TENNESSEE HOUSING DEVELOPMENT
AGENCY
2001 TAX-EXEMPT MULTI-FAMILY
BOND AUTHORITY
PROGRAM

This package includes:
Program Summary
Program Description
Application Requirements Checklist
Application with six Exhibits
Self Check and Scoring Summary Sheet
HUD Median Incomes for Tennessee Counties
Municipal Issuers Registry, July 1999
Tennessee Housing Development Agency
Tax-Exempt Multi-Family Bond Authority
2001 Summary

- THDA has authorized the allocation of tax-exempt bond authority to local issuers for multifamily developments:
  $30 million in 2001 authority for developments which will close permanent financing by December 31, 2001. $10 million will be available in East Tennessee, $10 million will be available for Middle Tennessee, and $10 million for West Tennessee. Any unused, recaptured or released amounts after August 1, 2001, will be available first to any remaining qualified applications from that same Grand Division. If there are no remaining qualified applications from that same Grand Division, then the authority will be available to the next highest scoring application regardless of Grand Divisions until October 1, 2001.

- Bonds must be issued by a local board or other issuing entity in the area of the proposed development;

- Some units must be rented to persons of low income: twenty percent (20%) of the units must be rented to persons at or below fifty percent (50%) of area median income; or forty percent (40%) of the units must be rented to persons at or below sixty percent (60%) of area median income. Seventy-five (75%) of the units must be occupied by persons at or below 115% of the area median income.

- THDA will allocate a maximum of five million dollars ($5,000,000) in tax-exempt bond authority per development;

- Bond authority will be allocated only to complete applications, and will be based on competitive scoring;

- Applicants must meet THDA and federal tax requirements;

- Applicants are required to submit a non-refundable $1,000 application fee; if a commitment is issued, the applicant must submit a commitment fee of one percent (1%) of the amount of bond authority allocated and an incentive fee of 20% of the commitment fee. Part of these fees will be returned if the bonds are issued and the development placed in service within the allowed time.

This is only a brief description of some of the elements of the program. For a complete Program Description, contact Phyllis Vaughn, Director of Multifamily Programs, THDA, (615) 741-2490.
Part I: Background, Eligibility, and Requirements

The Tennessee Housing Development Agency (THDA) has available tax-exempt bond authority to reallocate to local issuers for permanent financing for multifamily housing units in the State of Tennessee. Part of this authority is available in each of the three Grand Divisions of the state. The authority can be used only to provide permanent financing for new construction of affordable rental housing units, conversion of existing properties through adaptive reuse, or acquisition and rehabilitation of rental units, subject to the conditions and requirements described below, and subject to Internal Revenue Service requirements.

A. Use of Bond Authority:
   1. Any tax-exempt bond authority allocated pursuant to this program must be used to provide permanent financing for the development. The authority is not intended for short-term financing, construction financing, “bridge” financing, or any other financing which is not the permanent financing for the development;
   2. Applicants for and Recipients (as defined in Part II-C) of 2001 authority must be able to issue bonds by 1 p.m. (Central Time) December 31, 2001.

B. Eligible Developments:
   1. The development must be either:
      1. New construction;
      2. A conversion of an existing property not being used for housing; or
      3. Acquisition and rehabilitation, with rehabilitation hard costs equal to at least twenty percent (20%) of building acquisition costs.

C. Identity of Interests Prohibited
   If a development involves acquisition of land or buildings, there can be no identity of interest between buyer and seller.

D. Tenants to be Served
   1. Twenty percent (20%) of the units in the development must be occupied by individuals or families having incomes equal to or less than fifty percent (50%) of the area median income; or
   2. Forty percent (40%) of the units in the development must be occupied by individuals or families having incomes equal to or less than sixty percent (60%) of the area median income; and
   3. Seventy five percent (75%) of the units in the development must be occupied by individuals or families having incomes at or below one hundred fifteen percent (115%) of the area median income.

E. Limit on Cost per Unit
   The total cost per unit (Total Development Costs; item #12 on page 5 of the Application; divided by total number of units in the proposed development) must not exceed $90,000 in MSA counties or must not exceed $69,900 in other counties.

F. Maximum Amount of Bonds per Development
   A development may not receive more than five million dollars ($5,000,000) of tax-exempt bond authority.
G. Maximum Amount of Bonds per Developer or Related Parties

The maximum amount of tax-exempt bond authority that may be applied for by a single applicant, developer, owner, consultant, or related parties shall not exceed ten million dollars ($10,000,000). THDA reserves the right, in its sole discretion, to determine whether related parties are involved for the purpose of applying this limitation.

H. Limit on Developer’s Fee

1. The developer and consultant fees cannot exceed five percent (5%) on that portion of the basis attributable to acquisition (before the addition of the fees), and cannot exceed fifteen percent (15%) of that portion of the basis attributable to new construction or to rehabilitation (before the addition of the fees).

2. If the developer and contractor are related parties, then the combined fees for contractor's profit, overhead, and general requirements plus the developer's and consultant's fees, cannot exceed fifteen percent (15%) of the basis on that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed twenty-five percent (25%) of that portion of the basis attributable to new construction or to rehabilitation (before the addition of the fees).

I. Limits on Costs of Issuance

The bond issue must meet all federal tax requirements for private activity bonds including Section 147 (g) of the Internal Revenue Service Code of 1986. That Section provides that the costs of issuance financed by the proceeds of private activity bonds issued to finance multifamily housing may not exceed two percent (2%) of the basis of the development.

J. Market Study Required

1. The Application must include a market study performed by an independent third party. The market study must contain current information (less than six months old) at the time of submission. “Comparables” as used in property appraisals are not acceptable. THDA will determine, in its sole discretion, whether the market study and other information available to THDA supports the proposed development.

2. A market study must include, without limitation, all of the following:
   a. Name and telephone number of person performing the study, their qualifications to perform this market study, and a statement indicating the person and/or entity performing the study has no identity of interest with any person or entity involved in the development, including, without limitation, the ownership entity and any of its partners, any other member of the development team, or any individuals involved in any such entities;
   b. On-site field study by the person performing the market study;
   c. Data identifying and describing the market areas, neighborhood and site, including geographic and demographic information;
   d. Data identifying existing units and rent types, as well as any existing tax credit developments, tax-exempt bond developments, or proposed tax credit or tax-exempt bond developments which have reservations or commitments and are proposed to be built or renovated in the market area or neighborhood;
   e. Data to support a proposed rent structure lower than the maximum rents allowed by this program, if such a rent structure was proposed in the Application;
   f. Data identifying vacancies of rental units in the market area and neighborhood;
   g. Data identifying income qualified households at income levels required by this program in that particular area;
   h. Current and projected need based on market conditions supported by data from various market sources including waiting list information from all Section 8 and local public housing authorities serving that area;
   i. Projected absorption time (rent up) of the proposed units by the market; and
   j. Color photos of the proposed site and surrounding neighborhood.
K. Appraisal Required

The applicant must submit an appraisal of the proposed development performed in accordance with industry standards, by an appraiser licensed in Tennessee. The appraisal cannot be based solely or largely on a “cost” approach to value, but must also consider market and income approaches to value. If the Application is proposing acquisition of an existing structure, an “as is” appraisal must also be included.

L. Minimum Score Required

The Application must receive at least 100 points under Part VII.

M. Program Requirements and IRS Requirements

All program description requirements, application requirements, and IRS requirements must be met. If there is any inconsistency or conflict among the requirements, the most stringent of the requirements will apply as determined by THDA.

Part II: Tax Exempt Authority Available

A. Thirty million dollars ($30,000,000) of 2001 Tax Exempt Bond Authority will be available.

B. A total of ten million dollars ($10,000,000) will be available initially in each of the three Grand Divisions (East, Middle, and West).

C. Recipients are eligible for commitments for 2001 authority, provided that they meet all of the other requirements of this Program Description.

D. 1. Any unallocated, recaptured, or released authority from the 2001 Application cycle will be available in 2001 for Applications by Grand Division, and will be limited to the amounts not allocated, recaptured, or released in each Grand Division in 2001 for 2001 authority pursuant to this Program Description.

   2. These amounts for allocation by Grand Division will be increased by any authority recaptured or released prior to October 1, 2001, based solely on the final ranking of Applications pursuant to Part VIII. All of the other requirements, restrictions, and limitations of this Program Description apply.

Part III: Receipt of Applications

The applicant must submit an original Application with content, formatting, and pagination identical to the attached Application. Only complete Applications will be accepted and they will be accepted only at the Tennessee Housing Development Agency, 404 James Robertson Parkway, Suite 1114, Nashville, Tennessee, 37243. (Applications by express delivery services should be sent to the same address, but at Zip Code 37219-1505.) Applications submitted prior to the established application deadline date and time indicated in Part IV will be reviewed following the application deadline date and time as indicated in Part V. No Application or parts of Applications will be accepted at any other location and no Application or parts of Applications will be accepted via facsimile transmission. All documents submitted to THDA must bear original signatures.

Part IV: Application Deadline

Applications must be received by no later than 1:00 p.m. Central Time, April 16, 2001, and must be complete, as determined by THDA in its sole discretion.

Part V: Review of Applications for Completeness

A. Applications must be complete.

   An Application must be complete, as determined by THDA in its sole discretion, based on the requirements in this Program Description and the attached Application. An Application will be considered received only when it is complete.
B. Information must be current.

1. Appraisal and market information older than six months, as determined by the date prepared and information contained within, will not be considered current or complete. Supplemental documentation, including any commitments, should not have expired if they contain an expiration date, or the Application will not be considered complete. Documents indicating approval dates that have passed will not meet Application requirements. Applications with such documents will be considered incomplete.

2. A resolution authorizing the issuance of bonds passed by a local entity must be current and valid at the time of application. The applicant should coordinate any updates that may be required for the resolution to remain in effect. Information submitted that is not current will not be accepted by THDA and will cause the Application to be deemed incomplete. Any information or documentation, which is not current or complete, will impair an applicant's chances of receiving bond authority.

C. Responsibility for complete and current information

It is the sole responsibility of the applicant to submit a complete Application with current information. An applicant may submit additional materials, information, or documents to make an Application complete prior to the relevant Application Deadline. The Application, however, will be considered as received at the time the last item necessary to complete the Application is received. THDA will not consider any additional materials, information or documents submitted after the relevant Application deadline.

D. Multiple Applications for a Single Development

1. Multiple Applications submitted as separate phases of one development will be considered as one development and reviewed as one Application. THDA reserves the right to request additional information or documentation, if necessary, to determine if Applications submitted will be considered and reviewed as one or more developments.

2. Only one Application may be submitted and be considered for a development. THDA reserves the right to request additional information or documentation to determine if Applications submitted will be considered and reviewed as one or more developments.

Part VI: Scoring Process

A. Applications which are complete will be scored according to the criteria described below. Only complete Applications will be scored and will be allowed to compete to receive available bond authority in that category. An Application must receive at least 100 points to be eligible to receive bond authority. After the appropriate Application Deadline specified in Part IV, and after completion of the Cure Period and Reviews described in Part VIII, complete Applications in each Grand Division will be ranked in order from highest score to lowest score. Bond authority will be allocated beginning with the Application receiving the highest score until the total amount of authority available in each Grand Division is allocated.

B. The process of allocating authority within Grand Divisions will end with the last complete Application that can be allocated the full amount of authority requested in any Grand Division. No partial allocations of authority will be made.

C. If there is any tax-exempt bond authority remaining in any Grand Division, or if any additional authority is recaptured or released, any such amounts shall remain available first to qualified applicants in that same Grand Division until October 1, 2001. THDA will issue a commitment of tax-exempt bond authority to each qualified Application in each Grand Division until the final amount of tax-exempt bond authority is exhausted. No commitments for additional, recaptured, or released authority will be issued after October 1, 2001. No partial commitments of tax-exempt bond authority will be made.
Part VII: Scoring Criteria

Points will be awarded, as indicated below, to Applications demonstrating that they meet the following conditions:

A. Meeting Housing Needs: (Maximum 55 points)
   1. Developments located in counties where the annual median income is less than eighty percent (80%) of the state median (Exhibit 1). (25 points)
   2. Developments in census tracts or in counties with the greatest rental housing need (Exhibit 2). (Maximum 20 points)
   3. Developments located wholly and completely in a THDA designated Bicentennial Neighborhood (Exhibit 3): (10 points)
   4. Developments located wholly and completely in a Qualified Census Tract or a Difficult to Develop Area as designated by HUD (Exhibit 6): (5 points)

B. Meeting Energy / Maintenance Standards: (Maximum 40 points)
   1. Developments designed and built to promote energy conservation by meeting the standards of the Council of American Building Officials Model Energy Code. Certification from the design architect will be required on developments of 11 units or more, from contractor on ten units or fewer, as specified in the commitment letter. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to partial refund of the Commitment Fee pursuant to Part X-C: (25 points)
   2. Developments designed and built to meet a 15-year maintenance-free exterior standard. Certification from the design architect will be required on developments of 11 units or more, from contractor on ten units or fewer, as specified in the commitment letter. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to any partial refund of the Commitment Fee pursuant to Part X-C: (10 points)
   3. Developments designed and built with a minimum of 60% brick exterior. Certification from the design architect will be required on developments of 11 units or more, from contractor on ten units or fewer, as specified in the commitment letter: Confirmation from the supervising architect or contractor, as appropriate, will be required prior to any partial refund of the Commitment Fee pursuant to Part X-C: (5 points)

C. Serving Special Populations: (Maximum 120 points)
   1. Percentage of the units designed and built for occupancy by the elderly (minimum age 55 years) and/or percentage of units designed in compliance with ADA standards to be adaptable for persons with disabilities and built so that conversion for occupancy by persons with disabilities can be readily accomplished. Certification from the design architect will be required on developments of 11 units or more, from contractor on ten units or fewer, following the issuance of the Commitment Letter. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to any partial refund of the Commitment Fee pursuant to Part X-C:

<table>
<thead>
<tr>
<th>Percent of Units</th>
<th>Points</th>
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<tr>
<td>At least 50%</td>
<td>30 points</td>
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<tr>
<td>At least 75%</td>
<td>45 points</td>
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<tr>
<td>100% of units</td>
<td>60 points</td>
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   2. Election to set aside a minimum of twenty percent (20%) of the units for households with incomes no higher than fifty percent (50%) of the area median income. (60 points)

D. Increasing Housing Stock: (25 points)

Developments which are new construction or are conversions of buildings not being used for housing which make them usable as housing. (25 points)
A. Notice to Applicants

1. THDA will notify each applicant when the eligibility determination and scoring of the Application is complete. All applicants will be so notified on or before May 7, 2001.

2. If THDA determines that an Application meets all of the eligibility requirements of this Program Description 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 Application, then no further action by the applicant or THDA will be taken. Applicants may not submit additional items for the purpose of increasing their scores in a particular scoring category if the THDA assigned score is the same as or higher than the score assigned by the applicant in the Application. The provisions of Part VIII-B do not apply.

3. If THDA determines that an Application does not meet one or more of the eligibility requirements of this Program Description or if the score assigned by THDA in any scoring category is less than the score assigned by the applicant in the Application, THDA will notify the applicant of items that were erroneous, missing, incomplete, or inconsistent. THDA will also notify applicants if THDA determines that (a) any two or more developments proposed in two or more Applications constitute a single development for purposes of applying the development limits specified in Part I-F or (b) developers or related parties reflected in two or more Applications constitute a single entity for purposes of applying the developer or related party limitation specified in Part I-G. This notice to applicants from THDA is referred to herein as the “Cure Notice”.

4. No rankings or scoring summaries with respect to Applications received by THDA will be available until all cure periods have expired and the review process is complete.

B. Cure Period

1. Applicants receiving a Cure Notice may, in compliance with the requirements of this Part VIII-B, correct erroneous items, supply missing or incomplete items and/or may clarify any inconsistencies related to the specific items identified by THDA during a cure period which shall begin on the date of the Cure Notice and shall end at 4:00 p.m. Central Time, on the date specified in the Cure Notice, which date shall be five (5) business days from the date of the Cure Notice. The Cure Notice shall specify the means and methods by which erroneous items may be corrected, missing items supplied, incomplete items completed and inconsistencies clarified. Applicants may not submit additional items for the purpose of increasing their 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 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 in Part VIII-C is not available to applicants who do not submit additional documentation in accordance with the Cure Notice (including, without limitation, the time deadlines specified therein.).

3. The cure provisions of this Part VIII-B do not apply to Applications that are not submitted in accordance with the requirements of Part III and Part IV.

4. THDA will review all documentation submitted in accordance with the Cure Notice for each relevant Application. If THDA determines that an Application, taking into account documentation submitted in accordance with the Cure Notice, meets all of the eligibility requirements of this Program Description 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 Application, then no further action by the applicant or THDA will be taken. Applicants may not submit additional items for the purpose of increasing their 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 Application, taking into account documentation submitted in accordance with the Cure Notice. The provisions of Part VIII-C will not apply.

5. If THDA determines that an Application, taking into account documentation submitted in accordance with the Cure Notice, still does not meet any one of the eligibility requirements of this Program Description or if the score assigned by THDA in any scoring category is still less than the score assigned by the applicant in the Application, THDA will notify the applicant of items that remain erroneous, missing, incomplete, or
inconsistent (the “Review Notice”). The Review Notice will specify the time period
within which a request for review may be made.

C. Review Process

1. Applicants who receive a Review Notice may submit, in writing, a request for review to
the Executive Director of THDA. This request for review must be submitted in
accordance with the Review Notice. A request for review will not be considered if no
documentation was submitted or if documentation was not submitted in accordance with
the Cure Notice (including, without limitation, the time deadlines therein).

2. The request for review must identify the eligibility item or scoring category to be
reviewed, the information in the Application OR the documentation submitted
during the cure period relevant to the scoring category in question, and the reason the
applicant thinks that the eligibility determination or scoring was in error. The request for
review must contain no more than two 8 1/2 X 11 inch pages, with print on one side of
each page, typed in 12 point font or larger (or legibly hand written). Requests not
meeting this format will not be considered. 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 Application will
be considered.

3. The Policy and Programs Committee of the Board of Directors of THDA (the “Policy and
Programs Committee”) will meet in special session on June 14, 2001, to evaluate the
Application, documentation submitted during the cure period, and THDA staff analysis
thereof. The Policy and Programs Committee will consider whether the eligibility
determination made or scoring assigned by THDA staff was in error. Any contact with
THDA staff, Executive Director, any member of the Policy and Programs
Committee or any member of the THDA board by any person or entity on behalf of
any Application during this review period will be grounds for dismissal of the
review request. Notice of the decision of the Policy and Programs Committee will be
mailed to the applicant no later than June 27, 2001.

4. If the Policy and Programs Committee concludes that the eligibility determination or the
score assigned by THDA staff was in error, and as a result, determines that an
Application, taking into account documentation submitted in accordance with the Cure
Notice, meets all of the eligibility requirements of this Program Description with a score
in each scoring category that is the same as or higher than the score assigned by the
applicant in the Application, then no further action by the applicant or THDA will be
taken. Applicants may not submit additional items for the purpose of increasing their
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 Application, taking into account
documentation submitted in accordance with the Cure Notice. Requests for review that
were not submitted in accordance with the Review Notice will not be considered. The
provisions of Part VIII-C-6, -7, and -8 will not apply.

5. If the Policy and Programs Committee concludes that the eligibility determination or the
score assigned by THDA staff was not in error and, as a result, determines that an
Application, taking into account documentation submitted in accordance with the Cure
Notice, still does not meet one or more of the eligibility requirements of this Allocation
Plan or if the score assigned by THDA in any scoring category is still less than the score
assigned by the applicant in the Application, THDA will notify the applicant of items that
remain erroneous, missing, incomplete, or inconsistent (the “Final Notice”). The Final
Notice will specify the time period within which a request for review by the THDA Board
of Directors may be made.

6. Applicants who receive a Final Notice may submit, in writing, a request to the Executive
Director of THDA for review by the THDA Board of Directors. A request for review will
not be considered if documentation was not submitted during the cure period described in
Part VIII-B above or if a request for review by the Policy and Programs Committee was
not made.

7. The THDA Board of Directors is authorized, but is not required, to consider any such
request for review. Whether requests for review will be heard and disposition of such
requests, if any, by the THDA Board of Directors will take place on July 19, 2001, at the
regularly scheduled meeting of the THDA Board of Directors.

8. If the THDA Board of Directors elects to consider a request for review, the final score for
the Application will be determined after the THDA Board of Directors takes action. If
the THDA Board of Directors elects not to consider the request for review, the final score
for the Application is the score as determined following the action of the Policy and Programs Committee as specified in Part VIII-C-5 above.

D. Final Scoring and Ranking of Applications

1. After the completion of the cure period and completion of the review process set forth above, the final score for each Application will be determined. Each Application will be listed in order of score by Grand Division and such rankings will be made available to all applicants. This ranking is not confirmation of a commitment of bond authority. Commitments will not be made until all limits have been applied.

2. Beginning with the highest scoring Application in each Grand Division, THDA will issue a commitment of tax-exempt bond authority to each qualified Application until the amount of tax-exempt bond authority is exhausted in that Grand Division. No partial commitments of tax-exempt bond authority will be made. (The limitations by development and by developer specified in Part I-F and I-G, above, will apply.) THDA will issue a commitment of tax-exempt bond authority to each qualified Application until the final amount of tax-exempt bond authority is exhausted.

3. If there is any tax-exempt bond authority remaining in any Grand Division, or if there is any additional amount of authority recaptured or released prior to October 1, 2001, any such amount shall be made available to all remaining qualified Applicants first in the Grand Division from which the recaptured or released authority was returned. Applications will remain ranked in order of score by Grand Division. This ranking is not confirmation of a commitment of bond authority.

4. If all eligible applications from the Grand Division from which the remaining, recaptured or released authority was returned have received a commitment of tax-exempt bond authority, then the next highest scoring eligible application from either of the remaining two Grand Divisions will receive a commitment of bond authority. No partial commitments of tax-exempt bond authority will be made. (The limitations by development and by developer specified in Part I-F and I-G, above, will apply.) Commitments will not be made until all limits have been applied.

E. Breaking Ties

In the event there is a tie between two or more Applications following scoring, priority will be given to Applications proposing new construction. If the first tie breaker still results in a tie, the Application with the least amount of tax-exempt bond authority per unit shall have priority. In the event that the second tie breaker still results in a tie, the tie will be broken at the sole discretion of the Executive Director of THDA and the Chairman of THDA, or his designee, by selecting the development which seems best to fulfill the mission of THDA.

Part IX: THDA Commitment for Issuance of Tax-exempt Bonds

A. Issuance of Commitments

1. a. All commitments as described below, will be issued only to a local issuing authority, and will be valid only to provide permanent financing for a specific applicant, for a specific development, on a specific site. Any change in the applicant entity, the ownership entity, or in the size, nature, or other characteristics of the development; may, in THDA’s sole discretion, invalidate the commitment. Under no condition may the site proposed for the development be changed to another site. The applicant and the local issuing authority are obligated to report any such changes to THDA.

   b. For the commitment to be valid, the applicant and the issuer must comply with all of the terms stated in the Commitment Letter, which might include compliance with performance requirements related to any other development for which tax-exempt bonds have been issued.

2. For successful Applications for 2001 authority pursuant to this Program Description, THDA will issue a Commitment Letter stating the terms of the commitment.

B. Expiration of Commitment

1. Once a THDA commitment is issued, that commitment is valid only for the period stated in the Commitment Letter. The bonds must be used to provide the permanent financing for the development, the local issuer must issue and sell the bonds, and the
sale must be closed on or before the date specified in the Commitment Letter, or the commitment expires and the authority allocated automatically reverts to THDA.

2. **Under no condition will THDA extend the date and time for closing the sale of the bonds beyond 1 p.m. (Central Time) December 31, 2001.**

3. **Closings in escrow, or any form of contingent closing are not considered "closed" for purposes of expiration of the commitment.**

**Part X: Fees, Partial Refunds of Fees, and Fees Retained by THDA**

**A. Application Fee**

An Application Fee of one thousand dollars ($1,000) must be submitted to THDA at the time an Application is submitted. **THIS FEE IS NOT REFUNDABLE.** If the fee is not submitted at the time an Application is submitted, the Application will be considered incomplete.

**B. Commitment Fee and Incentive Fee**

1. Applications receiving a commitment from THDA for a specific amount of tax-exempt bond authority must submit a Commitment Fee and an Incentive Fee prior to the commitment being valid.

2. The Commitment Fee will be an amount equal to one percent (1%) of the bond authority allocated to the local issuer.

3. The Incentive Fee will be equal to twenty percent (20%) of the Commitment Fee.

**C. Refund of Commitment Fee and Incentive Fee**

1. One half (1/2) of the Commitment Fee will be refunded when: (1) documentation from the issuing authority's bond counsel is provided to THDA that the bonds have been issued and sold; (2) acceptable proof is furnished to THDA that all units are constructed and the facility is placed in service; (3) all THDA requirements have been satisfied; and (4) all forms to be filed by the issuing authority have been completed and filed to THDA's satisfaction.

2. If all the conditions of Part X-C-1 have been met and the bonds were issued and sold on or before 1 p.m. (Central Time) December 3, 2001, THDA will refund the full amount of the Incentive Fee.

3. If all the conditions of Part X-C-1 have been met and the bonds were issued and sold after 1 p.m. (Central Time) December 3, 2001, but on or before 1 p.m. (Central Time) December 17, 2001, THDA will refund one-half (1/2) of the Incentive Fee.

4. If all the conditions of Part X-C-1 have been met and the bonds were issued and sold after 1 p.m. (Central Time) December 17, 2001, but on or before 1 p.m. (Central Time) December 31, 2001, THDA will refund NONE of the Incentive Fee.

**D. Release of Commitments and Partial Refund of Commitment Fee and Incentive Fee**

1. Commitments may be released by notifying THDA, in writing, prior to the expiration of the commitment, that the bonds will not be issued.

2. A commitment which is released according to these requirements will receive a refund of seventy-five percent (75%) of the one percent (1%) Commitment Fee. THDA will retain twenty-five percent (25%) of the one percent (1%) Commitment Fee.

3. If a Commitment is released according to these requirements before 1 p.m. (Central Time) December 3, 2001, THDA will refund the full amount of the Incentive Fee.

4. If a Commitment is released according to these requirements after 1 p.m. (Central Time) December 3, 2001, but on or before 1 p.m. (Central Time) December 17, 2001, THDA will refund one-half (1/2) of the Incentive Fee.

5. If a Commitment is released according to these requirements after 1 p.m. (Central Time) December 17, 2001, THDA will retain the full amount of the Incentive Fee.

**E. Commitment Fee and Incentive Fee Retained by THDA**

1. If the bonds are not issued by the expiration date of the commitment, and the commitment has not been released according to Part X-D, THDA will retain the full
amount of the Commitment Fee and the full amount of the Incentive Fee. **NONE** of the one percent (1%) Commitment Fee and **NONE** of the Incentive Fee will be refunded to the applicant.

2. If the bonds are issued and sold, but the development is not placed in service, THDA will retain the full amount of the Commitment Fee and the full amount of the Incentive Fee. **NONE** of the one percent (1%) Commitment Fee and **NONE** of the Incentive Fee will be refunded to the applicant.

**Part XI: Application for Low Income Housing Tax Credits**

If the development also will be seeking to receive Low Income Housing Tax Credits, a separate application must be submitted to Tennessee Housing Development Agency to request the credits. **Receipt of authority to issue tax-exempt bonds does not guarantee receipt of tax credits.** THDA retains the authority to determine eligibility to receive tax credits and the amount of tax credits to be allocated to the development, up to the maximum amount eligible with tax exempt financing. Any development seeking Low Income Housing Tax Credits must apply for tax credits in the same calendar year in which the tax-exempt bonds are issued. Any applicant for Tax Credits will be subject to all fees and requirements stated in the State of Tennessee's LIHTC Qualified Allocation Plan for 2001, including monitoring fees. The limit on tax credits available as indicated in the 2001 Low Income Housing Tax Credit Qualified Allocation Plan, Part IV, D. 1. will be considered as a guideline, not a maximum, for non competitive tax credit applications receiving credits outside the state housing credit ceiling.

The maximum obtainable rents supported by the market study will be expected to support reasonable operating expenses and maximum mortgage debt service prior to Tax Credits filling any financial “gaps”. This may require that the development obtain additional financing over and above the maximum amount of tax exempt bond authority committed to the development by THDA, from a financial source other than THDA’s tax-exempt bond authority.

Any development seeking Low Income Housing Tax Credits must apply for tax credits prior to 4:00 p.m. (Central Time) December 21, 2001. Any applicant for Tax Credits will be subject to all fees and requirements stated in the Low Income Housing Tax Credit Qualified Allocation Plan for 2001, including monitoring fees.

**Part XII: Information and Applications**

THDA staff will attempt to assist with information in completing an Application, however if clarification or interpretation is required, an interested party should submit their specific request in writing to THDA.

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For more information call:

Phyllis Vaughn, Director of Multifamily Programs, THDA (615) 741-2490

Information about the program is available on the THDA web site at:

http:\\www.state.tn.us/thda
An Application must meet all of the requirements specified in the Program Description, must meet all federal tax requirements, and must provide complete information and all documents required in the Application. Original documents are required, as are original signatures where signatures are required. No copies or faxes will be accepted.

All of the following are required to be submitted by the relevant application deadline:

1. A complete Application with all required original supporting documents and information and two complete copies;
2. An Inducement Resolution from the issuer of the bonds signifying the issuer’s commitment to issue the bonds in the amount specified in the Application;
3. An affidavit from the applicant’s attorney that the development, once completed, will be in compliance with all local ordinances, will be properly zoned, will have all necessary utilities, and will have all necessary regulatory approvals;
4. A current independent market study, acceptable to THDA, including, but not limited to, all requirements indicated in the Tax Exempt Multifamily Bond Authority for 2001 Program Description, Part I, J.;
5. A current appraisal of the proposed development performed in accordance with industry standards, by an appraiser licensed in Tennessee, and meeting the requirements of Part I, K. of the Program Description. If the Application is proposing acquisition of an existing structure, an “as is” appraisal must also be included;
6. An opinion of bond counsel, addressed to the Tennessee Housing Development Agency, that all of the requirements of the Program Description and the Application have been met, and that all federal tax requirements for the bonds will be met;
7. A signed purchase or sale agreement, or other fully executed unconditional contract, for the purchase of the bonds.
8. A copy of the notice of public hearing of the bond issue as required by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA); the hearing must have been held prior to application deadline for 2001 applications; and
9. A certified check, payable to the Tennessee Housing Development Agency, for the Application Fee. (A Commitment Fee and Incentive Fee will also be required and collected at the time a Commitment is issued).

Submit this “Application Requirements Checklist” and the “Self-Check and Scoring Summary Sheet” with your Application.