Tennessee Housing Development Agency

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M E M O R A N D U M

TO: All Interested Parties

FROM: Legal Division
Multifamily Development Division

SUBJECT: Closings for Developments with 2010 Competitive Tax Credit **AND** Section 1602 Assistance Funds

DATE: November 3, 2010

1. For developments that accepted **both** a Reservation Notice for 2010 competitive Low-Income Housing Tax Credit **and** a Section 1602 Conditional Commitment Letter, THDA will close Section 1602 Assistance Funds and disburse up to 80% of the amount of Section 1602 Assistance Funds to a development prior to the closing of construction financing provided that the following are in place, subject to THDA's satisfaction, in THDA's sole discretion:

    a. Payment & Performance Bond on AIA Document A312 and from a surety satisfactory to THDA in its sole discretion in an amount not less than 100% of total development cost, or, in the alternative, a Letter of Credit from a financial institution and upon terms and conditions satisfactory in all respects to THDA, in its sole discretion, in an amount not less than 100% of the total development cost; and

    b. A guaranty of the General Partner of the ownership entity, including a guaranty of 100% completion of construction, and otherwise in a form and with substance satisfactory in all respects to THDA, in its sole discretion.

2. Closing of the equity transaction with regard to the sale of 2010 Low-Income Housing Tax Credits WILL NOT be required prior to THDA closing and disbursing of Section 1602 Assistance Funds as described above.

If you have questions, please contact:

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Or

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