-Profit Set-Aside will not be held to the requirements of the Non-Profit Set-Aside and will not be counted as including a Qualified Nonprofit Organization for purposes of meeting Section 42 requirements.

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Section 13: Economic Development Area Set-Aside

A. The Economic Development Area (“EDA”) Set-Aside is an opportunity for applicants to apply for 9% LIHTC Housing Credits for certain projects that intend to provide housing in support of and in connection with a significant targeted economic development investment made by the federal government, the state, a local government, or a private foundation.

Under the EDA Set-Aside, THDA will fund a maximum of three (3) new construction projects. If no projects are selected for funding under the EDA Set-Aside, the unused credits will be included in the Competitive Credit Ceiling and allocated consistent with the other applicable sections of the QAP.

To participate in the 2025 EDA Set-Aside, applicants must submit an EDA Set-Aside Proposal by January 17, 2025.

As EDA Set-Aside Proposal must intend to provide housing in support of and in connection with a significant targeted economic development investment made by the federal government, the state, a local government, or a private foundation. **Choice Neighborhood Initiative (“CNI”) proposals will be deemed to have met the threshold for a significant targeted economic development investment.**

EDA Set-Aside Proposals must meet all of the following requirements:

1. Contain no more than 10 single-sided, single-spaced pages (including any attachments and exhibits, if any) describing each of the following:
 - a. Each project team member’s track record in ~~LIHTC Housing Credit~~ ~~Developments~~ and demonstrated capacity to complete financially complex housing developmentsHousing Credit Developments projects;
 - b. The contact information for the applicant, the proposed development name, the number of units and bedroom mix, geographic location, type of development (including, but not limited to new construction located in a QCT);
 - c. Evidence of commitment of a targeted economic development investment made by the state, a local government, or a private foundation;
 - d. The goals and/or priorities of the project in providing housing in support of and in connection with the significant targeted economic development investment evidenced above;
 - e. The proposed sources and uses of funds for the development; and
 - f. Certification of compliance with all applicable requirements of Section 42 and this QAP.

~~1-2.~~ THDA Multifamily Programs staff will preliminarily review each EDA Set-Aside Proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP. No more than three (3) EDA Set-Aside Proposals may be selected to submit a full Initial Application for consideration under the set-aside. **CNI proposals will receive priority consideration for application.** THDA Multifamily Programs staff may select none of the non-CNI EDA Set-Aside Proposals or they may select no more than two non-CNI EDA Set-Aside Proposals. Applicants submitting EDA Set-Aside Proposals that are not selected will not be considered further under this set-aside, but may elect to submit under another set-aside or under one of the General Priority Categories.

3. 2025 EDA Set-Aside Applicants, if any, will be notified by February 17, 2025 as to whether they are invited to submit a full Initial Application by the competitive deadline specified in the QAP. If invited, documentation in the form and with the substance specified by THDA must be uploaded into THOMAS.

B. Developments in the EDA Set-Aside may be located in a QCT.

C. Maximum aggregate annual LHHTC Housing Credits -under the set-aside is \$5.4 Million; individual projects will be eligible for a maximum of \$1.8 Million in annual LHHTC Housing Credits.

D. Reservations under this set-aside will not cross count against other set-asides or regional pools.

E. No more than one application will be funded in any single county.

F. EDA applicants may propose a twinning finance structure under the EDA set-aside. Twinning is an opportunity for applicants to propose a hybrid 9% LHHTC Housing Credit /tax-exempt bond/4% LHHTC Housing Credit -financing structure for certain projects. Combining 9% credit with 4% credits in certain developments will increase the number of affordable units built, create a more financially sustainable project, and reduce the amount of gap funding needed to proceed. Applicants must propose a financially feasible development and be comprised of a Development Team with the capacity, experience and performance to complete a twinned 9%/4% LHHTC Housing Credit proposal.

In addition to the required application materials under THOMAS, a Twinned EDA proposal must include a narrative description of no more than 10 single-sided, single-spaced pages (including any attachments and exhibits, if any) describing each of the following:

1. Each project team member's track record with tax-exempt bond and LHHTC Housing Credit projects, and demonstrated capacity to complete financially complex developments;
2. How the project will utilize the twinning approach to optimize resources;
3. The proposed sources and uses of funds for the development, including a detailed narrative and model showing how the 9% LHHTC Housing Credit -and tax-exempt bonds/4% LHHTC Housing Credit -will be allocated;
4. The extent to which the proposed development would be at a financial disadvantage relying upon a traditional phased approach; and
5. Certification of compliance with all applicable requirements of Section 42 and this QAP.

A successful Twinned EDA Proposal may be eligible for a Basis Boost.

G. If no qualifying applications are received under the set-aside, or if the set-aside is not able to be fully utilized, any balance will return to the Competitive Credit Ceiling.

Section 14: Permanent Supportive Housing for Homeless Set-Aside

To be eligible for the Permanent Supportive Housing for Homeless Set-Aside, an Initial Application must contain information demonstrating that the development proposed is designed to provide Housing for Homeless as defined in the QAP. An Initial Application must meet all requirements in this QAP for an eligible Initial Application. 100% of the units in the proposal must be for permanent supportive housing for homeless. Applicants **must** include at the time of Initial Application a proposed partnership with a qualified partner for the provision of supportive services.

- A. New Construction OR Rehabilitation.
- B. Maximum annual LHHC-Housing Credit set-aside of \$1M.
- C. Proposals must be compliant with the Olmstead Act.
- D. Proposals which will provide housing to Persons with Disabilities must include documentation satisfactory to THDA, in its sole discretion, that the housing meets the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014: <https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>. The documentation must demonstrate that the proposed housing meets certain qualifications, including:
 - 1. The setting is integrated and supports full access to the greater community;
 - 2. Is selected by the individual from among setting options;
 - 3. Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;
 - 4. Optimizes autonomy and independence in making life choices; and
 - 5. Facilitates choice regarding services and who provides them.
 - 6. Additionally, for provider owned or controlled residential settings, the following additional requirements apply:
 - (i) The individual has a lease or other legally enforceable agreement providing similar protections;
 - (ii) The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
 - (iii) The individual controls his/her own schedule, including access to food at any time;
 - (iv) The individual can have visitors at any time; and,
 - (v) The setting is physically accessible.
- E. A reservation funded under this set-aside will not cross-count against other set-asides or general priority categories.
- F. While it is unlikely that more than one reservation can be funded under this set-aside, THDA will fund as many qualifying proposals as can be fully funded-will be, according to the final THDA ranking.
- G. If no qualifying applications are received under the set-aside, or if the set-aside is not able to be fully utilized, any balance will return to the Competitive Credit Ceiling.

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Section 13: CNI Grant Allocations

To be eligible for Housing Credit when an Initial Application involves a CNI Grant, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA that has entered into a CNI Grant agreement with HUD. An Initial Application must meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits.

- A. To be a qualified PHA, all of the following requirements must be met:
1. The PHA must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the Compliance Period; and
 2. The PHA must be acting solely within the geographic area of its jurisdiction; and
 3. The PHA must have a fully executed CNI grant agreement and submit a copy of the CNI grant agreement in THOMAS as part of an Initial Application; and
 4. The PHA must submit an executed Letter from PHA Executive Director Regarding the Choice Neighborhoods Initiative (CNI) Implementation Grant, the form of which is found on the THOMAS Documents Page.
- B. Only one CNI development per county may receive Housing Credit.

~~— CNI developments may be in a QCT.~~

~~— Twinning is an opportunity for applicants to propose a hybrid 9% LIHTC/tax exempt bond/4% LIHTC financing structure for certain projects that encompass or are a part of an established area-wide or neighborhood master-planned development. Combining 9% credit with 4% credits in certain developments will increase the number of affordable units built, create a more financially sustainable project, and reduce the amount of gap funding needed to proceed. Applicants must propose a financially feasible development and be comprised of a Development Team with the capacity, experience and performance to complete a twinned 9%/4% LIHTC proposal.~~

~~Under Twinning, THDA will fund a maximum of two (2) developments to receive both 9% LIHTC and tax-exempt bonds/4% LIHTC. If no developments are selected for funding under the Twinning, credits will be allocated consistent with the other applicable sections of the QAP.~~

~~— To participate in the Twinning in 2025, applicants must submit a Twinning proposal by [DATE].~~

~~A Twinning proposal must encompass or be a part of an established area-wide or neighborhood master-planned development.~~

~~A Twinning proposal must meet all of the following requirements:~~

~~Contain no more than 10 single-sided, single spaced pages (including any attachments and exhibits, if any) describing each of the following:~~

- ~~— The contact information for the applicant, the proposed development name, the number of units and bedroom mix, geographic location, type of development (including, but not limited to new construction located in a QCT);~~
- ~~— The goals and/or priorities of the project as a part of a master-planned development in a redevelopment area and the impact of the twinning approach in helping meet the goals of the redevelopment area master plan;~~
- ~~— Each project team member's track record with tax exempt bond and LIHTC projects, and demonstrated capacity to complete financially complex developments;~~
- ~~— How the project will utilize the twinning approach to optimize resources;~~
- ~~— The proposed sources and uses of funds for the development, including a detailed narrative and model showing how the 9% LIHTC and tax-exempt bonds/4% LIHTC will be allocated;~~

~~— The extent to which the proposed development would be at a financial disadvantage relying upon a traditional phased approach; and~~

~~Certification of compliance with all applicable requirements of Section 42 and this QAP. THDA Multifamily Development staff will preliminarily review each Twinning proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP. No more than two (2) Twinning proposals may be selected to submit a full Initial Application for consideration in Twinning for 2025, to be run concurrently with the traditional 9% LIHTC Competitive Round. THDA Multifamily Development staff may select fewer than two Twinning proposals or no Twinning proposals. Applicants submitting a Twinning proposal that is not selected will not be considered further. 2025 Twinning proposal applicants, if any, will be notified by [DATE] and invited to submit a full Initial Application by the competitive deadline specified in the QAP. Documentation in the form and with the substance specified by THDA must be uploaded into THOMAS. A successful Twinning Round Proposal may be eligible for a Basis Boost.~~

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Section 15: New Construction General Priority Category

To be eligible for a Housing Credit and LIHTC allocation under the New Construction General Priority Category, an Initial Application must propose new construction of multifamily housing, meet all requirements in this QAP for an eligible Initial Application, and meet ~~be subject to~~ all applicable limits.

A. New Construction General Priority Category developments may be located in a QCT.

Section 16: Existing Multifamily Housing General Priority Category

To be eligible for a LHHC-Housing Credit allocation under Existing Multifamily Housing General Priority Category, the Initial Application must propose rehabilitation (with or without acquisition) of Existing Multifamily Housing, meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits. The proposed Existing Multifamily Housing development is not required to have existing income or rent restrictions.

Following rehabilitation, 100% of the units must be subject to income and rent restrictions.

A. A development may be located in a OCT.

B. A preference will be given to Initial Applications proposing a development covered by a CCRP, taking into account score and other limits in this QAP.

~~5. The selection of Twinning Round Proposals and a successful Twinning Round Full Evaluation application, if any, shall not be appealable to the THDA Board of Directors.~~

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Section 174: PHA ~~Set-Aside~~General Priority Category

To be eligible for the PHA ~~Set-Aside~~General Priority Category, an Initial Application must contain information demonstrating that the development proposed in the Initial Application involves a qualified PHA. An Initial Application must meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits.

- A. To be considered a qualified PHA, the following requirements must be met in connection with an Initial Application:
 - 1. The PHA must materially participate (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the term of the LURC; and
 - 2. The PHA must be acting solely within the geographic area of its jurisdiction; and
 - 3. The PHA must submit an executed Certificate Regarding Qualification for the Public Housing Set Aside, the form of which is found on the THOMAS Documents Page; and
 - 4. The PHA must provide a copy of the most recent partnership agreement or operating agreement or draft partnership agreement or operating agreement for the Ownership Entity.
- B. Within the PHA ~~Set-Aside~~General Priority category, the Project Location Score (see Section 2018.A.1) will not apply. In the event of a tie, preference will be given to developments with highest percentage of units covered by both Housing Credits LHC and RAD expressed as a percentage of total units.
- C. Awards from the PHA ~~Set-Aside~~General Priority category shall be made in the following order:
 - 1. Highest ranking Initial Application that proposes utilizing RAD in connection with a development located in a CCRP, taking into account score and other limits in this QAP.
 - 2. Highest ranking Initial Application that proposes utilizing RAD, but the proposed development is located outside a CCRP, taking into account score and other limits in this QAP.
 - 3. Highest ranking Initial Application that proposes a development that will be owned and operated by a PHA, but does not involve RAD and is not located in a CCRP, taking into account score and other limits in this QAP.
 - 4. After completing steps 2 through 4 above, THDA will continue making allocations to eligible Initial Applications in the order of steps 1 through 3 above until the point is reached where there is insufficient Housing Credit remaining in the PHA General Priority Category~~Set-Aside~~ to make another complete allocation.
- D. To be considered for the PHA RAD preference, the following requirements must be met:
 - 1. The PHA must submit the Form of Letter from PHA Executive Director Regarding the Rental Assistance Demonstration (RAD) Program (found on the THOMAS Documents Page); and
 - 2. The PHA must submit a copy of the Commitment to enter Housing Assistance Payments (CHAP).
- E. To be considered for PHA RAD with CCRP preference, the PHA must submit a copy of the Concerted Community Revitalization Plan.
- E. Initial Applications in the PHA ~~Set-Aside~~General Priority Category may be located in a QCT.
- F. An Applicant must indicate whether the Initial Application is to be considered in the PHA ~~Set-Aside~~General Priority Category or ~~for an~~in the Existing Multifamily Housing Allocation~~General Priority Category~~. The Initial Application will only be considered in the category selected. No cross counting is allowed.

Section 15: Economic Development Area Set-Aside

A. New Construction only.

Developments in the Economic Development Area Set-Aside may be located in a QCT.

B. The economic development zone Area covers Crockett, Fayette, Hardeman, Haywood, Lauderdale, Madison, and Tipton counties includes counties receiving a minimum of \$[AMMOUNT] economic development funding from the Tennessee Department of Economic and Community Development, a philanthropic organization, or a local jurisdiction.

C. Maximum annual LIHC set-aside of \$3M

D. Reservations under this set-aside will not cross count against other set-asides or regional pools.

E. No more than one application will be funded in each county.

If more than one Initial Application is received for Haywood County, the highest ranking application in Haywood County is guaranteed a reservation. The second award will be made to the highest scoring application outside of Haywood County in line with the maximum set-aside amount.

If no application is received in Haywood County, THDA may still fund two deals within the limit in Section 15.D above.

~~— Twinning is an opportunity for applicants to propose a hybrid 9% LIHTC/tax-exempt bond/4% LIHTC financing structure for certain projects that encompass or are a part of an established area-wide or neighborhood master-planned development. Combining 9% credit with 4% credits in certain developments will increase the number of affordable units built, create a more financially sustainable project, and reduce the amount of gap funding needed to proceed. Applicants must propose a financially feasible development and be comprised of a Development Team with the capacity, experience and performance to complete a twinned 9%/4% LIHTC proposal.~~

~~— Under Twinning, THDA will fund a maximum of two (2) developments to receive both 9% LIHTC and tax-exempt bonds/4% LIHTC. If no developments are selected for funding under the Twinning, credits will be allocated consistent with the other applicable sections of the QAP.~~

~~— To participate in the Twinning in 2025, applicants must submit a Twinning proposal by [DATE].~~

~~— A Twinning proposal must encompass or be a part of an established area-wide or neighborhood master-planned development.~~

~~— A Twinning proposal must meet all of the following requirements:~~

~~— Contain no more than 10 single-sided, single-spaced pages (including any attachments and exhibits, if any) describing each of the following:~~

~~— The contact information for the applicant, the proposed development name, the number of units and bedroom mix, geographic location, type of development (including, but not limited to new construction located in a QCT);~~

~~— The goals and/or priorities of the project as a part of a master-planned development in a redevelopment area and the impact of the twinning approach in helping meet the goals of the redevelopment area master plan;~~

~~— Each project team member's track record with tax-exempt bond and LIHTC projects, and demonstrated capacity to complete financially complex developments;~~

~~— How the project will utilize the twinning approach to optimize resources;~~

~~— The proposed sources and uses of funds for the development, including a detailed narrative and model showing how the 9% LIHTC and tax-exempt bonds/4% LIHTC will be allocated;~~

~~— The extent to which the proposed development would be at a financial disadvantage relying upon a traditional phased approach; and~~

~~— Certification of compliance with all applicable requirements of Section 42 and this QAP.~~

~~— THDA Multifamily Development staff will preliminarily review each Twinning proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP.~~

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~~No more than two (2) Twinning proposals may be selected to submit a full Initial Application for consideration in Twinning for 2025, to be run concurrently with the traditional 9% LIHTC Competitive Round. THDA Multifamily Development staff may select fewer than two Twinning proposals or no Twinning proposals. Applicants submitting a Twinning proposal that is not selected will not be considered further.~~

~~2025 Twinning proposal applicants, if any, will be notified by [DATE] and invited to submit a full Initial Application by the competitive deadline specified in the QAP. Documentation in the form and with the substance specified by THDA must be uploaded into THOMAS.~~

~~A successful Twinning Round Proposal may be eligible for a Basis Boost.~~

~~5. The selection of Twinning Round Proposals and a successful Twinning Round Full Evaluation application, if any, shall not be appealable to the THDA Board of Directors.~~

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Section 16: Existing Multifamily Housing Allocations

~~To be eligible for an Existing Multifamily Housing Allocation, the Initial Application must propose rehabilitation (with or without acquisition) of Existing Multifamily Housing, meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits. The proposed Existing Multifamily Housing development is not required to have existing income or rent restrictions.~~

~~Following rehabilitation, 100% of the units must be subject to income and rent restrictions.~~

~~A. A development may be located in a QCT.~~

~~B. A preference will be given to Initial Applications proposing a development covered by a CCRP, taking into account score and other limits in this QAP.~~

Section 17: New Construction Regional Pool

~~To be eligible for a New Construction Regional Pool, an Initial Application must propose new construction of multifamily housing, meet all requirements in this QAP for an eligible Initial Application, and be subject to all applicable limits. New Construction Regional Pool developments may be located in a QCT.~~

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Section 18: Permanent Supportive Housing for Homeless Set-Aside

~~To be eligible for the Permanent Supportive Housing for Homeless Set Aside, an Initial Application must contain information demonstrating that the development proposed is designed to provide Housing for Homeless as defined in the QAP. An Initial Application must meet all requirements in this QAP for an eligible Initial Application. 100% of the units in the proposal must be for permanent supportive housing for homeless. Applicants must include at the time of Initial Application a proposed partnership with a qualified partner for the provision of supportive services.~~

~~A. New Construction OR Rehabilitation~~

~~B. Maximum annual LHC set aside of \$1M~~

~~C. Proposals must be compliant with the Olmstead Act~~

~~D. Proposals which will provide housing to Persons with Disabilities must include documentation satisfactory to THDA, in its sole discretion, that the housing meets the qualities of settings that are eligible for reimbursement under the Medicaid home and community based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014: <https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>. The documentation must demonstrate that the proposed housing meets certain qualifications, including:~~

- ~~(i) The setting is integrated and supports full access to the greater community;~~
- ~~(ii) Is selected by the individual from among setting options;~~
- ~~(iii) Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;~~
- ~~(iv) Optimizes autonomy and independence in making life choices; and~~
- ~~(v) Facilitates choice regarding services and who provides them.~~
- ~~(vi) Additionally, for provider owned or controlled residential settings, the following additional requirements apply:~~
 - ~~a. The individual has a lease or other legally enforceable agreement providing similar protections;~~
 - ~~b. The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;~~
 - ~~c. The individual controls his/her own schedule, including access to food at any time;~~
 - ~~d. The individual can have visitors at any time; and,~~
 - ~~e. The setting is physically accessible.~~

~~E. A reservation funded under this set aside will not cross count against other set asides or regional pools~~

~~F. While it is unlikely that more than one reservation can be funded under this set aside, as many qualifying proposals as can be fully funded will be, according to the final THDA ranking~~

~~G. If no qualifying applications are received under the set aside, or if the set aside is not able to be fully utilized, any balance will return to the Competitive Housing Credit Ceiling.~~

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Section 19: Twinning Set-Aside

The Twinning Round is an opportunity for applicants to propose a hybrid 9% LIHTC/tax-exempt bond/4% LIHTC financing structure for certain projects that encompass or are a part of an established area-wide or neighborhood master-planned development. Combining 9% credit with 4% credits in certain developments will increase the number of affordable units built, create a more financially sustainable project, and reduce the amount of gap funding needed to proceed. Round applicants must propose a financially feasible development and be comprised of a Development Team with the capacity, experience and performance to complete a twinned 9%/4% LIHTC proposal.

~~Under the Twinning Round, THDA will fund a maximum of two (2) projects to receive both 9% LIHTC and tax exempt bonds/4% LIHTC. If no projects are selected for funding under the Twinning Round, credits will be allocated consistent with the other applicable sections of the QAP.~~

~~To participate in the 2024 Twinning Round, applicants must submit a Twinning Round Proposal by January 19, 2024.~~

~~A Twinning Round Proposal must encompass or be a part of an established area-wide or neighborhood master-planned development.~~

~~Twinning Round Proposals must meet all of the following requirements:~~

- ~~2. Contain no more than 10 single-sided, single-spaced pages (including any attachments and exhibits, if any) describing each of the following:~~
 - ~~a. The contact information for the applicant, the proposed development name, the number of units and bedroom mix, geographic location, type of development (including, but not limited to new construction located in a QCT);~~
 - ~~b. The goals and/or priorities of the project as a part of a master-planned development in a redevelopment area and the impact of the twinning approach in helping meet the goals of the redevelopment area master plan;~~
 - ~~c. Each project team member's track record with tax-exempt bond and LIHTC projects, and demonstrated capacity to complete financially complex developments;~~
 - ~~d. How the project will utilize the twinning approach to optimize resources;~~
 - ~~e. The proposed sources and uses of funds for the development, including a detailed narrative and model showing how the 9% LIHTC and tax-exempt bonds/4% LIHTC will be allocated;~~
 - ~~f. The extent to which the proposed development would be at a financial disadvantage relying upon a traditional phased approach; and~~
 - ~~g. Certification of compliance with all applicable requirements of Section 42 and this QAP.~~
- ~~3. THDA Multifamily Development staff will preliminarily review each Twinning Round proposal for financial feasibility, compliance with all applicable requirements of Section 42, and the QAP. No more than two (2) Twinning Round Proposals may be selected to submit a full Initial Application for consideration in the Twinning Round Full Evaluation, to be run concurrently with the traditional 9% LIHTC Competitive Round. THDA Multifamily Development staff may select fewer than two Twinning Round Proposals or no Twinning Round Proposals. Applicants submitting Twinning Round proposals that are not selected will not be considered further.~~

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~~4.—2024 Twinning Round Applicants, if any, will be notified by February 19, 2024 and invited to submit a full Initial Application by the competitive deadline specified in the QAP. Documentation in the form and with the substance specified by THDA must be uploaded into THOMAS.~~

~~5.—A successful Twinning Round Proposal may be eligible for a Basis Boost.~~

~~5.—The selection of Twinning Round Proposals and a successful Twinning Round Full Evaluation application, if any, shall not be appealable to the THDA Board of Directors.~~

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Section 1829: Initial Application Scoring

A. New Construction Only:

The scoring criteria in this section are not intended to allow an Applicant to claim the maximum 100 points. An eligible Initial Application must have a minimum score of **65 points** (minimum score for Initial Applications in the PHA Set-Aside General Priority Category is **52 points**) to be eligible. THDA will determine the score during the scoring review process.

1. Housing Credit Development Location: *up to 20 points*

Initial Applications proposing developments located in counties with the greatest Project Location Score (Project Location Score) (see <https://thda.org/pdf/2024-Development-Location-Scores.pdf>). **This criterion does not apply within the PHA Set-Aside General Priority Category. See Section 14.B.**
—up to 20 points

2. Meeting Housing Needs: *up to 6 points*

- a. Initial Applications in which the 40/60 Test is elected may earn up to 5 points by setting aside an additional percentage of units for households with incomes no higher than 50% of AMI with rents maintained at or below the 50% AMI maximums.
- b. Initial Applications that elect the 20/50 Test may earn up to 5 points by setting aside an additional percentage of units for households with incomes no higher than 40% of AMI with rents maintained at or below the 40% AMI maximums.
- c. Units to be occupied by households with a Section 8 Housing Choice Voucher count towards this requirement.
- d. Initial Applications in which the Average Income Test is elected are ineligible for these points.

Table 20–1: Units Restricted to Serve Lower Income Populations	
Percentage of Units Restricted (rounded up to next whole unit number)	Points Available
40/60 Test serving 50 percent households	
At least an additional 5 percent at 50 % AMI	1
At least an additional 10 percent at 50 % AMI	2
At least an additional 15 percent at 50% AMI	4
At least an additional 20 percent at 50% AMI	6
20/50 Test serving 40 percent households	
At least an additional 5 percent at 40 % AMI	1
At least an additional 10 percent at 40 % AMI	2
At least an additional 15 percent at 40% AMI	4
At least an additional 20 percent at 40% AMI	6

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3. ~~3.~~ Development Characteristics. up to 21 points

All selected amenities must be maintained, repaired, or replaced for the term of the LURC. For Development Characteristics also appearing in Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, points may only be claimed once: **up to 21 points**

a. Exterior materials: Choose 1

~~f.a.~~ Brick/stone veneer or stucco, minimum 60% and remaining exterior fiber cement and/or hardiplank: **4 points**

OR

~~g.b.~~ Brick/stone veneer or stucco, minimum 50% and remaining exterior fiber cement and/or hardiplank: **3 points**

OR

~~h.c.~~ Brick/stone veneer or stucco, minimum 40% and remaining exterior fiber cement and/or hardiplank: **2 points**

b. Use of anti-fungal roofing materials with a minimum 30 year warranty: **2 points**

c. Installation of hookups for standard size washers/dryers in all units: **3 points**

d. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**

e. Provide a minimum 1,200 square foot community building accessible to residents during reasonable hours; including evenings, holidays and weekends. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry room and storage/maintenance rooms will not be counted as part of the 1,200 square foot minimum: **6 points**

f. All units pre-wired, with hidden wiring, for high speed Internet hook-up with at least 1 centrally located connection port and connection ports in all bedrooms or if not wired, a wireless computer network: **5 points**

g. Installation of a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**

h. Installation and maintenance of a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer center, rental office, all site entrance/exit roadways and parking areas: **2 points**

i. Construction and maintenance of a walking trail, minimum four (4) feet wide and 1,250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant

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bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points. **2 points**

- j. Construction and maintenance of perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points: **2 points**
- k. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet; that must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage.: **2 points**
- l. Construct and/or rehabilitate a veranda that must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10% of the units at the development and be available to all residents for year round usage.: **2 points**
- m. Landscaped covered pavilion with permanent table, bench seating, and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path: **2 points**
- n. The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation Housing Credit. Initial Applications seeking to combine historic nature and adaptive reuse will be treated as new construction. **2 points**

4. Sponsor Characteristics: **up to 7 points**

- a. Development Team Tennessee Housing Credit Experience **up to 2 points**
 To reward recent Housing Credit experience in Tennessee, developers associated with the Development Team listed in THOMAS for this Initial Application MUST have received an allocation of Housing Credit previously in Tennessee as evidenced by THDA’s issuance of IRS Form(s) 8609 for that development. The Applicant must identify the most recent Tennessee Housing Credit allocation received.
 For developers partnering with an experienced Tennessee developer the Initial application must include the Developer and/or Joint Venture Agreements detailing these co-developing and fee arrangements with regard to the 2024-2025 Initial Application. PHAs that are eligible shall receive two points.

Table 20-2: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2019 2020- 2023 2024	2
2018-2019 and before	1
No Tennessee Experience	0

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b. Development Team Track Record: **up to 5 points**

To reward proven Tennessee Development Team experience, the Development Team will be awarded points as shown in Table 20–3 based on Minor SAEs. Minor SAE recording began on January 1, 2020~~19~~. Minor SAEs are attributed by event to all individuals associated with the proposed Development Team; however, each event is counted only once regardless of the number of individuals tied to the same event. For example: Development Team A involves 20 individuals and Development Team B involves 3 individuals. Each team has a pre-2024-2025 development with 2 Minor SAEs. For 20242025, in Table 20-3, Development Team A would be assessed 2 cumulative Minor SAEs and receive 3 points. Development Team B also would be assessed 2 cumulative Minor SAEs and receive 3 points.

Cumulative Minor SAEs	Points Available
5+	0
4	1
2 to 3	3
0 to 1	5

5. **Serving Resident Populations with Special Housing Needs:** **5 points**

Points may be taken for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both. Initial Applications electing these points must indicate a residency preference for households with Special Housing Needs.

The proposed development must include:

- a. Memorandum of agreement(s) or contract(s) with supportive service provider(s) to provide Supportive Services appropriate for the particular special needs population that meets the definition under Section 2 or, if the resident population is older persons, the definition of Supportive Services for Older Persons; and
- b. Contain dedicated space, with appropriate furniture and fixtures, relevant to the Special Housing Needs Resident Population for said supportive service providers and provide at least one (1) of the following on-site amenities under 5.d.; or
- c. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases/increments, then the proposed phased/increment development must include two (2) additional on-site amenities than what was provided in the previous increment or phase. The two amenities can be an additional dedicated space for supportive service providers and one amenity under 5.d. or two additional amenities under 5.d. than what was previously provided.
- d. Approved Onsite Amenities. All selected amenities must be maintained, repaired, or replaced for the term of the LURC.
 - i) Construct and/or rehabilitate and maintain an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor;
 - ii) Construct and/or rehabilitate and maintain a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;

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- iii) Construct and/or rehabilitate and maintain a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
 - iv) Construct and/or rehabilitate and maintain a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage;
 - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points;
 - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
 - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;
 - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours; or
 - ix) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- e. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

6. Public Housing Waiting List/Housing Choice Voucher Holder: *1 point*
 Initial Applications electing these points must indicate priority for households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher pending identification of a unit ("HCV Voucher Holder)". This priority must be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application.

7. Serving Resident Populations with Children: *5 points*
 Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing these points must indicate a residency preference for households with children and must construct and/or rehabilitate the number of three (3) bedroom units that equals or exceeds a minimum of 20% of the total number of units in the development rounded up to the nearest whole unit.

The proposed development must include:

- a. An on-site playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a

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minimum of four pieces of equipment AND at least one (1) of the following on-site amenities under 7.c.; or

- b. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include an additional two (2) on-site amenities under 7.c. or an additional onsite playground as described above and one (1) additional on-site amenities under 7.c. than what was provided under the previous increment or phase.
- c. **Approved On-site Amenities.** All selected amenities, including playgrounds, must be maintained, repaired, or replaced for the term of the LURC.
 - i) Construct and/or rehabilitate and maintain an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends;
 - ii) Construct and/or rehabilitate and maintain a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures, a minimum of 1600 square feet, is surfaced appropriately for the sport(s) intended for that space, and is separate from all parking areas. The field or court must be available to all residents for year round use;
 - iii) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends;
 - iv) Construct and/or rehabilitate and maintain exercise/fitness center of at least 200 square feet that includes at least two pieces of commercial grade equipment, and, for properties with more than 50 units, one additional piece of commercial grade equipment per 25 units. Operating instructions must be posted for each piece of commercial grade equipment.
 - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points;
 - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
 - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path; or
 - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours.
- d. **Scattered Sites.** Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

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8. Development Intended for Eventual Resident Ownership: ~~3~~—~~2~~
points

Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit buildings at the end of the fifteen-year Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be required to be updated and re-submitted to THDA at the end of year thirteen (13) of the Compliance Period. The LURC will contain provisions ensuring enforcement of this provision. If these points are elected, an Initial Application is **not eligible for points in Section 2018-A-12 and Section 2018-A-13.**

9. Energy Efficiency: **up to 10 points**

- a. ENERGY STAR rated HVAC systems (15 SEER minimum or equivalent) in all units; _____ (3 points);
 - b. ENERGY STAR certified gas tankless water heater; _____ (2 points);
 - c. ENERGY STAR dishwasher; _____ (2 points);
 - d. ENERGY STAR refrigerator (19 cubic foot minimum) with ice maker; _____ (2 points);
 - e. ENERGY STAR rated windows in all units; _____ (2 points);
 - f. ENERGY STAR ceiling fans; _____ (1 point);
 - g. ENERGY STAR ventilation fans (range hood, bathroom); _____ (1 point)
- These ENERGY STAR requirements, if elected, must be met development wide when the development is placed in service.

10. Tennessee Growth Policy Act: ~~4~~—~~5~~
points

Initial Applications with proposed developments located completely and wholly in a county or municipality with an approved growth plan under the Tennessee Growth Policy Act.

11. Waiver of the Qualified Contract Process: **10 points**

Initial Applications waiving the ability to participate in the QCP. If the Qualified Contract Process is waived, the Compliance Period within the LURC will be defined as thirty (30) years, unless there is an approved PILOT. If there is an approved PILOT, the Compliance Period will be defined as fifteen (15) years. The LURC will contain provisions ensuring enforcement of this provision. An Initial Application is **not eligible for these points if points are elected in Section 2018-A-8.**

12. Extended Recapitalization Waiver: **up to 8 points**

Applicants may defer the point when recapitalization of the proposed development, through a subsequent allocation of Housing Credit under the competitive or noncompetitive process, may be requested. Points are based on the number of years from the date the last building in the development placed in service. An Initial Application is **not eligible for these points if points are elected in Section 2018-A-8.**

Table 20 -5: Earliest Year When New Housing Credit May be Requested	
Years From Date Last Building Placed in Service	Points Available

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17	2
20	8

B. Rehabilitation of Existing Multifamily Housing:

The scoring criteria in this section are not intended to allow an Applicant to claim the maximum 100 points. An eligible Initial Application must provide a minimum score of **60 points** which will be confirmed during the scoring review process.

1. Housing Credit Development Location:

2 points

An Initial Application proposing a development and Housing Credit Development site wholly located within a HUD-defined QCT covered by a CCRP.

2. Meeting Housing Needs:

up to 13 points

a. An Initial Application will be eligible for points based on the number of years since the date of the most recent placed in service event for the last building placed in service in the proposed development. The most recent placed in service date for the last building placed in service will be confirmed by THDA, in its sole discretion.

up to 4 points

Table 20-6: Time Since Last Placed in Service		
Year Last Building Placed in Service	Points Available to Applications under the PHA General Priority Category Set-Aside	Points Available to All Other Applications
After 2007 6	0	0
1999-2000 – 2007 6	1	1
1996 5 – 1999 8	2	2
1993 2 – 1995 4	3	4
Before 1992 3	4	3

~~b.~~ Initial Applications may receive these points (rounded down to the nearest 1/1,000th point) in proportion to the three (3) year average physical occupancy rate of the proposed development, rounded down to the nearest 1/1,000th percent. This three (3) year average physical occupancy rate shall be determined using both the occupied residential rental units which were charged rent as of December 1 during each of the previous three (3) years and the number of the total residential rental units determined at the last placed in service date for all the buildings in the development. Information must be certified by a CPA who shall confirm occupancy and rent information using December rent rolls for the prior three (3) years and the total number of residential rental units determined at the last placed in service date for all buildings in the development. For example, if the three (3) year average occupancy rate is 95.678%, $0.95678 \times 3 = 2.870$ points.

~~e.b.~~

up to 3 points

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- d.c. An Initial Application proposing “per door” rehabilitation hard costs in excess of the \$25,000 minimum will be eligible for points *up to 3 points*

“Per Door” Rehabilitation Amount	Points Available
Less than \$26,000	0
\$26,001 to \$40,000	1
\$40,001 to \$50,000	2
\$50,001 and above	3

Initial Applications proposing to rehabilitate the highest percentage of the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county. Initial Applications may receive these points (rounded down to the nearest 1/1,000th point) in proportion to the ratio of post–rehabilitation Housing Credit units to the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county, rounded down to the nearest 1/1,000th percent. The county–by–county total of the currently existing affordable housing units in the county, the “pipeline” competitive and noncompetitive Housing Credit units in the county, and existing USDA/RD units is available on the THOMAS Documents Page by following this link: <https://thda.org/pdf/2024-Development-Location-Scores.pdf>

- (i) For example, if the number of post–rehabilitation Housing Credit units is 88, and the total of the currently existing affordable housing units in the county and the “pipeline” competitive and noncompetitive Housing Credit units in the county is 789, $(88/789) \times 3 = 0.333$ points. *up to 3 points*

2. ~~3.~~ Development Characteristics. *up to 23 points*

All selected amenities must be maintained, repaired, or replaced for the term of the LURC. For Development Characteristics also appearing in Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, points may only be claimed once: *up to 23 points*

- a. Rehabilitating Existing Multifamily Housing in an area covered by a CCRP. *5 points*
- b. Exterior materials: Choose 1
- (i) Brick/stone veneer or stucco (minimum 60%) and remaining exterior fiber cement and/or hardiplank: *4 points*
- OR
- (ii) Brick/stone veneer or stucco (minimum 50%) and remaining exterior fiber cement and/or hardiplank: *3 points*
- OR

- (iii) Brick/stone veneer or stucco (minimum 40%) and remaining exterior fiber cement and/or hardiplank: **2 points**
- c. Use of anti-fungal roofing materials with a minimum 30 year warranty: **2 points**
- d. Install hookups for standard size washers/dryers in all units: **3 points**
- e. Construct and/or rehabilitate a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**
- f. Provide a minimum 1,200 square foot community building accessible to residents during reasonable hours; including evenings, holidays and weekends. The square footage counted towards this total may include a leasing office, an equipped exercise room, and an equipped computer center. Laundry room and storage/maintenance rooms will not be counted as part of the 1,200 square foot minimum: **6 points**
- g. Pre-wire all units with hidden wiring, for high speed Internet hookup with at least 1 centrally located connection port or if not wired, then a wireless computer network: **2 points**
- h. Pre-wire all units with hidden wiring, for high speed Internet hook-up with at least 1 centrally located connection port and connection ports in all bedrooms or if not wired, a wireless computer network: **3 points**
- i. Install a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **6 points**
- j. Install and maintain a camera video security system with at least one (1) camera monitoring each of the following areas: front of each building, back of each building, community room, computer center, rental office, all site entrance/exit roadways and parking areas: **2 points**
- k. Construct and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points: **2 points**
- l. Construct and maintain perimeter fencing extending around all sides of the development site, except at development entrances. Chain link fencing is not eligible for these points: **2 points**
- m. Construct and/or rehabilitate a pergola sized a minimum of 14 feet by 14 feet with permanent bench seating affixed and in an appropriate location available to all residents for year round usage: **2 points**
- n. Construct and/or rehabilitate a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10%

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of the units at the development and be available to all residents for year round usage:
2 points

- o. Construct and/or rehabilitate a picnic shelter which must be covered, with permanent table and bench seating and in an appropriate location available to all residents for year round usage:
2 points
- p. The proposed development exclusively involves a structure or structures listed individually in the National Register of Historic Places, or is located in a registered historic district and certified by the Secretary of the U. S. Department of the Interior as being of historical significance to the district. All proposed construction and/or rehabilitation shall be completed in such a manner as to be eligible for historic rehabilitation housing credit. Developments seeking to combine historic nature and adaptive reuse will be treated as new construction and are not eligible for the points in this Section 2018-B-3-p.
5 points

4. Sponsor Characteristics: **up to 10 points**

- a. Development Team Tennessee Housing Credit Experience **up to 5 points**
 To reward recent Housing Credit experience in Tennessee, developers associated with the Development Team listed in THOMAS for this Initial Application MUST have received an allocation of Housing Credit previously in Tennessee as evidenced by THDA's issuance of IRS Form(s) 8609 for that development. The Applicant must identify the most recent Tennessee Housing Credit allocation received.
 For developers partnering with an experienced Tennessee developer, the Initial Application must include the Developer and/or Joint Venture agreements detailing these co-developing and fee arrangements with regard to the 2024-2025 Initial Application. PHAs shall receive five points.

Table 20-8: Development Team Prior Tennessee Allocations	
Year of Most Recent Allocation	Points Available
2019-2020 2023-2024	5
2018-2019 and before	3
No Tennessee Experience	0

AND

- b. Development Team Track Record: **up to 5 points**
 To reward proven Tennessee Development Team experience, the Development Team will be awarded points as shown in Table 20-9 based on Minor SAEs. Minor SAE recording began on January 1, 2019. Minor SAEs are attributed by event to all individuals associated with the proposed Development Team; however, each event is counted only once regardless of the number of individuals tied to the same event. For example: Development Team A involves 20 individuals and Development Team B involves 3 individuals. Each team has a pre-~~2024-2025~~ development with 2 Minor SAEs. For ~~2024-2025~~, in Table 20-9, Development Team A would be assessed 2 cumulative Minor SAEs and receive 3 points. Development Team B also would be assessed 2 cumulative Minor SAEs and receive 3 points.

Table 20–9: Development Team Track Record	
Cumulative Minor SAEs	Points Available
5+	0
4	1
2 to 3	3
0 to 1	5

- 5. Serving Resident Populations with Special Housing Needs:** *7 points*
 Points may be taken for Serving Resident Populations with Special Housing Needs or Serving Resident Populations with Children, but not both. Initial Applications electing these points must indicate a residency preference for households with Special Housing Needs.

The proposed development must include:

- a. Memorandum of agreement(s) or contract(s) with supportive service provider(s) to provide Supportive Services appropriate for the particular special needs population that meets the definition under Section 2 or, if the resident population is older persons, the definition of Supportive Services for Older Persons; and
- b. Contain dedicated space, with appropriate furniture and fixtures, relevant to the Special Housing Needs Resident Population for said supportive service providers and provide at least one (1) of the following on-site amenities under 5.d.; or
- c. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include two (2) additional on-site amenities than what was provided in the previous increment or phase. The two amenities can be an additional dedicated space for supportive service providers and one amenity under 5.d. or two additional amenities under 5.d. than what was previously provided.
- d. Approved Onsite Amenities. All selected amenities must be maintained, repaired, or replaced for the term of the LURC.
 - i) Construct and/or rehabilitate and maintain an exercise facility for appropriate group activity for special housing needs residents. The space must be at least 900 square feet, if indoor;
 - ii) Construct and/or rehabilitate and maintain a gazebo containing a minimum of 100 square feet; which must be covered and have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
 - iii) Construct and/or rehabilitate and maintain a pergola sized a minimum of 14 feet by 14 feet; which must have permanent bench seating affixed and in an appropriate location available to all residents for year round usage;
 - iv) Construct and/or rehabilitate and maintain a veranda which must be permanently attached to the side of a building. The veranda must be covered by a roof, be 10 feet wide and extend the length of the attached side of the building. The veranda must contain permanent seating for 10 percent of the units at the development and be available to all residents for year round usage;
 - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points

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- vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path;
 - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path;
 - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours; or
 - ix) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends.
- e. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

6. Public Housing Waiting List/Housing Choice Voucher Holder: *1 point*

Initial Applications electing these points must indicate priority for households currently on a Public Housing waiting list or who have been approved for a Housing Choice Voucher pending identification of a unit ("HCV Voucher Holder)". This priority must be clearly documented in marketing plans, lease-up plans, and operating policies and procedures and provided with the Final Application.

7. Serving Resident Populations with Children: *7 points*

Points may be taken for Serving Resident Populations with Children or Serving Resident Populations with Special Housing Needs, but not both. Initial Applications electing these points must indicate a residency preference for households with children and must construct and/or rehabilitate the number of three (3) bedroom units that equals or exceeds a minimum of 20% of the total number of units in the development rounded up to the nearest whole unit.

The proposed development must include:

- a. An on-site playground with permanent playground equipment of commercial grade quality with a minimum of four separate pieces of equipment or a structure that encompasses a minimum of four pieces of equipment AND at least one (1) of the following on-site amenities under 7.c.; or
- b. If the proposed development is an incremental development or a subsequent phase development that will result in a total of more than 80 units of tax credit and non-tax credit units combined amongst all phases, then the proposed phased development must include an additional two (2) on-site amenities under 7.c. or an additional onsite playground as described above and one (1) additional on-site amenities under 7.c. than what was provided under the previous increment or phase.
- c. Approved On-site Amenities. All selected amenities, including playgrounds, must be maintained, repaired, or replaced for the term of the LURC.
 - i) Construct and/or rehabilitate and maintain an appropriately sized, dedicated space with appropriate furniture and fixtures for, and agreements with, providers of after-

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- school tutoring or homework help programs. The space must be available to residents during regular office hours and occasionally during the evenings and weekends;
- ii) Construct and/or rehabilitate and maintain a sport field or court (basketball, tennis, baseball, field hockey, soccer, football, etc.) that incorporates permanent fixtures, a minimum of 1600 square feet, is surfaced appropriately for the sport(s) intended for that space, and is separate from all parking areas. The field or court must be available to all residents for year round use;
 - iii) Provide in the proposed development's community room or computer center, updated computer systems equipped with high speed Internet service, which include new computers, new printers and new scanners purchased no earlier than 12 months prior to the placed in service date. The computers must be provided at a minimum of one (1) computer per 50 total units or part of 50 units. Printer cartridges, paper, computer supplies and on-going maintenance of the computer systems sufficient to meet reasonable resident demand must be furnished, free of charge, to residents. The computer system must be available to residents during regular office hours and occasionally during the evenings and weekends;
 - iv) Construct and/or rehabilitate and maintain an exercise room of at least 900 square feet with at least 3 pieces of new equipment; Exercise/fitness center of at least 200 square feet that includes at least two pieces of commercial grade equipment, and, for properties with more than 50 units, one additional piece of commercial grade equipment per 25 units. Operating instructions must be posted for each piece of commercial grade equipment;
 - v) Construct and/or rehabilitate and maintain a walking trail, minimum four (4) feet wide and 1250 linear feet paved and continuous. At least one (1) permanently anchored weather resistant bench with a back must be installed at the mid-point of the trail. Sidewalks are not eligible for these points; or
 - vi) Construct and/or rehabilitate and maintain a landscaped covered pavilion with permanent table and bench seating and grills, in an appropriate location available to all residents for year-round usage, and on an accessible path; or
 - vii) Construct and/or rehabilitate and maintain a fenced community garden with raised beds on an accessible path; or
 - viii) Construct and/or rehabilitate and maintain furnished rooms for meeting or working that can be reserved by tenants free of charge, which are available for use outside normal business hours.
- d. Scattered Sites. Applicants for proposed scattered-site developments must submit a proposal for satisfying the amenity requirement outlined herein. Approval will be within THDA's sole discretion. The proposal must be submitted at least 60 days prior to the Initial Application deadline.

8. Development Intended for Eventual Resident Ownership:

54

points

Applicants offering qualified residents the right of first refusal to purchase single family Housing Credit units at the end of the fifteen-year Compliance Period shall include, in the Initial Application, a detailed plan specifically including how the Owner will set aside a portion of the rent beginning in year two (2) of the Compliance Period to provide sufficient funds to the resident at the end of the Compliance Period for the down payment and closing costs to purchase the unit. The plan shall be updated and re-submitted to THDA at the end of year thirteen (13) of the Compliance Period. If these points are elected, an Initial Application is **not eligible for points in Section 2018-B-12 and Section 2018-B-13.**

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- 9. Energy Efficiency:** *up to 10 points*
- a. ENERGY STAR rated HVAC systems (15 SEER minimum or equivalent) in all units (3 points);
 - b. ENERGY STAR certified gas tankless water heater (2 points);
 - c. ENERGY STAR refrigerator of 18 cubic foot minimum with ice maker (2 points);
 - d. ENERGY STAR rated windows in all units (2 points);
 - e. ENERGY STAR ventilation fans (range hood, bathroom) (1 point).

10. Tennessee Growth Policy Act: *45 points*

Initial Applications with proposed developments located completely and wholly in a county or municipality with a growth plan approved by the local government planning advisory committee as determined by the Tennessee Advisory Commission on Intergovernmental Relations

11. Waiver of the Qualified Contract Process: *10 points*

Initial Applications waiving the ability to participate in the QCP. If the Qualified Contract Process is waived, the Compliance Period within the LURC will be defined as thirty (30) years, unless there is an approved PILOT. If there is an approved PILOT, the Compliance Period will be defined as fifteen (15) years. The LURC will contain provisions ensuring enforcement of this provision. An Initial Application is **not eligible for these points if points are elected in Section 2018-A-8.**

12. Extended Recapitalization Waiver: *up to 8 points*

Applicants may defer the point when recapitalization of the proposed development, through a subsequent allocation of Housing Credit under the competitive or noncompetitive process, may be requested. Points are based on the number of years from the date the last building in the development placed in service. An Initial Application is **not eligible for these points if points are taken in area Section 2018-B-8 (Developments Intended for Eventual Resident Ownership).**

Table 20-11: Earliest Year When Recapitalization May be Requested	
Number of Years Since Placed in Service	Points Available
17	2
20	8

Section 1924: Competitive Housing Tax Credit Calendar of Events

The calendar of events applicable to this QAP is as shown below. These dates are subject to change at THDA’s sole discretion.

A full calendar will also be published on the THOMAS Documents Page.

Table 21–1: Calendar of Events	
Dates	<u>2024-2025</u> Competitive Cycle
<u>March 4, 2024</u> [DATE]	Competitive Cycle Opens for Initial Applications
<u>April 8, 2024</u> [DATE]	<u>2024-2025</u> Competitive Cycle Deadline for Initial Applications

Section 202: Initial Application Eligibility and Scoring Review

A. Initial Application Review Process

1. THDA will notify each Applicant when the eligibility determination and scoring of all Initial Applications is complete. THDA will send this notice to the contact person at the address specified in the Initial Application. Failure to receive any notice specified in this QAP will not extend deadlines or modify requirements. All Applicants shall immediately notify THDA at thomas@thda.org of changes in the name and/or address of the contact or alternate person specified in the Initial Application. Such notification by the Applicant will not be deemed to be an amendment to the Initial Application.
 2. If THDA determines that an Initial Application meets all of the eligibility requirements of this QAP and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the Applicant in the Initial Application, then no further action by the Applicant or THDA will be taken. Applicants shall not submit additional items for the purpose of increasing the score in a particular scoring category if the THDA assigned score for the Initial Application is the same as or higher than the score assigned by the Applicant in the Initial Application. The provisions of the Cure Period do not apply.
 3. If THDA determines that an Initial Application does not meet one or more of the eligibility requirements of this QAP or if the score assigned by THDA in any scoring category is less than the score assigned by the Applicant in the Initial Application, THDA will provide a Cure Notice.
 4. THDA will also provide a Cure Notice if THDA determines that (i) any two or more developments proposed in two or more Initial Applications constitute a single development for purposes of applying the development limit; or (ii) developers or Related Parties reflected in two or more Initial Applications constitute a single entity for purposes of applying the developer or related party limitation.
- 4.5. THDA is not responsible for identifying all items for cure. If THDA finds an item that does not meet an eligibility requirement that was not identified for cure, then that item will be evaluated as is and issued a Review Notice and the Applicant may appeal.

B. Cure Period

1. Applicants receiving a Cure Notice may, in compliance with the requirements of this QAP, correct erroneous items, supply missing or incomplete items and/or may clarify any inconsistencies related to the specific items identified by THDA during the cure period which shall begin on the date of the Cure Notice and shall end at the time and date specified in the Cure Notice. The Cure Notice shall specify the means and methods identified issues may be remedied. Applicants may not submit additional items for the purpose of increasing the score in a particular scoring category where the THDA assigned score is the same as or higher than the score assigned by the Applicant in the Initial Application.
2. If additional documentation to address items specified in the Cure Notice is not submitted in accordance with the requirements contained in the Cure Notice, then the determination as to eligibility and scoring made by THDA is determinative. The review process described below is not available to Applicants who do not submit additional documentation, **in THOMAS**, in accordance with the Cure Notice (including, without limitation, the time deadlines specified therein.).
3. These cure provisions **do not apply** to Initial Applications that are not submitted in accordance with the Initial Application submission requirements of this QAP.
4. THDA will review all documentation submitted in accordance with the Cure Notice for each relevant Initial Application. If THDA determines that an Initial Application, taking into

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account documentation submitted in accordance with the Cure Notice, meets all of the eligibility requirements of this QAP and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the Applicant in the Initial Application, then no further action by the Applicant or THDA will be taken. The provisions of the Review Appeal Process will not apply.

5. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, still does not meet all of the eligibility requirements of this QAP or if the score assigned by THDA in any scoring category is still less than the score assigned by the Applicant in the Initial Application, THDA will provide a Review Notice. The Review Notice will specify the time period within which a request for review may be made.

C. Review Appeal Process

1. Applicants who receive a Review Notice may submit a request for review. This request for review must be submitted in THOMAS in accordance with the Review Notice and the THOMAS Documents Page. If no written request for review is submitted, no review will occur and the THDA determination prior to the issuance of the Review Notice will be final.
2. No additional documentation may be submitted in connection with this request for review. No information submitted after the expiration of the relevant cure period specified in the Cure Notice for an Initial Application will be considered. Requests for review that were not submitted in accordance with the Review Notice will not be considered.
3. The THDA Board of Directors, or a specially appointed body of its members, will meet in regular or special session in 2024-2025 to evaluate the Initial Application, documentation submitted during the cure period, the Review Notice, the request for review and THDA staff analysis thereof (the "Review Meeting"). Applicants may not provide any further documentation for the Review. The THDA Board of Directors or its specially appointed body will consider only documentation submitted in compliance with the Cure Notice regardless of whether the Applicant or a representative thereof is present at the Review Meeting.
4. The THDA Board of Directors or its specially appointed body will consider whether documentation submitted in the Initial Application or as a result of the Cure Notice, taking into account the analysis of THDA staff analysis, is sufficient to meet the requirements of this QAP or is otherwise consistent with the spirit and intent of this QAP.
5. **Any contact with THDA Executive Director, any member of the THDA Board or its specially appointed body by any person or entity on behalf of any Initial Application between the date of the Review Notice and the date of the Review Meeting will be grounds for dismissal of the review request.**
6. Applicants or representatives may contact THDA Multifamily Programs staff regarding procedural matters only between the date of the Review Notice and the date of the Review Meeting, which contact will not constitute grounds for dismissal of a review request. Applicants or representatives may, but are not required to, appear at the Review Meeting. Notice of the decision of the THDA Board of Directors or its specially appointed body will be provided to the contact person specified in an Initial Applicant.
7. The final score for all Initial Applications will be determined after the Review Meeting. The THDA Board of Directors will not consider requests to review decisions. All decisions of the THDA Board of Directors or its specially appointed body are final. No matters with respect to eligibility or scoring under will be considered after the adjournment of the Review Meeting.

D. Final Scoring

After the completion of the cure period and completion of the review process, the final score for each Initial Application will be determined by THDA. The Final Notice process is described in the THOMAS Documents Page.

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E. Application of Various Limits and Final Ranking Process

Following the final scoring of each Initial Application, THDA will make reservations of Housing Credit to eligible Initial Applications based on final score, the amount of Housing Credit determined by THDA to be appropriate, and the application of all requirements, priorities, and limits contained in this QAP, including as specified below, in the following order:

1. Non-Profit Set-Aside – Initial Applications must be eligible for this set-aside under Section 12 of this QAP.
 - a. Highest ranking eligible Initial Application proposing new construction.
 - b. Highest ranking eligible Initial Application proposing rehabilitation of Existing Multifamily Housing.
 - c. The next highest ranking eligible Initial Application(s) proposing new construction, if needed to reserve the full amount of the Non-Profit Set-Aside. If there are not enough Housing Credit remaining in the Non-Profit Set-Aside to reserve the full amount requested by this eligible Initial Application, additional Housing Credit will be added to this set-aside to make a full reservation.
- ~~2. CNI Grants~~
 - ~~a. Eligible Initial Applications as described in Section 13 of this QAP.~~
 - ~~b. Highest ranking eligible Initial Application, regardless of development type.~~
 - ~~c. THDA will continue down the ranking of eligible Initial Applications in this set-aside until the last full reservation can be made.~~
- ~~3. Economic Development Zone/Area Set-Aside -~~
- ~~1-2. Eligible Initial Applications as described in Section 135 of this QAP.~~
- ~~3. Permanent Supportive Housing for the Homeless Set-Aside – Eligible Initial Applications as described in Section 14 of this QAP.~~
4. New Construction Regional Pools and all remaining New Construction
 - a. All eligible New Construction Initial Applications under Section 15 of this QAP will be ranked in descending order, regardless of which regional pool they fall under in Map 11-1.
 - b. THDA will award credits as follows until insufficient credits remain to award to the next highest scoring application.
 - (i) THDA will make the first award to the highest scoring application, regardless of which regional pool it is in.
 1. Whichever regional pool this awarded application is in is ineligible for any further awards until an award has been made to each of the remaining regional pools with submitted applications.
 2. If credits remain, move to step (ii).
 - (ii) THDA will make the next award to the next highest scoring application that is not in the same regional pool as b.(i).
 1. Whichever regional pool receives this award is ineligible for any further awards until an award has been made to each of the remaining regional pools with submitted applications.
 2. If credits remain, move to step (iii).
 - (iii) THDA will make the next award to the next highest scoring application that is not in the same regional pool as b.(i) and (ii).
 1. Whichever regional pool receives this award is ineligible for any further awards until an award has been made to the remaining regional pool, if it has a submitted application.
 2. If credits remain, move to step (iv).
 - (iv) THDA will award credits to the highest scoring application in the remaining pool, if there was an application submitted in that pool.

- (v) After credits are awarded in all pools in which an application has been submitted, the remaining applications in all pools become eligible again.
 - (vi) Repeat steps (i) through (iv) until insufficient credits remain to award the next highest scoring applications.
 - c. If the Housing Credit remaining is likely to exceed 1 percent of the total Housing Credit available for reservation, any remaining Housing Credit **may** be offered as a partial reservation to the next highest ranking eligible Initial Application proposing new construction, taking into account all applicable priorities and limits, until the Housing Credit is accepted. Acceptance of a partial reservation according to this provision would not classify a development as an “existing” Initial Application in subsequent years, but any limitation on Housing Credit per development in subsequent years would apply to any such partial reservation.
5. Existing Multifamily Housing
- a. Eligible Initial Applications as described in Section 16 of this QAP.
 - b. Highest ranking eligible Initial Application.
 - c. THDA will continue down the ranking of eligible Initial Applications for Existing Multifamily Housing until the last full reservation can be made. After the last full reservation is made, any remaining Housing Credit remaining will roll into New Construction.
 - ~~b. Highest ranking Initial Application in Haywood County.~~
 - ~~c. Highest ranking Initial Application not in Haywood County.~~
 - ~~d. In the event that full reservation to the second highest ranking Initial Application would exceed the \$3 million cap, THDA would move down the list to the highest ranking Initial Application that will fit within the remaining balance, and any Initial Application skipped in the set aside would be allowed to compete in other set asides/pools as applicable.~~
- 4.6. PHA Set-Aside General Priority Category
- ~~e.a.~~ Eligible Initial Applications as described in Section 174 of this QAP.
 - ~~f.b.~~ THDA will continue down the ranking of eligible Initial Applications in this set-aside until the last full reservation can be made. After the last full reservation is made, any remaining Housing Credit remaining will roll into Existing Multifamily Housing.
- ~~5.1. Existing Multifamily Housing~~
- ~~a. Eligible Initial Applications as described in Section 16 of this QAP.~~
 - ~~b.a. Highest ranking eligible Initial Application.~~
 - ~~e.a. THDA will continue down the ranking of eligible Initial Applications for Existing Multifamily Housing until the last full reservation can be made. After the last full reservation is made, any remaining Housing Credit remaining will roll into New Construction.~~
- ~~6.1. New Construction Regional Pools and all remaining New Construction~~
- ~~a. All eligible New Construction Initial Applications will be ranked in descending order, regardless of which regional pool they fall under in Map 11-1.~~
 - ~~b.a. THDA will award credits as follows until insufficient credits remain to award to the next highest scoring application:~~
 - ~~(i) THDA will make the first award to the highest scoring application, regardless of which regional pool it is in:~~
 - ~~1. Whichever regional pool this awarded application is in is ineligible for any further awards until an award has been made to each of the remaining regional pools with submitted applications.~~
 - ~~2. If credits remain, move to step (ii).~~
 - ~~(ii)(i) THDA will make the next award to the next highest scoring application that is not in the same regional pool as b.(i).~~

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~~1. Whichever regional pool receives this award is ineligible for any further awards until an award has been made to each of the remaining regional pools with submitted applications.~~

~~2. If credits remain, move to step (iii).~~

~~(iii)(i) THDA will make the next award to the next highest scoring application that is not in the same regional pool as b. (i) and (ii).~~

~~1. Whichever regional pool receives this award is ineligible for any further awards until an award has been made to the remaining regional pool, if it has a submitted application.~~

~~2. If credits remain, move to step (iv).~~

~~(iv)(i) THDA will award credits to the highest scoring application in the remaining pool, if there was an application submitted in that pool.~~

~~(v)(i) After credits are awarded in all pools in which an application has been submitted, the remaining applications in all pools become eligible again.~~

~~(vi)(i) Repeat steps (i) through (iv) until insufficient credits remain to award the next highest scoring applications.~~

~~e.a. If the Housing Credit remaining is likely to exceed 1 percent of the total Housing Credit available for reservation, any remaining Housing Credit may be offered as a partial reservation to the next highest ranking eligible Initial Application proposing new construction, taking into account all applicable priorities and limits, until the Housing Credit is accepted. Acceptance of a partial reservation according to this provision would not classify a development as an "existing" Initial Application in subsequent years, but any limitation on Housing Credit per development in subsequent years would apply to any such partial reservation.~~

F. Tie Breaker

1. In the event of a scoring tie between two or more Initial Applications proposing new construction at the cutoff for receipt of a Reservation Notice, the tie shall be broken by giving priority to the proposed new construction development in the Initial Application requesting the least amount of Housing Credit per Housing Credit unit.
 - a. If the tie is not broken by Section 202.F.1, priority will be given to the proposed new construction development located wholly within a QCT and covered by a CCRP.
2. In the event of a scoring tie between two or more Initial Applications proposing rehabilitation of Existing Multifamily Housing, the tie shall be broken by giving priority to the proposed development requesting the least amount of Housing Credit per Housing Credit unit.

G. Preliminary Ranking List

All Initial Applicants that have been earmarked for an annual allocation of Housing Credit in the applicable funding year will be listed on the Preliminary Ranking List that will be available at www.thda.org. This ranking is a preliminary confirmation of a reservation of Housing Credit.

H. Reservation Letter Process

1. THDA will provide a Reservation Notice.
2. The THOMAS Documents Page describes requirements that must be met, including timelines, for the reservation process.
3. In determining the initial amount of Housing Credit to be reflected in the Reservation Notice, THDA will use the costs, incomes, and expenses submitted in the Initial Application, as determined reasonable by THDA.
4. The final amount of Housing Credit allocated to each successful Applicant may be less than, but not be more than, the amount requested in the Initial Application, the amount specified in

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the Reservation Notice or the amount that will be reflected in the Carryover Allocation Agreement. Allocations will be determined in connection with a Carryover Allocation Application and in connection with an evaluation at the time the development is placed in service, in accordance with Section 42(m)(2) and this QAP.

I. Recapture of Housing Credit During Reservation Period

1. THDA will cancel a Reservation Notice for failure to fully satisfy conditions imposed in connection with the Reservation Notice and for failure to provide satisfactory information or documentation required by the Reservation Notice by the deadlines specified in the Reservation Notice. When so cancelled, the Housing Credit referred to in the Reservation Notice is not available for the development specified in the Reservation Notice and will be made available to other qualified developments. Deadlines specified in the Reservation Notice are the dates upon which Housing Credit is deemed recaptured by THDA unless the conditions related to each deadline have been met on or before such deadline or unless an extension has been granted.
2. Housing Credit made available through a Reservation Notice may be voluntarily returned. Any such return means Housing Credit is not available for the development referenced in the Reservation Notice.
3. Any Housing Credit recaptured either by cancellation of a Reservation Notice or voluntarily returned will be reserved to the fullest extent practical to other qualified Initial Applications for Housing Credit as provided in this QAP.

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Section 213: Carryover Allocation Process

A. Qualifying for a Carryover Allocation

An Applicant with a Reservation Notice for a development that will not place in service by December 31 of the year in which the Reservation Notice was issued may be eligible for a Carryover Allocation of Housing Credit (“Carryover Allocation”). In order to qualify for a Carryover Allocation, the ownership entity identified in the Initial Application must have ownership of the Site identified in the Initial Application and must have incurred costs of at least 10 percent of the reasonably expected basis in the development by the date specified in the Carryover Allocation Agreement.

B. THOMAS Carryover Allocation Application Submission Requirements

1. To obtain a Carryover Allocation Agreement, a completed Carryover Allocation Application must be submitted in THOMAS by the date specified by THDA. The Carryover Allocation Application must include, without limitation, the following:
 - a. An executed Statement of Application and Certification in the form shown on the Template and provided in THOMAS accordance with the Guidelines on the THOMAS Documents Page.
 - b. A copy of firm commitment letter(s) for construction financing, executed by all parties and otherwise in a form and with substance acceptable to THDA in its sole discretion. construction
 - c. A copy of the syndication transaction including, without limitation a firm commitment letter from the purchaser of the housing credits executed as specified in the Carryover Allocation Agreement.
 - d. A copy of the recent utility allowance documentation indicating the basis for calculations of utility costs for the size and type of units proposed as indicated in the Initial Application
 - e. A 30-year pro-forma for the proposed development in the Carryover Application
 - f. A copy of the IRS documentation reflecting Employer Identification Number for Owner.
 - g. A copy of the Owner’s Affirmatively Furthering Fair Housing Marketing Plan. See Section 10.A.1. for requirements.
 - g-h. An executed copy of the most recent partnership agreement or operating agreement and current organizational chart for the Ownership Entity.
2. The Owner must execute a Carryover Allocation Agreement and return the executed Carryover Allocation Agreement to THDA no later than the date specified in the Carryover Allocation Agreement.
3. If closing has occurred, the Owner must submit (through THOMAS) equity syndication closing documentation and construction financing closing documentation.
4. The Owner must submit the Cost Certification for the 10 Percent Test in THOMAS no later than the date specified in the Carryover Allocation Agreement.
 - a. If available, a recorded warranty deed showing ownership by the ownership entity identified in the Initial Application, or a fully executed 50-year ground lease (subject to the provisions of this QAP) showing the ownership entity identified in the Initial Application as the lessee, a copy of recorded warranty deed or ground lease, as applicable, must be submitted.
 - b. If a PILOT agreement is available, a copy of the PILOT agreement must be submitted.

C. Carryover Allocation Application Review Process

During the review of the Carryover Allocation Application, THDA will issue Evaluation Notices to request additional documentation and/or information for purposes of clarifying eligibility, scoring and financial feasibility. Evaluation Notices will be issued in the following manner:

Evaluation Notice	Deadline for Response
First	5 business days from the date of the Evaluation Notice
Second	2 business days from the date of the Evaluation Notice
Final	1 business day from the date of the Evaluation Notice

THDA will not issue a Carryover Allocation Agreement if the conditions contained in Evaluation Notices issued in connection with the Carryover Allocation Application are not fully satisfied. Deadlines specified in the Final Evaluation Notice are the dates upon which Housing Credit may be recaptured by THDA if the conditions related to the deadline have not been met. Upon notification, the Housing Credit referred to in the Reservation Notice is not available for the development and will be made available to other qualified developments.

D. Housing Credit Available

The amount of Housing Credit reflected in a Carryover Allocation Agreement will be determined by THDA in connection with an evaluation at the time a Carryover Allocation is requested. The amount of Housing Credit may be less than, but will not be more than, the Housing Credit amount in the Reservation Notice.

E. Status Reports

Following execution of a Carryover Allocation Agreement, THDA may request status reports outlining progress towards completion by dates, in a form and with substance all as specified by THDA in its sole discretion.

F. Recapture of Housing Credit During Carryover Period

1. THDA will cancel a Carryover Allocation Agreement if there is a failure to fully satisfy conditions imposed in connection with the Carryover Allocation Agreement by the deadlines specified by THDA. When so cancelled, the Housing Credit referred to in the Carryover Allocation Agreement is not available for the development specified in the Carryover Allocation Agreement and will be made available to other qualified developments. Deadlines specified in the Carryover Allocation Agreement are the dates upon which Housing Credit is deemed recaptured by THDA if the conditions related to each deadline have not been met on or before such deadlines or unless an extension has been granted.
2. Housing Credit allocated through a Carryover Allocation Agreement may be voluntarily returned by the Owner. Upon return, the Housing Credit referred to in the Carryover Allocation Agreement is not available for the development specified in the Carryover Allocation Agreement.
3. Any Housing Credit recaptured either by cancellation of a Carryover Allocation Agreement or by voluntary return by the Owner will be made available as follows:

- a. Any Housing Credit returned before October 1, ~~2024-2025~~ will be reserved to other qualified ~~2024-2025~~ Initial Applications for Housing Credit as provided in this QAP.
- b. Any Housing Credit returned on or after October 1, ~~2024-2025~~ will be available in ~~2025~~2026.

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Section 224: Special Assistance for Developments Housing Credit Exchanges Affected by COVID-19 Economic Aftereffects

Notwithstanding any other provisions of this QAP, relief for certain developments is available as follows:

- A. ~~2023~~ Competitive Housing Credit allocation recipients, subject to each of the following:
- ~~1.~~ The maximum aggregate Housing Credit allocated to ~~COVID-19 Economic Aftereffects~~ ~~h~~Housing ~~c~~Credit ~~e~~Exchange ~~a~~Allocations is limited to the amount of ~~2023~~ Housing Credit returned.
 - ~~1.2.~~ **Developments which have received a previous housing credit exchange allocation will not be eligible for a subsequent additional housing credit exchange allocation.**
 - ~~2.3.~~ Each Housing Credit Exchange Allocation shall be subject to the following additional conditions:
 - a. Developments intending to seek approval for a ~~h~~Housing ~~c~~Credit ~~e~~Exchange ~~a~~Allocation must so **notify THDA in writing no later than December 46, 20243**. Notification must be sent via email to TNAallocation@thda.org.
 - b. Scoring selections and threshold requirements from the ~~2023~~ QAP, as applicable, will be enforced, otherwise the ~~2024~~ QAP will apply.
 - c. The ability to request the Qualified Contract Process for the particular development is permanently waived.
 - d. The Placed-In-Service deadline for ~~COVID-19 Housing Credit Exchange Allocations~~ ~~housing credit exchange allocations~~ will be December 31, ~~2027~~6. Failure to meet or ~~the request of requesting~~ an extension to the applicable deadline **will be** a Major Significant Adverse Event under Section 5-A of this QAP.
 - g. Housing ~~c~~Credit ~~e~~Exchange ~~a~~Allocation developments will not be permitted to increase developer or consultant fees.
 - ~~3.4.~~ Other provisions applicable to ~~COVID-19~~ ~~h~~Housing ~~c~~Credit ~~e~~Exchange ~~a~~Allocations:
 - a. Returned Housing Credit will not increase ~~2023~~ set-asides or pools (except the Non-Profit Set-Aside).
 - b. ~~COVID-19 Housing Credit Exchange Allocations~~ ~~Housing credit exchange allocations~~ will not count against county, developer, or other limits in the ~~2025~~4 QAP.

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PART III: NONCOMPETITIVE ALLOCATIONS ONLY

**Section 235: Noncompetitive Housing Credit using Tax Credit Allocated to Developments
Financed with Tax-Exempt Bonds**

A. Allocation Requirements

Developments financed with tax-exempt bonds issued as a result of an award of MTBA may be eligible for allocations of Noncompetitive Housing Credit outside of the competitive process described in this QAP. The annual Noncompetitive Housing Credit will be determined by THDA in connection with the Initial Application evaluation of financial feasibility. These developments must meet the following conditions:

1. Applicants applying for Noncompetitive Housing Credit and MTBA must demonstrate that a minimum of 50% or such other threshold as may be established by subsequent legislation of the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA remain outstanding as of the placed in service date for the development. On that date, the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA must meet the requirements of Section 42(h)(4). Either bond counsel or a certified public accountant licensed in Tennessee must certify to THDA that this financing requirement is met.
2. Applicants applying for MTBA in THOMAS are deemed to be simultaneously applying for Noncompetitive Housing Credit in THOMAS. THDA will determine the amount of Noncompetitive Housing Credit to be allocated and will issue a Firm 42(m) Letter or a Conditional 42(m) Letter. In determining the initial amount of Noncompetitive Housing Credit to be reserved, THDA will use the costs, incomes and expenses submitted in the Initial Application as determined to be reasonable by THDA. Allocations are subject to Section 42(m)(2) and this QAP. Any allocation of Noncompetitive Housing Credit will not count against the limits on Housing Credit by county, developer and related parties as specified in this QAP.
3. Applicants applying for MTBA and Noncompetitive Housing Credit are subject to the requirements in the 2024-2025 MTBA Program Description.
4. If an Initial Application for Competitive Housing Credit and an application for MTBA and Noncompetitive Housing Credit for the same development is submitted, outside of the Economic Development Area Set-Aside, the Initial Application for Competitive Housing Credit will be deemed ineligible for further consideration, see Section 12 of the 2024-2025 MTBA Program Description.
5. Applicants must agree to not participate in the Qualified Contract process.

B. Development Limits

The maximum amount of MTBA that may be allocated to a single development is described in Section 5 of the Multifamily Tax-Exempt Bond Authority Program Description for 2024-2025. An applicant may submit a written request for an exception to the maximum MTBA amount listed in Section 5-A of the MTBA PD. The written request must include sufficient supporting documentation and information to substantiate the need for additional MTBA as determined by THDA, in its sole discretion. Only one (1) written request for an exception to the maximum MTBA limit per application will be considered. Written requests for exceptions to the maximum MTBA may be granted or denied by THDA, in its sole discretion

C. Total Development Cost Limits

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Total Development Cost limits as specified in Table 25–1 below will be applied to all proposed developments requesting Noncompetitive Housing Credits at the time of Initial Application. The cost of issuance and any deferred portion of the developer fee over 15% will be excluded from these costs. An Applicant may submit a written request for an exception to the Total Development Cost limits. The written request must include sufficient supporting documentation and information to substantiate the need for the exception, as determined by THDA, in its sole discretion. Only one (1) written request for an exception to the Total Development Cost limits per application may be submitted.

D. Limit on Contractor Fees, Profit, Overhead and General Requirements

1. The total contractor fees, including contractor profit, contractor overhead and general requirements, shall not exceed 14% of total site work costs plus cost of accessory buildings plus either new building hard costs or rehabilitation hard costs, as determined by THDA, broken down as follows:

Fee Description	Fee Amount
Contractor Profit	<=6 percent
Contractor Overhead	<=2 percent
Contractor General Requirements (including payment and performance bonds)	<=6 percent
Total Contractor Fees	<=14 percent

DE. Total Development Cost Limits

In order to be eligible, Initial Applications for Housing Credit must propose Total Development Costs that do not exceed the applicable amount in Table 25–1 below. The Total Development Cost Limits are applied at Initial Application. Land cost is not included in the Total Development Cost for purposes of this calculation.

Development Type	1 BR	2 BR	3 BR	4 BR	5 BR
Urban					
Detached/Semi-detached	\$294,000	\$351,600	\$418,800	\$493,200	\$540,000
Row House	\$261,600	\$316,800	\$387,600	\$460,800	\$506,400
Walkup	\$237,600	\$301,200	\$396,000	\$489,600	\$552,000
Elevator	\$248,400	\$319,200	\$426,000	\$531,600	\$602,400
Suburban					
Detached/Semi-detached	\$280,800	\$335,880	\$399,600	\$470,400	\$514,800
Row House	\$249,600	\$302,400	\$369,600	439,200	\$483,600
Walkup	\$189,000	\$239,000	\$314,000	\$389,000	\$438,000
Elevator	\$197,000	\$254,000	\$405,600	\$507,600	\$574,800

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Rural					
Detached/Semi-detached	\$267,600	\$320,400	\$381,600	\$448,800	\$490,800
Row House	\$237,600	\$289,200	\$352,800	\$418,800	\$460,800
Walkup	\$216,000	\$273,600	\$360,000	\$445,200	\$501,600
Elevator	\$225,600	\$290,400	\$387,600	\$483,600	\$548,400

F. Capitalized Terms

All capitalized terms used in this Section 25 shall have the meaning ascribed to them in this Section 25 or in Section 2 of this QAP or in the MTBA Program Description for ~~2024~~2025.

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PART IV: ADOPTION AND APPROVAL BY THE GOVERNOR

Section 264: Adoption and Approval by the Governor

As provided in Executive Order No. 73, dated October 31, 2018 (the "Executive Order"), I, Bill Lee, the Governor of the State of Tennessee, do hereby designate the Tennessee Housing Development Agency (THDA) to be the housing credit agency for this State and, by my execution of this Qualified Allocation Plan, I hereby adopt this Qualified Allocation Plan as my plan for the distribution and administration of Housing Credits in the State of Tennessee, in conformance with Section 42 of the Internal Revenue Code of 1986, as amended and the Executive Order. As also provided in the Executive Order, this Qualified Allocation Plan shall be incorporated, by this reference, into and encompassed by the Executive Order as if set forth in the Executive Order verbatim.

Bill Lee, Governor

Date

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Board Items

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
May 21, 2024

Pursuant to the call of the Chair, the Tennessee Housing Development Agency (THDA) Board of Directors (the “Board”) met in regular session on Tuesday, May 21, 2024, at 10:07 AM CT in the Nashville Room of the Tennessee Towers, Nashville, Tennessee.

The following board members were present in person: Chair Matt McGauley, Rick Neal, Jacky Akbari, Stephen Dixon, Micheal Miller, Tennion Reed, Rob Mitchell, Secretary of State Tre Hargett, Sara Queirolo (for Treasurer David Lillard), Alex Schuhmann (For Commissioner of F&A Jim Bryson) and Katie Armstrong (for Comptroller Jason Mumpower). Those absent were Dan Springer and Chrissi Rhea.

Acting Chair Rick Neal called the Board meeting to order and took a few moments to recognize Matt McGauley’s contributions to the board as the Chairman during his board tenure. Acting Chair Neal then opened the floor to anyone present from the public who wished to address the board. Seeing no one, he closed the floor to public comment.

Acting Chair Neal then recognized Executive Director Ralph M. Perrey for his report.

Mr. Perrey shared the following:

- Loan production remains solid; THDA will likely hit \$40-45 million in production in May. Pricing on the secondary market, however, remains unfavorable and so THDA remains dependent on issuing bonds to finance single family mortgages. We are stretching our volume cap through economic refunding of earlier bonds and by the increased issuance of taxable bonds, which do not count against our volume cap.
- THDA plans a second round of multifamily bond awards and will size the amount available for that round once the Agency finds out how much volume cap it will receive in July. It is likely that part of our mid-year allocation will be reserved for future use in single family.
- HUD evaluators were in Chattanooga last week to review the city’s application for a Choice Neighborhood Initiative grant. This could be worth \$50 million to the city and Chattanooga Housing Authority for redevelopment of the city’s West Side. As THDA did for Memphis-South City and Knoxville-Western Heights, THDA has committed to provide housing tax credits throughout the development. The HUD team noted that Tennessee is the only state that has made a commitment like this, that could significantly strengthen Chattanooga’s bid.
- Last week, THDA announced the recipients of our first “Twinning” awards – developments that can make use of both competitive 9% tax credits and non-competitive 4% credits. One went to Chattanooga’s West Side development, the other to Jackson’s Blue Creek project. THDA will also award a HOME Rental Development grant to Jackson Housing Authority in support of Blue Creek.
- This week THDA announced grants from the Tennessee Housing Trust Fund – a total of \$4 million to seven applicants and THDA will award \$1.6 million for two HOME CHDO Homeownership program applicants. These announcements came too late to include in the board packet but are available for review online.

- HUD has released a new proposed rule governing the HOME program. This is a long-awaited updating of program rules that should make it easier for THDA and grant recipients to utilize those funds for housing development and rehab. Chief Program Officer Don Watt and his team will be reviewing it, with an eye to any comments we would want to submit to HUD.

At the conclusion of Mr. Perrey's remarks, Acting Chair Neal recognized Ms. Rhonda Ronnow, the Director of Single-Family Loan Operations for a Single-Family Programs Business Update and a Homeownership for Heroes program update.

Next, Acting Chair Neal recognized Mr. Eric Alexander, the Director of Multifamily Programs, for a Multifamily Programs Business Update and a brief discussion about revisions to the set asides in the 2025 draft QAP. Acting Chair Neal proposed combining the Choice Neighborhood Initiative Set Aside and the Economic Development Area Set Aside in to one set aside with a combined allocation amount to better accommodate multiple projects in either area when needed. With additional comments from Mr. Stephen Dixon and Ms. Tennion Reed, the sense of the board was to proceed in that direction with new draft language in the draft QAP for the July Board Meeting.

Then Acting Chair Neal recognized Dr. Dhathri Chunduru, the Director of Research and Planning, who introduced a new initiative – the Research Note – utilizing novel data and contextualized analysis to provide fresh perspectives on contemporary housing challenges. The first Research Note on Investor Purchases of Single-Family Homes in Davidson County was published to the website this week.

Acting Chair Neal then asked for consideration of the March 19, 2024, board meeting minutes. Upon motion by Mr. Mitchell and a second by Mr. McGauley, the motion carried, and the minutes were approved.

Acting Chair Neal then asked for consideration of the April 16, 2024, special board meeting minutes. Upon motion by Mr. Mitchell and a second by Mr. Dixon, the motion carried, and the minutes were approved.

Next, Acting Chair Neal asked the board for any nominations for a new Vice Chair beginning at the July Board meeting. Mr. Mitchell made a motion for Stephen Dixon to be named the Vice Chair. Acting Chair Neal asked for any other nominations. Hearing none, Mr. Neal seconded the motion to name Stephen Dixon Vice Chair. Upon full vote of the board, Stephen Dixon was appointed Vice Chair beginning in July 2024.

Next, Acting Chair Neal recognized Mr. Matt McGauley, Chair of the Bond Finance Committee, to present the FY 24-25 Schedule of Financing as outlined in the memo dated May 6, 2024, from Mr. Bruce Balcom, Chief Legal Counsel, as found in the board packet. Mr. McGauley brought to the board a motion from the Bond Finance Committee, in the form of a first and a second, to approve the FY 24-25 Schedule of Financing. Upon vote by the full board, the motion to approve the Schedule of Financing was carried.

Acting Chair Neal recognized Ms. Rhonda Ronnow, Director of Single-Family Loan Operations to present the 2024 Single Family Income Limits as outlined in the memo dated May 1, 2024, from Dr. Hulya Arik, THDA Economist, as found in the board packet. Ms. Ronnow highlighted that the income limit calculations are made using Area Gross Median Family Incomes, as well as Average Area Purchase Prices and resulted in an increase to the income limits in all counties. Upon motion by Ms. Reed and a second by Mr. McGauley, the motion to approve the 2024 Single Family Income Limits was carried.

Acting Chair Neal recognized Ms. Pasquel McLeod, Assistant Director of Section 8 Rental Assistance – Central Office, to present an amendment to the Housing Choice Voucher plan for Project Based Vouchers, as outlined in the memo dated May 7, 2024, from Director of Section 8 Rental Assistance, Ms. Jeboria Scott and Chief Programs Officer Don Watt, as found in the board packet. Ms. McLeod highlighted that this amendment is required by HUD for the execution of the Project Based Voucher Program and that a public hearing was held on the amendment on May 9, 2024. A summary of public comment is found in the board packet. Upon motion by Mr. Dixon and a second by Ms. Akbari, the motion to approve HCV Administrative Plan Amendment for Project Based Vouchers was carried.

Acting Chair Neal recognized Mr. Bill Lord, Director of Community Housing, to present the 2025 Emergency Repair Program Description, as outlined in the memo dated May 6, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Lord highlighted the changes to this year's program description included additional funding for Administrative Costs, a clearer definition of what constitutes an emergency repair, and a broadened definition of disability. Upon motion by Mr. Miller and a second by Ms. Reed, the motion to approve the 2025 Emergency Repair Program Description was carried.

Acting Chair Neal again recognized Mr. Bill Lord, Director of Community Housing, to present the 2025 Capacity Building Program Description, as outlined in the memo dated May 6, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Lord highlighted the changes to this year's program description included a more eligible capacity building activities to include IT infrastructure and strategic/succession planning. Upon motion by Mr. Dixon and a second by Mr. Miller, the motion to approve the 2025 Capacity Building Program Description was carried.

Acting Chair Neal again recognized Mr. Bill Lord, Director of Community Housing, to present two Tennessee Housing Trust Fund grant extensions from Urban Housing Solutions and the Memphis Housing Authority, as outlined in the memos dated May 6, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Lord highlighted that the Urban Housing Solutions was requesting a 6-month to December 31, 2024, and that Memphis Housing Authority was requesting a 12-month extension to August 30, 2025. Upon motion by Mr. Miller and a second by Ms. Armstrong, the motion to approve both Tennessee Housing Trust Fund Grants was carried, with one abstention by Mr. Neal.

Acting Chair Neal again recognized Mr. Bill Lord, Director of Community Housing, to present four National Housing Trust Fund grant extensions from Knoxville Housing Development Corporation, Sparta Housing Authority, Metropolitan Development and Housing Agency and AIM Center-Espero, as outlined in the memos dated May 6, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Lord highlighted that the Knoxville Housing Development Corporation was requesting a 12-month to June 30, 2025, Sparta Housing Authority was requesting a 6-month extension to December 31, 2024, Metropolitan Development and Housing Agency was requesting a 12-month extension to June 30, 2025, and that AIM Center - Espero was requesting a 20-month extension to February 28, 2026. Upon motion by Mr. Miller and a second by Ms. Armstrong, the motion to approve all four National Housing Trust Fund Grants was carried, with one abstention by Mr. Neal.

Noting that all action items for the board were completed, Acting Chair Neal pointed out that the annex of the board packet provided a listing of additional eviction prevent funding, two Investment Reports and State Form CT-0253 for Bond Issue 2024-1.

With no further business, the meeting was adjourned at 10:58 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 23rd day of July 2024

Draft



Tennessee Housing Development Agency

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

Bill Lee
Perrey
Governor
Director

Ralph M.
Executive

TO: THDA Board of Directors
FROM: Lindsay Hall, Chief Operating Officer of Single Family Programs
SUBJECT: Updated GNMA 11702 form authorization
DATE: June 26, 2024

Recommendation

When there is any change to the Staff listed on the GNMA 11702 form, THDA is required to make the appropriate change and request permission by the board to provide the following authorization as required by Ginnie Mae:

- To provide Ginnie Mae with a Resolution of an applicant's or issuer's Board of Directors authorizing the issuance of Ginnie Mae MBS and the names and genuine signatures of individuals authorized to act on behalf of the applicant or issuer in connection with Ginnie Mae MBS as provided in the 11702 forms for both issuer numbers 4446 and 4447.

Key Points

The staff signatures and titles provided include all Directors in the Single Family Programs divisions, the COO of Single Family, the CFO, the CLO, the Director of Finance, the Comptroller, the Capital Markets Administrator and the Assistant Director of Loan Servicing. The date must be recorded when the Board approves the authorized signatories.

Background

THDA will be adding Damon Pallay, THDA's new Comptroller/ Assistant CFO therefore requiring a change in signatories on the GNMA 11702.



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Resolution of Board of Directors and Certificate of Authorized Signatures

U.S. Department of Housing
and Urban Development
Government National Mortgage Association

OMB Approval No. 2503-0033 (Exp. 04/30/2026)

(Please type all entries)

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a current OMB control number.

Ginnie Mae is authorized to collect the information on this form as required by Section 306(g) of the National Housing Act and/or the Ginnie Mae Handbook, 5500.3, Rev. 1. Ginnie Mae maintains this information to ensure that the persons identified below perform in accordance with acceptable business standards. The information collected will not be disclosed outside the Department except as required by law.

Name of Issuer	TENNESSEE HOUSING DEVELOPMENT AGENCY	Issuer ID Number	4446
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Resolved First, that

Name and Title of Officer Steve Fisher , Director of Capital Markets	Signature
Name and Title of Officer Trebja Johns , Director of VMLS	Signature
Name and Title of Officer Heather Johnson , Assistant Director of Mortgage Loan Servicing	Signature
Name and Title of Officer Rhonda Ronnow , Director of Single Family Loan Operations	Signature
Name and Title of Officer Lindsay Hall , Chief Operating Officer of Single Family Programs	Signature
Name and Title of Officer Wayne Beard , Director of Finance	Signature
Name and Title of Officer Bruce Balcom , Chief Legal Counsel	Signature
Name and Title of Officer Langston Glass , Capital Markets Administrator	Signature

of this corporation, or any one or more of them, be and each of them is hereby authorized and empowered in the name of and on behalf of this corporation and under its corporate seal, from time to time while these resolutions are in effect, to execute and deliver to the Government National Mortgage Association, in the form prescribed by said Association, with respect to the issue(s) by this corporation, under Section 306(g) of the National Housing Act and the Regulations pertaining thereto, of mortgage-backed securities to be guaranteed by the Association, any documents required to: (a) make applications to Ginnie Mae in the name of and on behalf of this corporation for approval to become an issuer and for Ginnie Mae commitments to guarantee such mortgage-backed securities issued by this corporation; (b) enter into contracts with Ginnie Mae for the latter's guaranty of mortgage-backed securities issued in accordance with the terms and conditions of commitments to guarantee, issued by the Association to this corporation; (c) merge mortgage notes, deeds of trust and bonds now owned or hereafter acquired by this corporation into pools or loan packages, against which this corporation may issue mortgage-backed securities; (d) enter into any agreements, execute any documents or papers, and furnish any information required or deemed necessary or proper by the Association in connection with any of the foregoing; and (e) abide by all the terms and conditions set forth in the Ginnie Mae Mortgage-

Resolved Second, that the above named officers, be and they are hereby authorized and empowered in their discretion and as occasion may arise to receive and endorse the name of this corporation on any checks or drafts representing the proceeds from collections made by servicers of mortgages pertaining to pools or loan packages, and to issue and sign any checks or drafts issued to pay to the security holders their pro rata shares in these proceeds, and to do and perform any and all acts and to execute any and all additional instruments or agreements, from time to time, in the name of and on behalf of this corporation under its corporate seal or otherwise, deemed necessary or proper by the Association in connection with the formation of mortgage pools or loan packages, the issuance of mortgage-backed securities, the guaranty of mortgage-backed securities by the Association and the discharge of the duties and obligations of this corporation, as issuer, until the proceeds of the last maturing mortgage in any pool or loan package is remitted to registered security holders.

Resolved Third, that any contracts or agreements heretofore made said Association on behalf of this corporation, and all acts of officers or agents of this corporation in connection with any contracts to be entered into for the guaranty by the Association of mortgage-backed securities to be issued by this corporation are hereby ratified and confirmed.

Resolved Fourth, that Ginnie Mae is authorized to rely upon the aforesaid resolution until receipt by it of written notice thirty days in advance of any proposed change therein.

Resolution of Board of Directors and Certificate of Authorized Signatures

U.S. Department of Housing
and Urban Development
Government National Mortgage Association

OMB Approval No. 2503-0033 (Exp. 04/30/2026)

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Ginnie Mae is authorized to collect the information on this form as required by Section 306(g) of the National Housing Act and/or the Ginnie Mae Handbook, 5500.3, Rev. 1. Ginnie Mae maintains this information to ensure that the persons identified below perform in accordance with acceptable business standards. The information collected will not be disclosed outside the Department except as required by law.

Name of Issuer	TENNESSEE HOUSING DEVELOPMENT AGENCY	Issuer ID Number	4446
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Resolved First, that

Name and Title of Officer Trent Ridley , Chief Financial Officer	Signature
Name and Title of Officer Damon Pallay , Assistant Chief Financial Officer - Controller	Signature
Name and Title of Officer	Signature
Name and Title of Officer	Signature
Name and Title of Officer	Signature
Name and Title of Officer	Signature
Name and Title of Officer	Signature
Name and Title of Officer	Signature

of this corporation, or any one or more of them, be and each of them is hereby authorized and empowered in the name of and on behalf of this corporation and under its corporate seal, from time to time while these resolutions are in effect, to execute and deliver to the Government National Mortgage Association, in the form prescribed by said Association, with respect to the issue(s) by this corporation, under Section 306(g) of the National Housing Act and the Regulations pertaining thereto, of mortgage-backed securities to be guaranteed by the Association, any documents required to: (a) make applications to Ginnie Mae in the name of and on behalf of this corporation for approval to become an issuer and for Ginnie Mae commitments to guarantee such mortgage-backed securities issued by this corporation; (b) enter into contracts with Ginnie Mae for the latter's guaranty of mortgage-backed securities issued in accordance with the terms and conditions of commitments to guarantee, issued by the Association to this corporation; (c) merge mortgage notes, deeds of trust and bonds now owned or hereafter acquired by this corporation into pools or loan packages, against which this corporation may issue mortgage-backed securities; (d) enter into any agreements, execute any documents or papers, and furnish any information required or deemed necessary or proper by the Association in connection with any of the foregoing; and (e) abide by all the terms and conditions set forth in the Ginnie Mae Mortgage-

Resolved Second, that the above named officers, be and they are hereby authorized and empowered in their discretion and as occasion may arise to receive and endorse the name of this corporation on any checks or drafts representing the proceeds from collections made by servicers of mortgages pertaining to pools or loan packages, and to issue and sign any checks or drafts issued to pay to the security holders their pro rata shares in these proceeds, and to do and perform any and all acts and to execute any and all additional instruments or agreements, from time to time, in the name of and on behalf of this corporation under its corporate seal or otherwise, deemed necessary or proper by the Association in connection with the formation of mortgage pools or loan packages, the issuance of mortgage-backed securities, the guaranty of mortgage-backed securities by the Association and the discharge of the duties and obligations of this corporation, as issuer, until the proceeds of the last maturing mortgage in any pool or loan package is remitted to registered security holders.

Resolved Third, that any contracts or agreements heretofore made said Association on behalf of this corporation, and all acts of officers or agents of this corporation in connection with any contracts to be entered into for the guaranty by the Association of mortgage-backed securities to be issued by this corporation are hereby ratified and confirmed.

Resolved Fourth, that Ginnie Mae is authorized to rely upon the aforesaid resolution until receipt by it of written notice thirty days in advance of any proposed change therein.

Certification.

I Hereby Certify that the foregoing is a true and correct copy of a resolution presented to and adopted by the Board of Directors of
TENNESSEE HOUSING DEVELOPMENT AGENCY

at a meeting duly called and held at _____

on the _____ day of _____, _____, at which a quorum was present and voted, and that such resolution is duly recorded in the minute book of this corporation; that the officers named in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective offices set after their respective names. I also certify that the signatures set opposite the officers' names are true and genuine specimens of the officers' respective signatures.

In Witness Whereof, I have hereunto signed my name and affixed the seal of this corporation.

(seal)

Secretary

I, _____
Name of Officer

Title of Officer

of TENNESSEE HOUSING DEVELOPMENT AGENCY
Name of Institution _____,

in _____ hereby certify
Location of Institution

_____ is duly qualified and acting

Name of Secretary

of TENNESSEE HOUSING DEVELOPMENT AGENCY
Name of Institution _____

and that the signature appearing above is his/her genuine signature.

In Witness Whereof, I have hereunto signed my name

Date

Officer Signature



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: Tennessee Housing Development Agency Board of Directors

FROM: Bill Lord, Director of Community Housing
Don Watt, Chief Programs Officer

SUBJECT: 2024-2 HOME CHDO Homeownership Development Program Description

DATE: July 8, 2024

Recommendation:

Staff recommends that the Board approve the following:

- Adopt the attached proposed 2024-2 HOME CHDO Homeownership Development Program Description (“Program Description”);
- Authorize the Executive Director or a designee to award 2024 HOME CHDO funds to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description;
- Allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes and substantial changes if needed to comply with federal requirements; and,
- Allow staff to reallocate any funds not awarded to qualified future HOME activities.

Staff will provide information to the Board regarding associated funding awards at the meeting that immediately follows the date of the awards.



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Background:

Tennessee Housing Development Agency (“THDA”) set aside 20% of its 2024 HOME allocation to implement the 2024-2 HOME CHDO Homeownership Development Program to encourage the construction of affordable homes for sale to low-income households across the State. After the award of funds from the initial round under the 2024 HOME CHDO Homeownership Development, THDA had uncommitted funds for this set aside. In addition THDA has identified additional available CHDO funding from previous rounds. This activity is funded through an award of the state’s annual allocation of Federal HOME funds. This Program Description will open the HOME funding to all eligible Community Housing Development Organizations (CHDO), a subset of nonprofit housing developers defined under the HOME program.

Staff is not proposing any significant modifications to the requirements found in the Program Description for the first round offered during the 2024 program year.

THDA will open the program for application on August 1, 2024, with applications due on September 19, 2024. Funding awards will be announced on or about October 18, 2024, with the Grant award period beginning on November 1, 2024.



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TENNESSEE HOUSING DEVELOPMENT AGENCY
2024-~~2~~ HOME CHDO HOMEOWNERSHIP DEVELOPMENT
PROGRAM DESCRIPTION

The Tennessee Housing Development Agency (“THDA”) administers the federally-funded HOME Investment Partnerships Program (“HOME”) to promote the production, preservation, and rehabilitation of single-family housing in single-unit buildings for low-income households. The purpose of this Program Description is to explain the requirements and the application process to fund the development of housing for sale to low-~~and moderate~~-income households.

THDA will make HOME funds available to non-profit organizations that meet the designation of a Community Housing Development Organization (“CHDO”) through a competitive application process. An applicant must apply for a HOME grant of at least \$250,000 for program costs, but may apply for a maximum HOME grant of \$1,000,000 for program costs, and may also apply for operating assistance up to an amount equal to 7% of program costs.

THDA will ~~start accepting applications open for~~ the 2024-~~23~~ HOME CHDO Homeownership Development Program on ~~February 1~~ August 1, 2024. Applicants must submit their applications electronically through THDA’s Grants Management System (“GMS”). THDA will stop accepting applications at ~~11:59:59:00~~ 11:59:59:00 PM CDT on Thursday ~~Friday, March~~ September 19, 2024. THDA anticipates notifying successful applicants on or around ~~May 10~~ October 18, 2024 and issuing Reservation of Funds with a term commencing ~~July~~ November 1, 2024 and ending ~~June~~ October 31, 2027.

This Program Description and the application link are available at www.thda.org. Once on the THDA website, click on PROGRAMS and the HOME Program will be listed under the PROGRAMS FOR LOCAL GOVERNMENT & NON PROFITS. Click on HOME for the link to the 2024-~~23~~ HOME CHDO Homeownership Development Program Description. If you have questions, please call Aaron Toran at (615) 815-2037.

THE HOME PROGRAM

HOME is governed by Title 24 of the Code of Federal Regulations, Part 92, as amended. Those regulations are incorporated in this Program Description by this reference. In cases of conflicting requirements, the more stringent requirement will apply, unless the more stringent requirement would violate a state or federal law.

A. ELIGIBLE APPLICANTS.

To be eligible, a non-profit organization must:

1. Meet one of the two following criteria:

- a. All private, non-profit organizations must be organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date).

OR

- b. Be organized and existing under the laws of another state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from the other state's Secretary of State dated no more than thirty (30) days prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date).
2. Demonstrate at least two (2) years of experience providing affordable housing or affordable housing related services in the state of Tennessee satisfactory to THDA, in its sole discretion.
 3. Propose a budget that includes at least a 10% contingency for the hard costs of the project to anticipate possible cost overruns over the grant term.
 4. Be deemed a CHDO by THDA and meet the following requirements:
 - a. Have no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual.
 - b. Have among its purposes the provision of decent housing that is affordable to low-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws.
 - c. Experience in the provision of housing to low-income households.
 - d. Have standards of financial accountability that conform to 2 CFR Part 200, Uniform Administrative Requirements, Audit Requirements and Cost Principles.
 - e. Have an IRS designation under Section 501(c)(3) or Section 501(c)(4) of the federal tax code. A 501(c)(3) non-profit applicant may not submit an application until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary materials with the IRS and received a response from the IRS demonstrating 501(c)(4) status;
 - f. Not be controlled by, or under the direction of, individuals or entities seeking to derive profit or gain from the CHDO. If a CHDO is sponsored or created by a for-profit entity, all of the following must apply:
 - (1) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
 - (2) The for-profit entity may not have the right to appoint more than one-third of the membership of the CHDO's governing body. CHDO board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members.
 - (3) The CHDO must be free to contract for goods and services from vendors of its own choosing.

- (4) The officers, directors, owners (stockholders, managers, members, etc.), or employees of the for-profit entity cannot be officers, directors, owners (stockholders, managers, members, etc.), or employees of the CHDO.
- g. Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a CHDO, however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of recipient governmental entity. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers of the Board or employees of a CHDO.
- h. Maintain accountability to low-income community residents by:
- (1) Including residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in at least one-third of the CHDO's governing board's membership. For urban areas, "community" may be a neighborhood or neighborhoods, city, county, or metropolitan area. For rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
 - (2) Having a formal process for low-income program beneficiaries to advise the CHDO in its decisions regarding the design, site selection, development, and management of affordable housing. The process must be clearly established in the by-laws or through an adopted board resolution. Meeting the board requirement of 4.h.(1) above does not satisfy this requirement.
- i. Have a demonstrated capacity to successfully carry out housing projects assisted with HOME funds. A CHDO undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. Paid staffing may be documented by providing copies of the most recent W-2, as applicable, issued by the nonprofit entity for each staff member. For its first year of funding as a CHDO, a CHDO may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key CHDO staff.
- (1) A CHDO that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of 24 CFR 92.300(a)(2).
 - (2) A CHDO does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated or cost allocated by another organization, or by hiring a consultant.
- j. Have a history of serving the community within which the housing to be assisted with HOME funds is to be located. In general, a CHDO must be able to show at least one year of serving the community through housing activities benefiting low-income persons or families before HOME funds may be awarded to that CHDO. However, a newly created CHDO formed by local churches, service organizations, or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least one year of serving the community through housing activities benefiting low-income persons or families.

5. CHDOs that have generated CHDO proceeds must demonstrate the use of or plan to use previous CHDO proceeds and a need for additional HOME funds.
6. Must only apply for HOME funding for projects in which the CHDO is the owner and developer.
7. Submit a completed application that includes the Non-Profit Checklist/CHDO Designation as provided in GMS with supporting documentation.
8. All applicants with prior HOME grants from THDA must meet both the Commitment and Spend-Down Requirements as noted below for the funding round under which the entity received a prior grant award:
 - a. To meet the Commitment Requirement, THDA must have entered into a legally binding agreement with the organization for specific site addresses for the percentage of development funds specified by grant year.
 - b. To meet the Spend-Down Requirement, the organization must have either expended or submitted by ~~February 29~~August 31, 2024, an officially authorized Request for Payment with supporting documentation for the percentage of development and operating assistance funds specified by grant year:

HOME PROGRAM DESCRIPTION	COMMITMENT REQUIREMENT	SPEND-DOWN REQUIREMENT
2020 CHDO Rounds	100%	90% <u>100%</u>
2021 CHDO Rounds	100%	90%
2022 CHDO Rounds	100%	50%
2023 CHDO Rounds	25% <u>50%</u>	25%
<u>2024 CHDO Round 1</u>	<u>Not Eligible</u>	<u>Not Eligible</u>

- c. CHDOs with a closed grant from years 20210 and earlier that met spend down requirements but failed to commit or expend 100% of their grant funds, will be eligible to apply. However, such CHDOs will be subject to point deductions, as detailed in the CHDO Matrix.
9. Must be in compliance with all other THDA programs in which they have an active, open grant or a grant that has been closed and must have no unresolved performance issues, as determined by THDA.

B. ALLOCATION OF FUNDS.

HOME funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee's Consolidated Plan, as amended. THDA will use funds available from prior-year HOME Program allocations to fund the program. The total amount of funding available for the combined 2024 CHDO round(s) is up to \$2,752,623~~<< Funding Amount >>~~20% of THDA's 2024 HOME Allocation from HUD for program costs and up to ~~to~~ \$192,684~~<< Funding Amount >>~~5% of THDA's 2024 HOME Allocation from HUD for CHDO operating assistance. Additionally, THDA may make available any returned or leftover funds from other 2024~~3~~ or earlier funding rounds, to be determined at the time of award.

1. **Commitment Requirement.** A successful CHDO that receives an allocation of funds ("Grant Recipient") must commit those funds to specific units by the anticipated milestones to be established within the Reservation of Funds: (1) 50% of the funds by ~~June~~October 30, 2025~~4~~; (2) 75% of the funds by ~~August~~December ~~January~~May 31, 2026~~5~~; and (3) 100% of the funds by ~~October 31~~June~~April~~June 30, 2026~~5~~. Applicants need to be aware of these dates and have a pipeline of eligible homebuyers so they can begin construction of their projects as soon as the environmental reviews have been completed. Failure to meet a particular deadline may result in a reduction of the grant award to the amount of funding committed at such deadline.
2. **Lack of Ability to Comply.** If, in the opinion of THDA, all applicants lack the organizational potential to comply with all HOME affordability requirements, THDA may choose not to award any of the funds set-aside for CHDOs in the 2024-2 HOME CHDO Homeownership Development Program or to award a lesser amount than outlined herein, in its sole discretion.
3. **Funding Requirements.** HOME awards will be in the form of a reimbursement grant, secured by a note, deed of trust, and restrictive covenants. Grant Recipients may be required to repay any HOME funds expended on projects that are not completed and ready for occupancy by the term end date of the HOME Grant Contract executed between the Grantee and THDA, or as otherwise specified in the Grant Contract, the federal rules, regulations, and notices for HOME, and this Program Description. Required deeds of trust and restrictive covenants must be recorded prior to any other financing documents.

C. ELIGIBLE ACTIVITIES.

Eligible housing activities under the 2024-2 HOME CHDO Homeownership Development Program include:

1. **Homeownership Programs.** THDA expects that the Grant Recipients will not only shepherd the homebuyer through the home buying process, but also work toward fostering an on-going relationship with the homebuyer. This responsibility includes facilitating additional homeowner counseling, verifying homeowner occupancy requirements on an annual basis, and monitoring mortgage loan default issues.
 - a. **Costs to Develop Units.** HOME funds must be used to develop single-family units for homeownership, including new construction or acquisition and substantial rehabilitation of substandard dwellings. Duplexes, Triplexes, and Quads are not eligible. Successful Grant Recipients must be the owner and developer of all units at the time the units are constructed or rehabilitated. When units are sold to eligible homebuyers, the HOME funds must be repaid to the Grant Recipient and the Grant Recipient must use the repaid funds to develop additional single-family units for homeownership in compliance with the HOME regulations.

HOME funds may only be used to cover the development costs necessary to develop modest single family housing in accordance with 92.254(a), including those costs necessary for producing the unit that will exceed the market value of the property upon construction completion, i.e. the development subsidy.

Before construction or acquisition and rehabilitation can begin, Grant Recipients must demonstrate a pipeline of eligible buyers pre-qualified for a permanent loan. Although speculative construction or acquisition is not generally allowed, under certain circumstances THDA will allow an applicant

to apply for an exception to this policy on a project-by-project basis. To be considered for an exception, the applicant must meet certain criteria, including:

- (1) Experience and capacity to manage an affordable rental housing program;
 - (2) Success during the last three (3) years in managing affordable rental housing in the area of the proposed project with an average list to lease-up term of no more than 180 days;
 - (3) A current average market time of list to contract for sale for similarly priced, comparable homes in the area of the proposed project of no more than 120 days;
 - (4) Extenuating circumstances that prevent the applicant from having a pipeline of pre-qualified homebuyers to support their development activity.
- b. **Soft Second Mortgages.** Grant Recipients must allow an amount of HOME funds to remain with the unit as a soft second mortgage that is equal to or more than \$1,000 and is equal to or less than \$39,999, with the amount determined by the amount necessary for the household to qualify for permanent financing. THDA requires that a subsidy remain in the financing when the unit is sold, so affordability is based on the less restrictive recapture provision of the HOME regulations. All Grant Recipients using HOME funds for soft second mortgages must use the THDA single-family underwriting template to determine the appropriate amount of HOME assistance and must submit the determination to THDA for review and final approval. If the underwriting template indicates that the homebuyer does not have an unmet need for the soft second mortgage, the Grant Recipient may not provide direct HOME assistance to that homebuyer. The amount of the soft second mortgage is the “direct HOME subsidy” provided to the homebuyer and is subject to an affordability period and recapture, as will be defined subsequently herein.

The soft second mortgages may not be combined with other THDA-funded “second mortgage” assistance programs, including Great Choice Loan Plus assistance, or with funding available through the New Start program, and any subsequent or similar programs operated by THDA. The THDA HOME funded soft second mortgage may be combined with a THDA Great Choice first mortgage loan.

- c. **Sales Price.** All units must be sold for an amount that is not any lower than the appraised value of the unit or the sales price limit as determined by HUD, whichever is lower.
- d. **Sales Price Limits.** The sales price limit for homeownership programs are the Property Value Limits. Current limits are available at <https://thda.org/business-partners/home>.
- e. **Underwriting.** Front and back end ratios may not exceed thirty-three (33%) and forty-three percent (43%), respectively. Lower ratios are encouraged where possible.
- f. **Permanent Financing.** THDA expects the use of THDA mortgage loans whenever suitable. Other financing may be used if it is comparable to a THDA mortgage loan. Permanent financing is considered comparable if the interest rate does not exceed the prevailing THDA Great Choice interest rate by more than one percentage point and when it is demonstrated that the homebuyer represents a commensurate underwriting risk to the lender. All loans must have a fixed interest rate fully amortizing over the 30-year term of the loan. There can be no pre-payment penalty for early payoffs.

- g. Homebuyer Contribution. The homebuyer must make a contribution from their own funds equal to one percent (1%) of the purchase price of the property.
 - h. Homebuyer Education. All homebuyers must complete a homebuyer education program from a THDA-qualified homebuyer education provider prior to purchase.
 - i. Neighborhood Market Conditions. Applicants proposing homeownership projects must document that neighborhood market conditions demonstrate a need for the project and must complete a market study.
 - j. Deadline for Sale. Units must be sold to an eligible homebuyer within nine (9) months of the issuance of a Certificate of Occupancy. If a unit is not sold within that period, the unit must be converted to rental housing for the appropriate rental affordability period or the HOME funds must be repaid by the Grant Recipient to THDA. A lease-purchase program may be permitted if the Grant Recipient can demonstrate that the Grant Recipient operates an existing, active lease purchase program.
2. CHDO Operating Expenses, Developer's Fees and CHDO Proceeds.
- a. CHDO Operating Expenses.
 - (1) Operating expenses are separate from project funds.
 - (2) As long as a Grant Recipient does not have an existing operating assistance grant award from THDA where less than 75% of the total operating assistance grant award has been expended as of ~~February 29~~August 31, 2023~~2024~~, then the Grant Recipient may request an amount up to 7% of the funds awarded for the acquisition and rehabilitation or new construction of housing for sale to low-~~and moderate~~-income homebuyers as CHDO operating expenses to help with the operating costs the organization.
 - b. Developer's Fees. A Grant Recipient may also request an 8% developer's fee if the Grant Recipient is acting as a developer of housing. The developer's fee is 8% of the HOME funds used to construct or acquire and rehabilitate the unit. The developer's fee is a project soft cost and counts against the maximum per unit subsidy limit applicable to a project.
 - c. CHDO Proceeds.
 - (1) CHDO proceeds are the HOME funds returned to a Grant Recipient upon the sale of a unit to a homebuyer. Grant Recipients must use CHDO Proceeds to develop more housing for homeownership. Once the CHDO Proceeds are used a second time to develop more housing for homeownership, the HOME restrictions on the use of proceeds are eliminated.
 - (2) A Grant Recipient may use 15% of the CHDO Proceeds for operating expenses.
3. Other Project Soft Costs.

In planning their programs, applicants may include the actual costs paid to third parties for progress inspections and work write-ups as a project-related soft cost where necessary. The costs for plans, progress inspections, and work write-ups are capped at 2.5% of the **Hard Project Costs**. In addition to the costs for plans, inspections, and work write-ups, the costs for lead-based paint inspections, risk assessments, and clearance testing, and other architectural and engineering fees are also paid as project

soft costs and limited to the actual billed charge from a third-party vendor. All project soft costs count toward the HUD maximum per-unit subsidy limit.

D. PROHIBITED ACTIVITIES.

1. Purchase and installation of manufactured housing on lots.
2. Provision of project reserve accounts, or operating subsidies.
3. Provision of tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act.
4. Provision of non-federal matching contributions required under any other Federal program.
5. Provision of assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing).
6. Carrying out activities authorized under 24 CFR Part 968 (Public Housing Modernization).
7. Provision of assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages).
8. Provision of assistance (other than assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by HUD or THDA in the Grant Contract. However, additional HOME funds may be committed to a project up to one year after project completion, but the amount of HOME funds in the project may not exceed the HUD maximum per-unit subsidy amount.
9. Paying for any cost that is not eligible under 24 CFR 92.206 through 92.209.
10. Use of HOME funds for rental housing projects.
11. Provision of assistance for a homeowner rehabilitation project by a CHDO from the 15% CHDO set-aside. A CHDO funded through the 15% CHDO set-aside can only participate in the HOME program if they are the owner and developer of a project.
12. Provision assistance for emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, and dormitories, including those for farm workers or housing for students.

E. LAYERING.

Layering is the combining of other federal resources on a HOME-assisted project that results in an excessive amount of subsidy for the project. Such activity is prohibited. Grant Recipients must analyze each project to ensure that only the minimum amount of assistance is allocated to the project. In no case may the amount of HOME funds exceed the HUD Maximum per Unit Subsidy Limit.

F. MATCH.

THDA will not require applicants to provide match towards funded projects. Although no local match is required, THDA will award points based on the contribution of eligible match reflected in an application as specified in the scoring matrix. THDA will count any qualifying non-federal project funds or other resources reflected in successful applications that qualify as match under the HOME rule toward the match requirement.

HOME match is permanent, non-federal contributions to a project. THDA will monitor the contribution of match throughout the implementation of the grant. Matching contributions may be in the form of one or more of the following:

1. Cash contributions not provided by the assisted household and not from a federal source, including the present value of the interest subsidy for loans made at rates below market.
2. Reasonable value of donated site-preparation and construction materials.
3. Reasonable rental value of the donated use of site preparation or construction equipment.
4. Waived fees and taxes.
5. Property donation or below-market sale. A copy of the appraisal and/or purchase contract must be submitted. The donor/seller of the property must also provide a statement certifying that the property was donated or sold for affordable housing purposes and an acknowledgment that the donor/seller received the URA Guide Form Notice Disclosure to Seller, as well as the HUD booklet entitled, "When a Public Agency Acquires Your Property." If the property was originally acquired with federal funds, the value of the property is not match eligible.
6. The direct cost of donated, compliant homebuyer counseling services provided to families that acquire properties with HOME funds under the provisions of 24 CFR §92.254, including on-going counseling services provided during the period of affordability. Counseling may not be valued at more than \$40 per hour.
7. Reasonable value of donated or volunteer labor or professional services. Unskilled volunteer labor may not be valued at more than \$10 per hour; skilled volunteer labor may be valued at the documented going rate.
8. Value of sweat equity may also be eligible if every assisted household under the HOME grant award is required to perform sweat equity. Sweat equity may not be valued at more than \$10 per hour.
9. Other match sources as permitted under the HOME Final Rule.

G. LEVERAGE.

In the scoring matrix, any project that has leveraged funds will receive additional points. Leveraged funds are funds provided by local governments, grants from other sources and cash from program beneficiaries. Loan proceeds from a lending institution do not count as leverage. However, the savings generated from a below market interest rate will count as leverage. Administrative funds, *anticipated* fund-raising revenues, other THDA funds, and construction loans do not count toward leverage. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years.

The value of donated labor, materials and land will count toward leverage. The value of unskilled labor is set at the current minimum wage, and the value of skilled labor is set at twice the current minimum wage. The value of land and/or a building donated or acquired for a project prior to the application will count as leverage, but there must be an appraisal or tax assessment included in the application to document its value. In order to count donated supplies or materials, only the documented value of the actual goods or materials will be considered and they must be legitimately required by the program. The donor must provide a letter to confirm the amount of the supplies or materials. Proposed discounts will not count as leverage.

H. PUBLIC PRIVATE PARTNERSHIPS FOR NEIGHBORHOOD REDEVELOPMENT.

THDA encourages Grant Recipients to undertake housing development activities in concert with a local government or local quasi-governmental entity in order to both fulfill the need for housing in these communities as well as larger community redevelopment goals beyond the housing efforts of the Grant Recipient itself.

The Grant Recipient must have a strategy approved by its Board to redevelop an area that ties into a larger strategic plan of a City or County's efforts to stabilize a focused area that requires revitalization. Unit development must occur only in the identified target area.

In order to receive points under this scoring criteria, the Grant Recipient must partner with a local unit of government or a local quasi-governmental entity by means of a Memorandum of Understanding (MOU) or other partnership agreement for the purpose of the development of affordable housing for sale to low-income home buyers effective for the full-term of the grant period. As part of the effort, the local unit of government or the local quasi-governmental entity must provide eligible HOME match contributions to the housing development effort. The MOU must outline the responsibilities of all parties to the program implementation, including, but not limited to:

1. The targeted neighborhood area(s) in which all units will be rehabilitated and/or constructed for sale to low income home buyers under the MOU.
2. The number of units to be rehabilitated or constructed for sale to low income home buyers.
3. A description of the match contributions to be provided. At minimum, match contributions must meet the following requirements:
 - a. Donation or sale of a suitable parcel of land for home development, without encumbrance of any kind with all taxes and other fees current and meeting all requirements of Section F 5 of this program description and the following additional requirements:
 - (1) The sale price to the Grant Recipient shall be no more than \$100.
 - (2) All taxes must be clear through the time of sale to the low income homebuyer.
 - b. The donated cost of demolition and disposal of any existing structures on the building parcel including all landfill fees if unit demolition is a required part of lot development.
 - c. Fees controlled by the local government such as building permits, impact fees or other development fees must be waived by the local government and provided as a donated match to the project. To the extent, the local government controls utility connection and tap fees these fees must be waived or significantly discounted in order to meet the match eligibility requirements of the HOME program.

I. HOME PROGRAM REQUIREMENTS.

1. Income Limits.

HOME funds may only be used to benefit low-income households. "Low-income households" means an individual or household whose income does not exceed 80% of the area median income, adjusted for household size.

The income of the household to be reported for purposes of eligibility is the sum of the annual gross income of the beneficiary, the beneficiary's spouse, and any other household member residing in the home. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

Current limits are available at <https://thda.org/business-partners/home>. Median income for an area or the state shall be that median income estimate made by HUD. Median incomes change when HUD makes revised estimates.

2. Forms of Assistance. As described above, at the time of the sale of the unit to an eligible homebuyer, the Grant Recipient must leave HOME funds in the unit as a soft second mortgage loan equal to the lesser of \$39,999 or the amount necessary to qualify the household for permanent financing, but not less than \$1,000.
3. Affordability Period. The soft second mortgage loan is subject to an "Affordability Period" and recapture and will be secured by a Note and Deed of Trust between the Grant Recipient and the homebuyer.
 - a. The Affordability Period will be five years if the loan is no more than \$14,999 and 10 years if the loan is between \$15,000 and \$39,999. The amount subject to recapture due to a sale will reduce by a certain percentage each year, as outlined on the chart below, as long as the unit remains in compliance, i.e., the unit remains the permanent residence of the initial buyer and is not leased or vacated during the Affordability Period. If the unit is leased or vacated during the Affordability Period, the entire HOME subsidy must be repaid to THDA.

Soft Second Investment in Unit	Affordability Period	Annual Recapture Reduction Per Year of Occupancy
\$1,000 - \$14,999	5 Years	20%
\$15,000 - \$39,999	10 Years	10%

- - b. Sale or Transfer of the Property. The HOME-assisted homebuyer may sell or otherwise transfer the unit on or before the end of the affordability period to any willing buyer at any price, and the amount of the HOME subsidy subject to recapture will be reduced as described above. The amount subject to recapture is limited by the availability of net proceeds. The net proceeds are the sales price minus superior non-HOME loan repayments minus closing costs. If the net proceeds are not sufficient to recapture the remaining outstanding principal balance of the HOME Note plus the amount of the down payment made by the homeowner, if any, plus the amount of any capital improvement investment made by the homeowner, then the grant recipient shall recapture a pro rata share of the net proceeds of the sale in lieu of the full remaining outstanding principal balance of the HOME Note. "Capital improvement investment" means the improvements to the property made at the

homebuyer's expense (and not through some other form of subsidy), as evidenced by receipts or cancelled checks detailing the capital improvements made. Capital improvements do not include items of maintenance, deferred maintenance or cosmetic improvements. The pro rata amount to be recaptured shall be calculated in accordance with the HOME Program Regulations at 24 CFR 92.254(a)(5)(ii)(A)(3) as follows:

If the net proceeds are not sufficient to recapture the full HOME investment (or a reduced amount) plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the home-owner since purchase, the grant recipient shall share the net proceeds according to the following formulas:

$$\frac{\text{HOME Subsidy}}{\text{HOME Subsidy} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Amount to Recapture}$$

$$\frac{\text{Homeowner Investment}}{\text{HOME Subsidy} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Amount to Recapture}$$

The new proceeds may be divided proportionately as set forth in these steps:

- (1) Application of Forgiveness Feature. Once the net proceeds are determined from the sale of the property, the grant recipient shall reduce the amount due based on the length of time the homebuyer has occupied the home in relation to the affordability period.
 - (2) Amount subject to recapture. The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the housing unit. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy).
 - (3) After the full HOME investment has been repaid, any excess profits will belong to the homeowner.
- c. Construction Financing-Homeownership. For Grant Recipients using HOME for construction financing to develop homeownership units, the initial affordability period will be based on the amount of HOME funding invested in the development of the unit under the resale provisions of the HOME regulations. In order to enforce the provisions of the Working Agreement with the CHDO, THDA will require that a Restrictive Covenant and Deed of Trust be recorded against the property prior to drawing down HOME funds for construction. When the unit is sold to an eligible homebuyer, THDA will provide the closing agent a copy of the release for Restrictive Covenant and Deed of Trust. The CHDO must provide the closing agent with a Grant Note and Deed of Trust between the CHDO and the homebuyer for the soft second mortgage loan under the recapture provisions. Upon receipt by THDA of a copy of the Grant Note, the recorded Deed of Trust between the homebuyer and the CHDO, the recorded deed from the seller to the homebuyer, and the fully executed final TILA-RESPA Integrated Disclosure (TRID) Settlement Statement, the original Release of Lien is forwarded to the closing agent for recording.

4. Level of Subsidy.

The current maximum HOME investment per unit, effective 4/7/2023, is provided below:

MINIMUM HOME DOLLARS	\$ 1,000	PER UNIT
MAXIMUM HOME DOLLARS	\$129,758	0-BEDROOM (EFFICIENCY) LIMIT
	\$148,748	1-BEDROOM LIMIT
	\$180,882	2-BEDROOM LIMIT
	\$234,004	3-BEDROOM LIMIT
	\$256,862	4-BEDROOM OR MORE LIMIT

Periodically, THDA may update these limits pending approval from HUD. Updated limits will be effective for all activities in which the written agreement for the activity is entered into after the effective date for the limits issued by HUD. These updates will be posted on THDA’s web site at <https://thda.org/business-partners/home>.

5. Property Standards. Property Standards must be met when HOME funds are used for a project. Any housing constructed or rehabilitated with THDA HOME funds must meet all applicable local, county, and state codes, rehabilitation standards, Uniform Property Condition Standards (UPCS) or other standard as prescribed by HUD, and zoning ordinances at the time of project completion.

In the absence of a local code, new construction of single-family units or duplexes must meet the current, State-adopted edition of the International Residential Code for One- and Two-Family Dwellings. The newly constructed units must also meet accessibility requirements and mitigate disaster impact as applicable per State and local codes, ordinances, etc.

In the absence of a local code, rehabilitation of existing homeowner units must meet the current, State-adopted edition of the Existing Building Code of the International Code Council (ICC).

THDA will not make any funding awards for units in a jurisdiction where the unit cannot be inspected by a state certified building inspector or by a provider as permitted under State law.

HOME-funded units must also conform, as applicable, to the THDA Minimum Design Standards for New Construction of Single Family and Multifamily Housing Units and with THDA’s Minimum Design Standards for Rehabilitation of Single Family and Multi-family Housing Units. THDA must review and approve plans, work write-ups and written cost estimates and determine cost reasonableness for both new construction and rehabilitation prior to putting the project out to bid.

The International Code books are available at: www.iccsafe.org

- a. Disaster Mitigation. All new construction should be built in a method and/or location that would attempt to protect all new construction from possible disaster due to either a man-made issue, or an act of God that may cause physical or structural damage to the home. The methods should include any items that may be recommended, or required by either local, state, or federal agencies dealing with disasters.

- b. Energy Code. New construction projects must also meet the State-adopted edition of the International Energy Conservation Code. Copies of the Energy Code may also be obtained from the International Code Council at the address listed above.
 - c. Energy Conservation. In addition to meeting the State-adopted edition of the International Energy Conservation Code, new construction projects must be Energy Star qualified as certified by an independent Home Energy Rating System (HERS) rater or achieve a HERS index of 85 or less when tested by a certified rater.
 - d. Section 504. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted activities and programs on the basis of disability, and imposes requirements to ensure accessibility for qualified individuals with disabilities to these programs and activities.
6. After Rehabilitation Property Value. For rehabilitation projects, the maximum after rehabilitation value permitted may not exceed 95% of the median purchase price for the area as established by HUD for Existing Units that are one-unit buildings. Current limits are available at <https://thda.org/government-nonprofit-partners/home-program> .
7. Sales Price Limits.
- a. Rehabilitation Projects: The sales price limit are the same as the After-Rehabilitation Property Value Limits. All homes developed using HOME funds must be sold at the appraised value or the Maximum HUD Property Value limit for Existing Homes that are one-unit buildings, whichever is lower. Current limits are available at <https://thda.org/government-nonprofit-partners/home-program> .
 - b. New Construction Projects: All homes newly constructed using HOME funds must be sold at the appraised value or the Maximum HUD Property Value Limit for New Homes that are one-unit buildings. Current limits are available at <https://thda.org/government-nonprofit-partners/home-program> .

J. UNIVERSAL DESIGN/VISITABILITY.

THDA encourages the inclusion of features that allow individuals with physical disabilities to reside and/or visit the housing that is constructed or rehabilitated with federal HOME funds.

Universal design is a building concept that incorporates products, general design layouts and other characteristics to a housing unit in order to:

- Make the unit usable by the greatest number of people;
- Respond to the changing needs of the resident; and
- Improve the marketability of the unit

The goal of universal design seeks to build housing that meets the needs of the greatest number of residents within a community. Universal design differs from accessible design, which is primarily intended to meet the needs of persons with disabilities. However, universal design is inclusive of adaptable design as universal design incorporates structural features that will allow a housing unit to be adapted to an individual's current or future needs. Universal design features include, but are not limited to:

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

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

Visitability refers to homes that are designed and built in a manner that allows individuals who have trouble with steps or use wheelchairs or walkers to live in or visit the unit. These features include:

- One zero-step entrance.
- Doors with 32 inches of clear passage space.
- One bathroom on the main floor that is accessible to a person using a wheelchair.

More information on Visitability can be found at: <http://www.visitability.org>.

K. HOME RELOCATION REQUIREMENTS.

THDA DISCOURAGES PROJECTS INVOLVING DISPLACEMENT OR RELOCATION OF HOUSEHOLDS. PRIOR TO APPLICATION, CONTACT THDA IF YOU ARE PLANNING ANY PROJECT THAT MAY INVOLVE DISPLACEMENT OR RELOCATION.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), and its implementing regulations, 49 CFR Part 24, requires relocation assistance where acquisition has occurred under the Uniform Act. In addition, the Uniform Act coverage was expanded in 1987 amendments to cover displacement of individuals resulting from rehabilitation, demolition, or private acquisition carried out under a federally-assisted project or program.

Section 104(d) of the Housing and Community Development Act ("The Barney Frank Amendments") and HUD's Residential Anti-Displacement and Relocation Assistance Plan include additional relocation requirements. This extra level of relocation protection may be triggered for low-income households when units are converted or demolished with Community Development Block Grant (CDBG) or HOME funds. In addition, when Section 104(d) is triggered, jurisdictions may need to replace any low-income dwelling units that are lost due to the conversion or demolition. This section refers only to residential relocation. If non-residential (commercial/industrial) relocation is involved, contact THDA.

Understanding how relocation requirements are triggered, alternate ways of meeting them, and the costs of the alternatives is essential in making HOME program decisions. Concerns about relocation may cause an administrator to consider establishing a preference for vacant buildings. However, administrators should also consider that vacant buildings are often much deteriorated. Rehabilitating an occupied building even with the cost of assisting tenants to remain or relocate, may be less costly than rehabilitating a vacant building. In

occupied buildings, program administrators must consider whether occupants will be able to return after rehabilitation and whether Housing Choice Voucher (Section 8) assistance is available to help meet relocation costs. Selecting vacant projects does not relieve all relocation concerns. Vacant buildings in good condition may have been recently occupied. If so, the program administrator must consider whether the owner removed the tenants in order to apply for HOME assistance for a vacant building. If so, these tenants are displaced persons.

Skilled staff can save the local program money and build goodwill with owners and tenants. Failure to understand and follow relocation requirements can result in unnecessary costs for the local program. It is possible for uninformed owners and staff to take steps that would obligate the local program to provide significant relocation benefits and services. Early briefings for owners and program staff on relocation rules are essential. Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition consolidates relocation requirements for HOME and other HUD programs in one document. It is available from HUD Field Offices or by contacting THDA. HUD informational booklets for persons who are displaced or whose property is to be acquired are also available from HUD Field Offices or from THDA.

Uniform Relocation Act (URA) requirements are triggered at the time the application is being prepared, and additional requirements are triggered at the time the working agreement is signed between the owner and the grantee and when rehabilitation is completed. Treatment of displaced persons depends upon whether the displaced person is (1) a tenant or owner; (2) a business or household; or (3) has income above or below the Section 8 Lower Income Limit.

WHO IS A DISPLACED PERSON? - Any person (household, individual, business, farm, or non-profit organization) that moves from the real property, permanently, as a direct result of rehabilitation, demolition, or acquisition for a project assisted with HOME funds. Relocation requirements apply to all occupants of a project/site for which HOME assistance is sought even if less than 100% of the units are HOME assisted.

WHO IS NOT A DISPLACED PERSON? - A tenant evicted for cause, assuming the eviction was not undertaken to evade URA obligations. A person with no legal right to occupy the property under State or local law (e.g., squatter). A tenant who moved in after the application was submitted but before signing a lease and commencing occupancy, was provided written notice of the planned project, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and the fact that the person would not qualify as a "displaced person" (or for any assistance under URA) as a result of the project. A person, after being fully informed of their rights, waives them by signing a Waiver Form.

HOW IS DISPLACEMENT TRIGGERED?

Before Application. A tenant moves permanently from the property before the owner submits an application for HOME assistance if THDA or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition for the HOME project. (e.g., THDA determines that the owner displaced tenants in order to propose a vacant building for HOME assistance.)

After Application. A tenant moves permanently from the property after submission of the application, or, if the applicant does not have site control, the date THDA or the local program administrator approves the site because: (1) the owner requires the tenant to move permanently; or (2) the owner fails to provide timely required notices to the tenant; or (3) the tenant is required to move temporarily and the owner does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable.

After Execution of Agreement. A tenant moves permanently from the project after execution of the agreement covering the acquisition, rehabilitation or demolition because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project.

L. HOME RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN.

THDA will require grant recipients to replace all occupied and vacant habitable lower income housing demolished or converted to a use other than as lower income housing in connection with a project assisted with funds provided under the HOME Investment Partnership Act

All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a working agreement committing THDA to provide funds for a project that will directly result in the demolition or conversion, THDA will make public by and submit to the HUD/Knoxville HOME coordinator certain information. Each applicant proposing demolition or any reduction in lower income housing units must submit the following information to THDA:

1. A description of the proposed assisted project;
2. The address, number of bedrooms, and location on a map of lower income housing that will be demolished or converted to a use other than as lower income housing as a result of an assisted project;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. To the extent known, the address, number of bedrooms and location on a map of the replacement housing that has been or will be provided;
5. The source of funding and a time schedule for the provision of the replacement housing;
6. The basis for concluding that the replacement housing will remain lower income housing for at least 10 years from the date of initial occupancy; and
7. Information demonstrating that any proposed replacement of housing units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the approved Consolidated Plan.

M. EQUAL OPPORTUNITY AND FAIR HOUSING.

No person in the United States shall on the grounds of race, color, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under any program funded in whole or in part by HOME funds. The following Federal requirements as set forth in 24 CFR 5.105(a), Nondiscrimination and equal opportunity, are applicable to HOME projects:

Fair Housing Act	24 CFR Part 100
Executive Order 11063, as amended (Equal Opportunity in Housing)	24 CFR Part 107
Title VI of the Civil Rights Act of 1964 (Nondiscrimination in Federal programs)	24 CFR Part 1
Age Discrimination Act of 1975	24 CFR Part 146

Section 504 of the Rehabilitation Act of 1973	24 CFR Part 8
Section 109 of Title I of the Housing and Community Development Act of 1974	24 CFR Part 6
Title II of the Americans with Disabilities Act	42 U.S.C. §12101 <i>et seq.</i>
Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity	24 CFR Parts 5, 200, 203, 236, 400, 570, 574, 882, 891 and 982
Section 3 of the Housing & Urban Development Act of 1968	24 CFR 135
<ul style="list-style-type: none"> Section 3 requires that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low-income persons, particularly those who are recipients of government assistance for housing. 	
Executive Order 11246, as amended (Equal Employment Opportunity Programs)	41 CFR 60
Executive Order 11625, as amended (Minority Business Enterprises)	
Executive Order 12432, as amended (Minority Business Enterprise Development)	
Executive Order 12138, as amended (Women’s Business Enterprise)	
<ul style="list-style-type: none"> Executive Orders 11625, 12432, and 12138 (Minority/Women's Business Enterprise) require that PJs and local programs must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. Local programs must also develop acceptable policies and procedures if their application is approved by THDA. 	

The HUD Office of Fair Housing also includes the following fair housing laws and Presidential Executive Orders which are not included in 24 CFR 5.105(a) but which are applicable to federally-assisted programs:

- Architectural Barriers Act of 1968 at 42 U.S.C. §4151 *et seq.*
- Executive Order 12892, as amended
(Affirmatively Furthering Fair Housing)
- Executive Order 12898
- Executive Order 13166
(Limited English Proficiency)
- Executive Order 13217
(Community-based living arrangements for persons with disabilities)

In addition to the above requirements, the PJ and local programs must assure that its Equal Opportunity and Fair Housing policies in the HOME Program are consistent with its current Consolidated Plan.

N. SITE AND NEIGHBORHOOD STANDARDS.

Housing provided through the HOME program must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and HUD regulations issued pursuant thereto; and must promote greater choice of housing opportunities. Grant Recipients must ensure that the proposed activity does not allow or promote segregation on the basis of race, disability or income.

O. AFFIRMATIVE MARKETING.

Prior to beginning a HOME project, grant recipients must adopt affirmative marketing procedures and requirements for all HOME-funded homebuyer projects with five or more units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. These must be approved by THDA prior to any HOME funds being committed to a project. Requirements and procedures must include:

1. Methods for informing the public, owners and potential tenants about fair housing laws and the local program's policies;
2. A description of what owners and/or the program administrator will do to affirmatively market housing assisted with HOME funds;
3. A description of what owners and/or the program administrator will do to inform persons not likely to apply for housing without special outreach;
4. Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness; and
5. Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

P. ENVIRONMENTAL REVIEW.

In implementing the HOME program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 (NEPA) and the related authorities listed in HUD's regulations at 24 CFR Parts 50 and 58.

THDA, as the Participating Jurisdiction, will be responsible for carrying out environmental reviews. THDA must request the release of funds from HUD for any projects of non-profit organizations. The non-profit organizations will be responsible for gathering the information required for the environmental reviews.

HUD's regulations at 24 CFR 58.22 prohibit applicants from committing or spending HUD or non-HUD funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environment review once a project has become "federal." This prohibition on "choice-limiting actions" prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions.

The restriction on undertaking or committing funds for choice-limiting actions does not apply to undertakings or commitments of non-federal funds before a project participant has applied for HUD funding. A party may begin a project in good faith as a private project and is not precluded from later deciding to apply for federal assistance. **However, when the party applies for federal assistance, it will generally need to cease further choice-limiting actions on the project, using either federal or non-federal funds, until the environmental review process is complete through issuance of the release of funds.**

Therefore, the Environmental Review covers the entire project, not just the portion funded by HOME. *Except under very limited circumstances, no funds, including both HOME and non-HOME resources, may be committed or expended on a project prior to the release of funds under the Environmental Review process. Any such expenditure will make the entire project ineligible for funding under the HOME program.*

Q. LEAD-BASED PAINT.

Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.) and 24 CFR Part 35, Subparts C through M. The lead-based paint provisions of 982.401(j) also apply, irrespective of the applicable property standard under 24 CFR 92.251. The Lead-Based Paint regulations are available at www.hud.gov/lea or by contacting 1-800-424-LEAD (5323).

R. LABOR STANDARDS.

Davis-Bacon wage compliance and other Federal laws and regulations pertaining to labor standards apply to all contracts for rehabilitating or constructing 12 or more units assisted with HOME funds. The contract for construction must contain the applicable wage provisions and labor standards. Davis-Bacon does not apply to projects using volunteer labor or to sweat equity projects.

S. DEBARMENT AND SUSPENSION.

Local programs must require participants in lower-tier transactions covered by 24 CFR 24 to certify that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction.

T. FLOOD PLAINS.

HOME funds may not be used to construct housing in an area identified by the Federal Emergency Management Agency as having special flood hazards. In addition, THDA discourages the rehabilitation of units located in special flood hazard areas, but in a few instances and with written permission from THDA, houses located in a floodplain may be assisted. The community must be participating in the National Flood Insurance Program and flood insurance must be obtained on the units.

U. CONFLICT OF INTEREST.

In the procurement of property and services, the conflict of interest provisions at 2 CFR 200.112, apply. In all cases not governed by 2 CFR 200.112, the conflict of interest provisions of the HOME Rule as stated below apply:

The HOME conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of THDA, a State recipient or subrecipient receiving HOME funds. No person listed above who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent, elected or appointed official, or consultant of the owner, developer or sponsor or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the owner, developer or sponsor) whether private, for profit or non-profit (including a CHDO when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project during the required period of affordability specified in 92.252(e) or 92.254(a)(4). This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

Grant Recipients should avoid conflicts of interest and the appearance of conflicts of interest in administering their HOME programs as THDA does not routinely consider requesting exceptions to the conflict of interest provisions from HUD. The existence of a conflict of interest or the appearance of a conflict of interest, as determined by THDA in its sole discretion, may be grounds for requiring repayment of HOME funding and limitations on future program participation.

V. PROCUREMENT.

It is important to keep the solicitation of bids for goods and services as well as professional services contracts open and competitive. Cities, counties, and non-profit organizations must follow their procurement policies and meet all state and federal requirements. At a minimum, applicants must comply with 2 CFR 200.318 - General Procurement Standards.

Prior to solicitation of bids, the Grant Recipient should develop a comprehensive scope of work and perform an independent cost estimate. Grant Recipients should make every effort to obtain a minimum of 3 to 5 bids using formal advertising or requests for proposals for the procurement of professional services such as grant administration, inspections, and work write-ups. There must be an established, well-documented selection procedure and a written rationale for selecting the successful bid or proposal.

W. APPLICATION EVALUATION PROCEDURE.

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria includes: submission of a complete application; proposal of an eligible activity; proposal of a project that in the

opinion of THDA is physically, financially, and administratively feasible; and the proposal of a project that meets the requirements of 24 CFR Part 92, as amended.

All non-profit applicants must submit the most current version of the following required documentation in accordance with the application instructions. Items identified as “THRESHOLD” must be submitted with the application for funding consideration. All other items are required and any funding consideration will be conditional until their receipt and THDA’s subsequent review and approval of the item:

1. Evidence that the applicant is organized and existing under the laws of Tennessee or, if organized and existing under the laws of another state, evidence that applicant is organized and existing in that state and authorized to do business in Tennessee. (THRESHOLD)
2. Documentation of an IRS designation under Section 501(c)(3) or 501(c)(4) of the federal tax code. A 501(c)(3) non-profit organization may not submit an application until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary material with the IRS and received a response from the IRS demonstrating 501(c)(4) status. (THRESHOLD)
3. Copy of Organizational Charter (THRESHOLD)
4. Copy of Organizational By-laws (THRESHOLD)
5. List of Board members including: names; home address; occupation; a description of their primary contribution; length of service; phone #; email address; and date the term of service expires. (THRESHOLD)
6. Business plan or strategic management plan that demonstrates the agency’s short term and long term goals, objectives, and plans to achieve them.
7. The most recent financial audit or audited financial statements of the organization. (THRESHOLD)
8. Applicant Board Member and Corporate Disclosure Forms *completed, signed by the organization's Executive Director and each Board Member and notarized.*
9. Applicant/Board Member and Corporate Disclosure Form *completed, signed by the Chairman of the Board or Executive Director on behalf of the organization and notarized.*
10. One page explanation of how the Board of Directors is involved in the operation of the agency, including how often the Board meets, how the Board monitors and provides oversight for the agency’s programs.
11. Resolution by the Board of Directors authorizing the submission of this application. (THRESHOLD)
12. List of staff members employed by the organization, including how many are full-time or part-time, their specific responsibilities related to housing programs, and how many years of experience each staff member has in housing development. (THRESHOLD)
13. Documentation of agency operating funds from other sources, including how much annually and from what sources.
14. Explanation of any other programs operated by the organization, including the program(s) and its funding source(s).

15. Explanation of the agency's experience in housing, particularly in providing housing to low and very low income households in Tennessee. (THRESHOLD)

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

Documentation must be submitted to demonstrate that the organization meets threshold requirements and has the capacity to provide affordable housing for low-income households, including the administration of the proposed project.

To be eligible for funding, an application must receive a minimum threshold score of 60, an amount equal to at least 50% of the total points available.

Applications meeting the threshold criteria will be scored and ranked in descending numerical order within the CHDO matrix, based on the criteria provided below. In the event of a tie score, THDA first will select the application with the highest capacity score and then, if a tie still remains, the lowest prior year un-expended funds deduction. If a tie still remains, THDA will select the application with the highest percentage of Match.

1. PROGRAM DESIGN, PLANNING AND CAPACITY**Up to 60 points**

The proposed project demonstrates exceptional project planning and readiness.

Up to 30 points

- The program design is complete and all necessary components to accomplish the project are identified in the application.
- Sites have been identified and CHDO has site control. NOTE: THDA will not be able to issue a Working Agreement unless there are specific addresses or a legal description for the property.
- CHDO has a pipeline of potential homebuyers ready to purchase or working toward readiness to purchase. NOTE: Commitment of CHDO funds must be to a specific address and homebuyer to meet HUD's definition of CHDO commitment by the 24-month deadline.
- CHDO has completed an examination of neighborhood market conditions demonstrating a need for the proposed housing and the anticipated housing types, as well at the target locations or neighborhoods for which the housing is intended.
- CHDO has secured other funding for the project. Commitment letters are included in the application.

The CHDO demonstrates sufficient capacity beyond threshold.

Up to 30 points

- The CHDO has produced successful affordable housing projects of similar size, scope and complexity.
- The CHDO has a demonstrated capacity to manage homeownership programs.
- The CHDO has paid staff with demonstrated housing development experience as documented by W-2 forms.
- The organization operating budget reflects multiple sources of funding.
- If previous experience under HOME:
 - Has the demonstrated ability to conform to the timeframe of Attachment B: Implementation Plan of the HOME Working Agreement;
 - Has demonstrated its ability to commit and draw down funds in a timely manner;
 - Has demonstrated the ability to complete a project within the contract term;
 - Has a lack of monitoring findings; and
 - Appropriately responds to client concerns or complaints and to THDA staff.

3. CHDO SERVICE AREA NOT IN A PJ

5 points

THDA shall award up to 5 points to applications submitted from CHDOs where 100% of the units to be developed with the initial use of the grant funds are not in an area designated as a PJ by HUD.

4. PUBLIC PRIVATE PARTNERSHIP FOR NEIGHBORHOOD REDEVELOPMENT

10 points

To receive points under this criteria, the CHDO must partner with a local unit of government or a local quasi-governmental entity by means of a MOU or other partnership agreement, outside of THDA's contract, for the purpose of the development of affordable housing.

The MOU must meet the requirements listed in Section H of this program description.

- a. The CHDO must have a strategy approved by its Board to redevelop an area that ties into a larger strategic plan of a City or County's efforts to stabilize a focused area that requires revitalization.
- b. The targeted neighborhood area(s) in which all units will be rehabilitated and/or constructed is clearly identified in the MOU.
- c. The units to be rehabilitated or constructed must be for sale to eligible low income homebuyers, as defined in Section I of this program description.
- d. Match contributions, at minimum, must meet the following requirements:
 - 1) Donation or sale of a suitable parcel of land for home development, without encumbrance of any kind and with all taxes paid current, as defined in Section F of this program description.
 - 2) The donated cost of demolition and disposal of any existing structures on the building parcel including all landfill fees, if unit demolition is a required part of lot development.
 - 3) Fees controlled by the local government such as building permits, impact fees or other development fees must be waived by the local government and provided as a donated match to the project. To the extent, the local government controls utility connection and tap fees, these fees must be waived or significantly discounted in order to meet the match eligibility requirements of the HOME program.

5. MATCH

Up to 15 points

THDA shall award up to 15 points to applications that include a committed contribution of eligible match resources towards the project implementation. A commitment of eligible match contribution from an external source must be documented in the application from the source providing the contribution. To determine the points awarded, THDA will not round the percentage calculated.

- The project's sources include an eligible HOME match contribution that is equal to or greater than 15% of the proposed HOME funds to be used for project costs;

15 points

OR

- The project's sources include an eligible HOME match contribution that is equal to or greater than 5% and less than 15% of the proposed HOME funds to be used for project costs; 10 points

OR

- The project's sources include an eligible HOME match contribution that is equal to or greater than 1% and less than 5% of the proposed HOME funds to be used for project costs; 5 points

OR

- The project's sources include an eligible HOME match contribution that is less than 1% of the proposed HOME funds to be used for project costs.

6. LEVERAGE

Up to 10 points

THDA shall award up to 10 points to applications that include the use of funds from other sources. THDA will award points in this category based on the actual percentage of other funds in the project. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years. In order to receive points, there must be written documentation for the leveraged funds in the application.

7. ENERGY CONSERVATION

Up to 10 points

- a. For acquisition/rehabilitation and sale type homeownership projects, THDA shall award up to 10 points to applications that, to the extent feasible, include at least three energy conservation measures beyond that required by THDA's Design Standards for Rehabilitation in the rehabilitation of each unit.
- b. For new construction homeownership projects, THDA shall award up to 10 points to applications that include at least three energy conservation measures beyond that required by THDA's Design Standards for New Construction.

8. UNIVERSAL DESIGN

Up to 10 points

For new construction or acquisition/rehabilitation type homeownership projects, THDA shall award **up to 10 total points** to applications that include additional identified universal design features in each unit. Points will be awarded based on the schedule below.

Item "a" is worth (4) points. All other items are worth (2) points each. **The maximum number of points that can be awarded under this category is 10.**

- a. One entrance door that is on an accessible route served by a ramp or no-step entrance and which also has a 36" door.

- b. All Interior Doors a minimum of 32 inches of clear passage space except closets of less than 15 square feet.
- c. All hallways have a clear passage of at least 36 inches, is level with ramped or beveled changes at each threshold.
- d. Each electrical panel, breaker box, light switch or thermostat is no higher than 48 inches above the floor.
- e. Each electrical plug or receptacle is at least 15” above the floor.
- f. Minimum 5’ x 5’ level clear space inside and outside entry door.
- g. Broad blocking in walls around each toilet, tub and shower for future placement of grab bars.
- h. Full-extension, pull-out drawers, shelves and racks in base cabinets in kitchen.
- i. Front mounted controls on all appliances.
- j. Lever door handles on all doors.
- k. Loop handle pulls on drawers and cabinet doors.
- l. One bathroom on the main floor you can get into in a wheelchair.

9. PRIOR YEAR UNEXPENDED HOME FUNDS DEDUCTIONS

Up to -5 Points

CHDOs that administered a HOME grant received under program descriptions in 2019-2023 and have successfully closed their HOME grant are eligible for application if the spend down requirement is met, as detailed under Eligible Applicants, Item 8 of this program description. Any grant that successfully closed, but did not expend 100% of the HOME grant funds awarded will be subject to a point deduction. The maximum number of points that can be deducted under this category is 5. The amount of points deducted is contingent upon the balance of HOME grant funds left unspent.

The balance of unspent HOME funds will be subject to the following deductions:

- Over \$50,000.00 -5 Points
- \$30,000 - \$49,999.99 -4 Points
- \$20,000 - \$29,999.99 -3 Points
- \$10,000 - \$19,999.99 -2 Points
- \$1 - \$9,999.99 -1 Point



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: Tennessee Housing Development Agency Board of Directors

FROM: Bill Lord, Director of Community Housing
Don Watt, Chief Programs Officer

SUBJECT: 2024-2 HOME Rental Housing Development Program Description

DATE: July 8, 2024

Recommendation:

Staff recommends the Board approve the following:

- Adoption of the attached proposed 2024-2 HOME Rental Housing Development Program Description (“Program Description”);
- Authorize the Executive Director or a designee to award 2024-2 HOME funds to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description;
- Allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes and substantial changes if needed to comply with federal requirements; and,
- Allow staff to reallocate any funds not awarded to future HOME activities.

Staff will provide information to the Board regarding associated funding awards at the meeting that immediately follows the date of the awards.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





TENNESSEE HOUSING DEVELOPMENT AGENCY
2024-2 HOME RENTAL HOUSING DEVELOPMENT PROGRAM
PROGRAM DESCRIPTION

The Tennessee Housing Development Agency (“THDA”) administers the federally funded HOME Investment Partnership Program (“HOME”), which is designed for the production and preservation of affordable housing through the acquisition, new construction, or rehabilitation of affordable housing for low-income households. The purpose of this Program Description is to explain the program requirements and application process.

THDA will provide HOME funding under its HOME Rental Housing Development Program (the “Program”) for the new construction and/or acquisition and rehabilitation of rental housing projects that consist of no more than a total of 11 units. The funding may be combined with other resources, except for the Low-Income Housing Credit (“LIHC”).

Program grants will be awarded through a competitive application process to Community Housing Development Organizations (“CHDO”), other non-profit housing developers, and Public Housing Authorities in all 95 Tennessee counties. An applicant must apply for at least \$300,000 and may apply for a maximum grant of \$1,500,000, subject to other limits defined herein. The application period for the Program will open on ~~Thursday, February 22~~ ~~September 23~~, 2024 and applications must be received by THDA on or before ~~4:00~~ PM CT on ~~Thursday~~ ~~Friday, October 17~~ ~~April 22~~, 2024. THDA anticipates notifying successful applicants on or about ~~May~~ ~~December 1-10~~, 2024. The Program period of performance will begin on ~~July 1~~ ~~January 1~~, 202~~5~~~~4~~ and will end ~~December~~ ~~June 30~~, 202~~7~~.

The application package for Program resources, as well as additional program documentation, will be made available on THDA’s website beginning ~~February~~ ~~September 3—15~~, 2024 at <https://thda.org/government-nonprofit-partners/home-program>

1) ALLOCATION OF FUNDS

1. HOME funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee's Consolidated Plan, as amended. The amount of the 2024 Allocation ~~is currently unknown until there is an approved federal budget is \$12,910,084.; however~~ THDA initially set aside 10% of its total allocation for administrative and planning purposes, 20% for its CHDO set aside and up to 5% for CHDO Operating Expense.

2. THDA made available 50% of its remaining 2024 HOME allocation from HUD, after all set asides described in item 1 Above, for the 2024 HOME Rental Development Program Description.

Following the initial 2024 HOME Rental Housing Development Round, THDA has a remaining balance from the initial Program allocation of -\$3,704,630 to make available for the 2024 HOME Rental-2 Round. Additionally, THDA may make available any unallocated or returned funds from the 2023 or earlier funding rounds, as determined at the time of award announcements in May/December 2024.

2) ELIGIBLE RECIPIENTS

THDA will accept applications from qualified CHDOs, other qualified nonprofit housing developers, and Public Housing Authorities. All applicants must be the final owner of the proposed rental housing project. An applicant must materially participate (regular, continuous, and substantial on-site involvement) in developing, owning, and operating the development throughout the affordability period, as defined herein.

- a. To be eligible the entity must meet the following criteria:
 - i. Be organized and existing to do business in the State of Tennessee, or if organized in another state, be qualified to do business in the State of Tennessee.
 - ii. Demonstrate at least two (2) years of related housing development and management experience in Tennessee. For this Program, “related housing experience” means the development, ownership, and management of affordable rental housing.
 - iii. For acquisition only of a qualified housing development, demonstrate at least two years of related housing management experience in Tennessee.
 - iv. Demonstrate the financial capacity necessary to undertake, complete, and manage the proposed project, as demonstrated by its ability to own, construct, or rehabilitate and manage and operate affordable rental housing. THDA will evaluate the experience of the entire proposed team with owning, developing, and managing projects of similar size and scope serving the intended population proposed. Applicants and their development team must undergo an evaluation by THDA of their capacity before the applicant may qualify as an Eligible Recipient, as defined herein.
 - v. Have demonstrated understanding of the Federal, State and local housing programs used in conjunction with HOME funds to ensure compliance with all applicable program requirements and regulations.
 - vi. Not be debarred or excluded from receiving federal assistance or THDA assistance prior to selection or entering into the grant contract with THDA.
 - vii. Certify that housing units assisted with the HOME will comply with HOME program requirements during the entire period that begins upon selection and ends upon the conclusion of all HOME-funded compliance and affordability periods.
 - viii. Receive a minimum of 60% of the points available for a minimum score of 60 or greater.

3) CHDO REQUIREMENTS

Though an entity is not required to be a qualifying CHDO to apply for or receive these funds to be considered a qualifying CHDO and eligible for available points under the CHDO Designation criteria of the scoring matrix,

the applicant must also meet the following additional requirements:

- a. Have an Internal Revenue Service (“IRS”) designation under Section 501(c)(3) or Section 501(c)(4) of the federal tax code. A 501(c)(3) non-profit applicant may not submit an application until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary materials with the IRS and received a response from the IRS demonstrating 501(c)(4) status;
- b. Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual;
- c. Have among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws, and experience in the provision of housing to low-income households;
- d. Have standards of financial accountability that conform to 2 CFR Part 200, Uniform Administrative Requirements, Audit Requirements and Cost Principles; Not be controlled by, or under the direction of, individuals or entities seeking to derive profit or gain from the CHDO. If a CHDO is sponsored or created by a for-profit entity, all of the following must apply:
 - i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer or real estate management firm;
 - ii. The for-profit entity may not have the right to appoint more than one-third of the membership of the CHDO’s governing body. CHDO board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members;
 - iii. The CHDO must be free to contract for goods and services from vendors of its own choosing; and
 - iv. The officers, directors, owners (stockholders, managers, members, etc.) or employees of the for-profit entity cannot be officers, directors, owners (stockholders, managers, members, etc.) or employees of the CHDO;
- e. Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a CHDO, however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization’s governing body and no more than one-third of the board members may be public officials or employees of recipient governmental entity. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers of the Board or employees of a CHDO;
- f. Maintain accountability to low-income community residents by:
 - i. Including residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in at least one-third of the CHDO’s governing board’s membership. For urban areas, “community” may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
 - ii. Providing a formal, written process for low-income program beneficiaries to advise the CHDO in its decisions regarding the design, site selection, development, and management of affordable housing. The process must be described in the organization’s by-laws or has been adopted by its board by resolution. Low-income board representation alone does not satisfy this requirement.

- g. Have a demonstrated capacity to successfully carry out housing projects assisted with HOME funds. A CHDO undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. Paid staffing may be documented by providing copies of the most recent W-2, as applicable, issued by the nonprofit entity for each staff member. For its first year of funding as a CHDO, a CHDO may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key CHDO staff. A CHDO that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of 24 CFR 92.300(a)(2). A CHDO does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated or cost allocated by another organization, or by hiring a consultant; and have a history of serving the community within which the housing to be assisted with HOME funds is to be located. In general, a CHDO must be able to show at least one year of serving the community through housing activities benefiting low-income persons or families before HOME funds may be awarded to that CHDO. However, a newly created CHDO formed by local churches, service organizations, or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least one year of serving the community through housing activities benefiting low- income families.

4) SPEND DOWN REQUIREMENT

Applicants with previous HOME, National Housing Trust Fund (NHTF), HOME-ARP, and Tennessee Housing Trust Fund Competitive Grant program rental development grant awards must have submitted an official Request for Payment Form with supporting documentation demonstrating the spend down of the following percentages of all existing rental development grants by MarchSeptember 30, 31, 2024, to be eligible for funding:

GRANT YEAR	SPEND DOWN REQUIREMENT
Any 2020 Round	100 percent
Any 2021 Round	100 percent
Any 2022 Round	75 percent
Any 2023 HOME-ARP, NHTF or Competitive Round	50 percent
Any 2023 <u>or 2024</u> HOME Rental Round	Ineligible

5) FORM OF ASSISTANCE

HOME funds will be awarded as a grant, secured by a note, deed of trust, and a declaration of land use restrictive covenants (“restrictions”). The entire grant term beginning with issuance of the Reservation of Funds and ending with the final project completion, issuance of a Certificate of Occupancy or equivalent and submission of all final draw requests and legal documentation is 3 years.

- a. Eligible Recipients will be initially provided a Reservation of Funds with a total term period of 3 years. Prior to being issued the grant agreement and within six (6) months of the beginning of the term of the Reservation of Funds recipients must have satisfied the following requirements;
 - i. Submission and approval of site and neighborhood standards
 - ii. Submission and approval of an Environmental Review Record and receive issuance of a release of Funds letter.
 - iii. Submittal of a final development budget with documentation of all committed development sources.

- b. Eligible Recipients must sign a grant contract, initially, preliminarily awarding HOME funds to a proposed project.
- c. Prior to requesting any draws, a Recipient must execute a note and record a fully and accurately executed deed of trust and restrictions (the “Legal Documents”) and provide such to THDA.

6) SUBSIDY LIMITS

The investment of HOME funds must conform to the following minimum and maximum subsidy limits per unit:

The minimum amount of HOME funds that must be invested in a project is \$1,000 times the number of HOME-assisted units (“HOME Units”) in the project.

- a. The maximum amount of HOME funds that may be invested per HOME Unit per size is based on THDA’s d subsidy limits as the time the project contract is executed. The current approved subsidy limits are:

\$129,758	0-Bedroom (Efficiency) Limit
\$148,748	1-Bedroom Limit
\$180,882	2-Bedroom Limit
\$234,004	3-Bedroom Limit
\$256,862	4-Bedroom Limit

7) DEVELOPER FEE

The sum of the Developer’s overhead and the Developer’s profit is (the “Developer Fee”). Consulting fees and guarantor fees are also considered part of the total Developer Fee calculation. A Developer Fee of up to fifteen percent (15 percent) of the HOME development costs, net of the development fee, prorated acquisition costs, and any prorated permanent financing costs may be charged as a project soft cost. The Developer Fee must be drawn in proportion to the expended hard costs of the Program and no more than eighty percent (80 percent) of the Developer Fee may be drawn prior to the final project draw. No portion of the Developer Fee may be drawn until all monitoring fees have been paid.

8) ELIGIBLE ACTIVITIES

HOME funds must be used for the new construction of or the acquisition and/or rehabilitation of existing affordable, permanent rental housing projects that consist of eleven (11) total units or less that address the needs of low-income households, families whose annual incomes do not exceed 80 percent of the area median income (“AMI”), as further defined at 24 CFR 92.2, The housing may be stick built or modular housing, as defined in Tennessee Code Annotated Title 68 -126-202 & 303, provided that the housing meets all of the applicable state and local codes. All HOME Units must be occupied by low-income families and meet the requirements of 24 CFR 92.252.

HOME funds may not be used for public housing units. HOME Units may not receive Operating Fund or Capital Fund assistance under section 9 of the 1937 Act during the HOME affordability period, except within the exceptions listed below.

- a. Exception. HOME funds may be used for the development of public housing units, if the units are

developed under section 24 of the 1937 Act (HOPE VI) and no Capital Fund assistance under section 9(d) of the Act is used for the development of the unit. Units developed with both HOME and HOPE VI may receive operating assistance under section 9 of the 1937 Act. Units developed with HOME and HOPE VI funds under this paragraph may subsequently receive Capital Funds for rehabilitation or modernization.

- b. Using HOME funds in public housing projects. Consistent with § 92.205(d), HOME funds may be used for affordable housing units in a project that also contains public housing units, provided that the HOME funds are not used for the public housing units (except as provided in paragraph a. of this section) and HOME funds are used only for eligible costs.
- c. The HOME funds must be used in accordance with the requirements throughout 24 CFR 92 and the project must meet the requirements of such, including rent requirements in 24 CFR 92.252.

9) ELIGIBLE COSTS

HOME funds may be used to pay the following eligible costs:

- a. Development hard costs – defined in 24 CFR 92.206(a).
- b. Acquisition costs of existing housing.
- c. Related soft costs – defined in 24 CFR 92.206(d).
- d. Relocation costs – as defined in 24 CFR 92.206(f), 24 CFR 92.353, and described in this Program Description.

10) AFFORDABILITY PERIOD

HOME Units are rent and income limited for an affordability period of 5 to 20 years, depending on the project activity type and total amount of HOME funds allocated to the project divided by the total amount of HOME Units, resulting in a per unit allocation, as described below (the “Affordability Period”). The Affordability Period begins on the date that THDA determines that the project has met the terms of “project completion” in the federal Integrated Disbursement and Information System (IDIS) as defined at 24 CFR 92.2.

ACTIVITY	HOME FUNDS PER HOME UNIT	AFFORDABILITY PERIOD
Acquisition or rehabilitation of existing housing	Under \$15,000	5 Years
Acquisition or rehabilitation of existing housing	\$15,000 - \$40,000	10 Years
Acquisition or rehabilitation of existing housing	Over \$40,000	15 Years
New construction or acquisition of newly constructed housing	Regardless of cost	20 Years

11) INCOME LIMITS & TARGETING

- a. HOME Units must be occupied by households who are low-income, meaning their annual incomes do not exceed 80 percent AMI, and must meet the requirements of 24 CFR 92.252 to qualify as affordable housing.
- b. If a rental project has 5 or more HOME Units, at least 20 percent of the HOME Units must be occupied by very low-income families, families whose annual incomes do not exceed 50 percent AMI, and meet one of the following rent requirements (the “Low HOME Rents”): The rent does not exceed 30 percent AMI of a family whose income equals 50 percent AMI, as determined by the U.S. Department of Housing and Urban Development (“HUD”), with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under 24 CFR 92.252(a), then the maximum rent for units hereunder is that calculated under 24 CFR 92.252; or
 - i. The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program; and
 - ii. The remaining units can be rented at no more than the High HOME Rents, or the lesser of (i) the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111 or (ii) a rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent AMI, as determined by HUD, with adjustments for the number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.
 - iii. Note, very low-income households may occupy High HOME Rent units and pay High HOME Rents.
- c. Further, at initial project lease up, at least 90 percent of the households assisted must have incomes that do not exceed 60% percent of AMI, as determined and made available by HUD. The balance of the assisted households must have incomes that do not exceed 80 percent of AMI.

12) UNIT DESIGNATION

The applicant must declare in the application the number of HOME Units in the project and whether the units are fixed or floating units. All designations must be included in the grant contract and legal documents. In a project containing HOME and other non-assisted units, fixed or floating HOME Units must be designated in accordance with 24 CFR 92.252(j). The project must maintain this unit mix throughout the Affordability Period.

13) PROHIBITED ACTIVITIES

- a. Providing HOME funds to rental units that require reconstruction.
- b. Using HOME funds to refinance existing debt.

- c. Using HOME funds to create transitional housing.
- d. Using HOME funds for the acquisition and rehabilitation or new construction of housing for sale to home buyers.
- ~~f~~e. Providing non-federal matching contributions required under any other Federal program.
- ~~g~~f. Providing assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing).
- ~~h~~g. Carrying out activities authorized under 24 CFR Part 968 (Public Housing Modernization).
- ~~i~~h. Providing assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low-Income Housing Mortgages).
- ~~j~~i. Providing assistance to a project previously assisted with HOME funds during the period of affordability established by HUD and THDA in the written agreement with the Recipient as stated in § 93.205(a) except as permitted for renewal of funds committed to operating cost assistance.

Additional HOME funds may be committed to a project up to one year after project completion, but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount as determined by THDA as defined by HUD. HUD has prescribed the use of the Section 234 – Condominium Housing Limits from the Annual Indexing of Basic Statutory Mortgage: Limits for Multi-Family Housing Programs as described in the Interim Rule.

- ~~k~~j. Using HOME funds for political activities; advocacy; lobbying, whether directly or through other parties; counseling services; travel expenses; and preparing or providing advice on tax returns.
- ~~l~~k. Using HOME funds for administrative, outreach, or other costs of the Recipient, or any other Recipient of such grant amounts, subject to the exception in Section 1338(c)(10)(D)(iii) of the Act,
- ~~m~~l. Using HOME funds to refinance multifamily loans made or insured by any federal program, including CDBG.
- ~~n~~m. Providing tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act.
- ~~o~~n. Assisting or developing emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, dormitories, including those for farm workers or housing for students.
- ~~p~~o. Providing HOME assistance to rental units that are Manufactured Housing, as defined in Tennessee Code Annotated Title 68 -126- 202 & 303, and/or Manufactured Housing lots.
- ~~q~~p. Paying for any cost that is not eligible under 24 CFR 92.730 through 93.200 or is prohibited under 24 CFR 92.214.

14) LAYERING

Before THDA can commit HOME funds, it must evaluate the project proposed in the application to determine that the proposed amount of HOME funds needed to complete the project is necessary to provide a quality affordable housing project that meets the Program requirements and will remain financially viable throughout the Affordability Period. Layering is the combining of more than one governmental resource on a HOME-assisted project.

The applicant must disclose all government resources that have been utilized and/or that the applicant intends to utilize in the HOME project, especially THDA resources. Failure to disclose said information may result in cancellation of award and money due to THDA.

THDA will evaluate the project in accordance with its underwriting and subsidy layering guidelines and standards that require the following:

- a. An in-depth review of underlying project assumptions, development sources and uses, and projected operating income and expenses, and the project's long-term financial viability to determine the project's proposed costs and need for HOME funds are necessary and reasonable, while preventing over-subsidization of the project;
- b. An assessment of the current market demand for the proposed budget;
- c. Review of and determination that the applicant's experience and financial capacity are satisfactory based on the size and complexity of the project;
- d. Firm written financial commitments for the project;
- e. A careful review of the project's operating budget, including the basis for assumptions, projections of a project's net operating income, and reasonably expected changes in revenue and expenses during the Affordability Period to determine if any HOME-funded operating cost assistance is necessary and, if applicable, an operating cost assistance reserve is sized appropriately;
- f. An assessment of the project's overall viability through the Affordability Period based on the households it will serve; and
- g. THDA will require completion and submission of a development budget, operating budgets, and an operating proforma, as defined below, for the length of the Affordability Period in a format that will be included with the application

15) PROFORMA

A proforma is a cash flow projection for a specific period of time that takes into account expected income and expenses of a rental property and projects financial viability and affordability over the period ("Proforma").

- a. All Applicants must complete a proforma included in the application in a term of 5, 10, 15 or 20 years depending on the project type and its Affordability Period. The applicant must demonstrate a need for

the HOME funds. If the project development costs require additional financing, including other grant source funding, prior to making any HOME draws documentation must be provided by Recipient that all other financing or grant funding has been identified and secured.

A project may not incur more debt in the development than the operating budget and proforma indicate that the development can support. Documentation that final debt does not exceed the supportable debt as indicated on the operating budget will be a threshold requirement.

- b. An updated final Development Budget, Operating Budget and Proforma package will be required before any draw requests may be processed.

16) PROJECT COMPLETION AND INITIAL OCCUPANCY

HOME rental projects must meet the definition of project completion at 24 CFR 92.2. If the project fails to meet the project completion definition within 4 years of project commitment, the project must comply with the terminated project requirements at 24 CFR 92.205(e)(2). If the HOME Units are not occupied by eligible low-income households within six months following project completion, the Recipient must submit to THDA a report of its efforts to market the development to low income households and an updated marketing plan of new steps that will be taken to fill units by eligible low income populations. The Recipient must repay all HOME funds invested in any housing unit that is not rented to eligible low-income households within 18 months of project completion.

17) LEVERAGE

Leverage is a contribution of value in the form of cash, materials, or labor in a pre-approved form and method toward the hard development costs of a project. Leverage must be in the form of contributions to the project's hard development costs.

- a. In the scoring matrix, any project that has leveraged funds will receive additional points. Leveraged funds are funds provided by the applicant and grants from other sources. The value of land acquired through non-HOME resources may be counted as leverage when the appraised value is documented and proof of ownership at the time of application is demonstrated. Loan proceeds from a lending institution do not count as leverage. However, the savings generated from a below market interest rate will count as leverage when properly documented. Administrative funds, anticipated fund-raising revenues and construction loans do not count toward leverage. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years. All proposed leverage must be thoroughly supported by appropriate back-up documentation, including firm commitment letters, award letters, and warranty deeds.
- b. The value of donated labor, materials and land will count toward leverage. The value of unskilled labor is set at the current minimum wage, and the value of skilled labor is set at twice the current minimum wage. The value of land and/or a building donated or acquired for a project prior to the application will count as leverage, but there must be an appraisal or tax assessment included in the application to document its value. In order to count donated supplies or materials, only the documented value of the actual goods or materials will be considered and they must be legitimately required by the project. The donor must provide a letter to confirm the amount of the supplies or materials. Proposed discounts will not count as leverage.

18) MARKET

Applicants must document that neighborhood market conditions demonstrate a need for the project.

19) MIXED-USE PROJECTS

A “mixed-use” project contains, in addition to at least one residential unit, other non-residential space, which is available to the public. The following rules apply regarding mixed-use:

- a. Laundry and/or community facilities for use exclusively by the project tenants and their guests do not constitute a mixed-use project.
- b. The presence of a leasing office or a maintenance area does not constitute a mixed-use project either.
- c. HOME funds may not be used to fund the commercial or non-residential portion of a mixed-use project. Therefore, if a HOME assisted project contains such commercial or non-residential space, other sources of funding must be used to finance that space.
- d. HOME funds can only be used to fund the residential portion of a mixed-use project, which meets the HOME rent limits and income targeting requirements.
- e. If the rental project will contain a model apartment that will be shown to potential renters, the model apartment will be considered a non-residential area, unless the model apartment will be rented in the event of high occupancy.
- f. In order for a mixed-use project to be eligible to use HOME funds, the residential living space in the project must constitute at least fifty one percent (51 percent) of the total project space and each building in the project must contain residential living space.

20) RENT LEVELS AND UTILITY ALLOWANCES

HUD requires that the rent charged for HOME Units be affordable to low- and very low-income households for the duration of the Affordability Period. THDA must annually review and approve the rents for each HOME-assisted rental project.

HUD publishes HOME Rent Limits annually to define what is considered affordable. The HOME Rent Limits are adjusted for different localities and for each bedroom-size unit from zero (efficiency) to six bedrooms.

- a. The HUD-published HOME Rent Limits include utilities. Therefore, when a tenant pays directly for utilities, the cost of utilities paid by the tenant must be subtracted (using the applicable utility allowances) from the published HOME rents to determine the maximum rent that can be charged for the HOME Unit.
- b. The Recipient must determine individual utility allowances for each rental project either by using the HUD Utility Schedule Model or determining the utility allowance based on the specific utilities used at the project. Utility allowances must be reviewed and updated annually. Use of utility allowances provided by public housing authorities is not permitted.
- c. HUD adjusts the HOME Rent Limits every year. If the rent limits go up and utility costs remain steady, the Recipient may raise rents accordingly, but if the rent limits decrease or the utility costs increase, the Recipient may be required to decrease rents. The Recipient is never required to decrease rents below

the initial rents approved by the THDA at time of project commitment, although market conditions may make it necessary to do so.

- d. Rent adjustments must be made in accordance with the tenant's lease. THDA must approve all rent schedules for a project prior to lease-up and throughout the Affordability Period.
- e. Recipients must never charge rent amounts that exceed the published HOME rents, adjusted for utility arrangements and bedroom size.
- f. If the HOME-assisted unit receives Section 8 or Tenant-Based Rental Assistance ("TBRA"), then the maximum rent for the HOME Unit cannot exceed the HUD-published HOME Rent Limit. Therefore, the subsidy payment plus the tenant's contribution towards rent cannot exceed the HUD-published High HOME rent limit for a High HOME Rent unit or the Low HOME rent limit for a Low HOME Rent unit.
 - i. Rents charged to tenants with Section 8 or TBRA (subsidy plus tenant contribution) must be the same as the rents charged to other tenants without such assistance for comparable units. The Section 8 rules specifically prohibit an owner from charging a higher rent for a unit that is occupied by a voucher holder than the rent charged for a comparable unit not occupied by a voucher holder. This means that if the Recipient charges less than the maximum HOME rent for HOME Units that are not occupied by vouchers holders, it can only charge that rent to the voucher holder.
- g. For the duration of the Affordability Period, the property must accept a Housing Choice Voucher if one is presented by a HOME eligible tenant for a non-PBRA/PBV covered HOME unit.
- h. High HOME Rent Limits. The lesser of (i) the Section 8 Fair Market Rents for existing housing or (ii) 30 percent of the adjusted income of a family whose annual income exceeds 65 percent AMI. The High HOME Rents apply to HOME Units that are High HOME Rent units and are occupied by low-income tenants.
- i. Low HOME Rent Limits. One of the following; (i) 30 percent of the tenant's monthly adjusted income; (ii) 30 percent of the annual income of a family whose income equals 50 percent AMI; or (iii) if a unit has a Federal or state project-based rental subsidy and the very low-income tenant pays no more than 30 percent of his or her adjusted income toward rent, then the maximum allowable rent for the HOME Unit is the rent allowable under the project-based rental subsidy program.
 - ii. THDA determines which LOW HOME Rent limits apply at the property.
 - iii. Low HOME Rents apply to at least 20 percent of the units in properties with five or more HOME Units that are occupied by very low-income tenants.

21) OCCUPANCY REQUIREMENTS

If a household's income increases above the allowable income limit for the HOME Unit during the Affordability Period, the HOME Unit will continue to qualify as affordable housing, despite the temporary noncompliance caused by the increase in income of the household, if steps are taken at the next available opportunity to restore compliance.

The requirements for correcting any noncompliance using vacancies or re-designation of units depends on whether the HOME Units are fixed or floating and whether other funding sources impose income or other

restrictions on the units.

- a. Fixed HOME Unit. When a tenant becomes over income in a Fixed HOME Unit, correction depends on whether the over-income tenant is occupying a High HOME Rent Unit or a Low HOME Rent Unit.
 - i. High HOME Rent Unit. If the tenant is occupying a High HOME Rent Unit, the property is temporarily out of compliance until the unit is vacated and can be rented to another low-income household. The Recipient cannot terminate or fail to renew the household's lease because the household is over-income, but the household's rent must be adjusted according to 92.252(i)(2). However, such over-income households are protected by the terms of their lease and such rent change can only go into effect at renewal or when the lease permits.
 - ii. Low HOME Rent Unit, Income Increases within Low-Income Limit. The property is temporarily out of compliance and will continue to be out of compliance until either (i) a High HOME Rent Unit can be re-designated as a Low HOME Rent Unit or (ii) the Low HOME Rent Unit is vacated by the over-income tenant and can be rented to a very low-income tenant. The Recipient may not increase the tenant's rent above the Low HOME Rent Limit while the unit remains designated as a Low HOME Rent Unit. When a High HOME Rent Unit in the property is vacated, the unit must be re-designated as a Low HOME Rent Unit, regardless of bedroom size, and be rented to a very low-income tenant at no more than the Low HOME Rent. Once this happens, the unit occupied by the over-income tenant must be re-designated as a High HOME Rent Unit and the Recipient may then increase the tenant's rent up to the HIGH HOME Rent Limit, subject to the lease provisions.
 - iii. Low HOME Rent Unit, Income Increases Above Low-Income Limit. The property is temporarily out of compliance until the unit is vacated and can be rented to another very low-income household. The Recipient cannot terminate or fail to renew the household's lease because the household is over-income, but the household's rent must be adjusted according to 92.252(i)(2). However, such over-income households are protected by the terms of their lease and such rent change can only go into effect at renewal or when the lease permits. When a High HOME Rent unit becomes available, it must be re-designated as a Low HOME Rent Unit, regardless of bedroom size, and be rented to a very low-income tenant, at no more than the Low HOME Rent. The unit occupied by the over-income tenant must be re-designated as a High HOME Rent unit, but since the tenant is over the low-income limit, the property will continue to be temporarily out of compliance until the tenant vacates the unit.
- b. Floating HOME Units. When a tenant becomes over income in a project with Floating HOME Units, correction depends on whether the over-income tenant is occupying a High HOME Rent Unit or a Low HOME Rent Unit.
 - i) Floating High HOME Rent Unit. The Recipient must adjust the rent of the over income household so that it pays 30 percent of its month adjusted income as rent. The rent adjustment must be made as soon as the lease permits in accordance with the terms of the lease. In a property with floating HOME units, a household is not required to pay more than the market rent for a comparable, unassisted unit in the neighborhood. The next vacant comparable non-assisted unit must be designated as a High HOME Rent Unit. "Comparable" is defined as a unit that is equal to or greater in terms of size, number of bedrooms, amenities, etc. The Recipient may not make the replacement with a lesser unit unless doing so would preserve the original unit mix. Once the comparable non-assisted unit is designated as the new High HOME Rent Unit, the unit with the over income tenant is re-designated as a non-assisted unit. The new High HOME Rent Unit must be rented to a low-income tenant at a rent that does not exceed the High HOME Rent. Once the unit with the over-income tenant is re-

designated as a non-assisted unit, the Recipient may adjust the tenant's rent without considering the HOME limits, subject to the lease term.

- ii) Floating Low HOME Rent Unit, Income Increases Within Low-Income Limit. When a tenant's income increases to low-income and is no longer very low-income and occupies a floating Low HOME Rent Unit, the unit that is occupied by the over-income household keeps its designation as a Low HOME Rent Unit until a comparable unit can be substituted. The rent of the over-income tenant must not exceed the Low HOME Rent Limit while the unit is a Low HOME Rent Unit. When the next High HOME Rent Unit in the property is vacated, it must be re-designated as a Low HOME Rent Unit rented to a household whose income does not exceed the very low-income limit, at a rent that does not exceed the Low HOME Rent Limit. Once the new Low HOME Rent unit is designated, the unit with the over income household is re-designated as a High HOME Rent Unit and the households rent may be adjusted to no more than the High HOME Rent Limit, subject to the terms of the lease.
- iii) Floating Low HOME Rent Unit, Income Increases Above Low-Income Limit. The next vacant, comparable, non-assisted unit must be designated as a Low HOME Rent Unit and rented to a tenant whose income does not exceed the very low-income limit at a rent that does not exceed the Low HOME Rent Limit. Comparable is defined as a unit that is equal to or greater in terms of size, number of bedrooms, amenities, etc. The Recipient may not make the replacement with a lesser unit unless doing so would preserve the original unit mix. Until a comparable Low HOME Rent Unit is designated, the unit that is occupied by the over-income tenant is considered a Low HOME Rent Unit that is temporarily out of compliance. The rent of the over-income tenant in the original Low HOME Rent Unit must be adjusted as soon as the terms of the lease permit it. The over-income tenant must pay 30 percent of the household's monthly adjusted income as rent until a comparable Low HOME Rent Unit is substituted, Once a comparable Low HOME Rent Unit is substituted, the unit with the over-income tenant must be re-designated as a non-assisted unit. The Recipient may adjust the tenant's rent without considering the HOME restrictions, subject to the terms of the lease.

22) HOUSING SET-ASIDES FOR INDIVIDUALS WITH DISABILITIES

Applications that propose housing in which more than twenty percent (20 percent) of the assisted units will be set-aside for individuals with disabilities must meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014:

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

- a. THDA requires that all home and community-based settings meet certain qualifications, including:
 - i) Is integrated and supports full access to the greater community.
 - ii) Is selected by the individual from among setting options.
 - iii) Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint.
 - iv) Optimizes autonomy and independence in making life choices.

- v) Facilitates choice regarding services and who provides them.
- b. For provider owned or controlled residential settings, the following additional requirements apply:
- i) The individual has a lease or other legally enforceable agreement providing similar protections.
 - ii) The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit.
 - iii) The individual controls his/her own schedule, including access to food at any time.
 - iv) The individual can have visitors at any time.
 - v) The setting is physically accessible.

23) PROPERTY AND DESIGN STANDARDS

- a. Property standards must be met when HOME funds are used for a project. All rental housing constructed or rehabilitated with HOME funds must meet all THDA Design Standards, applicable local, county and state codes, rehabilitation standards, Uniform Physical Condition Standards (UPCS) or other Standard as defined by HUD, and zoning ordinances at the time of project completion. In the absence of a local code, new construction of single-family units for rental must meet the current, State-adopted edition of the International Residential Code for One- and Two- Family Dwellings. The newly constructed units must also meet accessibility requirements and mitigate disaster impact as applicable per State and local codes, ordinances, etc. Rehabilitation of existing single-family units for rental must meet the current, State- adopted edition of the International Existing Building Code.
- b. HOME funded units must also conform to the THDA Minimum Design Standards for New Construction and Rehabilitation of Single Family and Multifamily Units. THDA must review and approve plans, work write-ups and written cost estimates and determine cost reasonableness for both new construction and rehabilitation prior to putting the project out to bid.
- c. Additional design standards include:
- i) Energy Code. New construction projects must also meet the State-adopted edition of the International Energy Conservation Code. Copies of the Energy Code may also be obtained from the International Code Council at the address listed above.
 - ii) Energy Conservation. In addition to meeting the State-adopted edition of the International Energy Conservation Code, new construction projects must be Energy Star qualified as certified by an independent Home Energy Rating System (“HERS”) rater.
 - iii) Broadband Infrastructure. THDA requires that newly constructed rental units and those which are substantially rehabilitated must be wired for broadband internet access or infrastructure for project wide wireless internet service.
 - iv) Modular Housing must be certified by the state of Tennessee
- d. Section 504.

- i) Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted activities and programs on the basis of disability, and imposes requirements to ensure accessibility for qualified individuals with disabilities to these programs and activities.
 - ii) For new construction of Multifamily Housing (five or more units), a minimum of 5 percent of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and at a minimum, an additional two percent (2 percent) of the units (but not less than one unit) must be accessible to individuals with sensory impairments. The total number of units in a HOME-assisted project, regardless of whether all units are HOME-assisted, is used as the basis for determining the minimum number of accessible units. Also, in a project where not all the units are HOME-assisted, the accessible units may be either HOME-assisted or non-HOME-assisted.
 - iii) The Section 504 definition of substantial rehabilitation for Multifamily Housing includes construction in a project with eleven (11) or more units for which the rehabilitation costs will be seventy five percent (75 percent) or more of the replacement cost. In such projects, a minimum of five percent (5 percent) of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional two (2 percent), at a minimum, (but not less than one unit) must be accessible to individuals with sensory impairments. As in the case of new construction, the total number of units in a HOME-assisted, regardless of whether they are all HOME-assisted, is used as the basis for determining the minimum number of accessible units, and, in a project where not all of the units are HOME-assisted, the accessible units may be either HOME-assisted or non-HOME-assisted.
 - iv) When rehabilitation less extensive than Substantial Rehabilitation is undertaken in projects of Eleven (11) or more units, alterations must, to the maximum extent feasible, make the units accessible to and usable by individuals with a disability, until a minimum of five percent (5 percent) of the units (but not less than one (1) unit) are accessible to people with mobility impairments. For this category of rehabilitation, the additional two percent (2 percent) of unit's requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible.
- e. Fair Housing Act of 1968, as amended. In buildings that are ready for first occupancy after March 13, 1991, and that have an elevator and four or more units, the public and common areas must be accessible to persons with disabilities; doors and hallways must be wide enough for wheelchairs; and all units must have the following:
- i) An accessible route into and through the unit.
 - ii) Accessible light switches, electrical outlets, thermostats and other environmental controls.
 - iii) Reinforced bathroom walls to allow later installation of grab bars; and kitchens and bathrooms that can be used by people in wheelchairs.
 - iv) If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units.

- v) These requirements for new construction do not replace any more stringent standards in State or local law.
- f. Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131–12189) implemented at 28 CFR parts 35 and 36, as applicable.

24) UNIVERSAL DESIGN AND VISITABILITY

THDA encourages the inclusion of features that allow individuals with physical disabilities to reside and/or visit the units constructed or rehabilitated with federal HOME funds through the use of Universal Design and Visitability.

a. Universal Design

- i) Universal Design is a building concept that incorporates products, general design layouts and other characteristics to a housing unit in order to:

- (1) Make the unit usable by the greatest number of people.
- (2) Respond to the changing needs of the resident.
- (3) Improve the marketability of the unit.

- ii) The goal of universal design seeks to build housing that meets the needs of the greatest number of residents within a community. Universal design differs from accessible design, which is primarily intended to meet the needs of persons with disabilities. However, universal design is inclusive of adaptable design as universal design incorporates structural features that will allow a housing unit to be adapted to an individual's current or future needs. Universal design features include, but are not limited to:

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

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

b. Visitability

- i) Visitability refers to homes that are designed and built in a manner that allows individuals who have trouble with steps or use wheelchairs or walkers to live in or visit the unit. These features include:

- (1) One zero-step entrance.
- (2) Doors with thirty two (32) inches of clear passage space.
- (3) One bathroom on the main floor that is accessible to a person using a wheelchair.

More information on Visitability can be found at: <http://www.visitability.org>.

25) ENVIRONMENTAL REVIEW

The environmental effects of each activity carried out with HOME Rental funds must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 (“NEPA”) and the related authorities listed in HUD's regulations at 24 CFR 58.

Under the Program, THDA is responsible for carrying out environmental reviews. THDA may not commit any funds under the Program or any other program listed at 24 CFR 58.1(b) for an activity or project until the environmental review process is complete and the HOME funds have been released. The applicant is responsible for gathering the information required for the environmental review. THDA must make a request for the release of the funds (“RROF”) from HUD for all projects.

Further, until the RROF and related certification have been approved, neither a Recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a 24 CFR 58.1 program if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. This prohibition prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions. ***As a result, an applicant may not take any choice limiting actions associated with the proposed site beginning with the submission of the HOME application to THDA.***

The restriction on undertaking or committing funds for choice-limiting actions does not apply to undertakings or commitments of non-federal funds before a project participant has applied for HUD funding. A party may begin a project in good faith as a private project and is not precluded from later deciding to apply for federal assistance. However, when the party applies for federal assistance, it will generally need to cease further actions on the project, using either federal or non-federal funds, until the environmental review process is complete.

Therefore, the Environmental Review covers the entire project, not just the portion funded by HOME funds. Except for the very limited exclusions listed under 24 CFR 58, any such prohibited action will make the entire project ineligible for funding under HOME.

26) LEAD-BASED PAINT

Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.) and 24 CFR Part 35, Subparts C through M. The lead-based paint provisions of 982.401(j) also apply, irrespective of the applicable property standard under 24 CFR 92.251. The Lead-Based Paint regulations are available at www.hud.gov/lea or by contacting 1-800-424-LEAD (5323). Lead-based paint requirements apply to all units and common areas in the project.

27) FLOOD PLAINS

HOME funds may not be used to construct housing in an area identified by the Federal Emergency Management Agency (“FEMA”) as having special flood hazards. In addition, THDA strongly discourages the rehabilitation of units located in special flood hazard areas, but in a few limited instances and with written permission from THDA, units located in a floodplain may be assisted if the flood plain is mitigated by construction design. In cases where construction in the flood plain are allowed the project must be participating

in the National Flood Insurance Program and flood insurance must be obtained on the units.

28) PROCUREMENT

It is important to keep the solicitation of bids for goods and services as well as professional services and construction contracts open and competitive.

- a. At a minimum all Recipients must comply with 2 CFR 200.318 - 326.
- b. All Recipients must have adopted procurement policies and procedures that meet state and federal requirements.
- c. Recipients must seek to obtain three (3) to five (5) quotes or bids using formal advertising or requests for proposals for the procurement of professional or construction services.
- d. There must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

29) CONFLICT OF INTEREST

In the procurement of property and services, THDA and Recipients must adhere to the conflict of interest provisions at 24 CFR 92.356. THDA will not request exceptions to the conflict of interest provisions from HUD. In the event a conflict of interest is discovered, Recipients shall repay that portion of the HOME grant related to the conflict of interest or may have all or some portion of the HOME grant rescinded, all as determined by THDA in its sole discretion.

30) DEBARMENT AND SUSPENSION

On all HOME funded projects, Recipients shall certify that no vendor, its principals or managers are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction or listed on the “Excluded Parties List System” found at www.SAM.gov.

31) PROJECT SOFT COSTS

In planning their programs, applicants may include, as a project soft costs, the reasonable and customary costs for work write-up and inspections. In addition, the costs for inspections and work write-ups, the costs for lead-based paint inspections, environmental reviews, risk assessments and clearance testing, and architectural and engineering fees are also paid as project soft costs. All project soft costs charged to the HOME grant will be calculated on a prorated basis of committed HOME Units to all buildings and units in the project and count toward the maximum per unit subsidy limit.

32) MATCH

All applicants **MUST** provide a 25 percent match towards the proposed project. Eligible Match must be demonstrated in the project budget and supported by letters or other documentation of firm commitment to be counted.

HOME match is permanent, non-federal contributions to a project. Matching contributions may be in the form of one or more of the following:

- a. Cash contributions not provided by an assisted household and not from a federal source, including the

present value of the interest subsidy for loans made at rates below market.

- b. The grant equivalent of a below-market interest rate loan to the project that is not repayable to the Tennessee Housing Development Agency or the State of Tennessee as outlined at 24 CFR 92.220(a)(1)(iii).
- c. The cost, not paid with Federal resources, of on-site and off-site infrastructure that are directly required for the HOME-assisted project. The infrastructure must have been completed no earlier than 12 months before HOME funds are committed to the project.
- d. Reasonable value of donated site-preparation and construction materials.
- e. Reasonable rental value of the donated use of site preparation or construction equipment.
- f. Waived fees and taxes.
- g. Property donation or below-market sale. A copy of the appraisal and/or purchase contract must be submitted. The donor/seller of the property must also provide a statement certifying that the property was donated or sold for affordable housing purposes and an acknowledgment that the donor/seller received the URA Guide Form Notice Disclosure to Seller, as well as the HUD booklet entitled, “When a Public Agency Acquires Your Property.” **If the property was originally acquired with federal funds, the value of the property is not match eligible.**
- h. The direct cost of supportive services provided to families residing in HOME-assisted units during the period of affordability as defined at 24 CFR 92.220(a)(10). This must be properly documented and will be considered at THDA’s discretion.
 - ~~i. The direct cost of donated, compliant home buyer counseling services provided to families that acquire properties with HOME funds under the provisions of 24 CFR §92.254, including on-going counseling services provided during the period of affordability. Counseling may not be valued at more than \$40 per hour.~~
 - ii. Reasonable value of donated or volunteer labor or professional services. Unskilled volunteer labor may not be valued at more than \$10 per hour; skilled volunteer labor may be valued at the documented going rate.
 - ~~k. Value of sweat equity may also be eligible if every assisted household under the HOME grant award is required to perform sweat equity. Sweat equity may not be valued at more than \$10 per hour.~~
 - l. Other match sources as permitted under the HOME Final Rule.

THDA will monitor the contribution of match throughout the implementation of the grant. Failure to provide all committed match may result in forfeiture of the grant.

33) REPLACEMENT RESERVE ACCOUNTS

All projects must maintain a replacement reserve account beginning at the time of project completion for the term of the HOME Rental period of affordability.

- a. The replacement reserve requirement for all one-bedroom units is, initially, two hundred fifty dollars (\$250) per unit, inflated at three percent (3 percent) annually.

- b. The replacement reserve requirement for all units with two or more bedrooms is, initially, three hundred dollars (\$300) per unit per year, inflated at three percent (3 percent) annually.

- c. This account shall be used only for capital improvements and the replacement of long-lived capital assets, and not for routine maintenance and upkeep expenses.
- d. The replacement reserve must be, and must remain, an asset of the project, and will not be distributed to the Recipient or any entity or person affiliated with the Recipient at any time during or after the Affordability Period.
- e. Recipients shall provide THDA with a record of all activity associated with the replacement reserve account during the prior fiscal year in conjunction with submission of the project's annual compliance monitoring materials.
- f. The replacement reserve account must be maintained in a separate account in a federally insured financial institution.
- g. Reserve accounts must also be separate from the project's ordinary operating account.

34) OPERATING RESERVE ACCOUNT

All projects must establish and maintain, until the project has achieved a minimum of five (5) years of Stabilized Occupancy (occupancy of at least ninety percent (90 percent) of the units in the property for a continuous period of at least ninety (90) calendar days), an operating reserve equal to a minimum of six (6) months of projected operating expenses plus must-pay debt service payments and annual replacement reserve payments.

- a. This requirement can be met with an up-front cash reserve; a guarantee from the owner with a surety bond to stand behind the guarantee; or partnership documents specifying satisfactory establishment of an operating reserve.
- b. The operating reserve account must be maintained in a separate account in a federally insured financial institution.
- c. For purposes of this paragraph, eligible operating costs are limited to insurance, utilities, real property taxes, maintenance, and replacement reserve payments.

35) NON-COMPLIANCE REPAYMENT & OTHER PENALTIES

All HOME awards will be structured as a grant to a Recipient with an Affordability Period of between five (5) and twenty (20) years, depending on the activity type and the amount of HOME investment per unit of HOME-assisted housing. (See Section 10 of this Program Description).

- a. Construction begin within twelve (12) months of the date of the start date of the grant term. Failure to start construction within that timeframe may result in forfeiture of the award and require repayment of any HOME funds drawn.
- b. Any HOME funds that are used for costs that are ineligible, invested in a project that is terminated before completion, either voluntarily or otherwise, or invested in HOME Units that do not meet all federal Program requirements and requirements outlined herein for the Affordability Period must be repaid.

- c. Termination of the Restrictions on the project, including foreclosure or deed in lieu of foreclosure, do not terminate the repayment obligations under 24 CFR 503(b).

Failure to adhere to or maintain compliance with the requirements of a program administered through the Community Housing Division will result, depending on the egregiousness of the noncompliance, in penalties being assessed in the scoring of future applications and/or the inability to participate in programs administered by THDA for a period to be determined in THDA's sole discretion.

36) AFFORDABILITY PERIOD REVIEWS

- a. Prior to drawing down HOME funds, Recipients shall sign a grant note, deed of trust and a declaration of land use restrictive covenants to enforce the Affordability Period.
- b. Once HOME funds are awarded to a Recipient, THDA will monitor compliance by reviewing certain records related to the HOME project. THDA will monitor compliance by conducting desk and/or on-site reviews of the project.
- c. THDA will conduct an on-site inspection at project completion in order to confirm that the project meets THDA's Minimum Design Standards for New Construction and Rehabilitation of Single Family and Multifamily Housing.
- d. At a minimum, THDA will conduct compliance reviews annually.
- e. THDA will conduct on-site property inspections during the Affordability Period in order to determine compliance with income and rent requirements, tenant selection, affirmative marketing requirements, and property and design standards and to verify any information submitted by the Recipient to THDA.
 - i. THDA will perform onsite inspection of all HOME assisted projects no less than every three (3) years during the Affordability Period.
 - ii. For HOME projects of four (4) HOME Units or less, THDA will perform an on-site inspection of one hundred percent (100 percent) of the units no less than every three (3) years during the Affordability Period.
 - iii. For HOME projects consisting of five (5) or more HOME Units, THDA will inspect a minimum of four (4) of the HOME Units no less than every three (3) years during the Affordability Period.
 - iv. The on-site inspection may include a review of records for all or a sample of the income and rent restricted units including, but not limited to, tenant files, rent rolls, approved and declined tenant applications, documentation supporting tenant income and employment verification, marketing materials and advertisements, and documentation of requests for reasonable accommodations.
 - v. The on-site review may also include a review of any local health, safety, or building code violation reports or notices and an inspection of the property to determine if the buildings are suitable for occupancy, taking into account local health, safety, and building codes, applicable THDA Design

Standards, and current standards as prescribed by HUD.

- vi. Any reports made by state or local government units of violations, with documentation of correction, will be reviewed.
- f. Each year during the Affordability Period, the Recipient shall submit to THDA, within one hundred twenty (120) days after the end of the project's fiscal year, each of the following:
- i. Audited financial statements for the Owner.
 - ii. Audited financial statements for the project.
 - iii. Bank statements for operating reserve and replacement reserve accounts as of the end of the project fiscal year.
 - iv. Proof of sufficient property and liability insurance coverage with THDA listed as mortgagee.
 - v. Documentation to show the current utility allowance is being used (i.e. a copy of the utility allowance table).
 - vi. For projects that received points at initial HOME application for pledging to provide permanent supportive services to special needs populations, an affidavit attesting to the supportive services provided to the project's population during the fiscal year must be provided by the provider(s) of such services.
 - vii. Compliance monitoring fees from previous years re-inspections if applicable.
 - viii. Such other information as may be requested in writing by THDA in its sole discretion.

37) MONITORING FEES

THDA charges a monitoring fee for all HOME assisted units. HOME Recipients shall pay the entire fee covering the Affordability Period as indicated in the current HOME Operating Manual - Schedule of Monitoring Fees; but no less than \$300 per HOME Unit.

- a. The monitoring fee must be paid prior to the Recipient making the request for Developer Fees to be drawn from the HOME grant.
- b. Additional fees may be charged when follow-up is required due to non-compliance findings. Failure to pay these fees will be considered an administrative noncompliance issue.
 - i) The fee will be the current approved fee as published in the HOME manual and the most current program description at the time the fee is incurred but no less than:
 - (1) Re-inspection of a file or re-inspection of a 1-4 unit property: Two Hundred Dollars (\$200) per unit inspected.
 - (2) Re-inspection of a HOME project with five (5) or more units:

- (a) Two hundred dollars (\$200) per unit inspected;
- (b) Standard mileage rate in effect under the current State of Tennessee travel regulations at the time of the re-inspection from Nashville to the property and back to Nashville;
- (c) Applicable state allowed per-diem for one staff person;
- (d) Lodging expenses as allowed under then current State of Tennessee travel regulations;
- (e) Any other expenses incurred by THDA relating to the project re-inspection.

c. Fees for re-inspections will be due to THDA prior to issuance of re-inspection results or release of any additional HOME-funded operating subsidy.

38) RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

Recipients shall replace all occupied and vacant habitable low-income housing demolished or converted to a use other than as lower income housing in connection with a project assisted with HOME Rental funds.

All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a grant contract committing THDA to provide funds for a project that will directly result in the demolition or conversion, THDA will make public by and submit to the HUD/Knoxville HOME coordinator certain information. Each applicant proposing demolition or any reduction in lower income housing units shall submit the following information to THDA in connection with their application:

- a. A description of the proposed assisted project;
- b. The address, number of bedrooms, and location on a map of lower income housing that will be demolished or converted to a use other than as lower income housing as a result of an assisted project.
- c. A time schedule for the commencement and completion of the demolition or conversion.
- d. To the extent known, the address, number of bedrooms and location on a map of the replacement housing that has been or will be provided.
- e. The source of funding and a time schedule for the provision of the replacement housing.
- f. The basis for concluding that the replacement housing will remain lower income housing for at least fifteen (15) years from the date of initial occupancy.
- g. Information demonstrating that any proposed replacement of housing units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the approved Consolidated Plan.

39) HOME RELOCATION REQUIREMENTS

THDA DISCOURAGES PROJECTS INVOLVING DISPLACEMENT OR RELOCATION of households. Prior to application, contact THDA if you are planning any project that may involve displacement or relocation.

HOME funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act (“URA”) of 1970 and section 104(d) of the Housing and Community Development Act of 1974, in addition to the Displacement, Relocation, and Acquisition regulatory requirements of 24 CFR 92.353.

- a) URA requirements are triggered at the time the application is being prepared, and additional requirements are triggered at the time the working agreement is signed between THDA and the Recipient and when rehabilitation is completed. Treatment of displaced persons depends upon whether the displaced person is (1) a tenant or owner; (2) a business or household; (3) has income above or below the Section 8 Lower Income Limit.
- b) A Displaced Person is any person (household, individual, business, farm, or non-profit organization) that moves from the real property, permanently, as a direct result of rehabilitation, demolition, or acquisition for a project assisted with HOME Rental funds. Relocation requirements apply to all occupants of a project/site for which HOME Rental assistance is sought even if less than one hundred percent (100 percent) of the units are HOME Rental assisted.
 - i) Before application, displacement is triggered when a tenant moves permanently from the project before the applicant submits an application for HOME Rental assistance if THDA or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition for the HOME Rental project. (e.g., THDA determines that the applicant displaced tenants in order to propose a vacant building for HOME Rental assistance.)
 - ii) After application, displacement is triggered when a tenant moves permanently from the project after submission of the application, or, if the applicant does not have site control, the date THDA or the Recipient approves the site because:
 - (1) The applicant requires the tenant to move permanently; or
 - (2) The applicant fails to provide timely required notices to the tenant; or
 - (3) The tenant is required to move temporarily and the applicant does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable.
 - iii) After execution of the grant contract, displacement is triggered when a tenant moves permanently from the project after execution of the grant contract covering the acquisition, rehabilitation or demolition because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project.
- c) A Displaced person is not:
 - i) A tenant evicted for cause, assuming the eviction was not undertaken to evade URA obligations.
 - ii) A person with no legal right to occupy the project under State or local law (e.g., squatter).
 - iii) A tenant who moved in after the application was submitted but before signing a lease and commencing occupancy, was provided written notice of the planned project, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and the fact that the person would not qualify as a "displaced person" (or for any assistance under URA) as a result of the project.
 - iv) A person, after being fully informed of their rights, waives them by signing a Waiver Form.

URA and its implementing regulations at 49 CFR Part 24 require relocation assistance where acquisition

has occurred under URA. In addition, URA coverage was expanded in 1987 amendments to cover displacement of individuals resulting from rehabilitation, demolition or private acquisition carried out under a federally assisted project or program.

- d) Section 104(d) of the Housing and Community Development Act ("The Barney Frank Amendments") and HUD's Residential Anti-Displacement and Relocation Assistance Plan include additional relocation requirements. This extra level of relocation protection may be triggered for low-income households when units are converted or demolished with CDBG, UDAG, HOME, or HOME Rental funds. In addition, when Section 104(d) is triggered, jurisdictions may need to replace any low/moderate income dwelling units that are lost due to the conversion or demolition. This section refers only to residential relocation. If non-residential (commercial/industrial) relocation is involved, contact THDA.
- e) Understanding how relocation requirements are triggered, alternate ways of meeting them, and the costs of the alternatives is essential in making HOME Rental program decisions. Concerns about relocation may cause a Recipient to consider establishing a preference for vacant buildings. However, Recipients should also consider that vacant buildings are often in various states of deterioration. Rehabilitating an occupied building, even with the cost of assisting tenants to remain or relocate, may be less costly than rehabilitating a vacant building. In occupied buildings, Recipients must consider whether occupants will be able to return after rehabilitation and whether Section 8 assistance is available to help meet relocation costs. Selecting vacant projects does not relieve all relocation concerns. Vacant buildings in good condition may have been recently occupied. If so, the Recipient must consider whether the owner removed the tenants in order to apply for HOME Rental assistance for a vacant building. If so, these tenants are displaced persons.
- f) Skilled staff can save the local program money and build goodwill with owners and tenants. Failure to understand and follow relocation requirements can result in unnecessary costs for the local program. It is possible for uninformed owners and staff to take steps that would obligate the local program to provide significant relocation benefits and services. Early briefings for owners and program staff on relocation rules are essential. Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition consolidates relocation requirements for HOME Rental and other HUD programs in one document. It is available from HUD Field Offices or by contacting THDA. HUD informational booklets for persons who are displaced or whose property is to be acquired are also available from HUD Field Offices or from THDA.

40) SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and HUD regulations issued pursuant thereto; and must promote greater choice of housing opportunities. All projects must meet the site and neighborhood standards as codified at 24 CFR § 891.125 - Site and neighborhood standards.

- a) New Construction Rental Housing. In carrying out the site and neighborhood requirements for new construction, the Recipient shall provide documentation as THDA may require, in THDA's sole discretion, to determine that proposed sites for new construction meet the requirements in 24 CFR 93.150 with cross reference to 983.6(b) which places limiting conditions on building in areas of "minority concentration" and "racially mixed" areas.

b) Rehabilitation of Rental Housing. Site and neighborhood standards do not general apply to rehabilitation projects funded under HOME unless project-based vouchers are used in an HOME rehabilitation unit. In such case, the site and neighborhood standards for project- based vouchers will apply as determined by the issuing authority for the project-based vouchers.

4I) EQUAL OPPORTUNITY AND FAIR HOUSING

No person in the United States shall on the grounds of race, color, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under any program funded in whole or in part by HOME funds.

a) The following Federal requirements as set forth in 24 CFR 5.105(a), Nondiscrimination and equal opportunity, are applicable to HOME projects:

- i) Fair Housing Act (24 CFR Part 100)
- ii) Executive Order 11063, as amended (24 CFR Part 107 - Equal Opportunity in Housing)
- iii) Title VI of the Civil Rights Act of 1964 (24 CFR Part 1 - Nondiscrimination in Federal programs)
- iv) Age Discrimination Act of 1975 (24 CFR Part 146)
- v) Section 504 of the Rehabilitation Act of 1973 (24 CFR Part 8)

~~vii~~ vi) Section 109 of Title I of the Housing and Community Development Act of 1974 (24 CFR Part 6)

~~viii~~ vii) Title II of the Americans with Disabilities Act 42 U.S.C. §12101 et seq.

~~ix~~ viii) Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity 24 CFR Parts 5, 200, 203, 236, 400, 570, 574, 882, 891 and 982

~~x~~ ix) Section 3 of the Housing & Urban Development Act of 1968 24 CFR 135 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135

- (1) Section 3 requires that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward
low-income persons, particularly those who are recipients of government assistance for housing.

~~xi~~ x) Executive Order 11246, as amended 41 CFR 60 (Equal Employment Opportunity Programs)

~~xii~~ xi) Executive Order 11625, as amended (Minority Business Enterprises)

~~xiii~~ xii) Executive Order 12432, as amended (Minority Business Enterprise Development)

~~xiv~~ xiii) Executive Order 12138, as amended (Women's Business Enterprise)

~~xv~~xiv) Executive Orders 11625, 12432, and 12138 (Minority/Women's Business Enterprise) require that Recipients prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. Recipients must also develop acceptable policies and procedures if their application is approved by THDA.

- b) The HUD Office of Fair Housing also includes the following fair housing laws and Presidential Executive Orders which are not included in 24 CFR 5.105(a) but which are applicable to federally-assisted programs:
 - i) Architectural Barriers Act of 1968 42 U.S.C. §4151 et seq.
 - ii) Executive Order 12892, as amended (Affirmatively Furthering Fair Housing)
 - iii) Executive Order 12898
 - iv) Executive Order 13166 (Limited English Proficiency)
 - v) Executive Order 13217 (Community-based living arrangements for persons with disabilities)
- c) In addition to the above requirements, the Recipient must assure that its Equal Opportunity and Fair Housing policies in the HOME Program are consistent with the State's current Consolidated Plan.

42) AFFIRMATIVE MARKETING

Prior to beginning a HOME project, recipients must adopt affirmative marketing procedures and requirements for all HOME rental projects with five (5) or more units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability. The Recipient must also identify and take steps to attract populations who are least likely to apply for the housing to be created. Requirements and procedures must include:

- a) Methods for informing the public, owners and potential tenants about fair housing laws and the Recipient's policies;
- b) A description of what the Recipient will do to affirmatively market housing assisted with HOME funds;
- c) A description of what the Recipient will do to inform persons not likely to apply for housing without special outreach;
- d) Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness; and
- e) Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.
- f) All projects that receive HOME grants must advertise all vacant units on the www.TNhousingsearch.org website.

43) APPLICATION AND EVALUATION PROCEDURE

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria include:

- a) Submission by an eligible applicant of a complete application, including any documentation required to be submitted through THDA's Participant Management System (PIMS).
- b) The applicant's financial statements and audit indicate a healthy financial position and include diverse funding sources.
- c) Application demonstrates a market need for the project.
- d) Proposal of an eligible activity; proposal of a project that in the opinion of THDA is physically, financially and administratively feasible; proposal of a project that meets the requirements outlines herein and under 24 CFR Part 92, as amended.
- e) Submission of a Proforma based on the required Affordability Period demonstrating a need for the HOME funds.
- f) All projects must meet the site and neighborhood standards as codified at 24 CFR § 891.125 - Site and neighborhood standards.
- g) All applications must demonstrate a minimum match contribution equal to 25 percent of the total HOME funds requested for the project.
- h) Applicants must have met all spend down requirements for other THDA rental development grants and be in good standing with all THDA programs on [February 28](#) [September 30](#), 2024.
- i) Proposals that will set-aside more than 20 percent of the units for individuals with disabilities must demonstrate that the project will meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (CMS) in the final rule dated January 16, 2014:

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

- j) Receipt of a score that equals at least 60 percent of the total points available.

Applications meeting the threshold requirements will be scored and ranked by Grand Division, as defined in Tennessee Code Annotated Title 4, Chapter 1, Part 2, in descending numerical order based on the scoring matrix provided on page 35, Section 44 of this Program Description.

THDA will first select the highest scoring application from each Grand Division of Tennessee.

If additional funding is available, THDA will combine all remaining applications into a single ranking by score. THDA will award funding starting with the highest score to lowest score until all funds are allocated or the amount of funds available is less than the need for the next highest scoring application.

Given the limited funding available statewide and in order to distribute HOME funding across Tennessee, THDA reserves the right to limit funding to only one award per county.

When the amount of funds available is less than the request for funding identified in the application, THDA reserves the right to offer partial funding pending the applicant's ability to secure additional financing within a timeframe established by THDA or to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant.

1. When the applicant is not able to secure additional financing within THDA's identified timeline, THDA, subsequently and at its sole discretion, may move to the next lower scoring application(s) in order to meet its commitment obligations under the HOME program.
2. When THDA opts to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant, THDA may move to the next lower scoring project(s) in order to meet its commitment obligations under the HOME program.

In the event of a tie score between applications, THDA will prioritize that application with the highest combined total of the Need and Opportunity Score. In the event that a tie still remains, the application with the highest Opportunity Score will be selected. If a tie still exists after the first two (2) tie breakers, THDA will prioritize the application with the highest percentage of Match.

THDA reserves the right to transfer unused funding to other HOME activities.

44) HOME RENTAL HOUSING SCORING MATRIX - Up to 100 Points _

PROGRAM DESIGN AND PLANNING- Up to 35 points

- a) The proposed project demonstrates appropriate planning, readiness to proceed, and administrative capability. All necessary components to accomplish the project have been identified in the application including all necessary funding to complete the project. The applicant has site control of the proposed site to be developed.
- b) Firm financial commitments for non-HOME resources have been secured, are current, and are demonstrated within the application.
- c) The extent to which the project has a binding commitment for Federal, State, or local project-based rental assistance so rents are affordable to extremely low and very low income families and sufficient funds support the project's operation.
 - i) Projects with committed project based VASH vouchers, Continuum of Care rental assistance, or project-based Section 8 vouchers are preferred.
 - ii) Projects that preserve existing housing with project-based rental assistance also are encouraged.
- d) The project's proforma demonstrates sufficient cash flow to supports the project's operation without a contribution of HOME funds by THDA to an operating reserve account for the project.
- e) The extent to which the proposed project fills the need demonstrated by the neighborhood market conditions.
- f) The extent to which the design of the proposed project is appropriate and meets the needs of the targeted population to be served.
- g) The extent to which formal partnerships have been established and demonstrated within the application to provide voluntary and appropriate support services for the targeted population.
- h) The extent to which the proposed project provides easy access to community living, including retail, employment, transportation, medical, education, recreation, and government services.
- i) The extent to which Universal Design and Visitability features will be included in the design of the projects.
- j) The extent to which energy efficiency features exceed the requirements of THDA's Design Standards for New Construction or Rehabilitation, as applicable.

APPLICANT'S CAPACITY AND EXPERIENCE - Up to 30 points

- a) The applicant's experience with owning, developing and managing rental units of similar size and scope serving the intended population proposed.
- b) The capacity of the applicant and its development and management team to carry out the proposed project within the schedule proposed.
- c) The past experience of the applicant and its development and management team to successfully develop or manage rental housing in compliance with all Federal, state or local program requirements.
- d) The past experience of the applicant and its development and management team to undertake THDA rental development projects in a timely manner.
- e) The past history of the applicant in serving the community in which the proposed project is to be located.
- f) The past history of the applicant and its development and management team to comply with THDA funding requirements and processes.
- g) The applicant is a qualified Community Housing Development Organization.

NEED - Up to 10 points

THDA has determined rental housing need factors for households whose annual incomes do not exceed 80% of the current published area median income. The county need factors are the percentage of low income tenant households that are cost burdened; projected 10-year population growth rate; county's projected 10-year population growth as a percent of the state's overall growth; prior allocation amount per low income household; prior allocation; rental market (LIHC) vacancy rate, and the pipeline of rental housing financed under the LIHC Program under construction and in lease-up. Scores to be used in the evaluation of rental projects are available [HERE](#)

AREAS OF OPPORTUNITY SCORE - Up to 10 Points

THDA has determined factors which indicate census tracts of high opportunity. These factors include areas of high median gross rent, high cost burden, proximity to employment, high workforce participation, low levels of abandoned housing, rental market (LIHC) vacancy rate, and the pipeline of rental housing financed under the LIHC Program under construction and in lease-up. Scores to be used in the evaluation of areas of opportunity are available [HERE](#)

CHDO DESIGNATION –5 points

THDA will award 5 points for applications where the applicant meets the requirements of a CHDO under the HOME program.

RURAL DESIGNATION– Up to 5 points

THDA will award 3 points for applications with projects located in designated rural areas of Tennessee. For this program description, “rural” is defined as all Tennessee counties except the following: Anderson, Bedford, Blount, Bradley, Carter, Coffee, Hamblen, Hamilton, Haywood, Hawkins, Loudon, Madison, Maury, McMinn, Montgomery, Putnam, Roane, Robertson, Rutherford, Sevier, Sumner, Williamson and Wilson. All other counties are considered Rural.

THDA will award an additional 2 points if the applicant is a Tennessee Public Housing Authority in one of the above identified rural counties.

PROJECTS LOCATED OUTSIDE OF A LOCAL PJ – 5 points

HUD has awarded HOME funds directly to Local Participating Jurisdictions (Local PJs). The Local PJs are Clarksville, Chattanooga, Jackson, Knoxville, Memphis, Nashville/Davidson County, Knox County, Shelby County, and the Northeast Tennessee/Virginia Consortium (the cities of Bristol, Kingsport, Johnson City, Bluff City, Sullivan County, and Washington County, excluding the Town of Jonesborough). Projects that are located outside the jurisdictional limits of a Local PJ will receive points under this criteria.

DESIGNATED DISTRESSED COUNTIES – 5 points Bonus

The Appalachian Regional Commission has designated eight counties in Tennessee as distressed, including: Bledsoe, Clay, Cocke, Hancock, Hardeman, Lake, Perry, and Scott, . THDA will award 5 bonus points for applications with projects in these designated counties.

QUALIFIED MATCH SIGNIFICANTLY EXCEEDING 25% MINIMUM – 5 points Bonus

For project that provide match in excess of 40%, THDA will award a 5 point bonus.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

FROM: Bill Lord, Director of Community Housing
Don Watt, Chief Programs Officer

SUBJECT: Request for Approval of 2019 THTF Challenge Grant Program Grant Extension for Appalachia Service Project – Third Extension

DATE: July 8, 2024

Recommendation

Staff recommends approval of an extension request of the Challenge Grant for Appalachia Service Project (“ASP”) for a period of one year, extending their contract to December 31, 2025, as further described below. A copy of their request for extension is attached to this memo for your review.

Background

Tennessee Housing Development Agency (“THDA”) awarded a \$500,000 grant to ASP under the 2019 Tennessee Housing Trust Fund (“THTF”) Challenge Grants Program. ASP is using the Challenge Grant funds to help construct a new multi-use facility in Johnson City. The new building will provide dormitory space, a commercial kitchen to accommodate 200 volunteers working on home rehabilitation and rebuild projects year-round; offer separate living space for families displaced during home re-builds; and provide a multi-use training site that will include construction training and workforce development initiatives for volunteers, staff, and regional and national non-profit home repair partners.

To date, ASP has secured over 100% of its required match funding, approximately \$2.7 million. However, ASP has not started the construction of the proposed project due to COVID related construction delays, increases in construction costs, and the need to re-design the facility. ASP is requesting an additional fourteen (14) month extension to complete project construction. ASP has completed the project redesign and hired a construction manager. They are in the process of preparing all construction bid documents and expected to be under construction by September 2024 with expected completion in November 2025. If approved, this will be the third extension for this grant, extending the current grant termination from October 14, 2024 to December 31, 2025.



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EQUAL HOUSING
OPPORTUNITY 256

April 25, 2024

Ralph Perrey and the THDA Board of Directors
Executive Director
Tennessee Housing Development Agency

Dear Ralph,

ASP remains thankful for THDA's support of our repair and replacement program and the significant 2019 Challenge Grant for our proposed facility that will serve ASP's housing and workforce development mission in East Tennessee. As has been expressed to Toni Shaw after her site visit last year and tracked through our filing of required progress reports, we humbly ask for an extension of the 2019 Challenge Grant to December 31, 2025. Our request is submitted for the following reasons.

ASP has made significant progress on the grant requirements since its inception. ASP has fully met the \$1.5 million match requirement by raising \$2.7 million with over \$2.4 million in hand. We have satisfied the mortgage on the land for the facility, have begun demolition and sitework, have engaged engineers and architects, and have hired a construction manager. Concept drawings are complete and construction documents are in progress. ASP has recruited skilled volunteers who have pledged about \$500,000 in donated labor and in-kind contributions. We have revised the construction schedule and are eager to break ground in the fall this year.

ASP encountered significant setbacks with the original proposed timeline. We anticipated breaking ground in 2020 and were delayed due to COVID. As we emerged from COVID, the building committee of the board of directors realized that our original plans no longer fit post-COVID expectations for a shared space environment. Additionally, we found that the cost of construction on our original plan was no longer feasible due to rising prices of materials/labor and a change in our financial position as an organization. ASP experienced a significant loss of reliable income tied to a substantial decrease in the number of volunteers coming to ASP after COVID. At the time, ASP's income was largely tied to volunteer fees. Our board prudently decided to pause expansion efforts until confidence in our financial future returned.

Once the board felt comfortable again, we reconvened the building committee and reimagined the project to a more manageable scope and design while still meeting the goals of expanding our housing services in the area. We certainly suffered a momentum loss that has taken longer than expected to reinvigorate. However, we feel we have crossed that threshold and are seeing a clear timeline to completion.

ASP would like to continue to pursue the below adjusted timeline:

- Nov 2023-Jan 2024: Development of concept drawings and specs (COMPLETE- 1/30/24)
- Mar-Jul 2024: Development of construction documents (Architectural/Engineering Plans and bid documents) (IN PROGRESS)
- Apr 2024: Hire Construction Manager (COMPLETE - contract signed 4/16/2024)
- May-Sept 2024: Final demolition and site work
- Aug-Sept 2024: Construction permitting
- Oct/Nov 2024- Sept 2025: Construction underway
- Sept-Oct 2025: Outfitting- Installation of equipment/furnishings and landscaping work
- Nov 2025: Complete and available for occupancy

Undeniably, a final extension of the THDA Challenge Grant will keep this project moving toward completion and avoid yet another financial setback. We hope that you will consider continuing to stick with us and make the proposed facility a reality, which in turn will enable more homes to be made warmer, safer and drier in our area.

Given the steps that have already been accomplished and the matched funding already raised, we have confidence in our ability to complete the project on the revised timeline as described above. We would be grateful for your approval of this request. Please let me know if you have additional questions or concerns.

Respectfully,



Melisa L. Winburn
President & CEO



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

FROM: Bill Lord, Director of Community Housing
Don Watt, Chief Programs Officer

SUBJECT: Extension Request - Gallatin Housing Authority- THTF-19S-03

DATE: July 8, 2024

Recommendation

Staff recommends approval of an extension request for the Tennessee Housing Trust Fund (THTF) Competitive Grants (HTF-19S-03) award to the Gallatin Housing Authority (“GHA”) for a period of twelve months, extending the contract end date from October 31, 2024, to October 31, 2025.

Background

Tennessee Housing Development Agency (“THDA”) awarded GHA a \$747,047 grant to construct eight duplexes in Gallatin that will provide sixteen one-bedroom units designated as permanent housing for the elderly (62 years or older) with incomes equal to or less than 80% of the Area Median Income. Two of the eight duplexes are designed for elderly persons with disabilities in compliance with the Americans with Disabilities Act.

The THTF grant constitutes only 12% of the total project cost. The grant requires a match of no less than 50%, which has been fulfilled and documented. GHA has expended 90% of the grant award and this recommended extension is necessary for GHA to complete the final phase. GHA’s receipt of a Certificate of Occupancy for the entire project will allow GHA to draw down all remaining funds and close out the grant.

The original grant contract term was from July 1, 2019 to June 30, 2022. A first extension was approved through December 31, 2022 due to COVID-related issues. A second extension request was approved through September 30, 2023 due to procurement issues and the lack of available qualified general contractors. A third extension was granted through October 31, 2024 due to continued challenges caused by slower than expected implementation due to COVID related issues. In addition, the project faced a significant gap in development resources due to escalating material and labor costs. Funding has now been secured to complete the project.



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April 30, 2024

Mr. Bill Lord, Director of Community Housing
Tennessee Housing Development Agency
Community Programs Division
Andrew Jackson Building
502 Deaderick St., Third Floor
Nashville, TN. 37243

RE: Request for Time Extension: THDA Housing Trust Fund Grant HTF-19S-03

ID: 62-6002559-Gallatin Housing Authority

Dear Mr. Lord:

The Gallatin Housing Authority “GHA” wishes to request a twelve-month time extension to complete the final Phase III 4-buildings/8-units for Red River Court. Phase II is forty percent complete and scheduled for completion in July 2024. GHA will solicit public bids for Phase III in June 2024. We project the contract signed with the contractor and construction to start in August 2024. Phase II, sadly, has encountered code enforcement delays, ambiguous code interpretation, and ongoing challenges in scheduling code inspectors from the City Code Department. We anticipate similar code interpretation and scheduling inspectors’ issues in Phase III consequently lengthening the project’s completion schedule.

Present Red River Court Particulars:

Phase II 4-Buildings/8-units:

Red River Court Phase II is forty percent complete. Its notice to proceed was July 31, 2023, and a scheduled completion date in March 2024. All four buildings’ activities include interior and exterior construction. There are no material delays or labor retention issues with subcontractors on the project. Weather delays have been minimal; therefore, the interior and exterior construction work has shown substantial progress. After careful consideration, especially acknowledging the code enforcement challenges and inspection delays, the revised project’s schedule for completion of Phase II is now August 2024.

Phase III 4-Buildings/8-units:

GHA is optimistic and is projecting to publicly advertise for bid Phase III around June 2024 and have a contract for construction in August 2024. We have information from local contractors that certain building materials’ prices are stabilizing; therefore, a reduced price for Phase III is hopeful. Our Capital Fund grants FY2024 and FY2025 have line items for Red River Court allocated within the agency’s 5-Year Action Plan. Over \$1.2 mil

in federal funds remains targeted for this phase. With the consistent reoccurring code enforcement delays in Phase II, we conclude that Phase III will also need approximately twelve months to complete.

The Working Agreement's third extension expires on October 31, 2024. GHA has expended (90%) \$672,342.00 from the \$747,047.00 HTF grant. The remaining grant balance is (10%) \$74,705.00. The requested twelve-month time extension includes the final certificate of occupancy for the last four duplex buildings in Phase III. For any additional information, you may contact me at 615-452-1661 ext-14.

Your consideration regarding the above time extension we thank you.

Sincerely,



Michael A. Bates, MPSM, EDEP
Executive Director, Gallatin Housing Authority/
South Carthage Housing Authority



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: Tennessee Housing Development Agency Board of Directors

FROM: Bill Lord, Director of Community Housing
Don Watt, Chief Programs Officer

SUBJECT: Extension Request – HM-20-10 – City of Paris

DATE: July 8, 2024

Recommendation

Staff recommends the approval of an extension request for a HOME 2020 Urban/Rural grant awarded to the City of Paris for six months, extending their contract end date from June 30, 2024, to December 31, 2024, as further described below.

Background

This grant was provided to assist with the rehabilitation of homes for low-income persons. The grantee experienced delays in the grant initial implementation due to COVID and has since experienced delays due to the availability of contractors and materials. The City is currently completing the final home that is under contract and expected to be completed by July 31, 2024. The remaining work associated with this reconstructed unit is primarily punch list and finish items.

The original grant contract term was from July 1, 2020 to June 30, 2023. The City was granted an initial extension of twelve months to make the grant term date June 30, 2024. If approved, the extension will change the grant term date to December 31, 2024.



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Kathy Ray, Mayor
kray@cityofparistn.gov
Phone: 731-641-1402

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

Office of the Mayor
www.paristn.gov

May 2, 2024

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

Subject: City of Paris 2020 THDA HOME Grant - Request for Grant Extension

Dear Bill Lord,

I am sending this letter to request an extension for the City of Paris THDA HOME Grant. The City's 2020 THDA HOME Grant expires June 30, 2024 and we are going to need more time to complete the grant. There have been many delays throughout this grant, concerning environmental reviews, scheduling inspections and lead base paint inspections, waiting on inspection reports, supply chain delays, scheduling start dates with contractors, and material delays. Here is the current status of the grant projects:

- We have 1 project remaining, it is a rebuild project and it is currently under construction – the contractor said he is having material delays.

Because of the delays, we would like to request a grant extension for an additional six months in order to finalize our last project. We will have the project completed and all paperwork/invoices turned in by December 31st, 2024.

Sincerely,

Kathy Ray
Mayor, City of Paris, Tennessee



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

FROM: Bill Lord, Director of Community Housing
Don Watt, Chief Programs Officer

SUBJECT: Extension Request – National Housing Trust Fund 2020 – Memphis Housing Authority- NHTF-20-03

DATE: July 8, 2024

Recommendation

Staff recommends the approval of an extension request for National Housing Trust Fund (“NHTF”) (NHTF-20-03) awarded to the Memphis Housing Authority (“MHA”) for a period of nine (9) months, extending the contract end date from September 30, 2024, to June 30, 2025.

Background

This grant was provided to assist with the development of Edgeview at Legends Park located in Memphis. The project consists of 99 total units of which 25 units will be set-aside for households at or below the 30% Area Median Income (“AMI”).

MHA experienced delays in implementing the program initially due to scheduling issues and rapidly increasing costs experienced during the COVID pandemic. Additionally, timing of the Low-Income Housing Tax Credit awards and completion and closing of all project contracts for commitments took longer than expected.

The NHTF grant is in the amount of \$1,384,608. The time needed in this extension is to complete the project in compliance with all grant contract requirements.

The original grant contract term is from July 1, 2020, to September 30, 2024. This is the third extension request for this grant and will change the end date of the term of the written agreement to June 30, 2025.



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MEMPHIS HOUSING AUTHORITY



700 Adams Avenue
Memphis, Tennessee 38105
(901) 544-1102

DEXTER D. WASHINGTON
CHIEF EXECUTIVE OFFICER

MHA BOARD OF COMMISSIONERS

Justin Bailey
Michael A. Boyd
Dorothy L. Cleaves
Shawna Engel
Tanja Mitchell
Mary W. Sharp
Sheila Terrell

www.MemphisHA.org



May 1, 2024

Bill Lord
Director of Community Housing
Tennessee Housing Development Agency
502 Deaderick Street
Nashville, TN 37243

RE: National Housing Trust Funds Working Agreement Extension Request – Edgeview at Legends Park

Mr. Lord:

Thank you for considering this Extension Request of the Grant Contract (comprising a 2020 National Housing Trust Funds [NHTF] grant, 2023 NHTF grant, and 2023 Tax Credit Assistance Program [TCAP] grant) for Edgeview at Legends Park. We would also like to thank you for your continued support of this project. With THDA's immense support, the Development Team is pleased to state that Edgeview at Legends Park has successfully closed on its financing (on October 10, 2023) and construction is well underway with most sitework complete, foundations poured, and framing underway. The project is scheduled to be completed and begin leasing in January 2025.

This accomplishment is a major milestone in the Memphis Housing Authority's vision to create 99 units of quality, deeply affordable senior housing as part of the larger Legends Park redevelopment effort. Not only will Edgeview at Legends Park provide critically needed housing (which is 100% affordable and served by Project-Based Vouchers for very and extremely low-income residents) for low-income elderly residents, but it will also be an innovative Health and Housing collaborative effort that will have an unmeasurable positive impact on its future residents and remove barriers to medical care by virtue of its close proximity to the Memphis Medical district.

As you are aware, the project includes 99 units (all of which are LIHTC), of which 32 units will be set-aside for seniors (aged 62+) at or below the 30% AMI level, while the remaining units will be set-aside for seniors (aged 62+) at or below the 50% AMI level. 25 units are designated as NHTF units. Additionally, 7 units will have a preference for extremely low-income US Veterans, who will benefit from the nearby US Veterans Affairs Hospital. Finally, the Project is finalizing a partnership with Matter Health who will operate an on-site clinic to provide residents with regular access to medical care. This transformative project was only made possible with THDA's support and initial award of NHTF financing (as well as LIHTCs, bond allocation, and NHTF financing). Its success and financial resilience was further guaranteed by THDA's award of TCAP and additional NHTF funds in 2023.

To provide a brief timeline, the Project originally applied for (and was graciously awarded) a grant of NHTF funds in the Spring 2020 round. The NHTF grant contract was entered into between THDA and MHA (as sponsor) beginning July 1, 2020, and due to expire on June 30, 2023. At the time the Development Team entered into this contract, it anticipated closing and commencing construction in April 2021, a schedule which appeared feasible at that time. However, conditions changed immediately thereafter as the COVID-19 pandemic and subsequent quarantines and national emergency quickly made this closing schedule untenable. Delays in HUD's subsidy layering review and Section 18 Disposition Approval processes further complicated this closing schedule.

A formal extension request was made by the Development Team on March 2023 as it anticipated commencing construction in June 2023. THDA's team was highly responsive and flexible while the Development Team navigated these challenges (a fact which we are extremely grateful for), and it ultimately granted the Project a 15-month extension of the Grant Contract (setting the expiration as September 30, 2024). At that time, THDA's LIHTC team was reviewing the Project's 2023 MTBA and 4% Credit Application. During its review (and subsequent to the initial extension request), it was determined that the project exceeded THDA's Total Development Cost (TDC) Cap for 4% transactions, which thereby resulted in the Development Team needing to bifurcate the project into two components (one infrastructure and one housing) and undergo a redesign process to bring the project within these TDC limits in order to receive the allocation of tax credits needed to close.

Ultimately, the Project was able to finally navigate these final impediments and achieve financial closing in October 2023, and a Notice to Proceed with construction was issued to the general contractor shortly thereafter. The construction contract completion date is January 16, 2025. Now that construction is underway and vertical construction (framing) has commenced, the Development Team is confident in its ability to maintain its schedule from this point forward.

With this in mind, we would like to request that our Grant Contract's term and expenditure deadline be extended. Currently, the Grant Contract is set to expire on September 30, 2024 (with the requirement that all funds be expended by this time). Please note that NHTF guidelines require that funds may only be drawn incrementally as the Project reaches 25%, 50%, 75%, and 100% construction completion, and final funds may not be drawn until the Project has been completed, provided Substantial Completion documentation, and completed various inspections.

We would like to respectfully request that the contract term and expenditure deadline be extended 9 months to June 30, 2025. We believe this extended date should accommodate any unforeseen future delays in completing the project as well as provide time to complete the close-out documentation and inspections required for final release of funds (such as a Notice of Completion recorded and provided 30 days prior to final drawdown).

Again, thank you so much for your continued support of this project, and we look forward to working together in this next stage of its development as the Project proceeds through

construction and final delivery. Should you have any questions on this request, please do not hesitate to reach out.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Washington', with a long horizontal flourish extending to the right.

Dexter Washington
Chief Executive Officer



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: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Programs Officer
SUBJECT: Amendment to the Low-Income Housing Credit 2024 Qualified Allocation Plan (“2024 QAP”)
DATE: July 23, 2024

Recommendation

1. Staff recommends and requests that the Low-Income Housing Credit 2024 Qualified Allocation Plan (“2024 QAP”) be amended by adding a new Part V, Section 27 and changing related sections as required as described in the key points below.
2. Should the Board be so inclined, a motion “*to recommend that the THDA Board of Directors approve amending the Low-Income Housing Credit 2024 Qualified Allocation Plan as described in the memo from Eric Alexander and Don Watt dated July 23, 2024 and included in these materials*” would be appropriate.

Background

1. Four Housing Credit Projects received 2021 Qualified Disaster Zone Housing Credits. Due to delays caused by the COVID-19 pandemic, these projects were allowed to exchange credits under the 2022 QAP.
2. Staff sought and awaited IRS guidance on how to handle disaster credits for reporting purposes on the 8610s, and as a result did not sign the 2022 carryovers until after the guidance had been received in summer of 2023. However, Treasury has subsequently clarified that since the 2022 allocations were not dated in 2022, the allocations are not valid.
3. The amendment will enable staff to amend the allocations, “converting” the allocation to 2024 credits, and fixing the issue for awardees.

Key Points

1. This amendment will enable staff to implement what is effectively an administrative fix to the issue.
2. Those Housing Credit Projects that were allocated Qualified Disaster Zone Housing Credits under the 2021 QAP will receive 2024 Housing Credits in the same amounts as were originally allocated.



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Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors
FROM: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Programs Officer
SUBJECT: Appeal of Threshold Disqualification of Collins Place (TN 24-027) from 2024 Competitive Round
DATE: July 23, 2024

Recommendation

1. Consistent with the Background and Key Points below, staff recommends that the Board of Directors approve Collins Place's request for a waiver from Threshold Disqualification under the 2024 Qualified Allocation Plan's ("QAP") Section 6.B.2.

Background

1. Collins Place (TN 24-027), which applied in the 2024 Competitive Round, plans for an on-site sewage treatment facility.
2. Under the 2024 QAP, Section 6.B.2. "Threshold Requirements" it states "[i]f an on-site treatment facility is proposed, the Initial Application must include a **separate** financing commitment for the development and maintenance of the facility." The Initial Application for Collins Place did not contain a separate financing commitment for development or maintenance of the proposed facility.
3. Staff provided an opportunity for the applicant to cure for this deficiency; in response, the applicant provided an updated Letter of Intent ("LOI") indicating that the on-site sewage treatment system is included in the financing structure of the partnership. However, this does not satisfy the QAP requirement for a separate financing commitment for the development and maintenance of the proposed facility per the requirements of Section 6.B.2.
4. The sponsor, through their consultant, sought a waiver from staff to the Threshold finding in order to preserve the project's viability should additional credits become available either through attrition of allocated projects, or through federal government action.



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Key Points

1. The Section 6.B.2. language was added to the 2023 QAP as a response to prior applicants submitting applications with on-site treatment facilities absent sufficient evidence of financing being in place. The language carried forward into the 2024 QAP.
2. While the language included in the updated LOI clarifies that the on-site treatment facility is included in the overall financing plan, **staff does not have authority to waive the 2024 QAP language specifying a separate financing commitment.** Based on the updated LOI, staff has sufficient confidence at this time that financing will be available for Collins Place required on-site treatment facility, and supports the waiver request to the Board of Directors.
3. The Section 6.B.2. language will be updated in the 2025 QAP to ensure that the intent of receipt of adequate financing and operating information is satisfied without requiring separate commitments.



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July 15, 2024

Mr. Ralph Perrey
Executive Director
Tennessee Housing Development Agency
Andrew Jackson Building, Third Floor
501 Deaderick Street
Nashville, TN 37243

RE: Review Appeal Process request; TN24-027, Collins Place Apartments, Warren County

Dear Mr. Perrey,

We are requesting a full review by THDA's Board of Directors of TN 24-027, Collins Place Apartments negative Review Notice received in the 2024 9% Low Income Housing Tax Credit program, under the Review Appeal Process as provided for in the 2024 LIHTC Qualified Allocation Plan.

The proposed development will be in rural Warren County, Tennessee on land which does not have access to public sewer availability, which is not unusual in rural Tennessee counties. We plan to provide an On-Site Wastewater Treatment facility (OWTS) for the proposed 56 units.

THDA has determined our proposed development to be ineligible to compete further in the 2024 round, under Section 6: Mandatory and Threshold Requirements, B.2., *"If an on-site treatment facility is proposed, the Initial Application must include a separate financing commitment for the development and maintenance of the facility."*

There will be no separate ownership of the Onsite Wastewater Treatment System (OWTS) facility, which will be under the same ownership entity and included as part of the construction of the development. There will be no separate maintenance of the facility but maintained by the management company as a part of their regular duties. These systems are not high in maintenance, or in costs once installed, with pumps occasionally being replaced, and pump outs needed. The cost is approximately \$24 per unit per month, or \$288 per unit annually to maintain. That cost was included in our operating expense budget in the initial tax credit application.

The facility will not be financed separately from the full development but included within the financing of the full development by a bank we have worked with prior. We provided a bank Term Sheet for both construction and permanent financing to THDA, which specifically included wording in the term sheet from the bank, *"including sewage treatment system on property 4629 Manchester Hwy, McMinnville, TN 37110."* The equity letter provided also specifically notes the sewage treatment system as included.

We are happy to provide staff or board with additional information, but we thought what we had provided was sufficient to explain there will not be separate ownership or maintenance of the facility, there will be no third-party provider involved in the construction or ownership of the facility, so we are unable to provide a separate financing commitment for the development and maintenance of the system.

Hopefully this information will provide a clearer understanding of how the financing and maintenance of the OWTS facility for Collins Place Apartments is intended to work, and the board will deem the proposed development worthy of continuing in the competition for a successful 2024 LIHTC application to provide affordable housing to rural Tennesseans.

Cordially,

Brad Sharp
Executive Director
Appalachian Home and Health, Inc.



June 26, 2024

Mr. Brad Sharp
Appalachian Home and Health L.P.
123 Center Park Drive, Suite 133
Knoxville, TN. 37922

Term Sheet

FirstBank issues the following term sheet for the proposed project under consideration:

PROJECT: Warren Place Apts including sewage treatment system on property 4629 Manchester Hwy, McMinnville, Tennessee 37110

BORROWER: Warren Place Apartments L.P.

NUMBER OF UNITS: 56

LOAN AMOUNT: Not to exceed \$11,500,000 for construction
Not to exceed \$625,000 for Perm financing

RATE: Construction Loan: Prime minus 4% no less than 0%
Perm Loan: Prime minus 4% no less than 0%, with a 4% Cap

TERM: Construction: 30 Months which includes 27 months for completion of project and 3 months stabilization.
Perm Loan: 30 year amortization, 15 year maturity

FEE: Construction loan: ¼% of 1% of loan amount
Perm Conversion fee: ¼% of the outstanding loan amount

PAYMENTS: Construction: Interest only monthly
Perm Loan: equal Principal payments based on 360 payments plus interest monthly

COLLATERAL: 1st Deed of Trust, Assignment of Rents and Leases, Assignment of Reserve Accounts, UCC Financing statement, Assignment of construction documents, including construction contract, architect's contract, engineering contract, and plans and specifications.

www.FirstBankOnline.com

GUARANTORS: Guaranty during construction period of Appalacian Home and Health LP. Guaranty to be released upon conversion to perm loan.

ADDITIONAL REQUIREMENTS: All Operating, construction and Reserve accounts will be maintained at FirstBank for the entire loan period

This does not constitute a final commitment to lend due to additional requirements in the final approval process which will be itemized in the final commitment letter, if approved by FirstBank

A handwritten signature in blue ink, appearing to read "Bob Goodall", written over a horizontal line.

Bob Goodall
Sr. Vice President

Greystone Real Estate Capital LLC
152 West 57th Street, 60th Floor
New York, NY 10019
www.greystone.com

GREYSTONE REAL ESTATE CAPITAL

Appalachian Home and Health
Attention: Brad Sharp
4629 Manchester Hwy.
McMinnville, TN 37110

**Re: Collins Place Apartments (the "Property")
Warren Place Apartments, LP (the "Partnership")**

July 2, 2024

Dear Mr. Sharp:

Greystone Real Estate Capital LLC ("Greystone") is pleased to be given an opportunity to submit a proposal on Collins Place Apartments. A Greystone entity (sometimes referred to herein as the "Limited Partner") will acquire an interest in the Partnership that will develop and operate the Property. The terms and conditions of the Limited Partnership's investment in the Property are subject to the execution of a mutually agreed upon Partnership Agreement (the "Partnership Agreement") and Greystone's Investment Committee approval. Capitalized terms not otherwise defined herein will have the meanings set forth in the Partnership Agreement.

1) Property Information and Assumptions

The Limited Partner's willingness to acquire an interest in the Partnership is based on the following information and assumptions. Greystone reserves the right to update and adjust this Letter of Intent to reflect any changes in the following information and assumptions discovered during the due diligence and underwriting review.

a) The Property is located in McMinnville, Warren County, TN, and contains 56 units rented to Family tenants

b) Participants

Partnership/Applicant: Warren Place Apartments, L.P.

Limited Partner: TBD Greystone Fund

c) Property Timeframe

Closing Date: February 2025

Construction Completion Date: May 2026

Stabilized Operations Date: November 2026

Issuance of 8609(s):

January 2027

d) Tax Credit Delivery and Pricing

The terms and conditions set forth in this Letter of Intent are based upon a financial model initially submitted to Greystone. Prior to closing, Greystone will underwrite the final financial assumptions and prepare a financial model which, if acceptable to the General Partner, will be attached to the fully executed Partnership Agreement (the "Financial Forecasts").

Federal Low Income Housing Tax Credits (the "Tax Credits") are expected to be generated by the Partnership and allocated to the partners.

The Financial Forecasts will reflect equity amounts calculated as follows:

Federal LIHTC Equity

2024 Federal LIHTC Reservation: \$1,620,780

Credit Price: \$0.85

TOTAL LIMITED PARTNER EQUITY \$13,776,630

2) **Sewage Treatment System**

- a) We understand there will be a sewage treatment system onsite, and the system is included in the financial structure of this partnership.

Thank you for your consideration and we sincerely appreciate the opportunity to work with you.

Sincerely,

By:



Mike Boyle
SVP, Acquisitions & Institutional Investments
Greystone Real Estate Capital LLC



Annex



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

FROM: Rebecca Carter, Director, Community Services
Don Watt, Chief Programs Officer

SUBJECT: Emergency Rental Assistance (ERA) – Eviction Prevention Program (EPP)
Additional Funding Awards

DATE: July 8, 2024

Following policy approved by the Board at the November 14, 2023 Board of Directors meeting, the Director of Community Services is to advise the Board of subsequent funding awards made to ERA-EPP partners using the following eligibility criteria:

THDA may award an additional grant amount up to the lesser of

- 300% of its existing grant award, or
- The monthly expenditure rate from August 1, 2023 to the most recent completed month before the additional funding request is made to THDA, multiplied by the number of months remaining in the contract period,
- The remaining ERA-EPP funds available for award; or
- The Grantee's requested amount of additional assistance.

Six subsequent awards have been made:

Bradley Cleveland Community Services Agency was awarded **\$526,926.00** in additional funds which was less than 300% of the initial award and less than the monthly expenditure rate. The award was based on the criteria, “the grantee’s requested amount of additional assistance.”

Chattanooga Regional Homeless Coalition was awarded **\$1,448,552.25** in additional funds which was less than 300% of the initial award but equal to the monthly expenditure rate.

Affordable Housing Resources was awarded **\$1,500,000.00** in additional funds which was equal to 300% of their initial award, but less than the \$2,792,782 calculated based on the monthly expenditure rate.



Andrew Jackson Building Third Floor - 502 Deaderick St. - Nashville, TN 37243
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THDA is an equal opportunity, equal access, affirmative action employer.



Affordable Housing Resources was awarded **\$2,000,000.00** in additional funds which was less than 300% of the initial award and less than the monthly expenditure rate. The award was based on the criteria, “the grantee’s requested amount of additional assistance.” This was their second request for additional funding.

Mid-Cumberland Community Action Agency was awarded **\$2,881,985.84** in additional funds which was less than 300% of their initial award but equal to the monthly expenditure rate.

Fairview Housing Management Corporation was awarded **\$500,000.00** in additional funds which was less than 300% of the initial award and less than the monthly expenditure rate. The award was based on the criteria, “the grantee’s requested amount of additional assistance.”



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Eric Alexander, Director, Multifamily Programs
Don Watt, Chief Programs Officer

SUBJECT: Multifamily Tax-Exempt Bond (MTBA) Round 1 Overview

DATE: July 8, 2024

Applications for MTBA Round 1 were accepted on March 22, 2024, and the Round 1 Firm Ranking was released in the last week of May.

30 total applications were received (15 new proposals, 3 supplemental requests, and 12 updated packages related to the USDA Rural Development (RD) bundled proposal initially awarded in 2023 but carried forward due to RD's inability to close in a timely manner:

- 10 applications were received in West Tennessee,
- 15 applications were received in Middle Tennessee, and
- 5 applications were received in East Tennessee.

\$445,405,500 in bond funds were available, and \$491,693,088 in funds were requested. The 12 USDA RD proposals were funded first in accordance with the 2024 MTBA Program Description. After underwriting, review, and scoring, all three supplemental requests were funded, along with 13 new proposals. Inclusive of the USDA RD proposals, allocations are broken down by Grand Division as follows:

- 10 in West Tennessee, with 513 units and receiving \$44,900,000 in MTBA allocations,
- 13 in Middle Tennessee, with 1852 units and receiving \$271,800,000 in MTBA allocations, and
- 5 in East Tennessee, comprising 152 units and receiving \$98,993,088 in MTBA allocations.

A total of \$29,712,412 in MTBA ceiling allocation remains at the end of Round 1 which will be carried forward to Round 2.



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2024 MTBA Round One Preliminary Ranking

THDA #	Development Name	County	AmtMTBA Requested	Amt42m Requested	Grand Division	Category	Total Units	LHFC Units	MKT Units
24-202	The Pines Apartments	Knox	\$28,000,000	\$2,332,773	East	Group 1 - Rehabilitation of Existing Income Restricted Housing	152	152	
24-204	Peirshing Park Apartments	Shelby	\$13,700,000	\$1,061,071	West	Group 1 - Rehabilitation of Existing Income Restricted Housing	160	158	
24-205	Harpeth Hills Apartments	Williamson	\$8,450,000	\$527,673	Middle	Group 1 - Rehabilitation of Existing Income Restricted Housing	51	51	
24-215	Whispering Oaks	Davidson	\$60,000,000	\$4,861,342	Middle	Group 1 - Rehabilitation of Existing Income Restricted Housing	482	482	
24-216	Oak Ridge Redevelopment	Anderson	\$18,539,285	\$1,535,327	East	Group 2 - New Construction with a PHA	162	162	
24-217	Westside Phase 1B	Hamilton	\$35,000,000	\$2,354,560	East	Twinning	166	118	48
24-218	Trinity Flats	Davidson	\$43,000,000	\$4,373,377	Middle	Group 6-New Construction in a QCT covered by CCRP	250	250	
24-219	North River 2	Davidson	\$43,000,000	\$4,230,330	Middle	Group 6-New Construction in a QCT covered by CCRP	232	232	
24-220	Beasley Drive	Dickson	\$38,000,000	\$3,446,392	Middle	Group 7 New Construction in a QCT not covered by CCRP	197	197	
24-221	St-Mary-Place	Davidson	\$8,000,000	\$2,308,448	Middle	Group 4-New-Construction-outside-of-a-QCT	200	200	
24-222	4th and Shelby	Davidson	\$48,000,000	\$4,827,884	Middle	Group 6-New Construction in a QCT covered by CCRP	289	287	
24-223	Burning Tree	Davidson	\$35,000,000	\$2,388,939	Middle	Group 1 - Rehabilitation of Existing Income Restricted Housing	280	278	
24-224	The Cottages of BlueCreek	Madison	\$8,000,000	\$717,442	West	Twinning	58	58	
24-225	Midtown Estates	Rutherford	\$15,000,000	\$1,278,127	Middle	Group 1 - Rehabilitation of Existing Income Restricted Housing	88	87	
24-226	Horizon Square	Bradley	\$14,453,803	\$951,587	East	Group 1 - Rehabilitation of Existing Income Restricted Housing	92	91	
24-950	Dickson Village	Dickson	\$3,500,000	\$288,812	Middle	Tursky-Holloway	48	48	
24-951	Pleasant Valley Village	Dickson	\$3,500,000	\$291,173	Middle	Tursky-Holloway	48	48	
24-952	Springfield Apartments	Robertson	\$3,500,000	\$313,515	Middle	Tursky-Holloway	60	60	
24-953	Spring Creek	Marshall	\$1,850,000	\$153,331	Middle	Tursky-Holloway	24	24	
24-954	Bluebird Manor Apartments	Haywood	\$2,800,000	\$190,886	West	Tursky-Holloway	36	36	
24-955	Covington Village Apartments	Tipton	\$3,750,000	\$245,921	West	Tursky-Holloway	48	48	
24-956	Henning Village Apartments	Lauderdale	\$2,800,000	\$253,043	West	Tursky-Holloway	32	32	
24-957	Lake Street Apartments	Fayette	\$2,100,000	\$145,439	West	Tursky-Holloway	23	23	
24-958	Oakland Apartments	Fayette	\$1,250,000	\$108,056	West	Tursky-Holloway	16	16	
24-959	Stanton Village	Haywood	\$3,025,000	\$216,758	West	Tursky-Holloway	40	40	
24-960	Tipton Village Apartments	Tipton	\$3,700,000	\$249,897	West	Tursky-Holloway	48	48	
24-961	Holiday House of Trenton	Gibson	\$3,775,000	\$252,862	West	Tursky-Holloway	52	52	
21-203	900 at Cleveland Park	Davidson	\$3,500,000		Middle	Group 8 Supplemental			
21-233	Ascent Apartments	Davidson	\$3,500,000		Middle	Group 8 Supplemental			
23-206	Ridgebrook	Knox	\$3,000,000		East	Group 8 Supplemental			
				\$40,904,965					

*The grey shaded developments will be offered a Firm Commitment

West	Requests	Available	Middle	Requests	Available	East	Requests	Available
USDA Bundle 24-954	\$ 2,800,000	\$ 97,989,210	USDA Bundle 24-950	\$ 3,500,000	\$195,978,420	Twinning 24-217	\$ 35,000,000	\$ 151,437,870
USDA Bundle 24-955	\$ 3,750,000		USDA Bundle 24-951	\$ 3,500,000		Group 1 24-202	\$ 28,000,000	\$ 88,437,870
USDA Bundle 24-956	\$ 2,800,000		USDA Bundle 24-952	\$ 3,500,000		Group 1 24-226	\$ 14,453,803	\$ 73,984,067
USDA Bundle 24-957	\$ 2,100,000		USDA Bundle 24-953	\$ 1,850,000		Group 2 24-216	\$ 18,539,285	\$ 55,444,782
USDA Bundle 24-958	\$ 1,250,000		Total	\$ 12,350,000	\$183,628,420		Remaining	\$ 55,444,782
USDA Bundle 24-959	\$ 3,025,000		Group 1 24-225	\$ 15,000,000	\$168,628,420			
USDA Bundle 24-960	\$ 3,700,000		Group 1 24-215	\$ 60,000,000	\$108,628,420			
USDA Bundle 24-961	\$ 3,775,000		Group 1 24-223	\$ 35,000,000	\$73,628,420			
Total	\$ 23,200,000	\$ 74,789,210	Group 1 24-205	\$ 8,450,000	\$65,178,420			
Twinning 24-224	\$ 8,000,000	\$ 66,789,210	Group 4 24-221	WITHDRAWN	\$65,178,420			
Group 1 24-204	\$ 13,700,000	\$ 53,089,210		Remaining	\$65,178,420			
	Remaining	\$ 53,089,210						

MTBA Round One Available \$ 445,405,500.00

Statewide Remaining	Requests	Available
\$173,712,412.00		
TNID		
Group 6	24-222 \$48,000,000	\$ 125,712,412.00
Group 6	24-219 \$43,000,000	\$ 82,712,412.00
Group 6	24-218 \$43,000,000	\$ 39,712,412.00
Group 7	24-220 \$38,000,000	INSUFFICIENT CEILING
Supp	21-203 \$3,500,000	\$ 36,212,412.00
Supp	21-233 \$3,500,000	\$ 32,712,412.00
Supp	23-206 \$3,000,000	\$ 29,712,412.00
	Remaining Carryforward	\$ 29,712,412.00

West (22%)	Middle (44%)	East (34%)
\$ 97,989,210.00	\$ 195,978,420.00	\$ 151,437,870.00
\$ 445,405,500.00		