

Ralph M. Perrey, Executive Director



**MEMORANDUM:**

TO: Originating Agents, REALTOR and Non-Profit Participants  
FROM: Lindsay Hall, Chief Operating Officer of Single Family Programs  
DATE: November 8, 2017  
RE: Proposed Tax Reform Proposal

I am certain you have heard or read about the tax reform proposal being debated currently in Congress. One of the provisions within the proposal is the elimination of tax-exempt private activity bonds as of December 31, 2017. As you know, THDA has funded its mortgage loan program since 1974 with funds raised by the sale of tax-exempt mortgage revenue bonds, which are private activity bonds.

At this time, there is no guarantee of the outcome. This legislation may pass in its current form, it may be altered prior to passing, or it may not pass at all. Ralph Perrey, THDA Executive Director, has assured our Board of Directors that "THDA has both the means and the methods to continue financing mortgages for first time homebuyers."

In fact, THDA sold bonds today that will generate proceeds to continue to purchase eligible mortgage loans into the beginning of next year. In addition, staff is recommending that the THDA Board approve the sale of Convertible Option Bonds (COB) in an amount sufficient to continue to purchase loans through 2018 and 2019. At the same time, THDA has been working toward getting back into the conventional loan market as a method of continuing to purchase mortgage loans, even if private activity bonds are eliminated.

All this to say that regardless of the decision made by Congress on the tax reform proposal as it is currently presented, THDA will continue to be in the business of purchasing loans for the Great Choice Loan and Great Choice Plus loan program.

As always, I appreciate your support and participation in our Great Choice Loan Program.



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