Tennessee Housing Development Agency - Board of Directors

Committee and Board Meeting Materials
September 15, 2026

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Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

THDA Board of Directors and Committee Meetings Agendas

Committee Agendas

Tuesday, September 15, 2026, at 10:00am CT
Nashville Room, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

AUDIT AND BUDGET COMMITTEE

A. Approval of Audit and Budget Committee Meeting Minutes-July 28, 2026*

B. Committee Item *(* items require committee vote)*
1. THDA Proposed Budget for Fiscal Year 2028*
2. Internal Quality Assessment Report – 2026

BOND FINANCE COMMITTEE

A. Approval of Bond Finance Committee Meeting Minutes-July 28, 2026*

B. Committee Item *(* items require committee vote)*
1. THDA Proposed Budget for Fiscal Year 2028*
2. Bond Issue 2026-3*

EQUAL HOUSING OPPORTUNITY

THDA Board of Directors Board Meeting Agenda

(directly following Bond Finance Committee Meeting)

Tuesday, September 15, 2026, at 10:00am CT
Nashville Room, 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. CFO Update
Financial Status Update
CSG Presentation

E. Single Family Business
Business Update

E. Multifamily Business
Business Update

F. Board Action items *(* items require Board vote)*
1. Approval of Board Meeting Minutes – July 28, 2026*
2. Board Meeting Schedule – 2027*
3. ROC USA Presentation
4. ROC USA Project Support*
5. Bond Issue 2026-3*
6. THDA Proposed Budget for Fiscal Year 2028*
7. National Housing Trust Fund Program Description – 2027*
8. Multi-Family Tax Exempt Bond Program Description – 2027*
9. Community Workforce Housing Pilot Program Description – 2027*

G. Annex
1. HOME Homeownership Rehabilitation Program Awards – 2026
2. Emergency Solutions Grants Awards – 2026

Tennessee Housing Development Agency - Board of Directors

Audit & Budget Committee

Tennessee Housing Development Agency

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

Bill Lee	**Ralph Perrey**
Governor	**Executive Director**

Audit & Budget Committee Meeting Agenda

Tuesday, September 15, 2026, at 10:00am CT
Nashville Room, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. **Approval of Audit and Budget Committee Meeting Minutes-July 28, 2026***

B. **Committee Item** *(* items require committee vote)*
   1. THDA Proposed Budget for Fiscal Year 2028*
   2. Internal Quality Assessment Report – 2026

EQUAL HOUSING OPPORTUNITY

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To: THDA Audit & Budget Committee and Board of Directors
From: Michell Bosch, CTP, CFA, Chief Financial Officer
Damon Pallay, CPA, Assistant Chief Financial Officer and Controller
Date: September 15, 2026
Subject: Proposed Budget for Fiscal Year 2028

Recommendations:

- Approve THDA's recommended budget for fiscal year 2028 and authorize staff to make adjustments to comply with the requirements of the Department of Finance & Administration and legislative budget actions.

Key Points:

- Fiscal Year 2028 operating revenues are projected at approximately $245.9 million, primarily driven by increased projections for loan production and investment earnings.
- Fiscal Year 2028 operating expenses are projected at approximately $233 million, primarily driven by increased interest expense and increase in professional services.
- The recommended budget includes authorization to reclassify personnel count.

Background:

Fiscal Year 2028 operating revenues are projected at $245.9 million, reflecting modest growth in loan production and investment income. Total expenditures are projected at $233 million, primarily due to increases in interest expense and professional services costs..

For budget presentation and management purposes, the Fiscal Year 2028 Recommended Budget continues to present the revenues and expenses on a basis consistent with prior years to facilitate comparison of operating results (not formatted for GASB No. 103).

EQUAL HOUSING OPPORTUNITY

The recommended budget assumes the reclassification of temporary positions currently scheduled to expire on June 30, 2027, to permanent positions. These positions support ongoing core operations and have become part of the Agency's long-term staffing needs. THDA will seek the necessary State authorization as part of the Fiscal Year 2028 budget process. Any additional staffing requests included in the budget will be funded through Agency resources.

Board approval authorizes submission of the recommended budget to the State for consideration. Final approval of budget and staffing authorizations remains subject to review by the Department of Finance and Administration and legislative action, which may result in modifications to the budget as presented.

TENNESSEE HOUSING DEVELOPMENT AGENCY FY2028 COMPREHENSIVE BUDGET

	ADJUSTED FY 2027 STATE	ADJUSTMENTS	RECOMMENDED FY 2028 STATE	ADJUSTED FY 2027 NON-STATE	ADJUSTMENTS	RECOMMENDED FY 2028 NON-STATE	RECOMMENDED COMPREHENSIVE FY 2028 BUDGET
OPERATING REVENUES							
FEDERAL ADMIN. FEES	18,611,100	1,988,900	20,600,000	-	-	-	20,600,000
INVESTMENT INCOME	-	-	-	30,000,000	13,071,000	43,071,000	43,071,000
CURRENT SERVICES	100,000	-	100,000	-	-	-	100,000
MULTIFAMILY BOND / TAX CREDIT FEES	-	-	-	14,000,000	4,000,000	18,000,000	18,000,000
MORTGAGE INTEREST	-	-	-	140,000,000	20,097,000	160,097,000	160,097,000
FEES AND OTHER INCOME	-	-	-	-	2,000,000	2,000,000	2,000,000
RESERVES	2,000,000	-	2,000,000	-	-	-	2,000,000
TOTAL OPERATING REVENUES	**20,711,100**	**1,988,900**	**22,700,000**	**184,000,000**	**39,168,000**	**223,168,000**	**245,868,000**
OPERATING EXPENSES							
EMPLOYEE SALARIES	29,448,200	-	29,448,200	-	-	-	29,448,200
EMPLOYEE BENEFITS	9,934,400	-	9,934,400	-	-	-	9,934,400
PAYROLL*	39,382,600		39,382,600	-	-	-	39,382,600
TRAVEL	645,900	-	645,900	-	-	-	645,900
PRINTING & DUPLICATING	15,000	-	15,000	-	-	-	15,000
COMMUNICATIONS	225,000	-	225,000	400,000	50,000	450,000	675,000
MAINTENANCE	5,000	-	5,000	-	-	-	5,000
PROFESSIONAL SERVICES	8,885,300	1,600,000	10,485,300	6,743,800	800,000	7,543,800	18,029,100
SUPPLIES	184,000	-	184,000	45,000	(20,000)	25,000	209,000
RENTALS & INSURANCE	40,000	-	40,000	90,800	400,000	490,800	530,800
STAFF TRAINING	280,000	-	280,000	-	5,000	5,000	285,000
COMPUTER RELATED	145,900	-	145,900	2,154,100	300,000	2,454,100	2,600,000
STATE PROVIDED SERVICES*	2,682,600	-	2,682,600	-	-	-	2,682,600
OTHER PROGRAM EXPENSES	-	-	-	3,010,900	(1,250,000)	1,760,900	1,760,900
LENDER COMPENSATION	-	-	-	5,430,000	(1,000,000)	4,430,000	4,430,000
INTEREST EXPENSE	-	-	-	148,700,000	9,290,000	157,990,000	157,990,000
ISSUANCE COSTS	-	-	-	2,906,000	(895,000)	2,011,000	2,011,000
AMORTIZATION/DEPRECIATION	-	-	-	1,900,000	-	1,900,000	1,900,000
OTHER EXPENDITURES	13,108,700	1,600,000	14,708,700	171,380,600	7,680,000	179,060,600	193,769,300
TOTAL OPERATING EXPENDITURES	**52,491,300**	**1,600,000**	**54,091,300**	**171,380,600**	**7,680,000**	**179,060,600**	**233,151,900**

TENNESSEE HOUSING DEVELOPMENT AGENCY FY2028 COMPREHENSIVE BUDGET

	ADJUSTED FY 2027 STATE	ADJUSTMENTS	RECOMMENDED FY 2028 STATE	ADJUSTED FY 2027 NON-STATE	ADJUSTMENTS	RECOMMENDED FY 2028 NON-STATE	RECOMMENDED COMPREHENSIVE FY 2028 BUDGET
INTER-DEPARTMENTAL TRANSFER*	31,780,200	(388,900)	31,391,300	(31,780,200)	388,900	(31,391,300)	-

GRANT ACTIVITY*							
SECTION 8 PAYMENTS	450,869,700	-	450,869,700				450,869,700
HOME GRANT	10,900,000	1,200,000	12,100,000				12,100,000
WEATHERIZATION	3,200,000	2,600,000	5,800,000				5,800,000
LIHEAP	81,000,000	(4,799,500)	76,200,500				76,200,500
EMERGENCY SOLUTIONS GRANT	3,400,000	100,000	3,500,000				3,500,000
NATIONAL HOUSING TRUST FUND	3,200,000	100,000	3,300,000				3,300,000
COVID FUNDING - HOME ARP	5,000,000	-	5,000,000				5,000,000
WEATHERIZATION IIJA	2,200,500	2,799,500	5,000,000				5,000,000
STATE & LOCAL FISCAL RECOVERY FUND	2,000,000	(2,000,000)	-				-
STATE APPROPRIATION*	20,000,000	-	-				-
TOTAL GRANT PAYMENTS	**581,770,200**	**-**	**561,770,200**				**561,770,200**
STATE APPROPRIATION*	20,000,000	-	-				-
FEDERAL REVENUE	561,770,200	-	561,770,200				561,770,200
TOTAL GRANT REVENUE	**581,770,200**	**-**	**561,770,200**				**561,770,200**
							-
COLLECTIONS LESS PAYMENTS							
OVERALL AGENCY FUNDING	602,481,300	1,988,900	584,470,200	184,000,000	39,168,000	223,168,000	807,638,200
OVERALL AGENCY EXPENDITURES	(634,261,500)	(1,600,000)	(615,861,500)	(171,380,600)	(7,680,000)	(179,060,600)	(794,922,100)
INTER-DEPARTMENTAL TRANSFER*	31,780,200	(388,900)	31,391,300	(31,780,200)	388,900	(31,391,300)	-
BUDGETED REVENUES LESS EXPENDITURES	**-**	**-**	**-**	**(19,160,800)**	**31,876,900**	**12,716,100**	**12,716,100**

PERSONNEL: FULL TIME POSITIONS **329**

*$20 Million State Appropriations for the Workforce Housing Pilot Program are non-recurring.

ADDITIONAL BUDGET DETAIL

FISCAL YEAR 2027-2028

	Actual FY 2026	Adj. Budget FY 2027	Proposed FY 2028
FEES FOR STATE PROVIDED SERVICES			
STS Technology Services	384,687	388,737	388,737
DOA Statewide Accounting Bill	76,692	77,499	77,499
Telephone Billing	376	380	380
State Audit Billing	129,329	130,691	130,691
Records Management Billing	5,847	5,908	5,908
Gen Srvc Purchasing Billing	9,775	9,878	9,878
DOHR Billing	166,598	168,352	168,352
Attorney General Billings	21,831	22,061	22,061
SOS Admin Judges Billing	1,140	1,152	1,152
Printing & Reproduction by St	158	159	159
Rent or Lease Bldg Property St	1,553,249	1,569,603	1,569,603
Insurance Payments to other St	51,800	52,345	52,345
State-Owned Vehicle Mileage	86,736	87,649	87,649
Edison Billing	143,194	144,701	144,701
Wellness Billing	7,217	7,293	7,293
Other	15,429	15,591	15,591
TOTAL STATE PROVIDED SERVICES	**2,654,056**	**2,682,000**	**2,682,000**

	Actual FY 2026	Adj. Budget FY 2027	Proposed FY 2028
PROFESSIONAL SERVICES - STATE BUDGET			
Document Destruction Srvcs	14,197	14,836	17,507
Gen Business Consulting Srvcs	6,335,678	6,620,507	7,812,680
Advertising Services	47,145	49,265	58,136
Organization Memberships/Dues	54,032	56,461	66,629
Publication Subscriptions	5,017	5,242	6,186
Interpreting Services	4,899	5,119	6,041
Other Legal Services	117	122	144
Other - Majority Section 8 Portability Payments	2,041,948	2,133,747	2,517,977
SUB-TOTAL	**8,503,033**	**8,885,300**	**10,485,300**
PROFESSIONAL SERVICES - NON-STATE BUDGET			
Software, General Consulting Services, and Other Services	5,488,000	5,294,703	5,922,800
Great Choice Ad Campaign	1,072,000	1,034,242	1,156,932
Tennessee Housing Conference	224,000	216,110	241,747
Industry Development and Outreach (Sponsorships & Memberships)	206,000	198,744	222,321
SUB-TOTAL	**6,990,000**	**6,743,800**	**7,543,800**
TOTAL PROFESSIONAL SERVICES	**15,493,033**	**15,629,100**	**18,029,100**

	Actual FY 2026	Adj. Budget FY 2027	Proposed FY 2028

FEDERAL GRANT REVENUE			
Section 8 - Housing Choice Voucher, Mainstream, and EHV Programs	59,613,000	65,125,000	65,125,000
Section 8 - Project Based Contract Administration	351,812,000	385,744,700	385,744,700
HOME Grants	15,257,000	10,900,000	12,100,000
Emergency Solutions Grants	2,269,000	3,400,000	3,500,000
Housing Counseling Program	6,000	-	-
National Housing Trust Fund	10,085,000	3,200,000	3,300,000
LIHEAP	53,375,000	81,000,000	76,200,500
HOME American Rescue Plan	5,078,000	5,000,000	5,000,000
Emergency Rental Assistance 2	9,010,000	-	-
Homeowners Assistance Fund	74,000	-	-
Weatherization	3,307,000	3,200,000	5,800,000
Weatherization IIJA	-	2,200,500	5,000,000
State & Local Fiscal Recovery Fund	8,801,000	2,000,000	-
Workforce Housing Program (State Appropriations) *Non-Recurring	-	20,000,000	TBD
SUB-TOTAL	**518,687,000**	**581,770,200**	**561,770,200**

FEDERAL GRANT ADMINISTRATIVE FEE REVENUE			
Housing Counseling Program Admin Fees	1,000	-	-
ESG Administrative Fees	211,000	255,000	232,000
HOME Administrative Fees	761,000	762,000	841,000
LIHEAP Administrative Fees	992,000	359,000	1,100,000
NHTF Administrative Fees	135,000	324,000	328,000
Weatherization Administrative Fees	880,000	421,000	589,000
Weatherization IIJA Administrative Fees	256,000	193,000	674,000
Emergency Rental Assistance 2 Administrative Fees	1,375,000	-	-
Homeowners Assistance Fund Administrative Fees	1,325,000	-	-
HOME ARP Administrative Fees	513,000	421,000	424,000
State & Local Fiscal Recovery Fund Administrative Fees	442,000	-	-
Section 8 - HCV, Mainstream, FSS, and EHV Programs Admin Fees	6,378,000	5,617,000	7,648,000
Section 8 - Project Based Contract Administration Admin Fees	10,632,000	10,259,000	8,764,000
SUB-TOTAL	**23,901,000**	**18,611,000**	**20,600,000**

TOTAL GRANT REVENUE	**542,588,000**	**600,381,200**	**582,370,200**

THDA FUNDED GRANTS			
Housing Trust Fund	Actual Spending FY 2026	Estimated FY 2027	Estimated FY 2028
Emergency Repair	2,451,000	3,105,000	3,105,000
Competitive Grants	2,347,000	3,145,000	3,145,000
Capacity Grant	838,000	-	-
Challenge Grant	500,000	-	-
Creative Homes Initiative	282,000	-	-
UCP - Hsg Mod and Ramp Prg	196,000	-	-
TOTALS	**6,614,000**	**6,250,000**	**6,250,000**
Sustainability Grants			
Habitat for Humanity	500,000	500,000	500,000
MBA Convergence - Memphis	750,000	250,000	250,000
Development Districts - Technical Assistance Grant	120,000	-	-
	1,370,000	**750,000**	**750,000**

Internal Quality Assessment (IQA) of the Tennessee Housing Development Agency's (THDA) Internal Audit Activity

September 15, 2026

IQA Performed by:
Jason Redd, CPA CISA CFSA, Director of Internal Audit
Kimberly Davis, CFE, Assistant Director of Internal Audit

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EXECUTIVE SUMMARY

The Institute of Internal Auditors Global Internal Audit Standards require that an internal quality assessment (IQA) of an internal audit activity must be conducted periodically to determine conformance with IIA Standards.

The **THDA's** Chief Audit Executive (CAE) has established ongoing monitoring and ensures that reviews of the internal audit activity occurs periodically. Self-assessments are conducted to validate that ongoing monitoring is operating effectively.

OVERALL OPINION OF CONFORMANCE - IIA

It is our overall opinion that the Internal Audit activity *Generally Conforms* to IIA Global Internal Audit Standards and the Code of Ethics (See Appendix B for explanation of the IQA ratings as defined by the IIA).

A list of conformances with individual standards and the Code of Ethics is shown in Appendix A.

OBJECTIVE, SCOPE, AND METHODOLOGY

- **Objective**:
  - The principal objective of the assessment was to evaluate the performance of IA against the following sets of standards:
    - IIA Global Internal Audit Standards or 'Red Book'
- **Scope**:
  - An IQA is an assessment of the entire spectrum of audit and consulting work performed by the internal audit activity. The assessment is composed of reviewing and testing of internal audit and consulting work, and validations of conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.
  - The period reviewed was 7/1/2025 through 6/30/2026.
  - The review was conducted throughout the review period, ending during August 2026.
  - The review of specific activities was performed on a sample basis.

- **Methodology**:
    - The review procedures consisted of the following activities:
        - Reviewing written policies and procedures.
        - Reviewing documents related to independence, training, and development of auditing staff.
        - Reviewing Quality Assurance & Improvement Program (QAIP) documentation and reports.
        - Reviewing a sample of engagements and workpapers.

PREVIOUS OBSERVATIONS

FOLLOW-UP ON GAPS TO CONFORMANCE WITH THE STANDARDS

The observations below are areas identified during the 2021 External Quality Assessment (EQA) where the EQA team concluded that IA was operating in a manner that fell short of achieving one or more major objectives with the IIA Standards (replaced with Global Internal Audit Standards in 2024) or IIA Code of Ethics. Recommendations were offered by the EQA team for actions to be implemented to achieve conformance.

IIA STANDARD	OBSERVATION/ RECOMMENDATION	IA RESPONSE/ ACTION PLAN
1210, 2110, 2030	IA staff have low knowledge of IT audit skills and do not perform many IT related audits. The CAE has collaborated with outside vendors on a SOC audit and another outside provider performs penetration testing annually. However, there doesn't appear to be adequate IT audit coverage for THDA, especially considering they have their own IT shop and are not supported by STS. Recommendation: THDA IA should continue to develop some of your team's IT audit skills so that more audits can be performed in this area. Consideration should also be given to having an outside consultant perform a risk assessment over your IT function to determine what areas or systems are in need of more coverage.	We have taken a number of steps to improve the area of low IT skills among IA staff. One of our Senior Auditors has earned an Associate's Degree in Cybersecurity and she also completed the IIA's IT General Controls Certificate. The new IA Director (hired April 2025) holds the Certified Information Systems Auditor, Certified

		Information Security Auditor, Certified Data Privacy Solutions Engineer certifications through ISACA and the Certified Information Technology Professional certification through the AICPA. THDA had SOC2 audits performed in 2024 and 2026, with an annual certification requirement for annual SOC2 Type 2 audits going forward.

FOLLOW-UP ON OPPORTUNITIES FOR IMPROVEMENT

The items listed in the table below were areas identified during the EQA where the EQA team believed that IA has opportunity to further enhance their conformance with particular standards. Recommendations were offered by the EQA team for actions to be implemented to strengthen conformance.

IIA STANDARD	OBSERVATION / RECOMMENDATION
1311	Surveys are not being sent post engagement to those who have been audited. **Recommendation**: Consider using surveys of auditees after an engagement to obtain relevant feedback on the performance of the audit team. **THDA IA Response:** Post engagement surveys are distributed via SurveyMonkey at the conclusion of audit engagements.
1300	Neither the QAIP nor the Internal Audit Manual specifies how frequently the QAIP or Internal Audit manuals should be reviewed for updates. The IIA implementation guide for Standard 1300 recommends that the CAE periodically reviews the QAIP and IA manuals and update as needed. **Recommendation:** Both manuals should be updated to include how frequently the manuals should be reviewed and updated as needed. **THDA IA Response:** Both manuals have been updated with review/update information.
1311	Both monitoring reports indicated that an auditor objectivity template to assess an auditor's independence and objectivity was not completed. Per the documentation, the auditor assessment templates are to be implemented in September and October 2021. **Recommendation:** If these templates are going to be used, they should be used consistently. If they are not going to be used in certain situations, those should be described in the procedures manual. **THDA IA Response:** Conflict of Interest/Auditor Independence statements are completed annually and per project and saved to the M Drive.
2010 & 2030	Newer IA resources take a little longer to get up to speed on areas of program audits specifically around Mortgage Servicing. THDA's Mortgage Servicing area is one of the greatest risks as it was outsourced to US Bank but now is performed in house at THDA.

	Recommendation: Newer staff should be given the necessary training on THDA programs to help them effectively perform program audits especially around THDA's mortgage servicing line. Further, as new IA staff join the team, IA should allocate time to educate them on how the processes and programs work. If staff could attend more training opportunities with the Program Director's team or attend federal program training that is offered that would be most helpful. **THDA IA Response:** Internal Audit staff attend the NCSHA HFA Institute annual training on housing programs each year, along with other training courses that improve their ability to learn more about programs to which they are exposed. Mortgage Compliance staff attend training held by the Mortgage Bankers Association each year, the NCSHA Institute, and other relevant mortgage industry training courses. All staff are expected to complete 40 hours of CPE each calendar year to further their job knowledge and capabilities.
1110	Although tasks were completed in practice and included in the Internal Audit Department Charter, the Audit Committee's Charter did not specify their role in the internal audit charter, audit plan, or budget approval. **Recommendation:** Even though the IA Charter includes these elements, and the ABC is performing these approvals, it would be ideal for the committee's charter to include the specific duties of the committee for the approval of the internal audit charter, approval of the audit plan, and approval of the internal audit budget. **THDA IA Response:** This suggestion will be discussed with the ABC at their September 2026 meeting.

APPENDIX A: IIA EVALUATION SUMMARY

	Ethics and Professionalism	Rating
1	**Demonstrate Integrity**	
1.1	Honesty and Professional Courage	**FA**
1.2	Organization's Ethical Expectations	**FA**
1.3	Legal and Ethical Behavior	**FA**
2	**Maintain Objectivity**	
2.1	Individual Objectivity	**FA**
2.2	Safeguarding Objectivity	**FA**
2.3	Disclosing Impairments to Objectivity	**FA**
3	**Demonstrate Competency**	
3.1	Competency	**FA**
3.2	Continuing Professional Development	**FA**
4	**Exercise Due Professional Care**	
4.1	Conformance with the Global Internal Audit Standards	**FA**
4.2	Due Professional Care	**FA**
4.3	Professional Skepticism	**FA**
5	**Maintain Confidentiality**	
5.1	Use of Information	**FA**
5.2	Protection of Information	**FA**
	Governing the Internal Audit Function	**Rating**
6	**Authorized by the Board**	
6.1	Internal Audit Mandate	**FA**
6.2	Internal Audit Charter	**FA**
6.3	Board and Senior Management Support	**FA**
7	**Positioned Independently**	
7.1	Organizational Independence	**FA**
7.2	Chief Audit Executive Qualifications	**FA**
8	**Overseen by the Board**	
8.1	Board Interaction	**FA**
8.2	Resources	**FA**
8.3	Quality	**FA**
8.4	External Quality Assessment	**FA**
	Managing the Internal Audit Function	**Rating**
9	**Plan Strategically**	
9.1	Understanding Governance, Risk Management, and Control Processes	**FA**
9.2	Internal Audit Strategy	**PA**
9.3	Methodologies	**FA**
9.4	Internal Audit Plan	**FA**

9.5	Coordination and Reliance	**FA**
10	**Manage Resources**	
10.1	Financial Resource Management	**FA**
10.2	Human Resources Management	**FA**
10.3	Technological Resources	**FA**
11	**Communicate Effectively**	
11.1	Building Relationships and Communicating with Stakeholders	**FA**
11.2	Effective Communication	**FA**
11.3	Communicating Results	**FA**
11.4	Errors and Omissions	**FA**
11.5	Communicating the Acceptance of Risk	**FA**
12	**Enhance Quality**	
12.1	Internal Quality Assessment	**FA**
12.2	Performance Measurement	**FA**
12.3	Oversee and Improve Engagement Performance	**FA**
	Performing Internal Audit Services	**Rating**
13	**Plan Engagements Effectively**	
13.1	Engagement Communication	**FA**
13.2	Engagement Risk Assessment	**FA**
13.3	Engagement Objectives and Scope	**FA**
13.4	Evaluation Criteria	**FA**
13.5	Engagement Resources	**FA**
13.6	Work Program	**FA**
14	**Conduct Engagement Work**	
14.1	Gathering Information for Analyses and Evaluation	**FA**
14.2	Analyses and Potential Engagement Findings	**FA**
14.3	Evaluation of Findings	**FA**
14.4	Recommendations and Action Plans	**FA**
14.5	Engagement Conclusions	**FA**
14.6	Engagement Documentation	**FA**
15	**Communicate Engagement Results and Monitor Action Plans**	
15.1	Final Engagement Communication	**FA**
15.2	Confirming the Implementation of Recommendations or Action Plans	**FA**

** Refer to appendix B for rating descriptions*

APPENDIX B: RATING DEFINITIONS

IIA RATING SCALE

The IIA suggests a four-tier rating scale under the new Global Internal Audit Standards:

- **Fully Achieves (Full Conformance)**: The ranking of “Full Conformance” means all related requirements were satisfied.
- **Generally Achieves (General Conformance)**: “General Conformance” means one or more discrepancies or gaps in conforming to the standards were found, but the intent of the standard or principle was met, the audit function is making a good-faith effort to conform.
- **Partially Achieves (Partial Conformance):** “Partial Conformance” means one or more discrepancies have been noted, and the intent of the standard or principle was not met, but the extent of the necessary corrective action is relatively minor in the assessors’ judgment, and the audit function is making a good-faith effort to conform.
- **Nonachievement (Nonconformance):** “Nonconformance” means one or more discrepancies have been noted, and the intent of the standard or principle was not met, and the extent of the necessary corrective action is relatively significant in the assessors’ judgment and there is what could be considered a willful effort to not conform.

Appendix C: Internal Audit Competency Framework and Monitoring
Updated as of 8/13/2026

Standard 1.1 - Honesty and Professional Courage - Requirement	THDA Internal Audit Practice	Gap Identified
Internal auditors must perform their work with honesty and professional courage. Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing skepticism or offering an opposing viewpoint. Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organization's ability to make well-informed decisions. Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action even when confronted by dilemmas and difficult situations. The chief audit executive must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable.	The THDA Internal Audit Charter expresses a commitment to adhering to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, whch are the Global Internal Audit Standards and Topical Requirments. The THDA Internal Audit Charter requires that all Internal Audit staff maintain independence and professional objectivity and make balanced assessments of all relevant fact and circumstances. All Internal Audit staff sign an annual independence statement. Ongoing coaching is conducted with internal auditors to reinforce the necessary attributes for success within their roles and toward fulfillment of the Internal Audit objectives. Annual performance evaluations allow the reviewer to document the auditors' honesty, professional courage, and communication skills as part of THDA's guiding principles.	No

Standard 2.1 - Individual Objectivity - Requirement	THDA Internal Audit Practice	Gap Identified
Internal Auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases.	The THDA Internal Audit Charter expresses a commitment to adhering to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, whch are the Global Internal Audit Standards and Topical Requirments. The THDA Internal Audit Charter requires that all Internal Audit staff maintain independence and professional objectivity and make balanced assessments of all relevant fact and circumstances. All Internal Audit staff sign an annual independence statement. Ongoing coaching is conducted with internal auditors to reinforce the necessary attributes for success within their roles and toward fulfillment of the Internal Audit objectives. Annual performance evaluations allow the reviewer to document the auditors' objectivity awareness.	No
Standard 3.1 - Competency - Requirement	**THDA Internal Audit Practice**	**Gap Identified**
Internal auditors must possess or obtain the competencies to perform their responsibilities successfully period the required competencies include the knowledge, skills, abilities suitable for one's job position and responsibilities commensurate with their level of experience. Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards. Internal auditors must engage only in those services for which they have or can attain the necessary competencies. Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfill their professional responsibilities. Additionally, the chief audit executive must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies.	Hiring decisions are made by a panel review of prospective internal auditors' comptencies and skills. Ongoing coaching is conducted and professional development to further auditors' knowledge and competencies is required, monitored, and reported. Annual performance evaluations allow the reviewer to document the auditors' knowledge, competencies, and skills.	No
Standard 3.2 - Continuing Professional Development - Requirement	**THDA Internal Audit Practice**	**Gap Identified**

Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training. Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfill the requirements applicable to their certifications.	The THDA Internal Audit Manual mandates continuing professional development for the THDA Internal Audit staff. Documentation is maintained to support the achievement of continuing professional development of each staff member. All professionally certified audit staff meet the continuing professional education requirement of their certifying organizations.	No
Standard 5.1 - Use of Information - Regiurement	**THDA Internal Audit Practice**	**Gap Identified**
Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organization's legitimate and ethical objectives.	The THDA Internal Audit Charter and Internal Audit Manual express the commitment to compliance with Global Audit Stanards, which address ethics, confidentiality and privacy.	No
Standard 7.2 - Chief Audit Executive Qualifications - Requirement	**THDA Internal Audit Practice**	**Gap Identified**
The chief audit executive must help the board understand the qualifications and competencies of a chief audit executive that are necessary to manage the internal audit function. The chief audit executive facilitates this understanding by providing information and examples of common examples of leading qualifications and competencies. The chief audit executive must maintain and enhance the qualifications and competencies necessary to fulfill the roles and responsibilities expected by the board.	The THDA Audit and Budget Committee bears responsibility for hiring and reviewing the chief audit executive. Hiring by committee allows for multiple reviewers of the qualifications of the chief audit executive. The THDA Director of Internal Audit has over 15 years of internal audit experience, including similar roles, and holds mulitple professional internal audit certifications.	No
Standard 8.2 - Resources - Requirement	**THDA Internal Audit Practice**	**Gap Identified**
The chief audit executive must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.	Internal Audit management develops an audit plan based on a risk assessment of the audit universe on an annual basis. Upon identifying the audits and projects to be included in the audit plan, an audit schedule is prepared mapping the audit personnel to the proposed engagements. Any shortfalls are discussed internally for resolution with escalation to the ABC and Board, if needed.	No

Standard 9.3 - Methodologies - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards. The chief audit executive must evaluate the effectiveness of the methodologies and update them as necessary to improve the internal audit function and respond to significant changes that affect the function. The chief audit executive must provide internal auditors with training on the methodologies.	THDA Internal Audit has implemented an Internal Audit Manual and Internal Audit Policies and Procedures. These resources describe the functions of the internal audit practice and provide internal auditors with guidelines for completing, documenting, and communicating audit engagements. Training for the Internal Audit Manual and Internal Audit Policies and Procedures is conducting in group meetings and one-on-one meetings with Internal Audit staff.	No

Standard 10.1 - Financial Resource Management - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must manage the internal audit functions financial resources. The chief audit executive must develop a budget that enables the successful implementation of the internal audit strategy and achievement of the plan. The budget includes resources necessary for the function's operations, including training and acquisition of technology and tools. The chief audit executive must manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget. The chief audit executive must seek budget approval from the board the chief audit executive must communicate promptly the impact of sufficient financial resources to the budget and senior management.	The Director of Internal Audit partners with THDA accounting staff to develop an annual budget to estimate the costs of human and technological resources, personnel training and development, and other costs necessary to carry out their mandate. Once the Internal Audit budget is set, the CFO presents the comprehensive budget to the Board of Directors for approval.	No

Standard 10.2 - Human Resources Management - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must establish an approach to recruit, develop, and retain internal auditors who are qualified to successfully implement the internal audit strategy and achieve the audit plan. The chief audit executive must strive to ensure that human resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan. The chief audit executive must communicate with the board and senior management regarding the appropriateness and sufficiency of the internal audit function's human resources. If the function lacks appropriate and sufficient human resources to achieve the internal audit plan, the chief audit executive must determine how to obtain the resources or communicate timely to the board and senior management the impact of the limitations. The chief audit executive must evaluate the competencies of individual internal auditors within the internal audit function and encourage professional development. The chief audit executive must collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring.	THDA Internal Audit utilizes the agency-wide approach to hiring audit staff. This process includes panel reviews which allow for collection of multipple, diverse evaluations of candidates. Once hired, audit staff is supported through the continuing education process whereby achievement of continuin education is monitored, tracked, and reported. One-on-one coaching, and the annual performance evaluation process, allows for regular evaluation of the auditors' ability to appropriately, sufficiently, and effectively contribute to fulfillment of the internal audit plan. Monthly reporting of the internal audit function, including staffing updates, are provided to the Audit and Budget Committee and executive management.	No

Standard 10.3 - Technological Resources - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must strive to ensure that the internal audit function has technology to support the internal audit process. The chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. When implementing new technology, the chief audit executive must implement appropriate training for internal auditors in the effective use of technological resources. The chief audit executive must collaborate with the organization's information technology and information security functions to implement technological resources properly. The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management.	THDA Internal Audit Management continually evaluates the sufficiency and impact of available technological resources. If shortfalls are noted, the shortfall and related limitations are communicated, as needed, to senior management to ensure procurement of needed resources. Auditors are provided appropriate technology training through vendor educational sessions, one-on-one coaching sessions, and group trainings.	No

Standard 11.2 - Effective Communication - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must establish and implement methodologies to promote accurate, objective, clear, concise, constructive, complete, and timely audit communications.	The THDA Internal Audit Charter expresses a commitment to adhering to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, whch are the Global Internal Audit Standards and Topical Requirments. THDA Internal Audit has implemented an Internal Audit Manual and Internal Audit Policies and Procedures. These resources describe the functions of the internal audit practice and provide internal auditors with guidelines for completing, documenting, and communicating audit engagements.	No

Standard 12.2 - Performance Measurement - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must develop objectives to evaluate the internal audit function's performance. The chief audit executive must consider the input and expectations of the board and senior management when developing the performance objectives. The chief audit executive must develop a performance measurement methodology to assess progress toward achieving the function's objectives and to promote the continuous improvement of the internal audit function. When assessing the internal audit function's performance the chief audit executive must solicit feedback from the board and senior management as appropriate. The chief audit executive must develop an action plan to address issues and opportunities for improvement.	Internal audit management maintains a schedule of engagements required based on the internal audit plan. The schedule shows the allocation of resources necessary to complete the internal audit engagements. The schedule is continually updated to reflect performance and engagement achievement. Any identified gaps are followed up on to determine how best to achieve the desired performance given any noted constraints. Monthly reporting on engagement progress is made to the Audit and Budget Committee and executive management.	No

Standard 13.1 - Engagement Communication - Requirement	THDA Internal Audit Practice	Gap Identified
Internal auditors must communicate effectively throughout the engagement. Internal auditors must communicate the objectives, scope, and timing of the engagement with management. Subsequent changes must be communicated with management timely. At the end of an engagement, if internal auditors and management do not agree on the engagement results, internal auditors must discuss and try to reach a mutual understanding of the issue with the management of the activity under review. If a mutual understanding cannot be reached, internal auditors must not be obligated to change any portion of the engagement results unless there is a valid reason to do so. Internal auditors must follow an established methodology to allow both parties to express their positions regarding the content of the final engagement communication and the reasons for any differences of opinion regarding the engagement results.	The THDA Internal Audit Charter expresses a commitment to adhering to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, whch are the Global Internal Audit Standards and Topical Requirments. THDA Internal Audit has implemented an Internal Audit Manual and Internal Audit Policies and Procedures. These resources identfy the methodologies for pre-engagement communication, communication throughout the engagement, and reporting and exit conference communication.	No

Appendix D: Quality Assessment Monitoring and Review
Updated as of 8/13/2026

Standard 4.1 - Conformance with the Global Internal Audit Standards - Requirement	THDA Internal Audit Practice	Gap Identified
Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards. The internal audit function's methodologies must be established, documented, and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function's methodologies when planning and performing internal audit services and communicating results. If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate. If laws or regulations prohibit internal auditors or the internal audit function from conforming to any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made. When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale.	The THDA Internal Audit Charter, Internal Audit Manual, and Internal Audit Policies and Procedures mandate compliance with the Global Internal Audit Standards and describes the methodologies used for the execution of the internal audit function. Internal Audit communications appropriately cite the Standards or other authoritative guidance, as required.	No

Standard 8.2 - Resources - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.	Internal Audit management develops an audit plan based on a risk assessment of the audit universe on an annual basis. Upon identifying the audits and projects to be included in the audit plan, an audit schedule is prepared mapping the audit personnel to the proposed engagements. Any shortfalls are discussed internally for resolution with escalation to the ABC and Board, if needed.	No

Standard 8.3 - Quality - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the audit function. The program includes two types of assessments: external assessments and internal assessments. At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include: the internal audit function’s conformance with the Standards and achievement of performance objectives; if appliable, compliance with laws and/or regulations relevant to internal auditing; and, if applicable, plans to address the internal audit function’s deficiencies and opportunities for improvement.	The THDA Internal Audit function is subject to an external quality assessment, performed by peer auditors with the State of Tennessee, once every five years. Findings noted in the external quality assessment are evaluated for corrective action. The results of the external quality assessment and any related findings are reported to the Audit and Budget Committee. The next scheduled external quality assessment is August 2026. Internal quality assessments are a function of continuous reviews of audit working papers to assess the quality and competence of the work performed by the audit team, client satisfaction surveys, regular communications with the Audit and Budget Committee, Standards conformance documentation, and gap analysis. The results of the internal quality assessments are presented to the Audit and Budget Committee annually at its September meeting.	No

Standard 9.3 - Methodologies - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards. The chief audit executive must evaluate the effectiveness of the methodologies and update them as necessary to improve the internal audit function and respond to significant changes that affect the function. The chief audit executive must provide internal auditors with training on the methodologies.	THDA Internal Audit has implemented an Internal Audit Manual and Internal Audit Policies and Procedures. These resources describe the functions of the internal audit practice and provide internal auditors with guidelines for completing, documenting, and communicating audit engagements. Training for the Internal Audit Manual and Internal Audit Policies and Procedures is conducting in group meetings and one-on-one meetings with Internal Audit staff.	No

Standard 10.1 - Financial Resource Management - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must manage the internal audit functions financial resources. The chief audit executive must develop a budget that enables the successful implementation of the internal audit strategy and achievement of the plan. The budget includes resources necessary for the function's operations, including training and acquisition of technology and tools. The chief audit executive must manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget. The chief audit executive must seek budget approval from the board the chief audit executive must communicate promptly the impact of sufficient financial resources to the budget and senior management.	The Director of Internal Audit partners with THDA accounting staff to develop an annual budget to estimate the costs of human and technological resources, personnel training and development, and other costs necessary to carry out their mandate. Once the Internal Audit budget is set, the CFO presents the comprehensive budget to the Board of Directors for approval.	No

Standard 10.2 - Human Resources Management - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must establish an approach to recruit, develop, and retain internal auditors who are qualified to successfully implement the internal audit strategy and achieve the audit plan. The chief audit executive must strive to ensure that human resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan. The chief audit executive must communicate with the board and senior management regarding the appropriateness and sufficiency of the internal audit function's human resources. If the function lacks appropriate and sufficient human resources to achieve the internal audit plan, the chief audit executive must determine how to obtain the resources or communicate timely to the board and senior management the impact of the limitations. The chief audit executive must evaluate the competencies of individual internal auditors within the internal audit function and encourage professional development. The chief audit executive must collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring.	THDA Internal Audit utilizes the agency-wide approach to hiring audit staff. This process includes panel reviews which allow for collection of multiple, diverse evaluations of candidates. Once hired, audit staff is supported through the continuing education process whereby achievement of continuing education is monitored, tracked, and reported. One-on-one coaching, and the annual performance evaluation process, allows for regular evaluation of the auditors' ability to appropriately, sufficiently, and effectively contribute to the fulfillment of the internal audit plan. Monthly reporting of the internal audit function, including staffing updates, are provided to the Audit and Budget Committee and executive management.	No

Standard 10.3 - Technological Resources - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must strive to ensure that the internal audit function has technology to support the internal audit process. The chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. When implementing new technology, the chief audit executive must implement appropriate training for internal auditors in the effective use of technological resources. The chief audit executive must collaborate with the organization's information technology and information security functions to implement technological resources properly. The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management.	THDA Internal Audit Management continually evaluates the sufficiency and impact of available technological resources. If shortfalls are noted, the shortfall and related limitations are communicated, as needed, to senior management to ensure procurement of needed resources. Auditors are provided appropriate technology training through vendor educational sessions, one-on-one coaching sessions, and group trainings.	No

Standard 11.5 - Communicating the Acceptance of Risk - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must communicate unacceptable levels of risk. When the chief audit executive concludes that management has accepted a level of risk that exceeds the organization's risk appetite or risk tolerance, the matter must be discussed with senior management. If the chief audit executive determines that the matter has not been resolved by senior management, the matter must be escalated to the board. It is not the responsibility of the chief audit executive to resolve the risk.	THDA Internal Audit collects data related to, and tests, the controls noted in the organization's enterprise risk management program. If controls are not deemed effective to reduce risk to a tolerable level, the matter will be communicated as required. The enterprise risk management risk assessments and documentation supporting the testing of controls is reported to the Audit and Budget Committee annually at its November meeting.	No

Standard 12.1 - Internal Quality Assessment - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must develop and conduct internal assessments of the internal audit function’s conformance with the Global Internal Audit Standards and progress toward performance objectives. The chief audit executive must establish a methodology for risk assessments that includes: ongoing monitoring of the internal audit function’s conformance with the Standards and progress toward performance objectives; periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices to evaluate conformance with the Standards; and, communication with the board and senior management about the results of internal assessments. Based on the results of the periodic self-assessments, the chief audit executive must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions. The chief audit executive must communicate the results of periodic self-assessments and action plans to the board and senior management. Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the organization's external quality assessment. If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the chief audit executive must disclose to the board and senior management the nonconformance and its impact.	Internal quality assessments are a function of continuous reviews of audit working papers to assess the quality and competence of the work performed by the audit team, client satisfaction surveys, regular communications with the Audit and Budget Committee, Standards conformance documentation, and gap analysis. The results of the internal quality assessments are presented to the Audit and Budget Committee annually at its September meeting. Ongoing Monitoring is conducted through audit tracking, one-on-one meetings with internal audit staff, and employee qualifications and annual attestations.	No

Standard 12.2 - Performance Measurement - Requirement	THDA Internal Audit Practice	Gap Identified
The chief audit executive must develop objectives to evaluate the internal audit function's performance. The chief audit executive must consider the input and expectations of the board and senior management when developing the performance objectives. The chief audit executive must develop a performance measurement methodology to assess progress toward achieving the function's objectives and to promote the continuous improvement of the internal audit function. When assessing the internal audit function's performance the chief audit executive must solicit feedback from the board and senior management as appropriate. The chief audit executive must develop an action plan to address issues and opportunities for improvement.	Internal audit management maintains a schedule of engagements required based on the internal audit plan. The schedule shows the allocation of resources necessary to complete the internal audit engagements. The schedule is continually updated to reflect performance and engagement achievement. Any identified gaps are followed up on to determine how best to achieve the desired performance given any noted constraints. Monthly reporting on engagement progress is made to the Audit and Budget Committee and executive management.	No

Bond Finance Committee

Tennessee Housing Development Agency

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

Bond Finance Committee Meeting Agenda

Tuesday, September 15, 2026, at 10:00am CT
Nashville Room, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Bond Finance Committee Meeting Minutes-July 28, 2026*

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

1. THDA Proposed Budget for Fiscal Year 2028*
2. Bond Issue 2026-3*

EQUAL HOUSING OPPORTUNITY

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
July 28, 2026

Pursuant to the call of the Chair, the Bond Finance Committee of the Tennessee Housing Development Agency ("THDA") Board of Directors (the "Committee") met on Tuesday, July 28, 2026, at 10:10 AM CT at the William R. Snodgrass Tennessee Tower, Tennessee Room, 312 Rosa L. Parks Ave, Nashville, TN 37243.

The following Committee members were present in person: Rick Neal (Chair); Treasurer David Lillard; Secretary Tre Hargett; Alex Schuhmann (for Commissioner Jim Bryson); and Katie Armstrong (for Comptroller Jason Mumpower). Other Board Members present were: Stephen Dixon; Rob Mitchell; Hancen Sale; Eva Romero; and Micheal Miller. Absent was Corey Divel; Maeghan Jones; and Dan Springer.

Recognizing a quorum present, Chair Neal called the meeting to order at 10:10 AM CT. For the first order of business, Chair Neal called for the consideration and approval of the May 12, 2026, Committee meeting minutes. Upon motion by Treasurer Lillard, second by Mr. Schuhmann, and following a vote with all members identified as present voting "yes", the motion carried to approve the May 12, 2026, minutes.

Chair Neal indicated the next item for consideration was Bond Issue 2026-2 and the approval of the Plan of Financing, the Authorizing Resolution, including the form of Supplemental Resolution and the Reimbursement Resolution. Bruce Balcom, THDA Chief Legal Counsel, described the documents to be considered and explained how the authorization to be approved by the Committee for Bond Issue 2026-2, in an amount not to exceed $300,000,000, complied with THDA's Debt Management Policy, and included recommendations regarding bookrunning senior manager and rotating co-manager based on information provided in a separate memo dated July 9, 2026, by CSG Advisors Incorporated ("CSG"), financial advisor for THDA. Treasurer Lillard , second by Mr. Schuhmann and a vote with all members identified as present voting "yes", the motion carried to approve the plan of financing, and to recommend approval of the remaining documents, including the Reimbursement Resolution.

Chair Neal indicated the last item for consideration was THDA's Underwriter Team Selection presented by Bruce Balcom, THDA Chief Legal Counsel. Mr. Balcom stated that the team recommends keeping two senior managers and adding a third permanent co-manager. It further recommended the current managers and co-managers remain in place while adding Bank of America as the third permanent co-manager. Upon motion by Treasurer Lillard, seconded by Mr.

Schuhmann and a vote with all members identified as present voting “yes”, the motion carried to approve the recommendation of the selection committee.

There being no further business, Chair Neal adjourned the meeting at 10:13 AM CT.

Respectfully submitted,

Kayla Carr,
Assistant Secretary

Approved this 15th day of September, 2026

Tennessee Housing Development Agency

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

Bill Lee	**Ralph Perrey**
Governor	**Executive Director**

To: THDA Bond Finance Committee, THDA Board of Directors
From: Bruce Balcom, Chief Legal Counsel
Date: August 27, 2026
Subject: Approval of Issue 2026-3

Recommendations:

- 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.

Key Points:

- Pricing will occur in mid-November of 2026. Closing is anticipated in mid-December. This issue is anticipated to utilize convertible option bonds to preserve expiring volume cap and/or provide new money to fund the purchase of loans.

Background:

Attached please find the following documents in connection with the requested authorization of the THDA bond issue, Issue 2026-3:

1. Memos from CSG Advisors Incorporated ("CSG") recommending authorization in the maximum principal amount of $150,000,000 for a bond issue under the General Residential Finance Program Bond Resolution adopted in 2013. Staff expects this bond issue to be priced in mid-November 2026 and closed not later than December 31, 2026. The final size and structure will be determined by the Authorized Officer.

2. THDA Plan of Financing for Issue 2026-3 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 2026-3, that includes the form of Supplemental Resolution for Issue 2026-3 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 2026-3 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 2026-3 complies with the Tennessee Housing Development Agency Debt Management Policy adopted on November 28, 2011, as amended (the "Debt Management Policy"). In particular, Issue 2026-3 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 2026-3 does not include interest rate and forward purchase agreements, conduit debt, or variable rate debt.

MEMORANDUM

TO: THDA Board of Directors and THDA Bond Finance Committee

FROM: David Jones, Eric Olson, and Joanie Monaghan

SUBJECT: Bond Issue Authorization Recommendation:
Residential Finance Program Bonds, Issue 2026-3

DATE: August 24, 2026

Executive Summary

- CSG recommends that the THDA Board of Directors and THDA Bond Finance Committee authorize up to $150 million of Issue 2026-3 bonds under the Residential Housing Finance Program Bond Resolution to be used to either:
  - a) fund THDA's qualified mortgage loan pipeline as needed or,
  - b) to preserve private activity bond volume cap that would otherwise expire at the end of the year. In 2027, Issue 2026-3 could be refunded or converted to recycle the volume cap into a tax-exempt new money issue to fund qualified loans.
- The exact issue size will be evaluated closer to the bond sale date based on THDA's mortgage pipeline, secondary mortgage market sales levels, and interest rates at that time.
- Issue 2026-3, if authorized, is expected to close in December. THDA is currently committing loans against Issue 2026-2, which is projected to be fully committed by late fall.

Background

On August 17, THDA priced its $200 million Residential Finance Program Bonds, Issue 2026-2 with an anticipated closing date of September 17. THDA already has over $108 million rate-locked against the Issue 2026-2 proceeds and is projected to commit the remaining proceeds throughout the fall.

Once the Issue 2026-2 proceeds are fully originated, THDA would purchase mortgage loans using available THDA funds, expecting that such advances will be reimbursed with proceeds of Issue 2026-3. Based on current projections, THDA is expected to have sufficient available funds on hand to continue purchasing mortgage loans through the anticipated closing of Issue 2026-3, assuming a closing in December.

Proposed Sizing

The proposed not-to-exceed par amount of Issue 2026-3 is $150 million, however, the appropriate size is dependent on what portion of newly-originated loans THDA chooses to hold on its balance sheet and fund with bond proceeds vs. selling the loans in the secondary mortgage market. As THDA is currently focused on managing its debt level and funding more of its production through the secondary mortgage market, THDA expects less bond issuance than in recent years. Although the final size of Issue 2026-3 may be smaller, having the option to issue up to $150 million preserves flexibility and helps ensure THDA's mortgage pipeline can be funded without interruption, even if secondary mortgage market sales are less than currently expected.

Other factors that affect the size of the issue include actual and projected THDA mortgage loan demand, interest rates, and the expected level 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). THDA and its financing team will evaluate these factors closer to the time of the bond pricing to determine the optimal transaction size within the proposed $150 million not-to-exceed par amount.

Loan Funding

With the transition to funding a greater portion of loan production through secondary mortgage market sales, THDA plans to focus bond funding on loans with higher levels of borrower subsidy. For example, it is expected that Homeownership for Heroes program loans and New Start program loans will be funded with bond proceeds, while part of the Great Choice program loans will be targeted for secondary mortgage market sales. In addition, Issue 2026-3 is proposed to fund second mortgage down payment assistance loans, as THDA has done since Issue 2024-1. This helps preserve liquidity at a modest cost to the yield spread of the bond issue.

Convertible Option Bonds

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

THDA will have approximately $49 million remaining of volume cap carried forward from 2023 that must be used by December 31, 2026. The proposed Issue 2026-3 could be structured to prevent such volume cap from expiring unused. A portion of the financing could use short-term non-AMT convertible option bonds ("COBs") to extend the 2023 volume cap into 2027. By preserving and recycling volume cap, THDA can fund more of its loan production on a tax-exempt basis which in turn allows THDA to offer its borrowers lower mortgage rates.

Economic Refunding of Prior Bonds

Some of THDA's prior bond issues are now optionally redeemable at par on any date, including those from Housing Finance Program Bond Issue 2015-A and Residential Finance Program Bonds Issues 2013-1 through 2016-3. However, the interest rates on these outstanding bonds are low – almost all at or below 4%. We are not recommending refunding any prior bonds at this time but will continue to monitor market conditions to see if bond rates come down enough to make a refunding economically attractive.

Tax Status

Issue 2026-3 is proposed to be structured as tax-exempt non-AMT bonds. This 100% tax-exempt structure will provide lower borrowing costs than the tax-exempt/taxable blended structures that THDA has been using in recent years to minimize volume cap usage. With lower tax-exempt bond issuance levels expected in 2026, there is less value to reducing volume cap usage.

Preliminary Structuring Analysis

A preliminary bond structure is shown in Exhibit A and summarized below. It reflects $150 million in long-term bonds for qualified loans. The assumed loan mix includes approximately $104.4 million of Great Choice loans, $34.8 million of Homeownership for Heroes loans, $5.3 million of amortizing DPA loans with payment, $2.3 million of deferred 0% DPA loans, and $3.2 million of 0% New Start loans. The analysis assumes current bond rates, as well as THDA's current mortgage loan rates for Great Choice at 6.125% and Homeownership for Heroes at 5.625%.

The preliminary structure assumes 100% tax-exempt bonds, without a PAC bond. Under this structure, the tax-exempt yield spread is 1.05%. $1.82 million of zero participation loans could be consumed to bring the issue up to the maximum allowable 1.125% yield spread. Alternatively, THDA could elect to raise its mortgage lending rates by approximately 0.075% and/or provide less bond funding of deferred 0% DPA loans.

As the financing is developed, production needs will be refined, and as the proposed pricing date approaches, CSG will continue to evaluate to determine if further refinement of the structure could offer improvement in the pricing of Issue 2026-3. Issuing the Bonds under the 2013 General Resolution avoids a state moral obligation pledge on the bonds.

Zero Participation Loans

THDA has approximately $80.1 million in zero participations from prior bond issues that can be used to subsidize future bond issues, including Issue 2026-3. These mitigate the risk of higher bond rates on future transactions. THDA has been planning to reduce its zero pool. As noted in the prior section, at current THDA lending rates and market bond rates, Issue 2026-3 would likely decrease the zero pool by a modest amount.

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:

<u>Retail Sales / In-State Selling Group</u> – 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 ensure 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.

<u>Market Volatility</u> – 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 2026-3 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). 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.

Recommendation

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 2026-3, with a par amount not to exceed $150 million;
- Delegate to the Authorizing Officer authority to:
  - Establish the principal amount of Issue 2026-3;
  - Establish the structure, sub-series and pricing schedule of Issue 2026-3;
  - 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 2026-3 via a negotiated sale; and
- Select RBC Capital Markets to serve as book-running senior manager for Issue 2026-3, 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: PRELIMINARY BOND STRUCTURE

Tennessee Housing Development Agency Issue 2026-3
As of 8/21/26, for Bond Issue Authorization Recommendation Memo

	100% Tax-Exempt, No PAC, Premium Lockout Serials		
A. Mortgage Production Assumptions			
Great Choice	6.125%	104,437,500	*70%*
Homeownership for Heroes	5.625%	34,812,500	*23%*
DPA Second w/Payment	6.000%	5,250,000	*4%*
DPA Second 0% Deferred	0.000%	2,250,000	*2%*
New Start Tier I 0% Amortizing	0.000%	3,250,000	*2%*
Total	5.780%	150,000,000	*100%*
B. Bond Series and Amounts			
New Money	Non-AMT	150,000,000	*100%*
C. Bond Structure			
Non-AMT			
Par Serials	2.85% - 4.25%	24,830,000	*17%*
Premium Lockout Serials Each 7/1 2027-34	2.65% - 3.40%	11,430,000	*8%*
7/1/41 Term	4.55%	12,855,000	*9%*
7/1/46 Term	4.85%	25,860,000	*17%*
7/1/51 Term	4.95%	32,925,000	*22%*
7/1/56 Term	5.00%	42,100,000	*28%*
Total		150,000,000	*100%*
D. Yields if No Zero Participations In or Out			
Mortgage Yield		5.784%	
Bond Yield		4.733%	
Tax-Exempt Yield Spread		1.051%	
E. Great Choice Rate to Hit 1.125% Spread Limit		6.200%	
F. Zeros +Created / -Consumed to Hit 1.125% Spread		(1,820,000)	
G. Volume Cap Needed			
Bond Par		150,000,000	
Plus Premium on Lockout Serials		1,322,998	
Total		151,322,998	

CSG ADVISORS

MEMORANDUM

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

FROM: David Jones, Eric Olson, and Joanie Monaghan

SUBJECT: Underwriter Recommendation: Residential Finance Program Bonds, Issue 2026-3

DATE: August 24, 2026

Background

THDA's underwriting team has followed a consistent structure consisting of a book-running senior manager selected for each transaction from among the firms serving as co-senior managers, co-managers, an elevated co-manager position filled by the selling group member with the best performance on the prior bond issue, and a broader selling group of firms providing in-state and national retail distribution. Following THDA's Request for Qualifications for Underwriting Team in June 2026, THDA's Bond Finance Committee selected an underwriting team consisting of co-senior managers Raymond James and RBC; co-managers JP Morgan, Wells Fargo, Bank of America, and an additional co-manager position to be filled by a selling group member based on performance on THDA's most recent issue. The underwriting team described above is expected to be utilized for Issue 2026-3.

The purpose of this memo is to recommend firms to serve on THDA's Issue 2026-3 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. Issue 2025-3 was a privately placed issue with RBC Capital Markets for THDA's convertible option bonds that were refunded with the publicly offered 2026-1 issuance.

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

Bond Issue	Par Amount of Bonds Issued	Book-Running Senior Manager
2026-2	200,000,000	Raymond James
2026-1	104,000,000	RBC Capital Markets
2025-2	160,000,000	Raymond James
2025-1	250,000,000	RBC Capital Markets
2024-3	255,525,000	Raymond James
2024-2	255,000,000	RBC Capital Markets
2024-1	270,000,000	Raymond James
2023-3	360,000,000	Citigroup
2023-2	235,000,000	RBC Capital Markets

The book-running senior manager is currently selected on a rotating basis. 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.)

RBC Capital Markets continues to perform very well when selected as the book-running senior manager. 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. On their last sales for THDA, Issue 2026-1 and 2025-1, the result was a solid book of both retail and institutional orders such that THDA ended with strong pricings. RBC continues to successfully manage and achieve good pricing results on single family bond transactions for other housing finance agencies, the latest being Montana Board of Housing and the Iowa Finance Authority in early August, as well as the Minnesota Housing Finance Agency, New Mexico Mortgage Finance Authority, and Rhode Island Housing in July.

In view of their continued performance, we recommend that **RBC Capital Markets** serve as book-running senior manager for Issue 2026-3.

2. Elevated Selling Group Member

The following table shows the retail performance of each selling group member for Issue 2026-2, including Fidelity, which was selected to be the third co-manager.

TABLE 2: RETAIL ORDERS AND ALLOTMENTS BY MEMBER: ISSUE 2026-2

Selling Group Member	Retail Orders	Final Allotments
Fidelity	5,010	4,075
Wiley Brother-Aintree	1,000	1,000
RW Baird	1,810	1,685
Bancroft	100	100
SouthState/Duncan-Williams	-	-
FHN Financial	-	-
Fifth Third	-	-
Total	**7,920**	**6,860**

Based on final retail allotments and performance on Issue 2026-2, we recommend **Fidelity** be named the selling group member elevated to co-manager for THDA's Issue 2026-3.

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 THDA PUBLICLY OFFERED BOND ISSUES

	Combined		2026-2 (RJ lead, Fidelity co)		2026-1 (RBC lead, Fidelity co)		2025-2 (RJ lead, Fidelity co)	
Par Amount	464,000,000		200,000,000		104,000,000		160,000,000	
Selling Group Member / Category	**Orders**	**Allotments**	**Orders**	**Allotments**	**Orders**	**Allotments**	**Orders**	**Allotments**
Raymond James								
Tennessee Retail	62,975	36,400	39,320	20,620	2,205	2,090	21,450	13,690
National Retail	45,710	26,825	26,865	18,995	350	245	18,495	7,585
Net Designated	775,350	247,115	310,760	117,485	12,000	3,150	452,590	126,480
Member	15,000	0	0	0	15,000	0	0	0
Total	**899,035**	**310,340**	**376,945**	**157,100**	**29,555**	**5,485**	**492,535**	**147,755**
RBC Capital Markets								
Tennessee Retail	2,325	1,730	100	100	2,225	1,630	0	0
National Retail	14,030	10,565	1,595	1,545	10,680	7,630	1,755	1,390
Net Designated	134,090	72,620	0	0	134,090	72,620	0	0
Member	86,820	0	46,955	0	0	0	39,865	0
Total	**237,265**	**84,915**	**48,650**	**1,645**	**146,995**	**81,880**	**41,620**	**1,390**
BofA Securities								
Tennessee Retail	295	295	295	295	0	0	0	0
National Retail	19,880	17,580	19,880	17,580	0	0	0	0
Net Designated	0	0	0	0	0	0	0	0
Member	68,000	0	68,000	0	0	0	0	0
Total	**88,175**	**17,875**	**88,175**	**17,875**	**0**	**0**	**0**	**0**
J.P. Morgan								
Tennessee Retail	185	185	10	10	0	0	175	175
National Retail	5,030	3,785	1,815	1,490	1,580	1,135	1,635	1,160
Net Designated	1,010	270	0	0	0	0	1,010	270
Member	44,000	0	23,000	0	6,000	0	15,000	0
Total	**50,225**	**4,240**	**24,825**	**1,500**	**7,580**	**1,135**	**17,820**	**1,605**
Wells Fargo								
Tennessee Retail	0	0	0	0	0	0	0	0
National Retail	3,055	2,195	505	505	590	590	1,960	1,100
Net Designated	2,030	0	0	0	1,000	0	1,030	0
Member	28,945	0	15,000	0	1,000	0	12,945	0
Total	**34,030**	**2,195**	**15,505**	**505**	**2,590**	**590**	**15,935**	**1,100**
Fidelity								
Tennessee Retail	3,425	2,640	275	275	1,455	1,455	1,695	910
National Retail	19,970	12,490	4,735	3,800	5,875	4,290	9,360	4,400
Net Designated	0	0	0	0	0	0	0	0
Member	0	0	0	0	0	0	0	0
Total	**23,395**	**15,130**	**5,010**	**4,075**	**7,330**	**5,745**	**11,055**	**5,310**
Robert W. Baird & Co.								
Tennessee Retail	3,810	3,685	1,810	1,685	0	0	2,000	2,000
National Retail	570	195	0	0	0	0	570	195
Net Designated	0	0	0	0	0	0	0	0
Member	0	0	0	0	0	0	0	0
Total	**4,380**	**3,880**	**1,810**	**1,685**	**0**	**0**	**2,570**	**2,195**
Wiley Brother-Aintree								
Tennessee Retail	1,545	1,360	1,000	1,000	545	360	0	0
National Retail	385	0	0	0	0	0	385	0
Net Designated	0	0	0	0	0	0	0	0
Member	0	0	0	0	0	0	0	0
Total	**1,930**	**1,360**	**1,000**	**1,000**	**545**	**360**	**385**	**0**
FHN Financial								
Tennessee Retail	325	325	0	0	25	25	300	300
National Retail	0	0	0	0	0	0	0	0
Net Designated	0	0	0	0	0	0	0	0
Member	5,000	0	0	0	0	0	5,000	0
Total	**5,325**	**325**	**0**	**0**	**25**	**25**	**5,300**	**300**
Bancroft								
Tennessee Retail	0	0	0	0	0	0	0	0
National Retail	300	300	100	100	100	100	100	100

	Combined		2026-2 (RJ lead, Fidelity co)		2026-1 (RBC lead, Fidelity co)		2025-2 (RJ lead, Fidelity co)	
Par Amount	**464,000,000**		**200,000,000**		**104,000,000**		**160,000,000**	
Selling Group Member / Category	**Orders**	**Allotments**	**Orders**	**Allotments**	**Orders**	**Allotments**	**Orders**	**Allotments**
Net Designated	0	0	0	0	0	0	0	0
Member	0	0	0	0	0	0	0	0
Total	**300**	**300**	**100**	**100**	**100**	**100**	**100**	**100**
SouthState/Duncan-Williams								
Tennessee Retail	0	0	0	0	0	0	0	0
National Retail	665	0	0	0	0	0	665	0
Net Designated	0	0	0	0	0	0	0	0
Member	5,000	0	0	0	0	0	5,000	0
Total	**5,665**	**0**	**0**	**0**	**0**	**0**	**5,665**	**0**
TOTAL	**1,349,725**	**440,560**	**562,020**	**185,485**	**194,720**	**95,320**	**592,985**	**159,755**
Tennessee Retail	74,885	46,620	42,810	23,985	6,455	5,560	25,620	17,075
National Retail	109,595	73,935	55,495	44,015	19,175	13,990	34,925	15,930
Net Designated	912,480	320,005	310,760	117,485	147,090	75,770	454,630	126,750
Member	252,765	0	152,955	0	22,000	0	77,810	0

Tennessee Housing Development Agency Plan of Financing Residential Finance Program Bonds, Issue 2026-3, Adopted September 15, 2026

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 2026-3 (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 $150,000,000. 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, 2026. 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 2026-3 Program Loans may be as low as 60 basis points.

A Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing the Issuance and Sale of Residential Finance Program Bonds, Issue 2026-3, Adopted September 15, 2026

WHEREAS, pursuant to the Tennessee Housing Development Agency Act (the "Act"), the Bond Finance Committee of the THDA Board of Directors (the "Committee"), on September 15, 2026, approved a plan of financing for Residential Finance Program Bonds, Issue 2026-3 (the "Bonds") in an aggregate par amount not to exceed $150,000,000 (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 February 17, 2026, adopted a Housing Cost Index, as defined in Section 13-23- 103(7) of the Act, which shows that, as of December 16, 2025, 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 $150,000,000, 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 2026-3A" (Non-AMT), Issue 2026-3B" (Non-AMT), $____ Issue 2026-3C (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 $150,000,000; (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 September 15, 2026.

TENNESSEE HOUSING DEVELOPMENT AGENCY

A Supplemental Resolution

Authorizing the Sale of

Residential Finance Program Bonds

$__________ Issue 2026-3A (Non-AMT)

$__________ Issue 2026-3B (Non-AMT)

$__________ Issue 2026-3C (Federally Taxable)

Adopted September 15, 2026
as approved in its amended and supplemented form
by its Designated Authorized Officer
on __________ __, 2026

4910-0873-7738.2

ARTICLE I
DEFINITIONS AND AUTHORITY

ARTICLE II
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ARTICLE III
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ARTICLE VI
MISCELLANEOUS

A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF

RESIDENTIAL FINANCE PROGRAM BONDS
$__________ ISSUE 2026-3A (Non-AMT)
$__________ ISSUE 2026-3B (Non-AMT)
$__________ ISSUE 2026-3C (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 2026-3 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 2026-3A 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 Issue 2026-3B 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 2026-3AC Bond Purchase Agreement and the Issue 2026-3B 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 2026-3B 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 2026-3 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 2026-3 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 2026-3 Bonds][such Long Term Rate Bonds].

"*Issue 2026-3 Bonds*" means, together, the Issue 2026-3A Bonds and the Issue 2026-3B Bonds [and the Issue 2026-3C Bonds].

"*Issue 2026-3A Bonds*" means the Issue 2026-3A Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

[*"Issue 2026-3A PAC Bonds"* means the Issue 2026-3A Bonds in the aggregate principal amount of $_____ maturity on __________.]

["*Issue 2026-3A PAC Bonds Planned Amortization Amount*" means the cumulative amount of Issue 2026-3A PAC Bonds expected to be redeemed upon the receipt of Excess 2026-3 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

"*Issue 2026-3A Serial Bonds*" means the Issue 2026-3A Bonds which are not Issue 2026-3A Term Bonds.

"*Issue 2026-3A Term Bonds*" means, collectively, the Issue 2026-3A Bonds maturing [__________, _____, and __________].

"*Issue 2026-3AC Bond Purchase Agreement*" means the contract for the purchase of the Issue 2026-3A Bonds and the Issue 2026-3C Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A.

["*Issue 2026-3B Bond Purchase Agreement*" means the contract for the purchase of the Issue 2026-3B Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A.]

"*Issue 2026-3B Bonds*" means the Issue 2026-3B Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing, which Issue 2026-3B Bonds shall include the Convertible Bonds and the Long Term Rate Bonds of such Series.

[*"Issue 2026-3B 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 2026-3B 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 2026-3 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

"*Issue 2026-3B Serial Bonds*" means the Issue 2026-3B Bonds which are not Term Bonds.

"*Issue 2026-3B Tender Date*" shall mean (i) the initial Tender Date for 100% of the Issue 2026-3B 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 2026-3B Convertible Bonds in accordance with Section 3.01 and, if applicable, (ii) the Tender Dates thereafter for any Issue 2026-3B 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 2026-3B Tender Date shall be [________________], if there are any Issue 2026-3B Convertible Bonds outstanding on such date.

"*Issue 2026-3B Term Bonds*" means, subsequent to the conversion of the interest rate thereon to Long Term Rates, collectively, the Issue 2026-3B Bonds maturing [___________, _____, and __________].

"*Issue 2026-3C Bonds*" means the Issue 2026-3C Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

[*"Issue 2026-3C PAC Bonds"* means the Issue 2026-3C Bonds in the aggregate principal amount of $_____ maturity on __________.]

["*Issue 2026-3C PAC Bonds Planned Amortization Amount*" means the cumulative amount of Issue 2026-3C PAC Bonds expected to be redeemed upon the receipt of Excess 2026-3 Principal Payments at a rate equal to [100]% PSA, as set forth in Exhibit B hereto.]

"*Issue 2026-3C Serial Bonds*" means the Issue 2026-3C Bonds which are not Term Bonds.

"*Issue 2026-3C Term Bonds*" means, collectively, the Issue 2026-3C Bonds maturing [___________, _____, and __________].

"*Issue Date*" means the date on which the Issue 2026-3 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on [_____ __], 2026.

"*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 2026-3B 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 [___________ __], 2026 used in connection with the sale of the Issue 2026-3 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 2026-3A PAC Bonds, the Issue 2026-3B PAC Bonds and the Issuer 2026-3C PAC Bonds.]

["*PAC Bonds Planned Amortization Amount*" means, collectively, the Issue 2026-3A Planned Amortization Amount, the Issue 2026-3B Planned Amortization Amount, and the Issue 2026-3C Planned Amortization Amount.]

"*Preliminary Official Statement*" means the Preliminary Official Statement dated [___________ __], 2026 used in connection with the offering of the Issue 2026-3 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 2026-3 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 2026-3B 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 2026-3B Bonds.

"*Resolution*" means this Supplemental Resolution adopted by THDA on September 15, 2026, as approved in its amended and supplemented form by the Designated Authorized Officer on [__________ __], 2026.

"*Serial Bonds*" means, collectively, the Issue 2026-3A Serial Bonds, the Issue 2026-3B Serial Bonds, and the Issue 2026-3C 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 2026-3 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 2026-3B Tender Date.

"*Term Bonds*" means, collectively, the Issue 2026-3A Term Bonds, the Issue 2026-3B Term Bonds, and the Issue 2026-3C Term Bonds.

["*Transferred Investments*" means amounts on deposit in certain funds and accounts of THDA allocated to any Refunded Bonds relating to the Issue 2026-3A 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 2026-3 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 2026-3A 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 2026-3 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 2026-3 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 2026-3 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 2026-3A are hereby authorized to be issued in the aggregate principal amount of $__________, Residential Finance Program Bonds, Issue 2026-3B are hereby authorized to be issued in the aggregate principal amount of $__________, and Residential Finance Program Bonds, Issue 2026-3C are hereby authorized to be issued in the aggregate principal amount of $__________. In addition to the title "Residential Finance Program Bond," the Issue 2026-3 Bonds will bear the additional designation "Issue 2026-3A (Non-AMT)," "Issue 2026-3B (Non-AMT)," and "Issue 2026-3C (Federally Taxable)," as appropriate. The Issue 2026-3 Bonds shall be issued only in fully registered form. The Issue 2026-3A Bonds will consist of $__________ principal amount of Serial Bonds and $__________ principal amount of Term Bonds. The Issue 2026-3B Bonds will initially consist of $__________ principal amount of Convertible Bonds. The Issue 2026-3C Bonds will consist of $__________ principal amount of Serial Bonds and $__________ principal amount of Term Bonds.

Section 2.02. Purposes. [A portion of] the Issue 2026-3A 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 2026-3 Bonds.] [A portion of] the Issue 2026-3A Bonds, and the Issue 2026-3B Bonds and the Issue 2026-3C 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 2026-3 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 2026-3 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 2026-3B Subaccount of the Loan Fund also may be used, if required, to pay certain costs of issuance or remarketing with respect to the Issue 2026-3B Bonds. [As a result of the refunding of the Refunded Bonds, the Transferred Proceeds will become allocated to the Issue 2026-3 Bonds.]

The proceeds of the Issue 2026-3A Bonds [and the [Transferred Proceeds and the] Transferred Investments] shall be applied in accordance with Article IV hereof.

Prior to the initial Issue 2026-3B Tender Date, all moneys made available from the issuance of the Issue 2026-3B Bonds shall be deposited in the Issue 2026-3B 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 2026-3A 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 2026-3A Bonds

Serial Bonds

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

Term Bonds

Maturity Date	Principal Amount	Interest Rate
	$	%

Issue 2026-3C 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 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B Bonds which are being converted to the Long Term Rate shall be reduced by a corresponding amount.

[The maturity dates for the Issue 2026-3B Bonds set forth above may be modified and the Issue 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B Bonds to be adversely affected.]

(d) The Issue 2026-3B 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 2026-3B Bonds, then such Issue 2026-3B 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 2026-3B Tender Date, interest on the Issue 2026-3B 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 2026-3B 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 2026-3B Bonds, then the Issue 2026-3B 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 2026-3B 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 2026-3 Bonds or the date fixed for redemption of any Issue 2026-3 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 2026-3 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 2026-3 Bonds of each Series or Subseries maturing in such year. The Issue 2026-3 Bonds are to be lettered “R-3A,” “R-3B,” or “R-3C,” as applicable, and numbered separately from 1 consecutively upwards.

(b) The Issue 2026-3 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2026-3 Bond of each Series or Subseries will be outstanding for each maturity and interest rate of each Series or Subseries of the Issue 2026-3 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 2026-3 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2026-3 Bonds will not receive certificates representing their interest in the Issue 2026-3 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2026-3 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2026-3 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 2026-3 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 2026-3 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 2026-3 Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2026-3 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 2026-3 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2026-3 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 2026-3 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2026-3 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2026-3 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2026-3 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2026-3 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 2026-3 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 2026-3A Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2026-3 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 2026-3A Term Bonds due __________

Date	Amount Due	Date	Amount Due
	$		$

*Maturity

Issue 2026-3A Term Bonds due ___________

Date	Amount Due	Date	Amount Due
	$		$

*Maturity

Issue 2026-3C Term Bonds due ___________

Date	Amount Due	Date	Amount Due
	$		$

*Maturity

(a) The Issue 2026-3B 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 2026-3 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 2026-3 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 2026-3 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 2026-3 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2026-3A Bonds maturing on and after [________] [other than the Issue 2026-3A 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 2026-3A 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:

Period	**PAC Bond Redemption Price**
[________] to [__________]	[_____]%
[__________] and thereafter	[_____]]

The 2026-3B 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 2026-3B 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 2026-3A Bonds, the Issue 2026-3C Bonds, and, subsequent to their conversion to Long Term Rate Bonds, the Issue 2026-3B 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 2026-3 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 2026-3 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2026-3 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 2026-3 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 2026-3 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 2026-3 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 2026-3 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 2026-3A Bonds are subject to mandatory redemption on [_________] in the event and to the extent that there are unexpended proceeds of the Issue 2026-3A Bonds [in excess of $[_______] on deposit in the Issue 2026-3AC 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 2026-3A Bonds are subject to mandatory redemption on [______ __, _____], to the extent any proceeds of the Issue 2026-3A Bonds remain on deposit in the Issue 2026-3AC Subaccount of the Loan Fund on [______ __, _____].

The Issue 2026-3B 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 2026-3B Bonds in excess of $249,999 on deposit in the Issue 2026-3B 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 2026-3B Subaccounts of the Loan Fund made available from the issuance of the Issue 2026-3B Bonds and the investment income therefrom

The redemption price of the Issue 2026-3 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 2026-3 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 2026-3 Bonds then Outstanding.

(b) [***Excess 2026-3 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 2026-3 Principal Payments. Any Excess 2026-3 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 2026-3 PAC Bonds remain Outstanding, Excess 2026-3 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to a Series or Subseries of Issue 2026-3 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 2026-3 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 2026-3 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 2026-3 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 2026-3 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 2026-3 Bonds then Outstanding.

The Issue 2026-3A PAC Bonds Planned Amortization Amount and the Issue 2026-3A 400% PSA Prepayment Amount set forth in Exhibit B hereto, any Issue 2026-3B PAC Bonds Planned Amortization Amount and Issue 2026-3B 400% PSA Prepayment Amount determined for the Issue 2026-3B PAC Bonds, and the Issue 2026-3C PAC Bonds Planned Amortization Amount and Issue 2026-3C 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 2026-3 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 2026-3 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 2026-3A Bonds (including Program Securities and DPA Loans [and the Transferred Program Loans]) received more than ten years after the Issue Date of the Issue 2026-3A Bonds (or the date of original issuance of the bonds refunded by the Issue 2026-3A Bonds, directly or through a series of refundings) shall be applied to redeem the Issue 2026-3A Bonds on or before the next Interest Payment Date with respect to the Issue 2026-3A 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 2026-3A 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 2026-3 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 2026-3 Bonds Outstanding.

(d) *Mandatory Redemption of Issue 2026-3B Bonds Bearing Interest at Short Term Rate*. The Issue 2026-3B 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 2026-3B Bonds on deposit in the Issue 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B Bonds bearing interest at Long Term Rates, to be redeemed.

Section 2.12. Selection by Lot. If less than all of the Issue 2026-3 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 2026-3B 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 2026-3B Bonds, with respect to the first Tender Date for such Issue 2026-3B Bonds) for all or a portion of the Convertible Bonds for which funds are on deposit in the Issue 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B 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 2026-3 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 2026-3 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 2026-3 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 2026-3 Bonds to the public is hereby authorized and approved.

(c) The Issue 2026-3 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this 2026-3 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 2026-3 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2026-3 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 2026-3 Bonds. Amounts on deposit in the Issue 2026-3B 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 2026-3B Bonds are converted to Long Term Rate Bonds. Amounts on deposit in the Issue 2026-3AC 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 2026-3B 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 2026-3B 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 2026-3B 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 2026-3B 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 2026-3 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of the related Issue 2026-3 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 2026-3 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2026-3 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2026-3 Bonds shall not exceed 2% of the proceeds of the Issue 2026-3 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2026-3 Bond Subaccount of the Loan Fund allocable to the new money proceeds of the Issue 2026-3A 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 2026-3 Bonds from the gross income of the owners thereof for federal income tax purposes.

The Bond Reserve Fund Requirement with respect to the Issue 2026-3 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 2026-3 Bonds plus the amount on deposit in the related Issue 2026-3 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 2026-3 Bonds. Proceeds of the Issue 2026-3A Bonds, Issue 2026-3B Bonds and Issue 2026-3C Bonds, together with any contribution from THDA of available THDA funds, initially shall be deposited (a) in the principal amount of $[_______], in the Issue 2026-3AC Bond Subaccount of the Loan Fund, and (b) in the principal amount of $[_______], in the Issue 2026-3B Bond Subaccount of the Loan Fund. [On the Issuance Date, $[__________] of the amount on deposit in the Issue 2026-3AC Bond Subaccount of the Loan Fund [(representing [the principal] [a portion of] the proceeds of the Issue 2026-3A 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 2026-3 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 2026-3B Bonds. The proceeds of the Issue 2026-3B 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 2026-3B 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 2026-3B Bonds bearing interest at a Short Term Rate, that amounts on deposit in the Issue 2026-3B Subaccount of the Loan Fund shall be used to pay debt service on Bonds other than the Issue 2026-3B 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 2026-3 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 2026-3 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 2026-3 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 2026-3 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 2026-3A (Non-AMT)] [Issue 2026-3B (Non-AMT)] [Issue 2026-3C (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 2026-3 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2026-3 Bonds and neither the members of THDA nor any person executing the Issue 2026-3 Bonds may be liable personally on the Issue 2026-3 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 2026-3 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 2026-3 Bonds. The Issue 2026-3 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 2026-3 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 2026-3 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 2026-3 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 2026-3 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 2026-3 Bonds, or other material events affecting the tax status of the Issue 2026-3 Bonds;

(vii) modifications to rights of the holders of the Issue 2026-3 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 2026-3 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 2026-3 Bonds or defeasance of any Issue 2026-3 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 2026-3 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 2026-3 Bonds whether or not the Rule applies to such Issue 2026-3 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2026-3 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 2026-3 Bonds or (B) the holders of the Issue 2026-3 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 2026-3 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 2026-3 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 2026-3 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 2026-3 Bonds are herein established subject to confirmation by the Designated Authorized Officer upon the approval of the sale of the Issue 2026-3 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 2026-3 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 2026-3B 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 2026-3B 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 2026-3A PAC BONDS]

Date	Issue 2026-3A PAC Bonds Planned Amortization Amount

[[400]% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2026-3A BONDS]

Date	Cumulative Amount	Date	Cumulative Amount

[Add tables as needed for Issue 2026-3B PAC Bonds and Issue 2026-3C PAC Bonds, if any.]

EXHIBIT C

FORM OF BOND

REGISTERED

R-[3A][3B][3C]-__ **$[_________]**

TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2026-3[A][B][C] [(Non-AMT)][Federally Taxable]

Interest Rate	Dated Date	Maturity Date	Cusip
[___]%	[_____], 2026	[_____]	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 2026-3[A][B][C]" (herein called the "Bonds") issued in the aggregate principal amount of $[________] under the General Resolution, a resolution of THDA adopted on September 15, 2026, as approved in its amended and supplemented form by the Designated Authorized Officer on [__________ __], 2026 (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 ______________________________
Rick Neal
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 2026-3[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: __________ __, 2026

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 Develop-- ment Agency Authorizing Reimbursement of THDA from Proceeds of Issue 2026-3 Adopted September 15, 2026

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 2026-3, 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 the Tennessee Housing Development Agency 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	**Ralph Perrey**
Governor	**Executive Director**

THDA Board of Directors Board Meeting Agenda

(directly following Bond Finance Committee Meeting)

Tuesday, September 15, 2026, at 10:00am CT
Nashville Room, 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. **CFO Update**
Financial Status Update
CSG Presentation

E. **Single Family Business**
Business Update

E. **Multifamily Business**
Business Update

F. **Board Action items** *(* items require Board vote)*
1. Approval of Board Meeting Minutes – July 28, 2026*
2. Board Meeting Schedule – 2027*
3. ROC USA Presentation
4. ROC USA Project Support*
5. Bond Issue 2026-3*
6. THDA Proposed Budget for Fiscal Year 2028*
7. National Housing Trust Fund Program Description – 2027*

EQUAL HOUSING OPPORTUNITY

8. Multi-Family Tax Exempt Bond Program Description – 2027*
9. Community Workforce Housing Pilot Program Description – 2027*

G. Annex

1. HOME Homeownership Rehabilitation Program Awards – 2026
2. Emergency Solutions Grants Awards – 2026

Tennessee Housing Development Agency
Board of Directors

Chief Financial Officer Update

Tennessee Housing Development Agency

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

Bill Lee	**Ralph Perrey**
Governor	**Executive Director**

To: THDA Board of Directors
From: Michell Bosch, Chief Financial Officer
Date: September 15, 2026
Subject: Financial Status Update – 2026

Recommendations:

- For informational purposes only.

Key Points:

- Year-over-year assets and liabilities declined due to our efforts to reduce debt and strengthen the balance sheet.
- Mortgage interest revenue is lower due to drops in loan production.
- Residential Finance Program Bonds, Series 2026-2 priced successfully.
- June 30, 2026 Investment Report is included in the Annex.

Background:

Draft financial results as of June 30, 2026, are provided in the tables below. The figures are presented as estimates because certain year-end entries have not yet been finalized and the financial statements have not been audited. The reports do not currently include the pension liability or compensated absence adjustments, as those calculations have not yet been received from the Tennessee Department of Finance and Administration.

Effective June 15, 2026, new accounting standards issued by the Governmental Accounting Standards Board (GASB) became applicable to our financial reporting. GASB Statement No. 103 changes the presentation of certain revenues and expenses within the financial statements. Most notably, investment interest income, net appreciation/depreciation in the fair value of investments, bond interest expense, and lease interest expense are now reported as nonoperating activities.

EQUAL HOUSING OPPORTUNITY

This means operating revenues and operating expenses will appear lower than in prior years because the aforementioned categories are no longer included in operating results. This presentation change affects the classification of revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Position but does not affect their methodology or the calculation of net position. So, the Agency's overall financial position and results of operations remain comparable to prior years.

Net Position

Total assets decreased by $204.6 million, or 4.2%, while total liabilities decreased by $226.7 million, or 5.4%. These declines reflect, in part, management's ongoing balance sheet strategy to reduce outstanding debt, including increased bond call redemptions during the year.

Statement of Net Position (Estimated)

(in thousands)	6/30/2026	6/30/2025
Current assets	$ 857,471	$ 1,090,256
Capital assets	2,162	3,194
Other noncurrent assets	3,822,638	3,793,476
Total assets	**4,682,271**	**4,886,926**
Deferred outflows of resources	4,900	4,981
Current liabilities	(376,613)	(355,779)
Noncurrent liabilities	(3,621,060)	(3,868,607)
Total liabilities	**(3,997,673)**	**(4,224,386)**
Deferred inflows of resources	(2,076)	(2,561)
Investment in capital assets	2,160	3,194
Restricted net position	685,260	602,238
Unrestricted net position		59,528
Total net position	$ 687,420	$ 664,960

Changes in Net Position

We originated approximately $413 million in new loans during fiscal year 2026, a decrease of $35 million, or 7.8%, from the prior year. The lower level of mortgage production contributed to decreases in both mortgage interest revenue and related interest expense, resulting in a $10 million decline in the change in net position compared to the prior year. Growth in net position is important because it provides financial capacity to support down payment assistance programs and grants funded through the Tennessee Housing Trust Fund.

Statement of Revenues, Expenses, and Changes in Net Position (Estimated)

(in thousands)	2026	2025*
Operating revenues		
Mortgage interest income	140,552	149,454
Other income	53,280	48,560
Total operating revenues	193,832	198,014
Operating expenses		
Total operating expenses	77,791	85,048
Operating income	116,041	112,966
Noncapital subsidies		
Intergovernmental revenue	515,812	548,583
Intergovernmental expenses	(521,298)	(555,710)
Operating income and Noncapital subsidies	110,555	105,839
Other nonoperating revenues (expenses)		
Payment from primary government	26	148
Investment earnings	53,483	64,782
Interest expense	(141,604)	(138,147)
Total other nonoperating expenses	(88,095)	(73,217)
Beginning net position	664,960	634,885
Change in net position	**22,460**	**32,622**
Cumulative change in accounting principle FY-2025		(2,547)
Ending net position	$ 687,420	$ 664,960

*Originally reported operating revenues and expenses have been re-arranged for comparison purposes.

Debt Update
Since the last Board update, S&P Global and Moody's Ratings have reaffirmed our credit ratings of AA+ and Aa1, respectively, both with a Stable Outlook. These ratings reflect a comprehensive evaluation of THDA's credit profile, including financial performance, asset and liability management, liquidity, and overall balance sheet strength. A key component of that evaluation is the Program Assets-to-Debt Ratio (PADR).

With the support of our municipal advisor, CSG Advisors, the Debt Management team priced the Residential Finance Program Bonds, Series 2026-2 on August 18, 2026, with a total principal amount of $200 million. The transaction received strong investor demand, led by Raymond James & Associates as senior manager. Among the co-managers, BofA Securities, the newest addition to THDA's underwriting team, generated the second-highest order volume.

The final structure includes serial bonds, lockout bonds, and term bonds, with an average life of approximately 11.7 years and a final maturity of July 1, 2056. The transaction achieved a net true interest cost of 4.78%. The structure provides additional flexibility to manage future bond redemptions should mortgage loan prepayments increase. The bonds are expected to close on September 18, 2026, and proceeds will be used to fund qualified mortgage loans and pay related issuance costs.

Budget Update
As part of the FY 2027-2028 budget submission process, THDA will submit a budget increase request to the State. The request does not seek State funding; increases will be funded through Agency resources. The request includes reclassification of positions and other operating expense increases to support base-budget needs. Board and State approval would help align THDA's authorized staffing complement with its current operational and programmatic responsibilities.

Investment Update
As of June 30, 2026, THDA's investment portfolio earned an effective rate of return of 4.7%, excluding overnight money market investments. Investments are allocated among five funds: the General Fund, Escrow Fund, Float-Equity Fund, Bond Reserve Fund, and Loan Fund, and are managed in accordance with the Agency's investment policy. The June 30, 2026 investment report is included in the annex for additional detail.

Board Items

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
July 28, 2026

Pursuant to the call of the Chair, the Tennessee Housing Development Agency (THDA) Board of Directors (the "Board") met in regular session on Tuesday, July 28, 2026, at 10:13 AM CT in TN Room #2 of the Tennessee Towers, Nashville, Tennessee.

The following board members were present in person: Chair Rick Neal, Stephen Dixon, Micheal Miller, Hancen Sale, Eva Romero, Rob Mitchell, Secretary of State Tre Hargett, Treasurer David Lillard, Katie Armstrong (for Comptroller Jason Mumpower) and Alex Schuhmann (for Commissioner Jim Bryson). Those absent were Dan Springer, Maeghan Jones, and Corey Divel.

Chair Neal welcomed the Board and opened the floor to anyone present from the public who wished to address the Board. Seeing none, Chair Neal closed the floor to public comment.

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

Mr. Perrey shared the following:

- The "*21st Century Road to Housing*" legislation has become law without the President's signature.
- THDA is watching a proposed rule by the Office of Management and Budget, which would inject a significant amount of federal oversight into grants made by states.
- The FDIC and Office of Controller of the Currency are planning to revise the Community Reinvestment Act in ways that could undercut the market for housing tax credits.
- THDA is working to implement the Workforce Housing pilot that the General Assembly approved this year with $20 million.

At the conclusion of Mr. Perrey's remarks, Mr. Neal recognized Ms. Michell Bosch, Chief Financial Officer, for a financial status update. Ms. Bosch gave a debt portfolio overview and explained how THDA decides funding sources.

Then, Chair Neal recognized Ms. Lindsay Hall, Chief Operating Officer of Single-Family Loan Programs, for a Single-Family Programs Business update that included the Real Estate Owned Status of 38 properties totaling $5.93 million and discussed the benefits of adding teachers to the Homeownership for Heroes program.

Next, Chair Neal recognized Mr. Eric Alexander, Director of Multifamily Programs, for a Multifamily Programs Business Update. Mr. Alexander shared information about the 9% Low Income Housing Tax Credit Round as well as the 2026 LIHTC Allocation Distribution. Mr. Dixon asked if there were any surprises in the most recent round. Mr. Alexander replied that there were no surprises, but they were pleased with the volume and variety of applications. Mr.

Mitchell then inquired about the number of the 52 applications that fell into the rural category. Mr. Alexander said he would find that information for him and let him know. (It was later reported to Mr. Mitchell 18 of the 52 applications were in rural/balance of state counties.)

Chair Neal then asked for consideration of the May 12, 2026, board meeting minutes. Upon motion by Mr. Dixon and a second by Ms. Romero, the motion carried, and the minutes were approved.

Next, Chair Neal asked Mr. Perrey to leave the room to discuss THDA's Executive Director evaluation. Treasurer Lillard proposed that Mr. Perrey receive an Advanced rating and compensation equivalent to his rating based on THDA's standards. Upon motion by Treasurer Lillard and a second by Secretary Hargett, the motion to approve Mr. Perrey's evaluation was carried.

Then, Chair Neal, Chair of the Bond Finance Committee, brought to the Board a recommendation from the Bond Finance Committee, in the form of a motion and a second, the approval of Bond Issue 2026-2. Upon vote by the full Board, the motion to approve Bond Issue 2026-2 was carried.

Chair Neal recognized Mr. Don Watt, Chief Programs Officer, for an overview of the HOME-ARP Rental Housing Development Program Description – 2026, as outlined in the memo dated July 13, 2026, from himself and Bill Lord, Director of Community Housing, as found in the board packet. Mr. Watt explained that THDA is setting aside $18.8 million of HOME-ARP funds to implement the Program Description to encourage the construction of affordable rental housing for qualifying populations and low-income households across the State. Upon motion by Treasurer Lillard and a second by Mr. Dixon, the motion to approve the HOME-ARP Rental Housing Development Program Description – 2026, was carried.

Next, Chair Neal recognized Ms. Rebecca Carter, Director of Community Services, for an overview of the HOME-ARP Supportive Services Program Description - 2026, as outlined in the memo dated July 13, 2026, from herself and Don Watt, Chief Programs Officer, as found in the board packet. Ms. Carter highlighted key changes to the program, including that the program increased funding to $12 million and that the minimum award be $250,000 and maximum award be $1,000,000. Upon motion by Mr. Sale and a second by Treasurer Lillard, the motion to approve the HOME-ARP Supportive Services Program Description – 2026 was carried.

Again, Chair Neal recognized Ms. Rebecca Carter, Director of Community Services, for an overview of the LIHEAP Model Plan Authorization – 2027, as outlined in the memo dated July 13, 2026, from herself and Don Watt, Chief Programs Officer, as found in the board packet. Ms. Carter highlighted a revised LIHEAP Benefit Matrix, to be effective in Federal Fiscal Year (FFY) 2027, with a minimum benefit starting at $300 and a maximum benefit capped at $800. Upon motion by Secretary Hargett and a second by Mr. Mitchell, the motion to approve the LIHEAP Model Plan Authorization – 2027 carried.

Chair Neal then recognized Mr. Eric Alexander, Director of Multifamily Programs, for an overview of the Qualified Allocation Plan – 2027, as outlined in the memo dated July 13, 2026, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Mr. Alexander explained that no substantive changes are being recommended in the draft. Upon motion by Treasurer Lillard and a second by Mr. Miller, the motion to approve the Qualified Allocation Plan – 2027 was carried.

Once again, Chair Neal recognized Mr. Eric Alexander, Director of Multifamily Programs, for an overview of the Amendment to the National Housing Trust Fund Program Description – 2026, as outlined in the memo dated July 13, 2026, from himself and Don Watt, Chief Programs Officer, as found in the board packet. Mr. Alexander highlighted that to fully utilize the NHTF available, staff propose implementing a Round Two that will expand the types of rental projects that would be eligible for NHTF dollars under the existing program description. Upon motion by Mr. Sale and a second by Mr. Miller, the motion to approve the National Housing Trust Fund Program Description – 2026 carried.

Next, Chair Neal recognized Ms. Amy Shaftlein, Executive Director of United Housing, for an overview of the work Convergence Memphis has done with the previous year's grant. Secretary Hargett inquired about what would happen without THDA's support. Ms. Shaftlein replied that eight developments would not have happened, home expos would diminish, less support staff would be available, and the building of ten homes would all be affected. Treasurer Lillard expressed interest in 3-D Homes and requested more details once completed.

Following Ms. Shaftlein's presentation, Chair Neal recognized Mr. Don Watt, Chief Programs Officer, for an overview of the Convergence Memphis Sustaining Grant to United Housing, Inc. – 2027, as outlined in the memo dated July 13, 2026, from himself and Bill Lord, Director of Community Housing, as found in the board packet. Mr. Watt proposed $250,000 support for a third-year sustaining grant. Upon motion by Treasurer Lillard, a second by Ms. Romero, and an abstention by Chair Neal, the motion to approve the Convergence Memphis Sustaining Grant to United Housing, Inc. – 2027 carried.

Again, Chair Neal recognized Mr. Don Watt, Chief Programs Officer, for and overview of the Appalachia Service Project HOME Urban/Rural Program Extension Request –2023, as outlined in the memo dated July 13, 2026, from himself and Bill Lord, Director of Community Housing, as found in the board packet. Mr. Watt requested a 12-month extension of their contract term due to delays following Hurricane Helene. Upon motion by Mr. Dixon and a second by Mr. Schuhmann, the motion to approve the Appalachia Service Project HOME Urban/Rural Program Extension Request –2023 carried.

Then, Chair Neal recognized Mr. Spencer Pratt, Treasurer of Habitat for Humanity Board of Directors, for an overview of the work Habitat has done with the previous year's grant. Mr. Pratt introduced Ms. Laura Kelly, Executive Director of Holston Habitat for Humanity. She explained that grant funding helps affiliates throughout the state and 477 homes have been constructed since 2008.

Following Ms. Kelly's presentation, Chair Neal recognized Mr. Don Watt, Chief Programs Officer, for an overview of Habitat for Humanity Set-Aside Program Description – 2027. Mr. Watt asked the board to authorize the set-aside of $500,000 in Tennessee Housing Trust Fund ("THTF") funding to cover the program implementation. Updon motion by Mr. Schuhmann and a second by Ms. Romero, the motion to approve the Habitat for Humanity Set-Aside Program Description – 2027 was carried.

Once again, Chair Neal recognized Mr. Don Watt, Chief Programs Officer, for an overview of the Affordable Housing Development Gap Program Description Amendment –2025, as outlined in the memo dated July 13, 2026, from himself and Bill Lord, Director of Community Housing, as found in the board packet. Mr. Watt requested to allow the adopted revisions to the Program Description to apply back to May 1, 2025, when the program was first implemented. Upon motion by Mr. Dixon and a second by Ms. Romero, the motion to approve the Affordable Housing Development Gap Program Description Amendment –2025 carried.

Finally, Chair Neal recognized Ms. Lindsay Hall, Chief Operating Officer of Single-Family Loan Programs, for an overview of the Single-Family Mortgage Loan Program Income Limits – 2026, as outlined in the memo dated June 25, 2026, from Dhathri Chunduru, PhD, Director of Research and Planning, as found in the board packet. Mr. Dixon commented that the decrease could negatively impact people relocating to the Johnson City area. Secretary Hargett concurred. Ms. Hall explained that the IRS and HUD determine the changes, and they must be adopted wholesale and cannot be adopted in parts by THDA. Upon motion by Mr. Dixon and a second by Mr. Miller, the motion to approve the Single-Family Mortgage Loan Program Income Limits – 2026 carried.

Noting that all action items for the Board were completed, Chair Neal acknowledged additional board materials in the Annex.

With no further business, the meeting was adjourned at 11:34 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 15th day of September 2026

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

2027 THDA Board of Directors Meeting Schedule

- Tuesday, January 26, 2027
- Tuesday, March 23, 2027
- Tuesday, May 25, 2027
- Tuesday, July 20, 2027
- Tuesday, September 28, 2027
- Tuesday, November 16, 2027

*The Committee meetings will begin at 10:00am. The Board meeting will directly follow the Committee meetings.

A TENNESSEE PARTNERSHIP

Preserving Tennessee's Affordable Housing Through Resident Ownership

ROC USA is a national nonprofit that helps homeowners in manufactured home communities (MHCs) purchase and cooperatively own the land beneath their homes. By pairing capital with hands-on coaching, we preserve affordable homeownership and create stable, thriving communities.

What We Do

ROC USA empowers manufactured home communities nationwide through cooperative resident ownership, pairing capital with hands-on coaching so that homeowners — not outside investors — control the land under their homes.

Preserve	We preserve affordable homeownership by putting control in the hands of residents, not speculative investors.
Finance	Our CDFI provides below-market, long-term acquisition and mortgage financing to bring down the cost of acquisition for residents.
Coach	Our ongoing business and governance coaching ensures resident co-ops thrive after closing.

Why We Do It

Manufactured home communities are a 70-year-old industry where land is owned by investors and homes are owned by individual families — a structural imbalance that leaves homeowners exposed whenever a community changes hands.

THE PROBLEM

- Excessive lot-rent increases turn affordable homes unaffordable and strip equity.
- Disinvestment in infrastructure creates unsafe living conditions.
- Displacement occurs when a community is closed or converted.

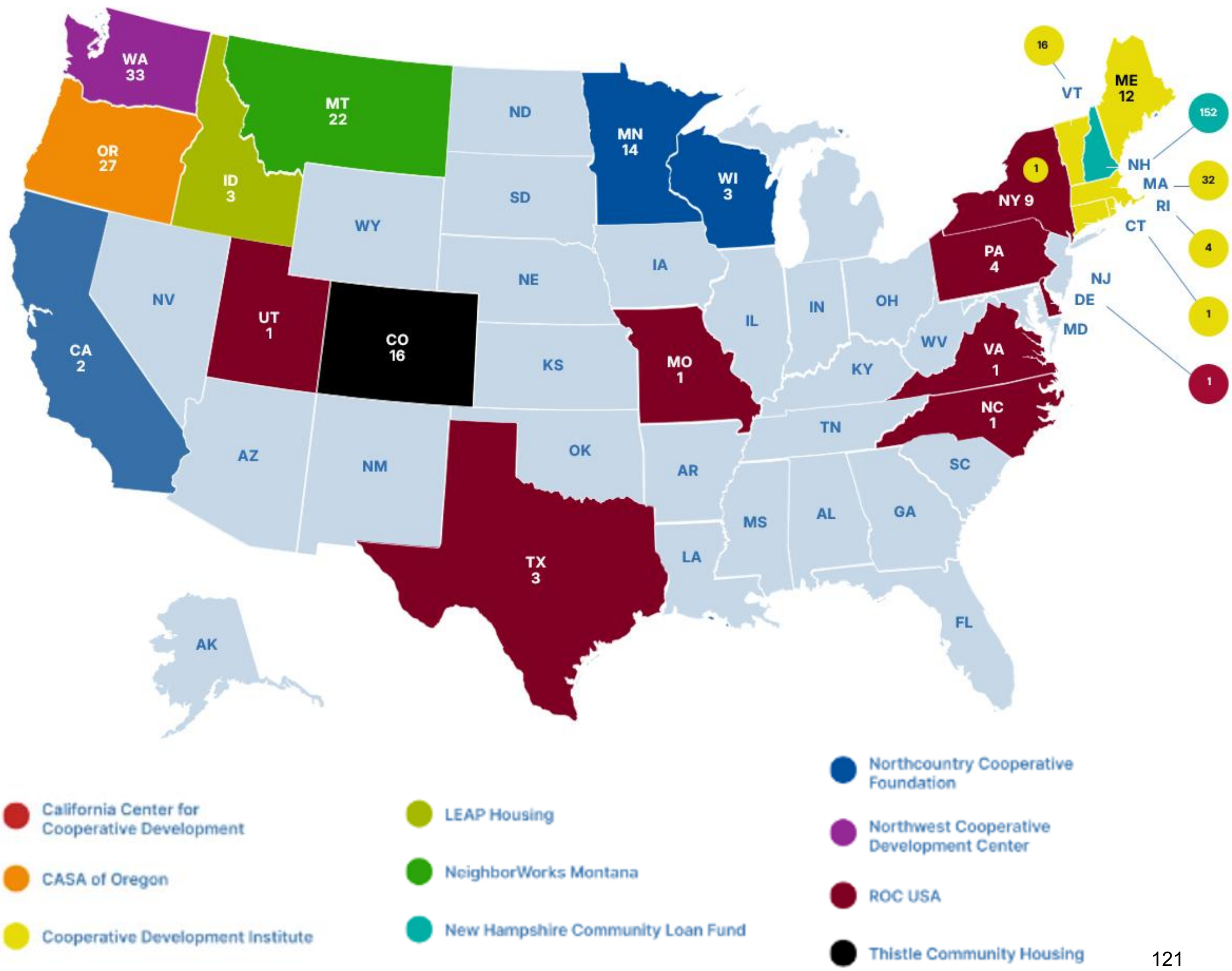
THE SOLUTION

- Help homeowners buy the community outright so they control rents.
- Provide affordable capital to help make the purchase affordable to residents.
- Provide ongoing business and governance coaching to support cooperatives.

The Impact Speaks for Itself

363	Nationwide, there are 363 ROCs in 22 states – proving that this model works.
24,648	24,648 individual homes have been preserved through resident ownership.
$600	Annual site fees are, on average, $600 below market after 5 years of resident ownership.
0.9%	The average annual rent increase at a ROC is 0.9%, compared to over 7% in commercially owned communities.
$80,000	After 14 years (the average tenure in a manufactured home), a family saves $80,000 in lot fees compared to what they would pay in a commercially owned community.
85%	85% of ROC homeowners have incomes below 80% AMI; 60% are below 50% AMI.
$1.12B	Over $1B of financing has facilitated resident purchases of MHCs, with over $500M coming from ROC USA's own CDFI.

ROC USA's Impact

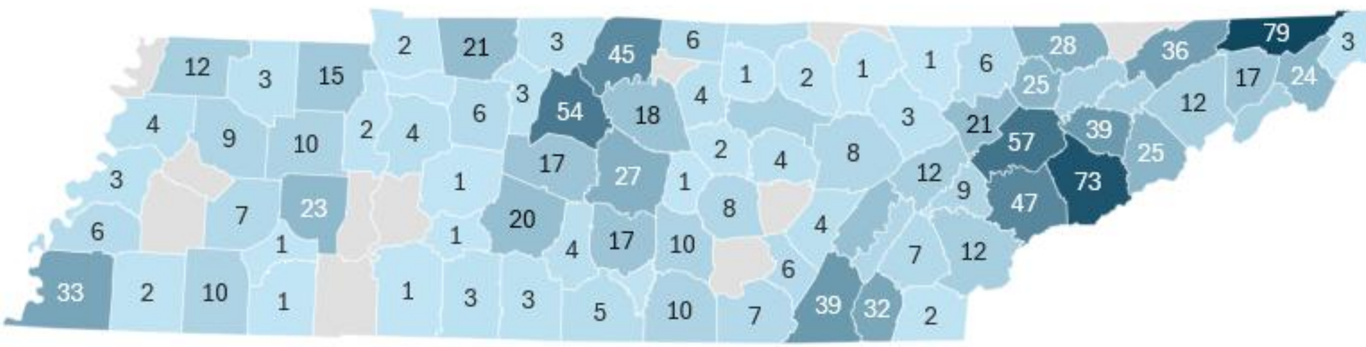


WHY TENNESSEE, WHY NOW

TN is home to 1,160 manufactured home communities, comprising 251,509 homes. This represents 7.9% of the state’s total housing stock and is more than double the state's federally subsidized housing stock. TN is experiencing an influx of private equity and REITs that are purchasing MHCs and substantially increasing lot rents. While industry actors have already consolidated much of the market in Middle TN, resident ownership presents an opportunity to preserve affordable homes before it is too late, especially in East, West, and rural TN.

With decades of experience converting MHCs to ROCs, we know which factors make a community most suitable for resident ownership and result in the most successful outcomes for homeowners. We analyzed the TN stock of MHCs based on park size, flood zone, and ownership type to create an estimate of each park’s feasibility for ROC conversion, finding that 158 communities (comprising 18,229 homes) show high potential for resident ownership.

Tennessee MHCs by County



Why Subsidy Is Critical

Resident ownership only works if financing pencils out for homeowners. Without below-market capital to supplement what is available through ROC USA’s CDFI, acquisition costs translate directly into rent increases that can price out the very residents the model is designed to protect.

CASE IN POINT: Confidential MHC, PARIS, TN

44 home sites · current lot fee $280/mo · total acquisition cost $2.1M

Scenario	Financing	Resulting Lot Fee
Without subsidy	$2.1M loan from ROC USA Capital	**$490/mo — $210 increase, unaffordable**
With THDA grant	$1.15M loan from ROC USA Capital + $950K grant from THDA	**$330/mo — stays below market**

WHAT THIS PARTNERSHIP MAKES POSSIBLE

Subsidy is not a bonus to the resident ownership model — it is the mechanism that keeps acquisition financing affordable enough for a cooperative of homeowners to carry. HFAs in states including Colorado, Washington, Minnesota, Virginia, Kentucky, and others have partnered with ROC USA to support resident acquisitions through loan participations, subordinate debt, and capital grants. By committing $1M in grant subsidy directly to ROC USA Capital — dedicated exclusively to Tennessee's first ROC demonstration project — THDA joins these HFAs in preserving manufactured home communities for generations to come.

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To: THDA Board of Directors
From: Ralph Perrey, Executive Director
Date: September 1, 2026
Subject: ROC USA Project Support

Recommendation:

- We ask the Board's approval to provide up to one million dollars for a demonstration project in support of ROC USA's effort to establish its first resident-owned manufactured home community in Tennessee, funds to be provided at such time as a suitable acquisition opportunity presents itself.

Background:

- ROC USA, founded in 2008, works to help residents of mobile home parks own the land on which their homes are sited. From its base in New Hampshire, ROC USA now operates through affiliates in 21 states and is making its first efforts in Tennessee.
- ROC USA has raised over $47 million from investors for its acquisition fund. Working with residents themselves, ROC USA identifies stable and well-maintained mobile home communities, then negotiates the purchase of the park from its owner. Residents, who had been paying a monthly lot rent to the landowner, will now pay a monthly "mortgage" payment to ROC USA to repay the amount of the land purchase.
- With subsidy provided by THDA, that resident "mortgage" payment can remain close to what residents were paying for lot rent and provide residents with the certainty that future payments will remain affordable.
- There are more than 1100 mobile home parks in Tennessee, with the heaviest concentration being in East Tennessee. Because the resident-owned approach has never been tried in Tennessee, we believe this to be a worthwhile demonstration project that may invite other investors to support the improvement and stabilization of mobile home communities in our state.

EQUAL HOUSING OPPORTUNITY

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To:	THDA Board of Directors
From:	Eric Alexander, Director of Multifamily Programs
	Don Watt, Chief Program Officer
Date:	August 31, 2026
Subject:	National Housing Trust Fund Program Description - 2027

<u>Recommendation:</u>

- Adopt the attached 2027 National Housing Trust Fund Program Description ("NHTF PD"); and,
- 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.

<u>Key Points:</u>

- Added mandatory requirements that a project must be managed in accordance with all applicable immigration restrictions and requirements, including the eligibility and verification requirements that apply under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646) ("PRWORA") and any applicable requirements that the U.S. Department of Housing and Urban Development , the Attorney General, or the U.S. Citizenship and Immigration Services may establish.
- Additional changes from the 2026 NHTF PD are minimal, consisting of revisions necessary to reflect the year change, updated limits and anticipated NHTF amounts, and clarification of language in Section 25 ("Environmental Review") regarding when environmental reviews must be completed.

<u>Background:</u>

The federally funded NHTF program is designed for the production and preservation of affordable rental housing through the acquisition, new construction, or rehabilitation of housing for households with extremely low incomes.

EQUAL HOUSING OPPORTUNITY

THDA will make NHTF awards in conjunction with the 9% Low-Income Housing Tax Credits ("Competitive LIHTC"), utilizing the Competitive LIHTC application and scoring process. Funding will be targeted towards proposals for permanent Supportive Housing and for housing in Rural Counties. THDA will notify successful applicants in conjunction with notification of Competitive LIHTC program awards. All funds will be made available as a loan to successful applicants.

TENNESSEE HOUSING DEVELOPMENT AGENCY

NATIONAL HOUSING TRUST FUND

~~2026~~2027 PROGRAM DESCRIPTION

The Tennessee Housing Development Agency (THDA) administers the federally funded National Housing Trust Fund (NHTF), which is designed for the production and preservation of affordable rental housing through the acquisition, new construction, or rehabilitation of affordable housing for households with extremely low incomes. The purpose of this Program Description is to explain the program requirements and application process.

NHTF loans are awarded in conjunction with 9% Low-Income Housing Tax Credits (Competitive LIHTC), utilizing the Competitive LIHTC application and scoring process. Applications for the ~~2026~~2027 NHTF program will be accepted concurrently with, and as a part of, an application for ~~2026~~2027 Competitive LIHTC under the ~~2026~~2027 Qualified Allocation Plan, and will be targeted towards proposals for permanent Supportive Housing and proposals for multifamily housing in Rural Counties. THDA will notify successful applicants in conjunction with notification of Competitive LIHTC program awards.

Development partners intending to apply for NHTF resources must demonstrate the need for NHTF as a part of their Competitive LIHTC application, available through the THOMAS website.

THE NATIONAL HOUSING TRUST FUND LEGAL AUTHORITY

The NHTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289) (HERA). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) (Act) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund."

This program is governed by Title 24 Code of Federal Regulations, Parts 91 and 93; Interim Rule through the U.S, Department of Housing and Urban Development (HUD). Those regulations are incorporated by reference in this Program Description. In cases of conflicting requirements, the more stringent requirement will apply, unless contrary to federal or state law.

Tennessee operates a THDA-funded Housing Trust Fund commonly known as the “Housing Trust Fund”, “HTF”, or the “Tennessee Housing Trust Fund.” While all references in this Program Description and other related documentation refer to the funding hereunder as the “National HTF” or “NHTF”, all federal requirements will identify this resource as the "Housing Trust Fund” or “HTF”. Applicants and recipients of NHTF funding must maintain awareness of this distinction in all program documentation.

1) ALLOCATION OF FUNDS

NHTF 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 ~~2026~~2027 NHTF allocation is unknown until earnings are reported by designated Government Sponsored Enterprises (“GSE”) and a formula allocation is determined by HUD. However, THDA anticipates receipt of an amount equivalent to the amount received in FY 2025, approximately $3,300,000. Additionally, THDA may make available any returned or leftover funds from the 2025 or earlier funding rounds as determined at the time of award.

a. THDA will award ninety percent (90%) of the allocated amount in NHTF funds to successful applicants (“LIHTC Owners” or “Owners”). Each award will be a minimum of one hundred thousand dollars ($100,000) and a maximum of one million, five hundred thousand dollars ($1,500,000).

b. THDA will use ten percent (10%) of the NHTF allocation for its own administrative expenses.

2) COMMITMENT OF FUNDS DEADLINE

Owners will receive a conditional "Reservation of Program Funds for the ~~2026~~2027 National Housing Trust Fund" ("Reservation") usually within 30 days of the announcement of successful applicants. NHTF funds are not considered committed until THDA executes a Loan Agreement with the Owner, which is referred to as the Written Agreement under 24 CFR 93. All funds must be committed as defined under that section, by the deadline outlined in the Reservation. However, prior to THDA committing the funds, the Owner must satisfy all requirements under the Reservation by the deadlines outlined therein. Owners will have three (3) years from the issuance of the Reservation of Funds to complete project construction and obtain a certificate of occupancy for all buildings associated with the project.

3) RESERVATION OF FUNDS REQUIREMENTS

The requirements under the Reservation include, but may not be limited to, the following items. Failure to satisfy all applicable requirements of the Reservation in accordance with the deadlines established in the Reservation may result in cancellation of the Reservation.

a. Execution of the Reservation by the deadline outlined within the Reservation;
b. Establishment of a Unique Entity Identifier (UEI) number through SAM.gov.
c. Submission and approval by THDA of site and neighborhood standards documentation;
d. Obtainment of firm commitments for all financing necessary for the construction project, excluding THDA's commitment of NHTF resources, and approval by THDA of a subsidy layering review;
e. Development of a firm project budget and schedule demonstrating that construction will begin no later than the deadline established in the Reservation;
f. Submission of evidence, and the approval of such by THDA, that confirms the project site is not located in an area identified by the Federal Emergency Management Agency as having special flood hazards; and
g. Completion of a work scope or plans and specifications meeting THDA's Minimum Design

Standards for the Rehabilitation/New Construction of Single Family and Multifamily Housing;

h. The Project must meet the applicable Property Standards, including the Program Environmental Provisions at 24 CFR 93.301(f)(1) or (2) at project completion (§ 93.407(a)(2)(iv)). Project Completion as defined at 24 CFR § 93.2 requires, among other things, that the Project complies with the requirements of Part 93 (including the property standards under 24 CFR 93.301). If a Project cannot meet the Program Environmental Provisions, the Project cannot be funded by NHTF Program funds.

   i. The Environmental Review covers the entire Project, not just the portion funded by NHTF Program funds;

   ii. Owner acknowledges that THDA and Owner will be responsible for carrying out environmental reviews in accordance with HUD Notice CPD-16-14. Owner is responsible for gathering the information required for the environmental review. No funds may be drawn on the Project until a complete and compliant HTF Environmental Review has been submitted and Owner has received a "Notice of Authority to Use Grant Funds" from THDA;

   iii. However, if the Project will include other HUD Funds subject to 24 CFR Part 50 and Part 58, HUD funds cannot be committed to the Project until the environmental review is complete. The Part 50 or Part 58 environmental review that will meet the HTF Environmental Provisions at Project Completion must be completed prior to commitment of other HUD funding. If the Project cannot meet the HTF Environmental Provisions, the Project cannot be funded by NHTF.

4) ELIGIBLE APPLICANTS

THDA will accept applications for the NHTF program from any applicant applying for ~~2026~~2027 Competitive LIHTC. If THDA decides in its discretion to hold a second round, those eligibility requirements are below where such round is discussed.

5) SPEND DOWN REQUIREMENT

Applicants associated with projects with past NHTF awards must meet both of the following requirements in order to be eligible for NHTF in ~~2026~~2027:

a. Must not have received an award under the 202~~5~~6 NHTF Program Description round.

b. Submitted official Request for Payment Form(s) with supporting documentation for the following percentages of the previously-awarded funds by April 30, 2026~~5~~, to be eligible for the ~~2026~~2027 NHTF program:

NHTF YEAR	SPEND DOWN REQUIREMENT
~~2023~~ 2024 and previous NHTF Rounds	100%
~~2024~~ 2025 NHTF Round	50%
~~2025~~ 2026 NHTF Round	Not Eligible

6) APPLICATION AND EVALUATION PROCEDURE

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria include submission by an eligible applicant of a complete application, including any documentation required, submitted through THDA's THOMAS system and:

a. 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 of 24 CFR Parts 91 and 93, as amended.

b. Submission of a 30-Year Proforma demonstrating a need for the NHTF funds.

c. Proposals that will set-aside more than 20% 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: https://www.federalregister.gov/articles/2014/01/16/201400487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for- waivers-provider.

d. Applications meeting the threshold requirements will be scored and ranked according to the applicable criteria established in the ~~2026~~2027 QAP.

e. The top-ranking proposals for Permanent Supportive Housing and Multifamily Housing in Rural Counties (as defined in Exhibit A attached hereto and incorporated by this reference) will be awarded first, in order of their ranking, until funds are exhausted, subject to the requirements below. If NHTF funds remain after such awards, projects not proposing Permanent Supportive Housing or Multifamily Housing in Rural Counties will be awarded until funds are exhausted, subject to the requirements below.

f. Should there be NHTF funds remaining after the ~~2026~~2027 Competitive LIHTC round (Round One), THDA, in its sole discretion, may elect to hold a second round of funding (Round Two). All previously allocated LIHTC and Multifamily Tax-Exempt Bond rental projects that have not yet placed in service will be eligible for NHTF funds in Round Two. Projects previously awarded project-based vouchers, and/or awarded tax credits under the ~~2026~~2027 Competitive LIHTC round, will receive priority.

    i. In the event THDA elects to hold a second round of funding, an application deadline will be announced by THDA.

    ii. Applications submitted under Round Two will be subject to all applicable requirements of this Program Description. All proposals will be ranked according to the scoring criteria outlined under the ~~2026~~2027 Qualified Allocation Plan.

g. When the amount of funds remaining 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.

    i. 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 NHTF program.

    ii. 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 NHTF program.

7) FORM OF ASSISTANCE

NHTF funds will be awarded as a low-interest loan based on the Applicable Federal Rate ("AFR"), due at maturity and secured by a note, deed of trust, and restrictive covenants. Owners shall execute a note and record a fully and accurately executed deed of trust and restrictive covenants during the construction phase and provide copies of such to THDA prior to requesting any draws.

8) LEVEL OF SUBSIDY

The investment of NHTF funds must conform to the following minimum and maximum standards per unit:

a. Minimum NHTF Funds: $1,000 per unit

b. Maximum NHTF Funds Per Unit:

$~~136,613~~187,658	0-Bedroom (Efficiency) Limit
$~~156,036~~215,122	1-Bedroom Limit
$1~~89,745~~261,595	2-Bedroom Limit
$~~245,470~~338,419	3-Bedroom Limit
$~~269,447~~371,477	4-Bedroom Limit

THDA reserves the right to adjust the Maximum NHTF Funds Per Unit as they may be updated by HUD.

9) DEVELOPER FEE

The Developer Fee is the sum of the Developer's overhead and the Developer's profit. Consulting fees and guarantor fees are also considered part of the total Developer Fee calculation. A Developer Fee of up to fifteen percent (15%) of the NHTF development costs, net of the development fee, prorated acquisition costs and any prorated permanent financing costs, may be charged as a project soft cost. No portion of the Developer Fee may be drawn until all monitoring fees have been paid.

10) ELIGIBLE ACTIVITIES

NHTF funds must be used to produce or preserve affordable, permanent rental housing that addresses the needs of extremely low-income households. 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 the applicable state and local codes. NHTF funds may only be charged to NHTF units or proportionately to residential buildings where NHTF fixed or floating units are located, per the allocation formula in HUD’s final rule for NHTF.

a. Eligible housing activities include:
   i. New construction of rental housing units.
   ii. Acquisition and/or rehabilitation of existing rental housing units.
b. Extremely Low-Income Household. An individual or household whose annual income does not exceed thirty percent (30%) of the area median family income of a geographic area, as determined by HUD with adjustments for smaller or larger families or households with incomes at or below the poverty line (whichever is greater).

11) UNIT DESIGNATION

In a project containing NHTF and other units, the Recipient may designate the NHTF units to be fixed or floating. This designation will be required in the application and designation of specific units must be included in the contracts between THDA and the Recipient.

12) PROHIBITED ACTIVITIES

a. Providing tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act.
b. 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.

c. Providing any form of housing that is considered short term or transitional.

d. Providing NHTF assistance to rental units that require reconstruction.

e. Providing NHTF assistance to rental units that are Manufactured Housing and/or Manufactured Housing lots.

f. Using NHTF funds to refinance existing debt.

g. Using NHTF funds for the acquisition and rehabilitation or new construction of housing for sale to home buyers.

h. Providing non-federal matching contributions required under any other Federal program.

i. Providing assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing).

j. Carrying out activities authorized under 24 CFR Part 968 (Public Housing Modernization).

k. Providing assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages).

l. Providing assistance to a project previously assisted with NHTF 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 NHTF funds may be committed to a project up to one year after project completion, but the amount of NHTF funds in the project may not exceed the maximum per-unit subsidy amount as determined 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; (See Paragraph 4 above)

m. Using NHTF funds for political activities; advocacy; lobbying, whether directly or through other parties; counseling services; travel expenses; and preparing or providing advice on tax returns.

n. Using NHTF funds for administrative, outreach, or other costs of the Recipient, or any other Recipient of such fund amounts, subject to the exception in Section 1338(c)(10)(D)(iii) of the Act,

o. Paying for any cost that is not eligible under 24 CFR 92.730 through 93.200.

13) LAYERING

Layering is the combination of government resources on a NHTF-assisted project.

a. The applicant must disclose all government resources that have been utilized and/or that the applicant intends to utilize in the NHTF project, especially THDA resources. Failure to disclose said information may result in cancellation of an award and result in money due to THDA.

b. The NHTF closing documents will require approval from the attorneys for all parties to the LIHTC transaction and, if applicable, HUD. Further, any Rental Assistance Demonstration ("RAD") Program project will require HUD approval. This may delay closing transactions.

c. THDA will review each project to ensure that only the minimum amount of NHTF assistance needed is allocated to the project.

d. Total NHTF resources allocated to any project cannot exceed the current maximum per unit subsidy limit.

14) LEASE-UP AND INITIAL OCCUPANCY

a. Projects must be fully occupied by income eligible tenants within six (6) months of issuance of a certificate of occupancy for the completed units. If all units are not fully occupied by income eligible tenants within six (6) months of completion of construction or acquisition and rehabilitation, the Recipient must report to THDA on current marketing efforts in a form and with substance as required by THDA.

b. If a rental project has not achieved initial occupancy within eighteen (18) months of completion, all NHTF funds invested in the rental project must be repaid to THDA.

15) MARKET

Applicants must document that neighborhood market conditions demonstrate a need for the project.

16) MIXED INCOME TENANCY

For the purpose of the NHTF Program, a "mixed income" project contains at least one residential unit that is set aside for an extremely low income household and one or more other residential units available to tenants in other higher income designations, as defined by HUD, including very low-income, low income, moderate income and/or above. NHTF funds may only be used for NHTF qualifying residential units.

17) MIXED USE PROJECTS

For purposes of the NHTF Program, a "mixed-use" project contains, in addition to at least one residential unit, other non-residential space which is available to the public. If laundry and/or community facilities are for use exclusively by the project tenants and their guests, then the project is not considered mixed-use. Neither a leasing office nor a maintenance area will trigger the mixed- use requirements. No NHTF funds can be used to fund the commercial or non-residential portion of a mixed-use project. Therefore, if a NHTF-assisted project contains such commercial or non- residential space, other sources of funding must be used to finance that space. In order to be eligible for NHTF funding, a mixed-use project must meet the following conditions:

a. NHTF funds can only be used to fund the residential portion of the mixed-use project which meets the NHTF rent limits and income requirements. 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 subject to the mixed-use requirements, unless the model apartment will be rented in the event of high occupancy.
b. Residential living space in the project must constitute at least fifty one percent (51%) of the total project space.
c. Each building in the project must contain residential living space.

18) RENT LEVELS AND UTILITY ALLOWANCES

Every NHTF assisted unit is subject to rent limits designed to make sure that rents are affordable to extremely low-income households. These maximum rents may be referred to as NHTF rents, and are available at https://www.hudexchange.info/programs/htf/htf-rent-limits/.

Rents are limited for the length of the Period of Affordability. These rents are determined on an annual basis by HUD. The Recipient/Owner will be provided with these rents, which include all utilities.

a. The cost of utilities paid by tenants must be subtracted (using applicable utility allowances) from the published NHTF rents to determine the maximum allowable rents.

b. THDA must annually review and approve the rents for each NHTF-assisted rental project. In addition, THDA 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 are reviewed and updated annually. Use of utility allowances provided by public housing authorities is not permitted.

c. NHTF rents are not necessarily representative of market conditions and NHTF rents may increase or decrease from year to year. Regardless of changes in fair market rents and in median income over time, the NHTF rents for a project are not required to be lower than the NHTF rents for the project in effect at the time of Commitment as defined at 24 CFR 93.2.

d. Each Recipient must be aware of the market conditions of the area in which the project is located. Rents shall not exceed the published NHTF rents, adjusted for utility arrangements and bedroom size.

e. If the NHTF-assisted unit receives project-based rental subsidy, and the tenant pays a contribution toward rent of not more than 30% of the tenant's adjusted income, then the maximum rent for the NHTF-assisted unit (only and specifically for the unit in which the project based rental subsidy is designated) is the rent allowable under the project-based rental subsidy program, also known as the payment standard.

f. For the duration of the Period of Affordability, the property must accept a Housing Choice Voucher if one is presented by a NHTF eligible tenant for a non-PBRA/PBV covered NHTF unit.

19) PERIOD OF AFFORDABILITY

The Period of Affordability is the thirty (30) year timeframe beginning at the time of Project Completion as defined at 24 CFR 93.2 during which projects receiving NHTF assistance will be required to maintain affordability to households at or below 30% AMI and must maintain compliance with NHTF regulations.

20) MANDATORY IMMIGRATION RESTRICTIONS & REQUIREMENTS

The Project must be managed in accordance with all applicable immigration restrictions and requirements, including the eligibility and verification requirements that apply under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646) ("PRWORA") and any applicable requirements that the U.S. Department of Housing and Urban Development ("HUD"), the Attorney General, or the U.S. Citizenship and Immigration Services may establish from time to time to comply with PRWORA, Executive Order 14218, or other Executive Orders or immigration laws. Thus, the Grantee must administer its grant in accordance with THDA's PRWORA Policy, as may be revised in accordance with federal guidance.

Owners shall not use the funding in a manner that by design or effect facilitates the subsidization or promotion of illegal immigration or shields illegal aliens from deportation, including by maintaining policies or practices that materially impede enforcement of federal immigration statutes and regulations.

Owners shall verify immigration status as required under THDA's PRWORA Policy to prevent any

Federal public benefit from being provided to an ineligible alien who entered the United States illegally or is otherwise unlawfully present in the United States.

~~20)~~21) LONG TERM OCCUPANCY REQUIREMENTS

Tenants whose annual incomes increase to over 30% of median may remain in occupancy, but must pay no less than thirty percent (30%) of their adjusted monthly income for rent and utilities.

~~21)~~22) INCOME LIMITS

NHTF funds must be used to benefit only Extremely Low-Income households.

a. The income limits apply to the incomes of the tenants, not to the owners of the property. 100% of the tenant households in NHTF-assisted units must meet the NHTF Income Limit established by HUD and effective at the time of application for occupancy of a NHTF-assisted unit.

b. Income Determination: To ensure that the income targeting requirements are met, a Recipient must verify that each household occupying an NHTF-assisted unit is income-eligible by determining the household's annual income. When determining eligibility, the Recipient must calculate annual income as defined at 24 CFR 5.6091. The method for determining and calculating annual income for tenants are also addressed in the full text of the interim rule.

c. 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 rental unit. Annual gross income is "anticipated" for the next twelve (12) months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

d. Current limits are available at https://www.hudexchange.info/programs/htf/htf-rent-limits/. Median incomes change when HUD makes revised estimates.

~~22)~~23) HOUSING SET-ASIDES FOR INDIVIDUALS WITH DISABILITIES

Applications that propose housing in which more than twenty percent (20%) 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. The final rule 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)~~24) PROPERTY AND DESIGN STANDARDS

Property standards must be met when NHTF funds are used for a project. All rental housing constructed or rehabilitated with NHTF funds must meet all applicable THDA Design and Rehabilitation Standards, applicable local, county and state codes, rehabilitation standards, National Standards for the Physical Inspection of Real Estate ("NSPIRE"), and zoning ordinances at the time of project completion.

For new construction of Multifamily Housing (five or more units), a minimum of 5% 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%) of the units (but not less than one unit) must be accessible to individuals with sensory impairments. The total number of units in a NHTF-assisted project, regardless of whether all units are NHTF-assisted, is used as the basis for determining the minimum number of accessible units. Also, in a project where not all the units are NHTF-assisted, the accessible units may be either NHTF-assisted or non-NHTF-assisted.

~~24)~~25) BUILD AMERICA, BUY AMERICA

The Build America, Buy America Act ("BABA") (Pub. L. No. 117-58, §§ 70901-52), enacted as part of the Infrastructure Investment and Jobs Act on November 15, 2021, requires that "none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States."

Therefore, consistent with federal intent, THDA will require projects to comply with the requirements of BABA as HUD directs.

~~25)~~26) ENVIRONMENTAL REVIEW

In implementing the NHTF program, regulations establish specific property standards for units assisted with NHTF funds. These standards include Environmental Provisions for projects involving new construction and rehabilitation. The NHTF Environmental Provisions for new construction and rehabilitation under the Property Standards at 24 CFR § 93.301(f)(1) and (2) are similar to HUD's Environmental Regulations at 24 CFR Parts 50 and 58. NHTF projects are subject to the same environmental concerns to which HUD-assisted projects are subject. The main difference is that the NHTF Environmental Provisions are outcome based and exclude consultation procedures that would be applicable if NHTF project selection was a Federal action. Parts 50 and 58 are process based and include consultation procedures for several laws and authorities where there may be environmental impacts.

a. THDA and the Recipient will be responsible for carrying out environmental reviews in accordance with HUD Notice CPD-16-14. Each Recipient will be responsible for gathering the information required for the environmental reviews. NHTF funds generally ~~cannot~~will not be committed until the environmental review process has been completed, though THDA may do so at its sole discretion. The Environmental Review covers the entire project, not just the portion funded by NHTF.

b. No funds may be drawn on any project until a complete and compliant Environmental Review has been submitted and the Recipient has received a "Notice of Authority to Use Grant Funds~~.~~" ~~F~~from THDA.

~~26)~~27) LEAD-BASED PAINT

Units assisted with NHTF funds are 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. Lead-based paint requirements apply to all units and common areas in the project. 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:

https://www.hud.gov/program_offices/healthy_homes/enforcement/regulations.

~~27)~~28) FLOOD PLAINS

NHTF 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 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 slowed the project must be participating in the National Flood Insurance Program and flood insurance must be obtained on the units

~~28)~~29) 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 24 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. There must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

~~29)~~30) CONFLICT OF INTEREST

In the procurement of property and services by THDA and Recipients, the conflict of interest provisions in 2 CFR 200.318 apply. In all cases not governed by 2 CFR 200.318, the provisions described in this Section 24 apply.

The NHTF conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of THDA or the Recipient. No person listed above who exercise or have exercised any functions or responsibilities with respect to activities assisted with NHTF 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 NHTF-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the NHTF-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 of a project assisted with NHTF funds (or officer, employee, agent, elected or appointed official, board member, consultant, of the owner or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, board member, consultant, of the owner) whether private, for profit or non-profit may occupy a NHTF-assisted affordable housing unit in a project during the required period of affordability. 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. This provision does not apply to an employee or agent of the owner of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

Recipients shall avoid conflicts of interest associated with their NHTF funded project. 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 NHTF loan related to the conflict of interest or may have all or some portion of the NHTF loan rescinded, all as determined by THDA in its sole discretion.

~~30)~~31) DEBARMENT AND SUSPENSION

On all NHTF 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)~~32) 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.

b. All Applicants must complete a Thirty (30) Year Affordability Proforma with the application. The applicant must demonstrate a need for the NHTF funds. If the project development costs require additional financing, including other source funding, prior to making any NHTF draws documentation must be provided by Recipient that all other financing or funding has been identified and secured.

c. A project may not incur more debt in the development than the operating budget and 30 year 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.

d. An updated final Development Budget, Operating Budget and 30 years proforma package will be required before any draw requests may be processed.

~~32)~~33) PROJECT SOFT COSTS

In planning their programs, Applicants may include, as a project soft cost, 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 NHTF loan will be calculated on a prorated basis of committed NHTF units to all buildings and units in the project and count toward the maximum per unit subsidy limit.

~~33)~~34) REPLACEMENT RESERVE ACCOUNTS

All projects shall maintain a replacement reserve account beginning at the time of completion for the term of the NHTF Period of Affordability. If a project falls into multiple categories as set forth below, the higher minimum initial replacement reserve shall apply.

a. The replacement reserve requirement for all National Housing Trust Fund properties shall, initially, be a minimum of three hundred dollars ($300) per unit per year, inflated at three percent (3%) annually.

b. 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.

c. The replacement reserve shall be, and shall remain, an asset of the project, and shall not be distributed to the Owner or any entity or person affiliated with the Owner at any time during or after the Period of Affordability.

d. Owners 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.

e. The replacement reserve account must be maintained in a separate account in a federally insured financial institution.

f. Reserve accounts must also be separate from the project's ordinary operating account.

~~34)~~35) OPERATING RESERVE ACCOUNT

All projects shall establish and maintain, until the project has achieved a minimum of five (5) years of Stabilized Occupancy, 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. Stabilized Occupancy is occupancy of at least ninety percent (90%) of the units in the property for a continuous period of at least ninety (90) calendar days.

b. 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.

c. The operating reserve account must be maintained in a separate account in a federally insured financial institution.

d. If operating cost assistance is provided as part of a project's NHTF award, the Owner must submit annual audited financial statements, specific to the project.

e. Based on an analysis of the financial statements, THDA will determine the amount of operating cost assistance that is eligible to be disbursed from the operating reserve account for the previous fiscal year.

f. The analysis will determine the deficit remaining after the annual rent revenue of the NHTF-assisted units is applied to the NHTF-assisted units' share of eligible operating costs.

g. For purposes of this paragraph, eligible operating costs are limited to insurance, utilities, real property taxes, maintenance, and replacement reserve payments.

~~35)~~36) REPAYMENT

All NHTF awards will be structured as a low-interest loan, based on the Applicable Federal Rate ("AFR"), due at maturity with a Period of Affordability of thirty (30) years. Repayment of NHTF funds may be required in the event that the final total development costs were such that NHTF assistance provided by THDA exceeds established program limits, or exceeded that which was necessary to make the project financially feasible. Total Development Costs is the all-in costs of developing the project including acquisition, predevelopment costs, hard and soft construction or rehab costs, financing costs, developer fees, and reserve account capitalization.

a. Compliance with income requirements, rent restrictions, design standards and NSPIRE requirements is required for the entire Period of Affordability for each project. Failure to comply with any of these requirements may trigger repayment of the NHTF award, plus any interest accrued.

b. A NHTF assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and the Recipient must repay any NHTF funds invested in the project to THDA.

c. In the event of a foreclosure or transfer in lieu of foreclosure, the Recipient must repay the full NHTF investment in the project.

~~36~~37) COMPLIANCE

NHTF assisted rental units are rent and income limited for the thirty (30) year Period of Affordability.

a. Recipients/Owners of rental property shall maintain occupancy of NHTF assisted units by Extremely Low-Income Persons for the Period of Affordability.

b. During the Period of Affordability, the Recipient shall:

   i. Certify annually the income of tenants.

   ii. Adhere to the NHTF rent and income guidelines.

   iii. Comply with all applicable adopted housing codes and the NSPIRE.

   iv. Report to THDA in a form and with substance as required by THDA.

c. Prior to drawing down NHTF funds, Owners of projects with NHTF assisted units shall sign a note, deed of trust, and restrictive covenants to enforce the NHTF Period of Affordability.

d. Once NHTF funds are awarded to a Recipient, THDA will monitor compliance by reviewing certain records related to the NHTF-assisted project. THDA will monitor compliance by conducting desk and/or on-site reviews of the project.

e. THDA will conduct an on-site inspection at project completion in order to confirm that the project meets the Rehabilitation Standards listed THDA's Minimum Design Standards for New Construction or THDA's Minimum Design Standards for Rehabilitation, as applicable.

f. At a minimum THDA will conduct desk compliance reviews annually.

g. THDA will conduct on-site property inspections during the Period of Affordability 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 NHTF assisted projects no less than every three (3) years during the Period of Affordability.

   ii. For NHTF assisted projects of four (4) NHTF assisted residential units or less, THDA will perform an on-site inspection of one hundred percent (100%) of the units no less than every three (3) years during the Period of Affordability.

iii. For NHTF assisted projects consisting of five (5) or more units, THDA will inspect a minimum of twenty (20%) of the NHTF assisted units no less than every three (3) years during the Period of Affordability.

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 NSPIRE standards as prescribed by HUD.

vi. Any reports made by state or local government units of violations, with documentation of correction, will be reviewed.

h. Each year during the Period of Affordability, 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 and Project.

ii. Bank statements for operating reserve and replacement reserve accounts as of the end of the project fiscal year.

iii. Proof of sufficient property and liability insurance coverage with THDA listed as mortgagee.

iv. Documentation to show the current utility allowance is being used (i.e. a copy of the utility allowance table).

v. For projects that received points at initial NHTF 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.

vi. Compliance monitoring fees from previous years re-inspections if applicable.

vii. Such other information as may be requested in writing by THDA in its sole discretion.

~~37)~~38) MONITORING FEES

THDA charges a monitoring fee for all NHTF assisted units. NHTF Recipients shall pay the entire fee covering the thirty (30) year Period of Affordability as indicated in the current NHTF Operating Manual - Schedule of Monitoring Fees; but no less than $600 per NHTF assisted unit.

a. The monitoring fee must be paid prior to the Recipient making the request for Developer Fees to be drawn from the NHTF loan.

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 NHTF manual and the most current program description at the time the fee is incurred but no less than:

        (1) Reinspection of a file or reinspection of a 1-4 unit property: Two Hundred Dollars ($200) per unit inspected

        (2) Reinspection of a NHTF 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 reinspection 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 reinspection.

c. Fees for reinspections will be due to THDA prior to issuance of reinspection results or release of any additional NHTF-funded operating subsidy.

~~38)~~39) 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 NHTF funds.

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 NHTF 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 ten (10) 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)~~40) NHTF 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.

a. 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 NHTF funds. Relocation requirements apply to all occupants of a project/site for which NHTF assistance is sought even if less than one hundred percent (100%) of the units are NHTF assisted.

b. Before Application displacement is triggered when a tenant moves permanently from the project before the owner submits an application for NHTF assistance if THDA or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition for the NHTF project. (e.g., THDA determines that the owner displaced tenants in order to propose a vacant building for NHTF assistance.)

c. 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:
   i. The owner requires the tenant to move permanently; or
   ii. The owner fails to provide timely required notices to the tenant; or
   iii. 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.
   iv. After Execution of Agreement displacement is triggered when 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.

d. 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.

e. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), and its implementing regulations at 49 CFR Part 24, require 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.

f. 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 NHTF 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.

g. Understanding how relocation requirements are triggered, alternate ways of meeting them, and the costs of the alternatives is essential in making NHTF 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 NHTF assistance for a vacant building. If so, these tenants are displaced persons.

h. 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 NHTF 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.

i. 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.

~~40)~~41) SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the NHTF 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.

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 NHTF unless project-based vouchers are used in an NHTF 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.

~~41)~~42) 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 NHTF funds.

The following Federal requirements as set forth in 24 CFR 5.105(a), nondiscrimination and equal opportunity, are applicable to NHTF projects. In addition to the below requirements, the Owner must assure that its Equal Opportunity and Fair Housing policies for the NHTF Program are consistent with the State's current Consolidated Plan.

a. Fair Housing Act (24 CFR 100)
b. Executive Order 11063, as amended (24 CFR 107 - Equal Opportunity in Housing)
c. Title VI of the Civil Rights Act of 1964 (24 CFR 1 - Nondiscrimination in Federal programs)
d. Age Discrimination Act of 1975 (24 CFR 146)
e. Section 504 of the Rehabilitation Act of 1973 (24 CFR 8)
f. Section 109 of Title I of the Housing and Community Development Act of 1974 (24 CFR 6)
g. Title II of the Americans with Disabilities Act 42 U.S.C. §12101 et seq.
h. Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity 24 CRF Parts 5, 200, 203, 236, 400, 570, 574, 882, 891 and 982
i. Section 3 of the Housing & Urban Development Act of 1968 24 CFR 135 (12 U.S.C. 1701u) and implementing regulations at 24 CFR 135
j. 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.

k. Executive Order 11246, as amended 41 CFR 60 (Equal Employment Opportunity Programs)

l. Executive Order 11625, as amended (Minority Business Enterprises)

m. Executive Order 12432, as amended (Minority Business Enterprise Development)

n. Executive Order 12138, as amended (Women's Business Enterprise)

o. 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.

p. 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 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)

~~42)~~43) AFFIRMATIVE MARKETING

Prior to beginning a NHTF project, Recipients must adopt affirmative marketing procedures and requirements for all NHTF 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 that 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 NHTF 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 NHTF-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 NHTF loans must advertise all vacant units on the www.TNHousingsearch.org website or any subsequent affordable rental housing locator system sponsored by THDA .

EXHIBIT A

Urban/Rural County Designations

County	2020 Population	Population % Living in Rural Area	Designation
Anderson	77,123	36.52%	URBAN
Bedford	50,237	55.11%	URBAN
Benton	15,864	100.00%	RURAL
Bledsoe	14,913	100.00%	RURAL
Blount	135,280	37.20%	URBAN
Bradley	108,620	31.95%	URBAN
Campbell	39,272	48.78%	RURAL
Cannon	14,506	100.00%	RURAL
Carroll	28,440	82.10%	RURAL
Carter	56,356	40.74%	URBAN
Cheatham	41,072	100.00%	RURAL
Chester	17,341	65.94%	RURAL
Claiborne	32,043	71.33%	RURAL
Clay	7,581	100.00%	RURAL
Cocke	35,999	67.89%	RURAL
Coffee	57,889	46.08%	URBAN
Crockett	13,911	100.00%	RURAL
Cumberland	61,145	53.94%	URBAN
Davidson	715,884	3.14%	URBAN
Decatur	11,435	100.00%	RURAL
DeKalb	20,080	75.97%	RURAL
Dickson	54,315	69.54%	RURAL
Dyer	36,801	54.38%	RURAL
Fayette	41,990	74.69%	RURAL
Fentress	18,489	100.00%	RURAL
Franklin	42,774	67.90%	RURAL
Gibson	50,429	70.77%	RURAL
Giles	30,346	73.12%	RURAL
Grainger	23,527	84.43%	RURAL
Greene	70,152	67.33%	RURAL
Grundy	13,529	100.00%	RURAL
Hamblen	64,499	22.66%	URBAN
Hamilton	366,207	12.51%	URBAN
Hancock	6,662	100.00%	RURAL
Hardeman	25,462	79.26%	RURAL
Hardin	26,831	67.10%	RURAL
Hawkins	56,721	62.08%	URBAN
Haywood	17,864	46.14%	RURAL

County	2020 Population	Population % Living in Rural Area	Designation
Henderson	27,842	77.17%	RURAL
Henry	32,199	67.77%	RURAL
Hickman	24,925	100.00%	RURAL
Houston	8,283	100.00%	RURAL
Humphreys	18,990	100.00%	RURAL
Jackson	11,617	100.00%	RURAL
Jefferson	54,683	75.82%	RURAL
Johnson	17,948	100.00%	RURAL
Knox	478,971	9.19%	URBAN
Lake	7,005	100.00%	RURAL
Lauderdale	25,143	72.47%	RURAL
Lawrence	44,159	73.55%	RURAL
Lewis	12,582	100.00%	RURAL
Lincoln	35,319	71.35%	RURAL
Loudon	54,886	35.66%	URBAN
Macon	25,216	75.52%	RURAL
Madison	98,823	26.32%	URBAN
Marion	28,837	91.34%	RURAL
Marshall	34,318	65.23%	RURAL
Maury	100,974	37.48%	URBAN
McMinn	53,276	61.66%	URBAN
McNairy	25,866	100.00%	RURAL
Meigs	12,758	100.00%	RURAL
Monroe	46,250	73.30%	RURAL
Montgomery	220,069	17.73%	URBAN
Moore	6,461	99.89%	RURAL
Morgan	21,035	100.00%	RURAL
Obion	30,787	59.31%	RURAL
Overton	22,511	100.00%	RURAL
Perry	8,366	100.00%	RURAL
Pickett	5,001	100.00%	RURAL
Polk	17,544	100.00%	RURAL
Putnam	79,854	38.53%	URBAN
Rhea	32,870	70.53%	RURAL
Roane	53,404	52.11%	URBAN
Robertson	72,803	53.00%	URBAN
Rutherford	341,486	15.96%	URBAN
Scott	21,850	100.00%	RURAL
Sequatchie	15,826	100.00%	RURAL
Sevier	98,380	53.37%	URBAN
Shelby	929,744	3.40%	URBAN
Smith	19,904	100.00%	RURAL

County	2020 Population	Population % Living in Rural Area	Designation
Stewart	13,657	100.00%	RURAL
Sullivan	158,163	26.54%	URBAN
Sumner	196,281	25.26%	URBAN
Tipton	60,970	66.66%	RURAL
Trousdale	11,615	100.00%	RURAL
Unicoi	17,928	51.44%	RURAL
Union	19,802	100.00%	RURAL
Van Buren	6,168	100.00%	RURAL
Warren	40,953	61.64%	RURAL
Washington	133,001	25.76%	URBAN
Wayne	16,232	100.00%	RURAL
Weakley	32,902	67.44%	RURAL
White	27,351	79.19%	RURAL
Williamson	247,726	18.64%	URBAN
Wilson	147,737	35.24%	URBAN

Tennessee Housing Development Agency

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

Bill Lee | **Ralph Perrey**
Governor | **Executive Director**

To:	THDA Board of Directors
From:	Eric Alexander, Director of Multifamily Programs Don Watt, Chief Program Officer
Date:	August 31, 2026
Subject:	Multifamily Tax-Exempt Bond Program Description - 2027

Recommendation:

- Adopt the attached 2027 Multifamily Tax-Exempt Bond Program Description ("MTBA PD"); and
- 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.

Key Points:

- Removed the provisions associated with the East Bank Redevelopment Area of Nashville.
- Remaining changes from the 2026 MTBA PD are minimal, consisting of revisions necessary to reflect the year change, application period, and elimination of definitions in Section 2 that the larger document no longer references.

Background:

THDA makes private activity bond authority available to local issuers to finance multifamily housing units in Tennessee under 26 U.S.C. § 142(d) of the Internal Revenue Code ("Section 142") through the MTBA Program. The private activity bond authority can be used only for tax-exempt Private Activity Bonds issued to finance qualified residential rental projects through new construction of multifamily rental units, conversion of existing properties to multifamily rental units through Adaptive Reuse/Conversion, or acquisition and rehabilitation of existing multifamily housing.

Through December 31, 2025, the program has created over 55,000 rental units since 1993.

EQUAL HOUSING OPPORTUNITY

DRAFT Multifamily Tax-Exempt Bond Authority Program Description for ~~2026~~2027

Administered by

The Multifamily Programs Division of

Tennessee Housing Development Agency

Ralph Perrey, Executive Director

Approved by the THDA Board of Directors on [DATE]

Table of Contents

Section 1: ~~2026~~ 2027 Multifamily Tax-Exempt Bond Authority Overview

The Tennessee Housing Development Agency ("THDA") is making private activity bond authority available to local issuers to finance multifamily housing units in Tennessee under 26 U.S.C. § 142(d) of the Internal Revenue Code ("Section 142"). The private activity bond authority can be used only for tax-exempt Private Activity Bonds issued to finance qualified residential rental projects through new construction of multifamily rental units, conversion of existing properties to multifamily rental units through Adaptive Reuse/Conversion, or acquisition and rehabilitation of Existing Multifamily Housing, hereinafter referred to as Multifamily Tax-Exempt Bond Authority ("MTBA").

THDA anticipates two funding rounds as described in Table 6-1 in Section 6.C. THDA will notify program participants by email and information posted to THDA's website. No applications submitted under this MTBA Program Description will have priority or be considered under any future MTBA Program Description.

Whenever a local jurisdiction takes action that THDA determines to be for the primary purpose of preventing proposed MTBA developments from satisfying applicable program requirements, THDA may lower the amount of MTBA available to that jurisdiction in future MTBA Program Descriptions. Examples include, without limitation, "downzoning", action restricting utilities or utility connections, action regarding required public roads, or action to preventing issuance of Certificates of Occupancy.

Applicants must apply for MTBA through THDA's online system, the Tennessee Housing Online Management Application System ("THOMAS"). Applicants applying for MTBA in THOMAS are deemed to be simultaneously applying for Noncompetitive Low-Income Housing Tax Credits ("Housing Credit") under 26 U.S.C. § 42 of the Internal Revenue Code ("Section 42") and must meet the requirements found in the THOMAS User Manual and use the documents found on the THOMAS Documents Page. All MTBA Program Description requirements, application requirements, and Code 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.

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

No person or entity who submits an Initial Application shall have any right to an allocation of MTBA under this Program Description based solely on the score assigned to their Initial Application. THDA decisions are final.

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.

Average Income Test - The average income test is a minimum set-aside that may be elected by an applicant for Noncompetitive Housing Credits. 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. This is an irrevocable election made at Initial Application. The average of the imputed income limitation 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%.

42(m) Letter - A letter issued by THDA to successful applicants for Noncompetitive Housing Credits.

Acquisition - Acquiring the control of real property and assets.

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.

AMI - Area Median Income as determined by HUD.

Applicant – An applicant for Multifamily Tax-Exempt Bond Authority under this Program Description that will own the proposed development.

Application – See "Initial Application".

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

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 Development Area. In this MTBA Program Description, only areas defined by HUD as Difficult Development Areas are eligible for the Basis Boost.

Bond - A financial instrument issued on behalf of a local or state government for the purpose of providing special financing benefits for qualified projects.

Bond Counsel - Counsel representing the bond issuer and bondholders.

Bond Issuer - A municipality, board, or housing authority with the authority to issue bonds using MTBA for a jurisdiction.

Bond Opinion Letter - A document provided by Bond Counsel representing the issuer that opines that the bonds have been validly issued and, if a tax exemption is intended, that the bonds are tax-exempt bonds.

Bond Purchase Agreement Summary Letter - The THDA Template that describes the terms of a bond purchase agreement.

Capital Needs Assessment - See Physical Needs Assessment

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 - A document issued by a local government agency or building department certifying a building's compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupancy.

Certified Public Accountant - A state licensed accounting professional who provides accounting services and opinions and is committed to protecting the public interest.

Code – Internal Revenue Code of 1986, as amended, and together with Sections 42 and 142, shall include all subsequent tax legislation duly enacted by the Congress of the United States and shall be deemed to include the United States Treasury Regulations in effect with respect thereto (including regulations first promulgated under previous versions of the Code) and shall also include revenue procedures, revenue rulings, or other published determinations of the Treasury Department or the Internal Revenue Service of the United States.

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 10 of the Qualified Allocation Plan.

Commitment Fee - A fee charged for a firm commitment of MTBA.

Commitment for Permanent Financing - The commitment for long term permanent financing describing all terms and conditions of such financing.

Competitive Housing Credits - Housing Credits that are available for construction or rehabilitation housing activities as allocated through the competitive process described in the Qualified Allocation Plan.

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 ~~2016~~2017.

Conversion of Existing Property - See Adaptive Reuse/Conversion

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.

Consultant - A third-party entity that provides consulting services to MTBA 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 MTBA Development.

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

Cost of Issuance - Costs associated with the issuance of Private Activity Bonds, capped at 2% in accordance with Code requirements. These costs include costs permitted under the Code and the MTBA Commitment Fee.

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.

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 - Includes 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: /.

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

Downzoning - An effort to change zoning to reduce permitted density of housing and development.

Elderly – see definition of Older Persons.

ENERGY STAR - Energy efficient designation that must be obtained in order to utilize the Energy Star Utility Allowances published on the THDA website.

Evaluation Notice – A notice provided by THDA to request clarification or additional information related to a requested status report on the development, Final Application, quarterly construction report, or certified property management application; during an on–site inspection of the property 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.

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 Qualified Allocation Plan, 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 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
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.

Federal Election - For purposes of MTBA; the federal election is the minimum set-aside requirement found under Section 142(d) of the Code; where a certain percentage of the units are designed low income and must be qualified by households earning no more than the associated income limit. For purposes of Noncompetitive Housing Credits; the federal election or test is the minimum set-aside requirement found under Section 42(g)(1) of the Code; where a certain percentage of the units are designed low income and must be qualified by households earning no more than the associated income limit. In the MTBA Program Description; applicants will be held to the federal election required for Noncompetitive Housing Credits.

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.

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.

Grand Divisions – the East, Middle, and West Grand Divisions of Tennessee as described in Tennessee Code Annotated Title 4, Chapter 1, Part 2

Hard Cost - Costs that include expenses directly related to the physical construction of a building such as construction materials and construction labor.

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

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

Housing for Older Persons – Housing (i) intended for, and solely occupied by, persons age 62 or older; or (ii) where 80% of the units must be occupied by at least one person age 55 years or older, 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).

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

Incentive Fee - A potentially refundable fee charged to provide an incentive to issue and close the sale of MTBA.

Inducement Resolution – A resolution of the local issuing entity authorizing issuance of tax-exempt bonds by the local issuing entity to finance the proposed development.

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.

Issuer Certification – A certificate provided by a local issuer certifying willingness to issue tax-exempt bonds to finance a proposed development in a form and with substance as shown on the THOMAS Documents Page.

Local Government Notification - Following receipt of Initial Applications, THDA will notify 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).

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

Modification - Changes to buildings, units, square footage, scoring items, etc. that determine eligibility for a commitment of MTBA and an allocation of Noncompetitive Housing Credits.

MTBA – Multifamily Tax–Exempt Bond Authority.

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.

Noncompetitive Housing Credits – 4% Housing Credits made available to qualified developments, subject to the requirements of this MTBA Program Description, when at least the statutorily required portion of the aggregate basis of the building and the land on which the building is located is financed with tax-exempt bonds using MTBA.

Other Sources of Funds – sources of funding not related to deferred developer fee or owner capital contributions, or other permanent contributions that do not require repayment. Examples of Other Sources of Funds include, without limitation, grants from THDA or local governments, grants from local trust funds, and grants from philanthropic foundations. PILOT commitments from a local government, operating subsidies, uncommitted "soft pay" loans, and construction period income will not be considered as Other Sources of Funds.

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

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

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.

Private Activity Bond - Tax-exempt bonds issued by or on behalf of local or state government for the purpose of providing financing for qualified projects.

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 by the Secretary of Housing and Urban Development for the most recent year for which census data are available on household income in such tract. The list is available here:

https://www.huduser.gov/portal/datasets/qct.html~~https://www.huduser.gov/portal/datasets/qct.html~~.

Qualified Low-Income Buildings - Any building that is part of a Qualified Residential Rental Project at all times during the period which runs from the first day of the Compliance Period and ends on the last day of the Compliance Period.

Qualified Low-Income Development - See Qualified Low-Income Project

Qualified Low-Income Project - Any residential rental property if the project meets the requirements of Section 42 of the Code.

Qualified Low-Income Units - Any unit that is occupied by a qualified low-income household and is part of a low-income housing project at all times during the period that runs from the first day of the Compliance Period and ends on the last day of the Compliance Period.

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 requirements contained in Section 7 of the QAP.

Qualified Residential Rental Projects - As required by Section 142, any residential rental property that meets the Federal Election Test at all times during the Qualified Project Period.

Qualified Project Period - As required by Section 142, the period beginning on the first day on which 10% of the residential units in the project are occupied and ending on the latest of;

1. The date that is 15 years after the date on which 50% of the residential units in the project are occupied,

2. The first day on which no tax-exempt private activity bond issued with respect to the project is outstanding, or
3. The date on which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937 terminates.

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.
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.

Rural - Counties identified as rural on the THOMAS Documents Page.

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 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 the QAP.

Site – A parcel of land on which the MTBA Development will be developed, described by a unique legal description.

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.

Supplemental MTBA – an allocation of THDA MTBA made to a development that has already received an allocation of MTBA, but has not yet placed in service, required to ensure that the 25% threshold as described in Section 42(h)(4)(B) of the Code to qualify for federal 4% Housing Credit can be met.

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 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.

TEFRA Hearing - The public hearing required by the Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”).

THOMAS Documents Page - A webpage with necessary forms, templates, guidance, calendar, and links that are utilized through all application submission cycles. The THOMAS Documents Page is incorporated into this MTBA Program Description by this reference as if set forth in this MTBA Program Description verbatim.

THOMAS - The Tennessee Housing Online Management and Application System for all applications involving Housing Credits.

THOMAS User Manual - THDA provided document that gives guidance on the registration and application submission cycles in the THOMAS System. The THOMAS User Manual is incorporated into this QAP by this reference as if set forth in this QAP verbatim.

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.

Twinning - Combining Competitive and Noncompetitive Housing Credits within the same development proposal and within the same Initial Application.

~~Visitability - Design requirements implementing features that make a home accessible, visitable and convenient for everyone. MTBA developments are required to meet Visitability design requirements when the proposed development includes single family units, duplexes, triplexes and townhomes. To meet Visitability design requirements the proposed development must include:~~

1. ~~Easy Access with a step free entrance of not more than ½ inch from a driveway, sidewalk or other firm surface into the main floor of the home, and;~~
2. ~~Easy Passage throughout the home with an exterior door that provides a minimum of 32 inches of clear passage (36 inches is preferable) from the step free entrance. All interior~~

~~passage doorways on the main floor also provide a minimum of 32 inches of clear passage, and;~~

~~3. Easy Use with a main floor that includes a kitchen, some entertainment area, at least one (1) bedroom and one (1) full bathroom. The full bathroom will provide at least 30 inches by 48 inches of maneuvering space that allows easy access to the sink, commode and shower or tub.~~

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

Urban - 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.

USDA Rural Development - The United States Department of Agriculture's Rural Development housing programs.

Visitability - Design requirements implementing features that make a home accessible, visitable and convenient for everyone. MTBA developments are required to meet Visitability design requirements when the proposed development includes single family units, duplexes, triplexes and townhomes. To meet Visitability design requirements the proposed development must include:

1. Easy Access with a step free entrance of not more than ½ inch from a driveway, sidewalk or other firm surface into the main floor of the home, and;
2. Easy Passage throughout the home with an exterior door that provides a minimum of 32 inches of clear passage (36 inches is preferable) from the step free entrance. All interior passage doorways on the main floor also provide a minimum of 32 inches of clear passage, and;

3. Easy Use with a main floor that includes a kitchen, some entertainment area, at least one (1) bedroom and one (1) full bathroom. The full bathroom will provide at least 30 inches by 48 inches of maneuvering space that allows easy access to the sink, commode and shower or tub.

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 the proposed development in an application for a commitment of MTBA and an allocation of Noncompetitive Housing Credits.

Section 3: Program Eligibility

A. Use of MTBA

Applicants applying for MTBA must demonstrate that a minimum of 25% of the outstanding principal amount of tax-exempt bonds originally issued using an award of MTBA will remain outstanding as of the placed in service date for the development. On the placed in service 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.

Recipients of a MTBA Firm Commitment Letter must close, issue and sell bonds no later than 11:59 PM Central Time on the closing deadline specified in the MTBA Firm Commitment Letter and must meet all federal tax requirements for Private Activity Bonds.

B. Eligible Developments

1. The proposed development must be:
   a. New construction of multifamily housing;
   b. Adaptive Reuse/Conversion of an existing property not currently being used for housing; or
   c. Acquisition and rehabilitation of Existing Multifamily Housing.
2. The proposed development must meet the following requirements:
   a. Be a Qualified Low-Income Development, containing Qualified Low-Income Buildings and Qualified Low-Income Units.
   b. Comply with the Fair Housing Act design and construction requirements for units that are considered "covered multifamily dwellings" designed and constructed for "for first occupancy" after March 13, 1991, using one of HUD's recognized safe harbors.
   c. Comply with the Americans with Disabilities Act ("ADA"), as applicable.

d. Comply with all applicable local building codes or State adopted building codes in the absence of local building codes.

e. Certification from the design architect will be required following the issuance of the MTBA Firm Commitment Letter. Confirmation from the supervising architect will be required prior to any refund of the Incentive Fee as described in Section 11.

3. In order to participate in Group 2 or Group 5 (as described in Section 9.A.3), or participate in Group A or Group G (as described in Section 9.B.1), the PHA must be included in the Owner and must materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the project throughout the compliance period as defined in Section 42.

4. All applicants must waive the ability to participate in the qualified contract request process as described in THDA's Qualified Contract Process Guidelines, as may be amended (available here: https://dogvxws799i6n.cloudfront.net/wp-content/uploads/2026-CAM-Qualified-Contract-Process-Updated-1-16-26.pdf ~~https://dogvxws799i6n.cloudfront.net/wp-content/uploads/06.01.20-QUALIFIED-CONTRACT-GUIDELINES-REVISED-FOR-VENDOR-NEEDS.pdf~~).

5. Initial Applications proposing new construction or Adaptive Reuse/Conversion must include the following:

   a. Written documentation sufficient to satisfy the requirements of Section 6.A.3 of the ~~2026~~ 2027 QAP; and

   b. Documentation that developments proposing single family units, duplexes, or triplexes meet Visitability design requirements. An architect's certification will be required at Final Application prior to the issuance of IRS Form 8609(s) and prior to any refund of the Incentive Fee as described in Section 11.

C. Eligibility Documentation

An Initial Application shall include each of the following:

1. A Market Study sufficient to satisfy the requirements of Section 6.A.6 of the ~~2026~~ 2027 QAP.

2. An Appraisal of the land and buildings sufficient to satisfy the requirements of Section 6.A.7 of the ~~2026~~ 2027 QAP
3. A Physical Needs Assessment of the proposed rehabilitation activities proposed for an Existing Multifamily Development sufficient to satisfy the requirements of Section 6.B.1.b of the ~~2026~~ 2027 QAP
4. A Statement of Application and Certification from the ownership entity in the form and with the substance as shown on the THOMAS Documents Page.
5. A Bond Purchase Agreement Summary Letter fully executed by the bond purchaser in the form and with the substance as shown on the THOMAS Documents Page.
6. A Bond Opinion Letter provided by Bond Counsel certifying that the cost of issuance will be no more than 2% of the original outstanding principal amount of tax-exempt bonds sold to finance the proposed development in a form and with substance as shown on the THOMAS Documents Page.
7. An Issuer Certification.
8. An Inducement Resolution reflecting a MTBA amount no less than the MTBA amount requested in the Initial Application.
9. Evidence of the TEFRA Hearing.
10. Other supporting documents should be dated no earlier than 6 months prior to the applicable application deadline, unless otherwise specified in the PD.

D. Eligible Development Team Members

THDA prefers Development Teams that have successful experience in Tennessee with THDA's MTBA and/or Housing Credit programs. Such experience is evidenced by successful construction or rehabilitation and the placing in service of a recent Housing Credit Development that used MTBA and/or Housing Credit, maintaining a good track record in the development and on-going operations of the Housing Credit Development, and evidencing the capacity to sustain the development in the ever changing regulatory and rental market. Consequently, an Initial Application for MTBA and Noncompetitive Housing Credit is ineligible under this Program Description when, as of date of the Initial Application, a Development

Team, or any individual identified in the Initial Application as a member of the Development Team, has, with respect to any prior Housing Credit Development, incurred and failed to cure any and all Major SAE(s) that have occurred since January 1, ~~2020~~ 2021 or is otherwise ineligible based on any other event listed under Other Ineligibility (below).

1. Major SAEs.
   a. The General Partner/Managing Member/Sole Stockholder being removed from the ownership entity of a prior Housing Credit Development;
   b. Returning Housing Credits due to the development not being able to meet its targeted place in service 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);
   c. An uncured event of default under the Section 1602 or Tax Credit Assistance Programs;
   d. 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;
   e. A foreclosure occurring after December 31, ~~2020and~~ 2021 and involving the loss of units from the affordable housing stock or failure to notify THDA of foreclosure (including a deed in lieu of foreclosure transaction);
   f. Submitting to the IRS an IRS Form 8609 that was not created by THDA or submitting to the IRS an IRS Form 8609 that has been altered or contains information inconsistent with the IRS Form 8609 created by THDA;
   g. Failure to meet the federal placed in service deadline for a development that received Housing Credit; or
   h. Other actions that adversely conflict with THDA's mission.

2. Other Ineligibility. An Initial Application for MTBA and Noncompetitive Housing Credits is also ineligible under this MTBA Program Description if any of the following apply:
   a. Any individual involved, either directly or indirectly, with the developer, development entity, owner, ownership entity, or a related party, whether formed or to be formed, has any one of the following:
      i. A felony conviction of any type within the last ten (10) years;
      ii. A fine, suspension or debarment involving financial or housing activities within the last five (5) years imposed by any state or federal agency;
      iii. A current bankruptcy or a bankruptcy discharged within the last four (4) years or any organization or entity in which the individual had significant control currently is in bankruptcy or had a bankruptcy discharged within the last four (4) years. An 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;
      iv. A suspension of a required state license (Tennessee or any other state) within the last ten (10) years regarding an individual or any entity that individual is/was involved in at the time of the suspension;
      v. Involvement in a pre-~~2026~~ 2027 Housing Credit Development with a first allocation of Noncompetitive Housing Credits in Tennessee that has not placed in service;
      vi. Involvement in a proposed Housing Credit Development that received an allocation of MTBA in ~~2024~~2025, but failed to issue and sell bonds 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 11-G of this MTBA Program Description;
      vii. Involvement in another Housing Credit Development in Tennessee that has participated in the Qualified Contract Process since January 1, ~~2020~~2021;

viii. Involvement in a Housing Credit Development that has uncured noncompliance;

ix. Involvement in a Housing Credit Development that has been placed in "No Further Monitoring" status by THDA;

x. Involvement in a Housing Credit Development where misrepresentation or fraud occurred;

xi. Involvement in a Housing Credit Development receiving an allocation of Competitive or Noncompetitive Housing Credits since January 1, ~~2015that~~2016 that:

a). Accepted a Reservation Notice, but failed to meet the federal allocation timeframes and did not obtain a Carryover Allocation Agreement;

b). Had a fully executed Carryover Allocation Agreement, but failed to meet the federal allocation timeframes and did not obtain IRS Form(s) 8609;

c). 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;

d). Was determined to be in violation of the requirements of the applicable QAP regarding developer or related party issues;

e). Involved a "broker" who did not remain involved in the Initial Application through the closing of permanent financing for the Housing Credit Development;

f). Did not meet the requirements of the applicable QAP regarding submission of permanent financing documentation to THDA;

g). 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). 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 MTBA Application in accordance with all applicable program requirements will not cause ineligibility.

b. 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. The application is deemed ineligible pursuant to any other provisions of this MTBA Program Description.

3. New participants, where ~~2026~~ 2027 is the first year in which they receive an allocation of MTBA, may not receive an additional allocation for a new project prior to the issuance of IRS Form(s) 8609 for the initial development. Once the 8609 is issued for the first allocation, individuals that were involved are eligible to receive multiple, concurrent allocations.

4. Requests for Relief

   The ineligibility of an Initial Application under this MTBA Program Description is determined by Multifamily Programs staff. The Development Team of an Initial Application deemed ineligible hereunder may appeal the determination to THDA's Executive Director and THDA's Board Chair. The determination of ineligibility is at the sole discretion of the Executive Director and the Board Chair and is not be appealable to THDA's Board of Directors.

E. Identity of Interests

If an application for MTBA and Noncompetitive Housing Credits involves acquisition of land or buildings, the requirements specified in Section 42(d)(2) of the Code shall apply.

F. Extended Use Agreements - LURC

A LURC is required for developments using MTBA and Noncompetitive Housing Credits. THDA will provide a LURC based on the terms and elections under Section 142(d) of the Code, Section 42(g)(1) of the Code, the QAP, and this MTBA Program Description. The LURC must be executed and recorded in the county where the development is located. The original LURC must be returned to THDA no later than the date specified in the MTBA Firm Commitment Letter.

Section 4: Federal Election

A. Section 142(d) of the Code requires that Qualified Residential Rental Projects have income restrictions on a percentage of the Qualified Low-Income Units at all times during the Qualified Project Period. One of the following Federal Elections shall be made in the Initial Application for a MTBA Firm Commitment Letter. This election is irrevocable once made in the Initial Application:

1. 20/50 Test; or
2. 40/60 Test; or.
3. Average Income Test (only available to proposed developments with noncompetitive Housing Credit).

B. Developments involving rehabilitation of Existing Multifamily Housing with a prior Housing Credit allocation are restricted to the prior Federal Election.

Section 5: Program Limits

A. MTBA Available

1. THDA will make a total of [AMOUNT] of MTBA available in early ~~2026~~2027.

2. THDA anticipates having three rounds, subject to availability and demand from THDA's Single Family Programs. THDA will determine if Round 2 will be held by May 31, ~~2026~~2027. A determination on whether and when to hold a Round 3 will be made at the agency's discretion based on the amount of available volume cap, and how much must be reserved for single family finance.

B. Maximum MTBA Per Development

1. **New Construction and Adaptive Reuse/Conversion**

   Applications proposing New Construction or Adaptive Reuse/Conversion may not receive more MTBA than **the lesser of**:

   a. ~~ONE HUNDRED MILLION AND 00/100 DOLLARS ($100,000,000.00) for a new construction project in the East Bank Development Area of Nashville; or~~

   ~~b.~~ FORTY MILLION AND 00/100 DOLLARS ($40,000,000.00) located elsewhere in the state; or

   b~~c~~. Up to **30%** of aggregate basis using tax-exempt funds to comply with the 25% test. Subject to underwriting, demonstrated supportable permanent debt in excess of the 30% amount will be made available above the base level up to **40%** of aggregate basis. Any additional supportable debt will be from a taxable source at the requisite taxable interest rate.

2. **Rehabilitation**

All expenditures for Limited Rehabilitation, Moderate Rehabilitation, or Substantial Rehabilitation must satisfy all requirements of Section 42(e)(3)(A)(ii) of the Code and all of the following as applicable:

a. **Limited Rehabilitation** may not receive more MTBA than **the lesser of**:

i. FIFTEEN MILLION AND 00/100 DOLLARS ($15,000,000.00); or

ii. Up to **30%** of aggregate basis using tax-exempt funds to comply with the 25% test. Subject to underwriting, demonstrated supportable permanent debt in excess of the 30% amount will be made available above the base level up to **40%** of aggregate basis. Any additional supportable debt will be from a taxable source at the requisite taxable interest rate.

~~a.~~b. Developments proposing **Limited Rehabilitation** must be rehabilitated so that, upon completion of all rehabilitation, rehabilitation hard costs must be no less than the greatest of 20% of building acquisition cost or SIX THOUSAND AND 00/100 DOLLARS ($6,000.00) per unit. The rehabilitation scope of work must include, at a minimum, all work specified in the Physical Needs Assessment along with corrective actions for all deficiencies noted, with regard to interior and exterior common areas, interior and exterior painting and/or power washing, gutters, parking areas, sidewalks, fencing, landscaping, and mailboxes and the replacement of exterior that is 90% or more vinyl with brick/stone veneer, stucco or fiber cement or hardiplank. The replacement of any of these components of the buildings or the site with a Remaining Useful Life of Less than 15 years, must be included in the scope of work as specified using the Fannie Mae Estimated Useful Life Table. Substantially the same scope of work in all units is required, including, without limitation, painting of the entire unit, consistent flooring throughout the development and matching cabinetry within each unit. Certification from the design architect is required following the issuance of the MTBA Firm Commitment Letter. Confirmation from the supervising architect is required prior to any partial refund of the Incentive Fee pursuant to Section 11.

c. Developments proposing **Moderate Rehabilitation** may not receive more MTBA than **the lesser of**:

   i. EIGHTEEN MILLION AND 00/100 DOLLARS ($18,000,000.00); or

   ii. Up to **30%** of aggregate basis using tax-exempt funds to comply with the 25% test. Subject to underwriting, demonstrated supportable permanent debt in excess of the 30% amount will be made available above the base level up to **40%** of aggregate basis. Any additional supportable debt will be from a taxable source at the requisite taxable interest rate..

d. Developments proposing **Moderate Rehabilitation** must be rehabilitated so that, upon completion of all rehabilitation, rehabilitation hard costs must be no less than the greatest of 25% of building acquisition cost or seven thousand dollars ($7,000) per unit. The rehabilitation scope of work must include, at a minimum, the scope of work as outlined in the Limited Rehabilitation requirements above, all appliances in all units Energy-Star compliant, and all work specified in the Physical Needs Assessment along with corrective actions for deficiencies noted, with regard to drywall, carpet, tile, interior and exterior paint, the electrical system, heating and air conditioning systems, roof, windows, interior and exterior doors, stairwells, handrails, and mailboxes. The replacement of any of these components of buildings or the site with a Remaining Useful Life of less than 15 years must be included as specified using the Fannie Mae Estimated Useful Life Table. It is expected that substantially the same scope of work in all units including painting of the entire unit, consistent flooring throughout the development and matching cabinetry within each unit is accomplished during the rehabilitation. Certification from the design architect is required following the issuance of the MTBA Firm Commitment Letter. Confirmation from the supervising architect is required prior to any partial refund of the Incentive Fee pursuant to Section 11 of this MTBA Program Description.

e. Developments proposing **Substantial Rehabilitation** may not receive more MTBA than **the lesser of**:

   i. TWENTY-EIGHT MILLION AND 00/100 DOLLARS ($28,000,000.00); or

   ii. Up to **30%** of aggregate basis using tax-exempt funds to comply with the 25% test. Subject to underwriting, demonstrated supportable permanent debt in excess of the 30% amount will be made available above the base level up to **40%** of aggregate basis. Any additional supportable debt will be from a taxable source at the requisite taxable interest rate..

f. Developments proposing **Substantial Rehabilitation** must be rehabilitated so that, upon completion of all rehabilitation, rehabilitation hard costs must be no less than the greatest of 30% of building acquisition costs or eleven thousand dollars ($11,000) per unit. The rehabilitation scope of work must include, at a minimum, scope of work as outlined in the Limited Rehabilitation and Moderate Rehabilitation requirements above, as described in the Physical Needs Assessment along with corrective actions for all deficiencies noted, and the major building systems will not require further substantial rehabilitation for a period of at least fifteen (15) years from the required placed in service date. The replacement of any component of buildings or the site with a Remaining Useful Life of less than 15 years must be included in the scope of work as specified using the Fannie Mae Estimated Useful Life Table. Substantially the same scope of work is required in all units including, without limitation, painting the entire unit, consistent flooring throughout the development and matching cabinetry within each unit. Certification from the design architect is required following the issuance of the MTBA Firm Commitment Letter. Confirmation from the supervising architect is required prior to any partial refund of the Incentive Fee pursuant to Section 11 of this MTBA Program Description.

3. Requests for Exceptions

   An applicant may submit a written request for an exception to the maximum MTBA amount listed in this Section 5.B. The written request must include sufficient supporting documentation and information to substantiate the need for additional MTBA. Only one (1) written request for an exception to the maximum MTBA and/or Noncompetitive Housing Credit limit per application will be considered. Written requests for exceptions to the maximum MTBA and/or Noncompetitive Housing Credit limit, and the amount of any requested additional assistance, may be granted or denied by THDA's Multifamily Programs Division staff, in its sole discretion.

C. Maximum Annual Amount of MTBA per Developer or Related Parties

1. In Rounds 1 and 2 and any subsequent round, the maximum combined amount of MTBA that may be committed to a single applicant, developer, owner, or Related Parties shall not exceed EIGHTY MILLION AND 00/100 DOLLARS ($80,000,000.00). . THDA will determine, in its sole discretion, if Related Parties are involved and apply this limitation.
2. MTBA may not be transferred among multiple developments involving the same applicant, developer, owner, or Related Parties.

D. Limit on Developer's Fee for MTBA with Noncompetitive Housing Credits

1. Notwithstanding the provisions of Section 11-F of the QAP, the sum of developer and consultant fees reflected in THOMAS on the development costs page may not exceed 25% of total development costs (less cash reserves and the claimed developer fee). See Section C.6. below.
2. If the sum of developer and consultant fees reflected in the development costs worksheet exceeds the amount allowable for related or unrelated parties (see 2 and 3 below), then all developer and consultant fees in excess of the amount allowable for related and unrelated parties (see 2 and 3 below) must be reflected as deferred fees and included in the sources of permanent financing.

3. If the developer and the contractor are **<u>unrelated</u>**, the non-deferred developer and consultant fees cannot exceed 15% on the portion of the basis attributable to acquisition (before the addition of the fees), and cannot exceed 15% of the portion of the basis attributable to new construction or to rehabilitation (before the addition of the fees).
4. If the developer and contractor are **<u>related</u>** parties, then the non-deferred combined fees for contractor's profit, overhead, and general requirements plus the developer's and consultant's fees, cannot exceed 15% of the portion of the basis attributable to acquisition (before the addition of the fees), and cannot exceed 25% of the portion of the basis attributable to new construction or to rehabilitation (before the addition of the fees). The contractor's profit, overhead, and general requirements are included as a part of the developer's fee.
5. If the **deferred** developer and consultant fees are **greater than** 25% of total development cost (less cash reserves and the claimed developer fee) minus the amount described in 3 and 4 above, then the application must include evidence satisfactory to THDA, in its sole discretion, that the deferred developer and consultant fees will be repaid and will not jeopardize the financial feasibility of the development.
6. For purposes of Sections C.1. and C.5., cash reserves and the claimed developer fee are subtracted from the total development costs before the total development costs are multiplied by 25%.
7. Documentation on the terms of the deferred developer fee portion must be provided with the Initial Application.

E. Limits on Costs of Issuance

As provided in Section 147(g) of the Code, the costs of issuance financed by the proceeds of Private Activity Bonds issued to finance Qualified Residential Rental projects may not exceed 2% of the proceeds of the Private Activity Bond issue.

Section 6: THOMAS Submission of Applications

A. Applications

1. All applications involving MTBA, including Firm and Conditional Initial Applications, must be submitted electronically through THOMAS. If THDA determines that THOMAS malfunctions in a way that renders applicants unable to submit applications, THDA will provide alternative instructions via e-mail BLASTS and THDA website postings.
2. All fees required at the time of application, as specified in Section 11, must be received by THDA via wire transfer prior to any determination of eligibility or scoring for any application.
3. Initial Applications must indicate whether the applicant is requesting a MTBA Conditional Commitment Letter or a MTBA Firm Commitment Letter as described in Section 10 of this MTBA Program Description.
4. Initial Applications that do not receive a Commitment Letter in Round 1 must reapply in order to be considered in Round 2.

B. Supporting Documents

1. Supporting documents as specified on the THOMAS Documents Page and referenced in the THOMAS User Manual as part of an Initial Application for a MTBA Conditional Commitment Letter, a MTBA Firm Commitment Letter, Supplemental MTBA, or subsequent applications must be uploaded into THOMAS as specified in the THOMAS User Manual. Supporting documents should be dated no earlier than 6 months prior to the applicable application deadline, unless otherwise specified in the QAP. These documents include, without limitation, the following:
   a. Statement of Application and Certification; and
   b. Issuer Certification; and
   c. Inducement Resolution; and
   d. Evidence of TEFRA Hearing; and
   e. Bond Purchase Agreement; and

f. Bond Opinion Letter; and

g. Current 30-year pro forma for the proposed development.

2. The THOMAS Documents Page contains required forms and templates for required third party reports.
3. THDA will not accept cost certifications, market studies, physical needs assessments and appraisals prepared by parties THDA has determined are not independent from other members of the Development Team or Related Parties.

C. Calendar of Events

Table 6–1: Calendar of Events

Dates	~~2026~~ 2027 Application Rounds
~~Upon Adoption of 2026 2027 MTBA Program Description~~	~~East Bank Development Area Application Submission~~
~~TBD~~	~~East Bank Development Area Application Determination Announced~~
February ~~20~~ 15 – March ~~19~~12	Round 1 Initial Application Submission Window
TBD	Round 1 Determinations Announced
TBD	Round 2 Initial Application Submission Window
TBD	Round 2 Determinations Announced

TBD	Subsequent Round (Dependent Upon Late-Year Availability of Volume Cap)

D. MTBA Firm Commitment Eligibility Documents

The Initial Application for MTBA must include the following:

1. Statement of Application and Certification; and
2. Bond Purchase Agreement Summary Letter; and
3. Bond Opinion Letter; and
4. Issuer Certification; and
5. Inducement Resolution reflecting a MTBA amount no less than the MTBA amount requested in the Initial Application; and
6. Evidence of the TEFRA Hearing; and
7. Commitment for Permanent Financing; and
8. Written documentation from each service provider that all necessary utilities (i.e., electricity, gas, sewer, and water) are available at the proposed site.

E. MTBA Conditional Commitment Eligibility Documents

The Initial Application for MTBA must include the following:

1. Statement of Application and Certification; and
2. Issuer Certification; and
3. Inducement Resolution; and
4. Evidence of the TEFRA Hearing.

F. Multiple Applications for a Single Development

Only one application may be submitted and considered for a development. 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.

G. Multiple Developments Tied to a Single Bond Issuance

When a single issuing entity proposes a single bond issue to provide financing for multiple developments, the following requirements, at minimum, will apply in addition to all other applicable requirements:

1. A separate and full MTBA electronic application must be submitted for each development; and
2. An application fee as described in Section 11 must be submitted with the application for each development; and
3. If one or more of the developments is outside the jurisdiction of the issuing entity, the application must include documentation satisfactory to THDA, in its sole discretion, that the issuing entity is permitted to, and the jurisdiction in which the development is located consents to, the issuance of the bonds.

Section 7: Application Review Process

A. Applications Must Be Complete

1. An application must be complete, as determined by THDA in its sole discretion, based on the requirements in this MTBA Program Description and the on-line application in THOMAS.
2. **The applicant is solely responsible for the submission of an application with complete and current information.**

B. Information Must Be Current

Appraisal, Physical Needs Assessment, and Market Study information older than six (6) months prior to the applicable application deadline, as determined by the date prepared and information contained therein, will not be considered current. Other documentation, including any commitments, with expiration dates or approval dates that have passed will not be considered current. Applications are incomplete when they include materials that are not considered current.

C. Review of Applications Requesting a Commitment of MTBA

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.

Table 7 - 1: Schedule of Evaluation Notices and Deadlines FOR ROUND 1

Evaluation Notice	Deadline for Response
1	7 **calendar** days

Table 7 - 2: Schedule of Evaluation Notices and Deadlines FOR ROUND 2

Evaluation Notice	Deadline for Response
1	7 **calendar** days

Applications with uncured deficiencies may be removed from consideration under this MTBA Program Description if the deficiencies are uncured after all Evaluation Notices have been sent. Applicants may resubmit the application in Round 2, but will be subject to a resubmission fee as described in Section 11 of this MTBA Program Description.

Section 8: Threshold Requirements and Scoring

A. Threshold Requirements

Developments requesting Noncompetitive Housing Credits must satisfy the applicable requirements of Section 6 of the QAP.

B. MTBA Score

1. **Only points awarded according to this section will be considered.**

2. Development Team Track Record

   a. No individual involved in the Owner Entity or Developer Entity has been involved in a ~~2022~~2023, ~~2023~~2024, or ~~2024~~ 2025 MTBA application that received and subsequently returned a Firm Commitment Letter.

      10 points

3. Other Sources of Funds

   a. Number of points awarded will be proportional to Other Sources of Funds expressed as a percentage of total development costs (e.g. if Other Sources of Funds expressed as a percentage of total development costs = 23.456%, then 2.3456 points will be awarded). **Points will only be awarded for funds for which a fully executed agreement, award letter, or contract is included with the Initial Application.** Note: points will be carried out four places to the right of the decimal point.

      Up to 10 points

4. Deepest Rehabilitation

   a. Number of points awarded will be proportional to rehabilitation hard costs expressed as a percentage of total development costs (e.g. if rehabilitation hard costs expressed as a percentage of total development costs = 23.456%, then 2.3456 points will be awarded). Note points will be carried out four places to the right of the decimal point.

Up to 10 points

5. In the event of a scoring tie among two or more Initial Applications under this Section 8.B, priority will be given to the Initial Application in the census tract with the **highest** percentile rank as reflected in the following table at: https://dogvxws799i6n.cloudfront.net/wp-content/uploads/2026-MTBA-Tiebreaker-for-NC-2.pdf, as determined by THDA, in its sole discretion.

C. Noncompetitive LIHTC Scoring for Initial Applications Proposing 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 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://dogvxws799i6n.cloudfront.net/wp-content/uploads/2026-Development-Location-Scoring-for-4-NC-2.pdf). **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 6 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 6 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.

8–1: Units Restricted to Serve Lower Income Populations

Percentage of Units Restricted (rounded up to next unit)	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

3. Development Characteristics

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 34 points

a. Exterior materials: Choose 1

i. Brick/stone veneer or stucco, minimum 60% and remaining exterior fiber cement and/or hardiplank: **5 points**

OR

ii. Brick/stone veneer or stucco, minimum 50% and remaining exterior fiber cement and/or hardiplank: **4 points**

OR

iii. Brick/stone veneer or stucco, minimum 40% and remaining exterior fiber cement and/or hardiplank: **3 points**

b. Use of anti–fungal roofing materials with a minimum 30 year warranty: **3 points**

c. Installation of hookups for standard size washers/dryers in all units: **4 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: **3 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: **7 points**

f. All units pre–wired, 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: **3 points**

g. 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: **4 points**

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

i. 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: **3 points**

j. 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 bench with a back must be installed at the mid–point of the trail. Sidewalks are not eligible for these points. **3 points**

k. 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: **3 points**

l. 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: **3 points**

m. 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: **3 points**

n. 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: **3 points**

o. 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 Initial Application.

Table 8–2: Development Team Prior Tennessee Allocations

Year of Most Recent Allocation	Points Available
~~2021~~2022–~~2025~~2026	2
~~2020~~ 2021 and before	1
No Tennessee Experience	0

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 8–3 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 8-3, 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.

Table 8–3: 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:** **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;

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 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 most 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.

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

a. ENERGY STAR rated HVAC systems (15 SEER minimum) in all units; (**3 points**)

b. ENERGY STAR certified gas tankless water heater; (**2 points**)

c. ENERGY STAR refrigerator (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**)

These ENERGY STAR requirements, if elected, must be met development wide when the development is placed in service.

9. **Tennessee Growth Policy Act:** **4 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.

10. **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 **<u>not eligible for these points if points are elected in Section 8-D–8.</u>**

Table 8 –5: Earliest Year When New Housing Credit May be Requested

Years From Date Last Building Placed in Service	Points Available
17	2
20	8

D. Noncompetitive LIHTC Scoring for Initial Applications Proposing 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 8–6: Time Since Last Placed in Service

Year Last Building Placed in Service	Points Available
After ~~2008~~2009	0
~~2001~~ 2002 – ~~2008~~2009	1
~~1997~~ 1998 – ~~2000~~2001	2
~~1994~~ 1995 – ~~1996~~1997	4
Before ~~1994~~1995	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 determine 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 x 3 = 2.870 points. **Up to 3 points**

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**

Table 8–7: Proposed Rehabilitation Hard Costs per Unit

"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://dogvxws799i6n.cloudfront.net/wp-content/uploads/2026-Unduplicated-Units-for-Existing-Scoring-2.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) x 3 = 0.333 points. **Up to 3 points**

3. **Development Characteristics.** 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 38 points**

   a. Rehabilitating Existing Multifamily Housing in an area covered by a CCRP. **Up to 6 points**

   b. Exterior materials: Choose 1

      i. Brick/stone veneer or stucco (minimum 60%) and remaining exterior fiber cement and/or hardiplank: **5 points**

         OR

      ii. Brick/stone veneer or stucco (minimum 50%) and remaining exterior fiber cement and/or hardiplank: **4 points**

         OR

      iii. Brick/stone veneer or stucco (minimum 40%) and remaining exterior fiber cement and/or hardiplank: **3 points**

   c. Use of anti–fungal roofing materials with a minimum 30 year warranty: **3 points**

   d. Install hookups for standard size washers/dryers in all units: **4 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: **3 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: **7 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: **3 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: **4 points**

i. Install a Range Oven, Fire Stop, Auto Stop or comparable extinguishing system over the stove in each unit: **7 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: **3 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: **3 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: **3 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: **3 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% of the units at the development and be available to all residents for year round usage: **3 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: **3 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 8-D-15–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 8–8: Development Team Prior Tennessee Allocations

Year of Most Recent Allocation	Points Available
~~2021~~2022–~~2025~~2026	5
~~2020~~ 2021 and before	3
No Tennessee Experience	0

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 8–9 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 8-9, 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 8–9: 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 4.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 4.d. or two additional amenities under 4.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

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 this point 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 6.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 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 most 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. Energy Efficiency: **up to 10 points**

a. ENERGY STAR rated HVAC systems (15 SEER minimum) in all units; (**3 points**)

b. ENERGY STAR certified tankless water heater; (**2 points**)

c. ENERGY STAR refrigerator (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**)

9. Tennessee Growth Policy Act: **4 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

10. 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 8-D-20 (Developments Intended for Eventual Resident Ownership).**

Table 8–11: Earliest Year When Recapitalization May be Requested

Number of Years Since Placed in Service	Points Available
17	2
20	8

Section 9: Ranking Process

A. Round 1 ~~East Bank Development Area Special Review~~

~~1. Upon adoption of the 2026~~ 2027 ~~MTBA Program Description, an application will be accepted for up to $100,000,000 in bonds for an affordable housing proposal in the East Bank Development Area of Nashville. Once a determination has been made that the application is acceptable, THDA will provide an allocation at the earliest opportunity in calendar year 2026~~2027~~, upon notification of THDA's 2026~~ 2027 ~~multifamily bond authority from the Tennessee Department of Economic and Community Development.~~

~~2.~~1. ~~Round 1. After allocation has been made to a project in the East Bank Development Area of Nashville, remaining available~~ Available MTBA, including projects associated with MTBA Section 5.A.2. above, will be divided as follows:

a. East Grand Division: 34%;

b. Middle Grand Division: 44%;

c. West Grand Division: 22%.

~~3.~~2. All eligible Initial Applications will be separated by Grand Division.

~~4.~~3. Within each Grand Division, eligible Initial Applications will be grouped in the following priority order:

a. **Group1**: eligible Initial Applications proposing **rehabilitation of existing housing that IS currently income/rent restricted housing**;

b. **Group 2**: eligible Initial Applications proposing **new construction** of **public housing, where a PHA is included in the organizational structure of the Ownership entity in accordance with Section 3.B.3**;

c. **Group 3**: eligible Initial Applications proposing **rehabilitation of existing housing that IS NOT currently income/rent restricted**.

d. **Group 4**: eligible Initial Applications proposing **new construction outside a QCT**;

e. **Group 5**: eligible Initial Applications proposing **rehabilitation** of **public housing, where a PHA is included in the organizational structure of the Ownership entity in accordance with Section 3.B.3**;

f. **Group 6**: eligible Initial Applications proposing **new construction in a QCT and covered by a CCRP**;

g. **Group 7**: eligible Initial Applications proposing **new construction in a QCT not covered by a CCRP**; and

h. **Group 8:** supplemental MTBA requests.

~~5.~~4. Within each group, eligible Initial Applications will be sorted in descending order by score as determined pursuant to Section 8.~~B.~~

5. THDA will proceed down the list of eligible Initial Applications for each Grand Division, taking into account (without limitation) the limits described in Section 5~~.A.1~~, and the grouping and sorting process described in Section 9~~.A.2 through Section 9.A.3~~, making full commitments of MTBA until the point is reached where there is insufficient MTBA remaining in the Grand Division to make a full commitment of MTBA to the next eligible Initial Application.

6. Remaining funds in each Grand Division will be combined to create a pool of funds available in accordance with Section 9.A.7.~~6~~ and Section 9.A.8. ~~7~~ below.

7. THDA will then list all eligible Initial Applications that have not yet received a commitment, regardless of Grand Division, and the statewide list will be grouped according to Section 9.A.3 and sorted according to Section 9.A.4~~3~~.

8. THDA will proceed down the statewide list of eligible Initial Applications, making full commitments of MTBA until the point is reached where there is insufficient MTBA remaining in Round 1 to make a full commitment of MTBA to the next eligible Initial Application. Any remaining funds will be utilized for Supplemental MTBA requests in Group 8. Any remaining after supplemental requests have been addressed will be carried forward to Round 2.

9. No partial commitments will be made.

B. Round 2

1. All eligible Initial Applications will be grouped and sorted statewide as follows:
   a. **Group 1**: eligible Initial Applications proposing **new construction** of **public housing, where a PHA is included in the organizational structure of the Ownership entity in accordance with Section 3.B.3**;
   b. **Group 2**: eligible Initial Applications proposing **new construction outside a QCT**;
   c. **Group 3**: eligible Initial Applications proposing **new construction in a QCT and covered by a CCRP**;
   d. **Group 4**: eligible Initial Applications proposing **new construction in a QCT not covered by a CCRP**; and
   e. **Group 5**: eligible Initial Applications proposing **rehabilitation of existing housing that IS currently income/rent restricted housing**;
   f. **Group 6**: eligible Initial Applications proposing **rehabilitation of existing housing that IS NOT currently income/rent restricted**.
   g. **Group 7**: eligible Initial Applications proposing **rehabilitation** of **public housing, where a PHA is included in the organizational structure of the Ownership entity in accordance with Section 3.B.3**; and
   h. **Group 8**: Supplemental MTBA Requests.
2. Within each group, eligible Initial Applications will be sorted in descending order by score as determined pursuant to Section 8~~.C~~.
   a. THDA will proceed down the statewide list of eligible Initial Applications, taking into account (without limitation) the grouping and sorting process described in Section 9.B.1 and Section 9.B.2, making full commitments of MTBA until the point is reached where there is insufficient MTBA remaining in the round to make a full commitment of MTBA to the next eligible Initial Application.
   b. THDA may then offer a commitment to the highest ranking eligible Initial Application that requests an amount of MTBA that is equal to or less than the remaining balance after Section 9.B.2~~.i.~~

C. Subsequent Round(s)

Should sufficient tax-exempt bond authority be made available after the conclusion of Round 2 to, in THDA's sole determination, support another round, applications will be accepted and ranked in accordance with the process outlined above in Section 9.B.

Section 10: Commitment of MTBA

A. MTBA Conditional Commitment Letter

1. THDA will issue a conditional commitment letter for ~~2026~~ 2027 MTBA ("Conditional Commitment Letter") after determining that an eligible applicant has met all applicable requirements of this MTBA Program Description as determined by THDA in its sole discretion.
2. The expiration date of any MTBA Conditional Commitment Letter is December 15, ~~2026~~2027.
3. **A Conditional Commitment Letter DOES NOT GUARANTEE an applicant that THDA will issue a Firm Commitment Letter**.
4. An applicant with a Conditional Commitment Letter must notify THDA of its intent to convert a Conditional Commitment Letter to a Firm Commitment Letter no less than 45 calendar days prior to the date the applicant wishes to receive the Firm Commitment Letter and THDA may issue a Firm Commitment Letter, subject to the availability of MTBA at the time THDA receives such notification and subject to compliance with all requirements for a Firm Commitment Letter.
5. **THDA may issue Conditional Commitment Letters that, in the aggregate, exceed the amount of MTBA available under this MTBA Program Description**.

B. MTBA Firm Commitment Letter

1. THDA will issue a firm commitment letter for ~~2026~~ 2027 MTBA ("Firm Commitment Letter") after determining that an eligible application has met all applicable requirements of this MTBA Program Description.
2. A Firm Commitment Letter will have an expiration date either ninety (90) or one hundred and twenty (120) calendar days from the date of issuance. The expiration date will be determined by THDA, in its sole discretion.
   a. If the sources of funds include grant funds that are not considered in the PD score, the fully executed agreement, contract, or award letter must be submitted to THDA prior

to the issuance of a Firm Commitment Letter. Any Firm Commitment Letter issued before September 16, ~~2026~~ 2027, will expire ninety (90) calendar days from the date of issuance.

b. Any Firm Commitment Letter issued on or after September 17, ~~2026~~ 2027, will expire on December 15, ~~2026~~2027.

3. A Firm Commitment Letter issued before August 17, ~~2026~~2027, may be extended one time for a maximum of thirty (30) calendar days following the original expiration date. An Extension Fee as described in Section 11 must accompany the extension request. An extension request may be approved or denied by THDA, in its sole discretion.
4. THDA will only consider exceptions to the above timelines when a Project can prove that it is unduly delayed due to a federal agency's inability to timely perform actions that are necessary to close the MTBA. In such cases, a Project must submit a formal request to THDA by 11:59 PM Central Time, December 1, ~~2026~~ 2027, to carry forward the MTBA. The formal request must include a commitment by the Issuer that the MTBA will only be used for the intended Project, unless otherwise subsequently agreed by THDA. If the carryforward is approved by THDA, the MTBA must close by 11:59 PM Central Time, June 30, ~~2026~~2027. Until such time as the MTBA is closed, the individuals involved in the Project will not be eligible to apply for MTBA on any other project.

5 **THDA will not issue Firm Commitment Letters that, in the aggregate, exceed the amount of MTBA available under this MTBA Program Description**.

Section 11: Fees, Partial Refunds of Fees, and Fees Retained by THDA

A. Wiring Instructions

All fees should be in the form of an electronic wire. Applicants are encouraged to send the wire confirmation to thomas@thda.org.

Table 11 - 1: Wiring Instructions

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.

B. Application Fee

An Application Fee of ONE THOUSAND, FIVE HUNDRED AND 00/100 DOLLARS ($1,500.00) must be submitted to THDA at the time an application is submitted, except as provided in the subsequent paragraph. **THE APPLICATION FEE IS NOT REFUNDABLE**. If the fee is not submitted at the time an application is submitted, THDA will not review the application and will notify the applicant that the application has been rejected.

Initial Applications that do not receive a Commitment Letter in Round 1 and that reapply in Round 2 are not required to submit a second Application Fee for Round 2.

C. **Resubmission Fee**

A Resubmission Fee of seven hundred and fifty dollars ($750) must be submitted to THDA if an application is resubmitted after rejection for uncured deficiencies based on requests for additional documentation and/or information for purposes of clarification as specified in the Evaluation Notice described in Section 7. **<u>THE RESUBMISSION FEE IS NOT REFUNDABLE</u>**.

D. **Conditional Commitment Letter Fee**

A Conditional Commitment Letter Fee of five thousand dollars ($5,000) must be submitted in order for the Conditional Commitment Letter to be processed. **<u>THE COMMITMENT FEE FOR A CONDITIONAL COMMITMENT LETTER IS NOT REFUNDABLE</u>**.

E. **MTBA Firm Commitment Letter Fee and Incentive Fee**

1. Following issuance of a Firm Commitment Letter, Initial Applications must submit a Firm Commitment Letter Fee and an Incentive Fee in order for the Firm Commitment Letter to be processed.
2. Fees for a ninety (90) day Firm Commitment Letter:
   a. The Commitment Fee is an amount equal to 1% of the MTBA approved by THDA.
   b. The Incentive Fee is an amount equal to 20% of the Commitment Fee.
3. Fees for a one hundred and twenty (120) day Firm Commitment Letter:
   a. The Commitment Fee is an amount equal to 1.5% of the MTBA allocated to the local issuer.
   b. The Incentive Fee is an amount equal to 20% of the Commitment Fee.
4. **<u>THE COMMITMENT FEE FOR A FIRM COMMITMENT LETTER IS NOT REFUNDABLE</u>**.

F. **Supplemental MTBA Request Fee**

A Supplemental MTBA Request Fee of three thousand dollars ($3,000) must be submitted to THDA at the time the Supplemental MTBA Request is submitted. **<u>THE SUPPLEMENTAL MTBA REQUEST FEE IS NOT REFUNDABLE</u>**. If the fee is not submitted at the time a request is submitted, THDA will not review the request and will notify the applicant that the request has been rejected.

G. Refund of Incentive Fee Following Issuance of MTBA

1. The following documentation, without limitation, must be submitted by the applicable deadlines to be eligible for a refund of the Incentive Fee:
   a. Documentation from Bond Counsel (including, without limitation, a closing confirmation letter) must be submitted no later than the expiration date of the Firm Commitment Letter;
   b. Acceptable proof that all units are constructed and the development is placed in service must be submitted no later than two years after the expiration of the MTBA Firm Commitment Letter;
   c. Acceptable proof that all forms to be filed by the Bond Issuer have been completed and filed to THDA's satisfaction must be submitted no later than two years after the expiration of the Firm Commitment Letter.
2. If the bonds were issued and sold on or before 11:59 PM Central Time on the date specified in the Firm Commitment Letter without ~~a receiving~~receiving an extension and all the conditions of Section 11 have been met, THDA will refund the **FULL** Incentive Fee.

H. Release of Commitments and Refund of Incentive Fee

If recipients of Conditional Commitment Letters or Firm Commitment Letters release the MTBA allocated to them before the deadline in the Firm Commitment Letter when bonds will not be sold using the MTBA, THDA will refund a percentage of the Incentive Fee to support the earliest release of the committed MTBA. Voluntary withdrawal of a MTBA Commitment Letter in accordance with all applicable program requirements will not cause ineligibility as described in Section 3 of this MTBA Program Description, but will affect scoring as described in 8.C.2 of this MTBA Program Description.

Table 11 - 2: Deadline for Commitment to be Released and Incentive Fee Refund

Phase	90 - Day Commitments	120 - Day Commitments	Amount Refunded
A	days 1 - 30	days 1 - 45	100%
B	days 31 - 60	days 46 - 90	50%
C	days 61 - 89	days 91 -119	25%
D*	days 90 - 119	days 120 - 149	0%

* only applicable if a deadline extension is granted by THDA

I. Incentive Fee Retained by THDA

1. If a request for an extension to the deadline for closing the sale of the bonds beyond 11:59 PM Central Time on the original date specified in the Firm Commitment Letter is approved in accordance with Section 10, THDA will **RETAIN** the **FULL** amount of the Incentive Fee.
2. If the bonds are not issued and sold by the expiration date (original or extended) of the Firm Commitment Letter, and the Firm Commitment Letter has not been released as described in Section 11-G, and no extension has been requested or granted as described in Section 11-H, THDA will **RETAIN** the **FULL** amount of the Incentive Fee and a MTBA application for the development may not be resubmitted in ~~2026~~2027.
3. If the bonds are issued and sold, but the development is not placed in service, THDA will **RETAIN** the **FULL** amount of the Incentive Fee.

J. Monitoring Fee

Developments that receive MTBA and Noncompetitive Housing Credits are subject to all monitoring fees set out in Section 4 of the QAP.

K. Modification Fee

Developments that receive MTBA and Noncompetitive Housing Credits and request modification are subject to Modification Fees as set out in Section 4 of the QAP. Payment of this fee does not guarantee approval of proposed changes or modifications.

L. Extension Fee

Developments that receive MTBA and Noncompetitive Housing Credits and request an extension are subject to Extension Fees as set out in Section 4 of the QAP. Payment of this fee does not guarantee approval of an extension.

M. Requests for Refunds

If the applicant is eligible for any refund as described in Section 11-G or Section 11-H above, the applicant must submit a written request for a refund. The written request for a refund must be submitted no later than March 1 of the year after the development places in service. If March 1 is not a THDA business day (e.g. weekend or holiday), the deadline will be the following THDA business day.

Section 12: Noncompetitive Housing Credits

A. THDA will determine eligibility for Noncompetitive Housing Credits and the amount of Noncompetitive Housing Credit to be allocated to a development, up to the maximum amount permissible with MTBA financing. Any development seeking Noncompetitive Housing Credits must apply for and is subject to the applicable QAP in the same calendar year in which MTBA is committed. An application for Noncompetitive Housing Credits is subject to eligibility and threshold requirements as well as fees, including monitoring fees, found in the applicable QAP. **Receipt of a Firm Commitment Letter does not guarantee receipt of Noncompetitive Housing Credits.**

B. If an Initial Application for Competitive Housing Credits and an application for MTBA and Noncompetitive Housing Credits are submitted for the same development, the Initial Application for Competitive Housing Credits will be deemed ineligible.

C. The maximum obtainable rents supported by the Market Study must be proposed for the proposed development and must support reasonable operating expenses and maximum mortgage debt service prior to Noncompetitive Housing Credits filling any financial "gaps". This may require additional financing from other sources over and above the maximum amount of MTBA or Noncompetitive Housing Credit committed to the development by THDA.

Section 13: Requests for Supplemental MTBA

A. Allocations of Supplemental MTBA are subject to availability of MTBA and will be made **ONLY** consistent with the priority order established in Section 9.A. and B.

B. Developer fees may not be increased in conjunction with a request for supplemental MTBA.

C. The original allocation of bonds must be closed prior to submission of a request for supplemental MTBA.

C. Any Firm Commitment Letter for an allocation of Supplemental MTBA under this Program Description will expire on December 15, ~~2026~~2027.

Section 14: Controlling Document

Although there is one application for MTBA and Noncompetitive Housing Credits; the MTBA Program Description applies to the MTBA and the ~~2026~~ 2027 QAP applies to the Noncompetitive Housing Credits.

Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph Perrey
Executive Director

To:	THDA Board of Directors
From:	Bill Lord, Director of Community Housing Don Watt, Chief Program Officer
Date:	August 31, 2026
Subject:	Community Workforce Housing Innovation Pilot Program Description - 2027

Recommendations:

- Adopt the proposed 2027 Community Workforce Housing Innovation Pilot Program Description ("Program Description") and authorize the Executive Director or a designee to award funds to applicants for applications scored by staff; and,
- Allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes and substantial changes if needed to comply with State requirements; and,
- Allow the Chief Program Officer to reallocate any funds not awarded for future qualified Community Workforce Housing Innovation Pilot rounds, as authorized by the State Legislature.

Key Points:

- Qualified applicants will include for-profit and non-profit developers and for-profit single purpose legal entities.
- THDA will select applicants in accordance with the scoring criteria established in the Program Description.
- Successful applicants will be provided with a reservation of funds that will extend for six (6) months. During that period successful applicants will be required to present final development budgets for the proposed project(s) and have entered into formal construction loan agreement with THDA.
- Limited term construction loans will be available for the new construction or acquisition and rehabilitation of units for sale or rent that are reserved for workforce households.
- Construction loans will offer a rate that is the higher of 3%, or 4% below the Prime Rate, not to exceed 6%.

EQUAL HOUSING OPPORTUNITY

- For any construction loan not repaid within the specified loan term, depending on project type, the interest rate will accelerate to prime plus 4% and be applied retroactively to the first day of the loan term.
- THDA will open the program for applications on January 7, 2027, with applications due on March 11, 2027. Funding awards will be announced on or about April 15, 2027, with the Reservation of Funds period beginning on or before July 1, 2027.

Background:

The Tennessee General Assembly in the 2026 General Session amended the Tennessee Code Annotated, Title 13, Chapter 23, Part 1 to create the Pilot Program to be administered by the Tennessee Housing Development Agency ("THDA"). For that purpose, the legislature appropriated $20,000,000 in State funding. The Pilot Program aims to provide affordable rental and homeownership community workforce housing for persons affected by the high cost of housing, using regulatory incentives and state and local funds to promote local public private partnerships and leverage government and private resources. Households to be assisted by the program are restricted to households earning between 80% - 150% Area Median Income ("AMI")

Staff will provide information to the Board regarding associated funding awards at the meeting that immediately follows the date of the awards.

2027 COMMUNITY WORKFORCE HOUSING INNOVATION PILOT PROGRAM DESCRIPTION

Tennessee Housing Development Agency

The General Assembly of the State of Tennessee in 2026 amended the Tennessee Code Annotated, Title 13, Chapter 23, Part 1 to create the Community Workforce Housing Innovation Pilot Program ("Pilot Program") to be administered by the Tennessee Housing Development Agency ("THDA"). The Pilot Program aims to provide construction loans that finance projects in whole or in part to acquire and/or construct or rehabilitate affordable rental and homeownership community Workforce Housing Projects for persons affected by the high cost of housing, using regulatory incentives and State and local funds to promote local public-private partnerships and leverage government and private resources.

"Workforce Housing" means housing affordable to natural persons or families whose total annual household income is more than eighty percent (80%) but does not exceed one hundred fifty percent (150%) of area median income, adjusted for household size, as provided in Attachment A ("Workforce Households"). This funding is intended to be used with other public and private resources.

The purpose of this Program Description is to explain the application process and requirements of this Pilot Program.

I. APPLICATION PERIOD

The application package and additional program documentation will be made available on THDA's website at https://thda.org/govt-non-profit/workforce-housing/

The application period for the Pilot Program will open on January 7, 2027, and applications must be received by THDA on or before 4:00 PM Central Time on March 11, 2027. THDA anticipates notifying successful applicants on or about April 15, 2027.

II. ALLOCATION OF FUNDS

A. Funds will be allocated through a competitive application process to Eligible Applicants.

B. Total Allocation Amount. The State of Tennessee has allocated $20 million to the Pilot

Program.

C. Required Targeting. The authorizing legislation for the Pilot Program requires THDA to target innovative projects in areas where (1) the disparity between the area median income and the median sales price for a single-family home is greatest, and (2) where population growth as a percentage rate of increase is greatest, providing a loan for at least one eligible project in each of Tennessee's three grand divisions as defined at Tennessee Code Annotated Title 4, Chapter 1, Part 2 ("Grand Division"). To meet this targeting requirement, THDA has determined the above factors demonstrate the greatest need first to Middle Tennessee, second to East Tennessee, and third to West Tennessee. As a result, THDA will initially allocate funds by Grand Division as follows "the "Grand Division Limit(s)"):

- East Tennessee - $7 million
- Middle Tennessee - $10 million
- West Tennessee - $3 million

D. Maximum Award. The Maximum Award for a development will be capped by the Grand Division Limit for the Grand Division in which the project is located and the following:

(1) The aggregate total of the total development costs of all units intended to be sold to Workforce Households under Homeownership; and

(2) An amount not to exceed the underwritten supportable construction loan amount attributable to units to be restricted to Workforce Households under Rental development.

E. Per Unit Subsidy Limit. The amount of Pilot Program funds that may be invested per Workforce Housing Unit per bedroom are:

$225,190	0-Bedroom (Efficiency) Limit
$258,146	1-Bedroom Limit
$313,914	2-Bedroom Limit
$406,103	3-Bedroom Limit
$445,772	4-Bedroom Limit

F. Initial Full Awards Under Each Grand Division. THDA will score all applications meeting threshold criteria based on the categories in Section XIII – APPLICATION SCORING FACTORS that include certain priority considerations required under the authorizing legislation, rank them in descending order, and separate them by Grand Division. THDA will award funds to the top scoring applications in each Grand Division that can be fully funded applying the Grand Division Limits. No partial awards will be given.

G. Remaining Full Awards Without Regard to Grand Divisions. THDA will combine the remaining funds from each Grand Division and award the remaining top scoring applications that can be fully funded, regardless of the Grand Division in which each is located.

H. Partial Award. THDA may offer the next highest scoring application a partial award, provided the applicant is able to modify the project to be financially feasible utilizing only the partial award.

I. Tie Scores. In the event of a tie score, THDA will first select the application with the highest total Workforce Housing Project Concentration score. If a tie still results, THDA will select the highest total Pilot Project Investment score. Then, if a tie still remains, THDA will prioritize funding for the application with the greatest number of units.

III. ELIGIBLE APPLICANTS/APPLICATIONS – THRESHOLD REQUIREMENTS

For an applicant to be eligible and an application to be scored by THDA, the following minimum threshold criteria must be met.

A. Must be a public-private partnership, evidenced by an agreement, contract, partnership agreement, memorandum of understanding, or other written instrument signed by all of the project partners.

(1) "Public-Private Partnership" means any form of business entity that includes:

(a) Substantial involvement of at least one (1) county, one (1) municipality, **or** one (1) public entity, such as an industrial development corporation, a health, educational, and housing facility corporation, a school district, or other unit of the local government in which the project is to be located (the “Public Entity”); **and**

(b) At least one (1) private sector for-profit or not-for-profit business or charitable entity, and may be any form of business entity, including a joint venture or contractual agreement (the “Private Entity”).

(c) “Substantial Involvement” means the regular, continuous, and substantial onsite involvement of the Public Entity in the development and operation of the Development throughout the applicable Compliance Period. The Public Entity may not serve solely as a passive investor or entity whose participation is limited to periodic consultation or involvement in the Development. The nature of the Public Entity’s involvement may vary during the development and operating phases but must include substantial responsibilities and decision-making authority appropriate to each phase.

B. Qualified to Do Business. The Private Entity and any entity created by the Private Entity and Public Entity (“Partnership Entity”) must 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, and not be debarred or excluded from receiving Federal assistance or THDA assistance both prior to award and at execution of the loan agreement with THDA.

C. Applicant Experience and Financial Capacity. Applicants and their development team must undergo an evaluation by THDA of their capacity before the Applicant may qualify as an Eligible Applicant. The application must include the most recent financial audit or audited financial statements of the Private Entity. THDA may request additional documentation from the Public Entity or Partnership Entity.

(1) Rental Housing. An application proposing the development of rental housing for Workforce Households must demonstrate that the Private Entity, Public Entity, or Partnership Entity has:

(a) At least two (2) years of related housing development, ownership, and management experience of developments of similar size and scope of the proposed development. 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.

(b) The financial capacity necessary to undertake, complete, and manage the proposed development, as demonstrated by the ability to own, construct, or rehabilitate and manage and operate rental housing.

(2) Homeownership. An Applicant proposing the development of housing for sale to Workforce Households must demonstrate that the Private Entity, Public Entity, or Partnership Entity has:

(a) At least two (2) years of related experience in the development of housing for subsequent sale to homebuyers for use as their primary residence., as defined herein. THDA will evaluate the experience of the entire proposed team with developing homes of similar size and scope.

(b) The financial capacity necessary to undertake, complete, and sell the proposed housing.

D. Site Control, Zoning, and Infrastructure. Documentation must be submitted with the application that demonstrates the Private Entity, Public Entity, or Partnership Entity control the property on which the proposed Development is to be located though a deed, court order, a contract, or option to contract, for sale or a ground lease (with a term of at least 50 years that will not terminate during the Compliance Period). Such document must provide a current legal description. If applicable, underlying seller authority must also be proven by a commitment for insurance where the property description matches the site control documentation. Documentation must also be provided that evidences the proposed development is currently zoned for the proposed activity and that the requisite infrastructure is available.

E. Match. The application must include a letter of commitment, agreement, contract, deed, memorandum of understanding, or other written instrument that evidences grants, donations of land, contributions from the public-private partnership, property tax savings resulting from execution of an agreement for payments in lieu of taxes, or other sources collectively totaling at least ten percent (10%) of the total development cost or two million dollars ($2,000,000), whichever is less.

F. Marketing Plan for Essential Services Personnel. The application must contain the Applicant's plan to market to Essential Services Personnel, which is defined as persons in need of affordable housing who are employed in occupations or professions in which they are considered essential services personnel, including, but not limited to, law enforcement and public safety officers, grocery store and restaurant employees, pharmacy employees, healthcare providers, emergency personnel, and transportation and energy sector employees.

G. Need. The application must provide research and/or facts available that support the demand and need for rental or homeownership Workforce Housing for eligible persons in the market in which the project is proposed.

H. Development Budget. The Total Development Budget must include all costs associated with the Development, including:

- Acquisition of Land and Buildings
- Construction or rehabilitation "hard" costs
- Cost of on-site infrastructure (dirt work, utilities, etc.)
- Contractor mark-up and profit – Cannot exceed fifteen (15%) of Total Development Costs (TDC).
- Contingency - Cannot exceed 5% of the loan amount.
- Construction Soft Costs (architectural, engineering, legal, appraisal, etc.)
- Marketing costs: Projects for sale only
- Market Study, if performed within three months prior to application submission.
- Developer Fees – Cannot exceed fifteen percent (15%) of the TDC.
- Insurance Costs – Project related costs only such as builders risk, general liability for the specific project, etc. THDA must be listed as an additional Payee.
- Impact fees where applicable

IV. FORM OF ASSISTANCE

A. Funds will be awarded as construction loans at an interest rate of 3% through a Loan Agreement that will be due at maturity and secured by a note, deed of trust, and restrictive covenants (the "Closing Documents").

B. Eligible Recipients will initially be provided a Reservation of Funds with a term of six (6) months. Prior to the expiration of the Reservation of Funds, Recipients must:

(1) Have submitted, and received THDA approval of, a final development budget with documentation of all committed development sources;

(2) Have obtained final site control through an executed and recorded warranty deed or 50-year ground lease, or, if Pilot Program funds are being used for acquisition, provide drafts of such that prove acquisition will take place simultaneously with the closing of the Loan Agreement and other Closing Documents; and

(3) Have entered into a Loan Agreement with THDA for every site under an award/project.

(4) THDA's Executive Director may administratively provide a one-time, 6-month extension of the Reservation of Funds for issues that arise outside the control of the Eligible Recipient.

C. All Closing Documents must be executed simultaneously and be signed by the Private Entity and the Public Entity, or the Partnership Entity if one is formed, and the fee owner in a PILOT arrangement. The fee simple must be encumbered under the Closing Documents.

D. No draws may be requested until all Closing Documents have been executed and the deed of trust and restrictions have been recorded and all executed and recorded Closing Documents have been provided to THDA.

E. Loan Agreements will mature within 30 months after execution of the Loan Agreement or 60 days after (i) a sale to a homebuyer for Homeownership or (ii) the issuance of the certificate of occupancy or equivalent for Rental Development, whichever occurs first.

F. If the construction loan is not repaid at Maturity, then the interest rate will be accelerated to prime plus 4% and be applied retroactively to the 1st day of the loan term.

G. Loans not repaid within six (6) months of Maturity will be considered a default under the Closing Documents and THDA will initiate enforcement action(s).

V. ELIGIBLE ACTIVITIES

A. Acquisition and/or New Construction or Rehabilitation/Reconstruction of Single-Family Units for Sale to Eligible Workforce Households. The application must include a self-certification that the following requirements will be met for the Workforce Housing Units:

(1) The housing must be single-family housing;

(2) Square Footage Limitation. Pilot Program funds may only be used to cover the development costs necessary to develop modest housing of no more than 1,800 square feet per unit;

(3) The housing must be acquired by a homebuyer whose family qualifies as a Workforce Household that will use the housing as the household's principal residence throughout the Compliance Period;

(4) Minimum Design Standards. Units must comply with THDA's Minimum Design Standards for Rehabilitation and New Construction of Single Family and Multi-Family Housing Units ("Minimum Design Standards");

(5) Flood Plain. Units may not be located in an area identified by the Federal Emergency Management Agency as having special flood hazards; and

(6) Lead-Based Paint. Units are subject to the Tennessee Department of Environment and Conservation's Lead-Based Paint Abatement Rules, found in Rule Chapter 0400-13-01. These requirements are available on the Tennessee Lead Based Paint Abatement Program webpage.

B. Acquisition and/or New Construction or Rehabilitation/Reconstruction of Multi-Family Units for Rent to Eligible Workforce Household. The application must include self-certification that the following requirements will be met:

(1) Eligible Recipient shall comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and its implementing regulations at 49 CFR 24;

(2) The Workforce Housing Units may only be rented to households meeting the definition of Workforce Household throughout the Compliance Period;

(3) Rent Limits. Rent limits for all Workforce Housing Units during the Compliance Period must be equal to the 50th Percentile (or Median) Rent Estimates for Fair Market Rents as published by the U.S. Department of Housing and Urban Development for the county or area, as applicable, in which the property is located.

(a) Eligible Recipient may only increase rent limits one-time annually at lease renewal, during each year of the Compliance Period, not to exceed the most recent 50th Percentile (or Median) Rent Estimates for the Fair Market Rents as published by the U.S. Department of Housing and Urban Development for the county or area, as applicable, in which the property is located.

(4) Minimum Design Standards. Units must comply with THDA's Minimum Design Standards for Rehabilitation and New Construction of Single Family and Multi-Family Housing Units ("Minimum Design Standards");

(5) Flood Plain. Units may not be located in an area identified by the Federal Emergency Management Agency as having special flood hazards; and

(6) Lead-Based Paint. Units are subject to the Tennessee Department of Environment and Conservation's Lead-Based Paint Abatement Rules, found in Rule Chapter 0400-13-01. These requirements are available on the Tennessee Lead Based Paint Abatement Program webpage.

C. In the absence of Local Codes, the development must comply with the Tennessee Adopted Building Code and receive a Certificate of Occupancy, or equivalent, from a licensed Building Codes Inspector recognized by the State Fire Marshal's office.

D. Eligible Housing types may include:

- On-site, stick-built single or multifamily housing.
- Manufactured homes (that must be permanently affixed to a concrete foundation).
- 3D printed homes.
- Adaptive reuse of any previously nonresidential structures.
- Other innovative housing types providing the resulting structure meets all required Tennessee or Local Building Codes for the location of the development, and for the intended use.

VI. IMPLEMENTATION TIMELINE AND DRAWS.

A. Construction and rehabilitation work must proceed within 90 days of entering into the Loan Agreement.

B. Draws on the loan amount will be issued upon written request according to the completion of certain stages of completion of the Project. The Implementation Timelines below outline the customary requirements, but, in its sole discretion, THDA reserves the right to adjust the stages to customize them per Project.

(1) Single Family New Construction Development.

- Stage 1 (5%) – Pre-development
- Stage 2 (15%) – Pad, Slab, or Foundation
- Stage 3 (25%) – Framing to dried in stage.
- Stage 4 (15%) – Mechanical Rough Ins

- Stage 5 (20%) – Interior Finishes
- Stage 6 (10%) – Exterior Finishes
- Stage 7 (5%) – Contingency (if needed)
- Stage 8 Balance - Certificate of Occupancy

(2) Multi-family New Construction Development

- Stage 1 (5%) – Pre-development/Architecture and Engineering
- Stage 2 (10%) - Infrastructure
- Stage 3 (5%) – Pad, Floor Slab or Foundation
- Stage 4 (25%) – Framing to dried in stage.
- Stage 5 (15%) – Mechanical Rough Ins
- Stage 6 (20%) – Interior Finishes
- Stage 7 (10%) – Exterior Finishes
- Stage 8 (5%) – Contingency (if needed)
- Stage 9 (Balance) - Certificate of Occupancy

(3) Acquisition and Rehabilitation - All

- Stage 1 (Acquisition Funding per budget) – Delivered at Closing
- Stage 2 (Up to 10% of Rehab Budget) - Pre-development/Architecture and Engineering
- Stage 3 (Up to 25% of Rehab Budget) – Progress Draw
- Stage 4 (Up to 25% of Rehab Budget) – Progress Draw
- Stage 5 (Up to 25% of Rehab Budget) – Progress Draw
- Stage 6 (Cumulative Up to 90% total of Rehab Budget) – Progress Draw
- Stage 7 (5%) – Contingency (if needed)
- Stage 8 (Balance) - Certificate of Occupancy

VII. COMPLIANCE PERIOD REQUIREMENTS

A. Homeownership Projects.

(1) All units at initial sale must be sold to a Workforce Household that will use the home as their primary residence.

(2) After the initial sale, no further restrictions on the sale or use of the unit will apply.

B. Rental Projects.

(1) THDA will impose a Compliance Period of five (5) years that will begin at issuance of the final Certification of Occupancy for the development and be enforced by the Restrictive Covenants.

(2) At initial lease up and through the Compliance Period, all Workforce Housing Units must be initially rented to households who meet the definition of Workforce Household at the household's initial lease term. If a household meets the definition at initial lease up, it does not need to move if its income decreases or increases from the initial income eligibility and the unit will still be deemed in compliance until that household terminates its lease. Then, at such time, the next household must meet the definition of Workforce Household at their initial lease. The rent for a household that becomes over-income after initial lease up will be adjusted to no less than thirty percent (30%) of their adjusted monthly income for rent and utilities.

(3) THDA will require the submission of rent rolls at initial lease-up, Year 3, and Year 5.

(4) Owners are required to lease units to Workforce Households at rents in compliance with Section V.C. through the Compliance Period.

C. If the Recipient fails to sell or rent to an eligible household, THDA may prohibit the Owner or related project partners from participation in other THDA programs for a duration to be determined at THDA in its sole discretion based on the severity of the non-compliance.

VIII. BENEFICIARY REQUIREMENTS

At initial occupancy, all households purchasing or renting a unit financed with Pilot Program funds must be a Workforce Household. The following methods for determining household composition and income will apply:

A. <u>Calculating Household Composition.</u> Count the total number of individuals who will be residing in the unit as their primary residence.

B. <u>Calculating Household Income.</u> The income of the household for eligibility is the sum of the eligibility purposes is the annual gross income of all adult household members residing in the home or rental unit as defined by the Section 8 Rental Assistance Program. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

IX. FAIR HOUSING AND NON-DISCRIMINATION:

Eligible Recipients must comply with all state and federal non-discrimination laws, including the Tennessee Human Rights and Disability Acts and the Fair Housing Act. Grantees are required to assure that no person is excluded from participation in, denied benefits, or otherwise subjected to discrimination, when seeking Pilot Program benefits, or in employment, based on race, color, creed, disability, age, religion, sex, national origin, or any other classification protected by federal or state law. Eligible Recipients will, upon request, show proof of nondiscrimination, and post notices of nondiscrimination in conspicuous places available to all Workforce Households seeking to rent or purchase housing financed through this Pilot Program.

X. CONSTRUCTION REVIEWS

THDA reserves the right to undertake on-site construction reviews at a frequency as determined by THDA to ensure compliance that all scoring items are completed in accordance with the application.

XI. REPORTING AND RECORD RETENTION REQUIREMENTS

Separate from the on-going compliance requirements of rental projects, THDA will collect submission of household and unit data elements associated with both homeownership and rental units at initial occupancy. Eligible Recipients must maintain all records for their projects for 5 years after a sale to a homebuyer for Homeownership and 5 years after the Compliance Period for Rental Development.

XII. APPLICATION EVALUATION PROCEDURE

Threshold Determination. THDA will evaluate each application to determine if the proposal meets threshold criteria in Section III and hereunder. Threshold criteria include 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. Applicants must submit all required documentation to THDA per instructions included in the Application package. Other methods of delivery will not be considered. THDA will only score applications that meet all threshold criteria.

XIII. APPLICATION SCORING FACTORS

THDA will score applications based on a 100-point rating scale considering the following factors:

A. Project Design and Planning – Up to 30 points

(1) The proposed project demonstrates exceptional 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.

(2) Applicant has site control of the parcel(s) on which the housing will be developed in fee simple via deed or an executed ground lease with a term of at least 50 years that cannot terminate during the Compliance Period.

(3) Firm financial commitments for non-Pilot Program resources have been secured, are current, and are demonstrated within the application.

(4) For rental housing projects, the project's proforma demonstrates sufficient cash flow to support the project's operation over the Compliance Period.

(5) The proposed project exceeds the need demonstrated by the neighborhood market conditions.

B. Applicant's Capacity and Experience – Up to 30 points.

(1) Rental Projects.

(a) The Applicant has extensive experience owning, developing, and managing rental units of similar size and scope as the proposed project and the experience exceeds the threshold requirement.

(b) The Applicant's development and management team have extensive experience developing or managing rental housing of similar size and scope as the proposed project.

(c) The Applicant provided documentation that demonstrates it and its development and management team have extensive experience in completing projects within deadlines.

(2) Homeownership Projects.

(a) The Applicant has extensive experience with developing units for subsequent sale to homebuyers of similar size, scope, and complexity as the proposed project and the experience exceeds the threshold requirement.

(b) The Applicant's development and management team have extensive experience developing units in projects of similar size, scope and complexity as the proposed project.

(c) The Applicant provided documentation that demonstrates it and its development and management team have extensive experience in completing projects within deadlines.

C. Regulatory Incentives/Financial Contributions – Up to 5 Points

The local jurisdiction in which the project would be located has adopted or is committed to adopting appropriate regulatory incentives that may include such actions as expediting review of development orders and permits, supporting development near transportation hubs and major employment centers, and adopting land development regulations designed to allow flexibility in densities, use of accessory units, mixed-use developments, and flexible lot configurations; **or**

The local jurisdiction in which the project would be located, or the public-private partnership, has adopted or is committed to adopting local contributions or financial strategies, or other funding sources to promote the development and ongoing financial viability of such projects. Financial strategies include such actions as promoting employer-assisted housing programs, providing tax increment financing, entering into an agreement for payments in lieu of taxes, providing land, new or improved infrastructure that will benefit project.

D. Project Innovation – Up to 5 Points

A Project is innovative and includes new construction or rehabilitation of mixed-income housing, commercial and housing mixed-use elements, innovative design, or other elements that reduce long-term costs relating to maintenance, utilities, or insurance, and promote homeownership. Examples of other innovative design may include, but are not limited to:

(1) Visitability: Home design which allows a person using a wheelchair to visit the Workforce Housing Unit. The unit includes (1) at least one entry/exit as well as bathroom door openings at a minimum 32" to accommodate a wheelchair; (2) one bathroom on the main floor of the unit that is accessible by wheelchair, excluding the shower; and (3) one zero-step entry located on at least one wheelchair accessible unit entrance.

(2) Energy Conservation: The Applicant includes at least three energy conservation measures beyond that required by THDA's Minimum Design Standards for either rehabilitation or new construction, as applicable.

(3) Universal Design: Unit design elements that meet the physical needs of the greatest number of residents within a community. 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 physical needs.

E. Workforce Housing Unit Concentration – Up to 20 Total Points

Projects that set aside at least 80% of the total units of a project as Workforce Housing Units:

- 100% of the units are Workforce Housing Units - 20 points
- At least 95% of the units are Workforce Housing Units – 16 points
- At least 90% of the units are Workforce Housing Units - 12 points
- At least 85% of the units are Workforce Housing Units – 8 points
- At least 80% of the units are Workforce Housing Units – 4 points

F. Pilot Program Investment – Up to 10 Total Points

Projects that require the least amount of program funding compared to the overall housing costs for the project. THDA will calculate the Pilot Program investment as a percentage of the total project development cost for each project. The application in each Grand Division with the lowest Pilot program investment percentage will receive 10 points. THDA will then award points for the remaining applications based on the following method:

- Subtract the Pilot Program Investment Percentage from 100% to determine the Inverse Percentage.
- Multiply the Inverse Percentage by 10 points to determine the Application Score.

2027 COMMUNITY WORKFORCE HOUSING INNOVATION PILOT PROGRAM DESCRIPTION

Tennessee Housing Development Agency

Attachment I
Household Income Table
80.01% - 150% AMI

Annex

Tennessee Housing Development Agency

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

Bill Lee **Governor**	**Ralph Perrey** **Executive Director**

To: THDA Board of Directors
From: Bill Lord, Director of Community Housing
Don Watt, Chief Program Officer
Date: August 31 , 2026
Subject: 2026 HOME Homeowner Rehabilitation Grant Funding Awards

THDA received fifteen applications requesting $9,750,000 in HOME project funds and $780,000 in administrative funds. All applications were eligible for scoring. Per the Program Description, available funding was divided evenly by Grand Division, and applications were ranked by Grand Division. Once all applications that could be fully funded in each Grand Division were awarded, the remaining funds were awarded by the highest score without regard to location.

Staff awarded the following eleven applications, totaling $7,000,000 in project funds and $500,000 in administrative funds, to rehabilitate 70 homes across the state.

<u>East Grand Division:</u>
- Greene County – $750,000
- Claiborne County - $750,000
- Grainger County - $750,000

<u>Middle Grand Division:</u>
- Moore County – $500,000
- City of Pulaski – $500,000
- Town of Petersburg –$250,000
- City of Fayetteville – $750,000

<u>West Grand Division:</u>
- Town of Alamo – $750,000
- City of Dyer – $750,000

EQUAL HOUSING OPPORTUNITY

<u>Balance of Applications:</u>

- Scott County – East Grand Division – $750,000
- Town of Jonesborough - East Grand Division – $500,000

The following applicants did not receive an award due to the depletion of available funding:

- Marshall County - East Grand Division
- Hawkins County – East Grand Division
- Unicoi County - East Grand Division
- City of Morristown - East Grand Division

2026 HOME Homeowner Rehabilitation Program Matrix

2026 Program Funds:	$4,486,760
Roll Over Funds:	$2,513,240
Total Program Funds:	$7,000,000

Applicant	County	Grand Division	Project Funds Requested	Administrative Funds Requested	Total Funds Requested	# of Units	Program Design	Need	Not Proportionately Served	Match	Disaster Area	Growth Policy	Unexpended Deduction	Rural Designation Bonus	Total Score	Project Funds Awarded	Administrative Funds Awarded	Project Funds Remaining
East Grand Division																	**Grand Division Allocation:**	**$2,333,334**
Greene County	Greene	E	$750,000	$60,000	$810,000	**4**	55	7	6	0	0	10	-1	3	**80**	$750,000	$60,000	$1,583,334
Claiborne County	Claiborne	E	$750,000	$60,000	$810,000	**10**	51	10	5	0	0	10	-1	3	**78**	$750,000	$60,000	$833,334
Grainger County	Grainger	E	$750,000	$60,000	$810,000	**10**	52	8	4	0	0	10	0	3	**77**	$750,000	$60,000	$83,334
Middle Grand Division																	**Grand Division Allocation:**	**$2,333,333**
Moore County	Moore	M	$500,000	$40,000	$540,000	**6**	56	5	9	0	0	10	0	3	**83**	$500,000	$40,000	$1,833,333
City of Pulaski	Giles	M	$500,000	$40,000	$540,000	**6**	56	4	8	0	0	10	0	3	**81**	$500,000	$40,000	$1,333,333
Town of Petersburg	Lincoln, Marshall	M	$250,000	$20,000	$270,000	**4**	55	2	4	0	0	10	0	3	**74**	$250,000	$20,000	$1,083,333
City of Fayetteville	Lincoln	M	$750,000	$60,000	$810,000	**8**	54	2	5	0	0	10	-1	3	**73**	$750,000	$60,000	$333,333
West Grand Division																	**Grand Division Allocation:**	**$2,333,333**
Alamo	Crockett	W	$750,000	$60,000	$810,000	**6**	54	4	7	0	0	10	0	3	**78**	$750,000	$60,000	$1,583,333
City of Dyer	Gibson	W	$750,000	$60,000	$810,000	**6**	53	2	6	0	0	10	0	3	**74**	$750,000	$60,000	$833,333

2026 HOME Homeowner Rehabilitation Program Matrix

Applicant	County	Grand Division	Project Funds Requested	Administrative Funds Requested	Total Funds Requested	# of Units	Program Design	Need	Not Proportionately Served	Match	Disaster Area	Growth Policy	Unexpended Deduction	Rural Designation	Total Score	Project Funds Awarded	Administrative Funds Awarded	Project Funds Remaining
Balance of Applications																	**Project Funds Remaining:**	**$1,250,000**
Scott County	Scott	E	$750,000	$60,000	$810,000	**10**	51	10	3	0	0	10	-1	3	**76**	$750,000	$60,000	$500,000
Town of Jonesborough	Washington	E	$500,000	$40,000	$540,000	**3**	52	1	10	0	0	10	0	3	**76**	$500,000	$40,000	$0
Marshall County	Marshall	M	$500,000	$40,000	$540,000	**6**	55	2	3	0	0	10	0	3	**73**	$0	$0	$0
Hawkins County	Hawkins	E	$750,000	$60,000	$810,000	**4**	51	7	5	0	0	10	-1	0	**72**	$0	$0	$0
Unicoi County	Unicoi	E	$750,000	$60,000	$810,000	**4**	51	7	2	0	0	10	-1	3	**72**	$0	$0	$0
City of Morristown	Hamblen	E	$750,000	$60,000	$810,000	**10**	52	5	3	0	0	10	0	0	**70**	$0	$0	$0

	Number	Units	Project Funds	Administrative Funds
Applications Received:	15	97	$9,750,000	$780,000
Applications Awarded:	11	70	$7,000,000	$500,000

Ralph M. Perrey

8/11/2026

Ralph M. Perrey, Executive Director **Date**

Tennessee Housing Development Agency

Andrew Jackson Building Third Floor

502 Deaderick St., Nashville, TN 37243

Bill Lee	**Ralph M. Perrey**
Governor	**Executive Director**

TO:	THDA Board of Directors
FROM:	Rebecca Carter, Director of Community Services
	Don Watt, Chief Program Officer
DATE:	August 31, 2026
SUBJECT:	Emergency Solutions Grant (ESG) Program Funding - 2026

Summary

The State of Tennessee was awarded $3,443,001 in Emergency Solutions Grants Program ("ESG") funding for Non-Entitlement Communities across the state. THDA retained 7.5% of the award for THDA and local governments administrative costs. THDA made available $3,184,776 in program funds through its competitive application process under its 2026 ESG Program to assist individuals and families who are homeless or at risk of homelessness. Eligible ESG activities include shelter operations, rapid rehousing assistance, homelessness prevention assistance, street outreach, and data collection.

THDA received 42 applications, of which 40 applications were from nonprofit organizations and 2 applications from local governments. A total of over $4.3 million was requested.

Staff recommend providing 25 nonprofit organizations and one local government organization awards totaling $3,074,702 in program funds and $3,799 in administrative funds through the 2026 ESG Program Competition, as detailed in the attached ESG Funding Matrix.

Of the 42 applications received, 15 were deemed ineligible for program funds as detailed in the attached ESG Funding Matrix.

There is $110,073.93 remaining in unallocated funds. THDA is currently unable to award the remaining funds because street outreach and emergency shelter activities have reached the 60% funding cap. This funding will be allocated as part of the 2027 ESG Program Competition.

2026 Emergency Solutions Grants (ESG) Funding Matrix

Program Name	CoC/Entity Name	Street Outreach	Emergency Shelter Activities	Homelessness Prevention	Rapid Rehousing	HMIS Data Collection	Admin	Recommended Award Amount	Program Design General	Agency Capacity	Fiscal Capacity	CoC Coordination	Program Design Activity	Limited Cure Period	Total Application Score
	TN-500: Chattanooga/Southeast Tennessee- $450,000.00														
2026 ESG	The Caring Place	$0.00	$0.00	$70,000.00	$70,000.00	$10,000.00	$0.00	$150,000.00	9.50	20.00	20.00	20.00	28.00	0.00	97.50
2026 ESG	Partnership for Families Children and Adults	$0.00	$100,000.00	$0.00	$50,000.00	$0.00	$0.00	$150,000.00	7.00	17.00	20.00	20.00	26.00	0.00	90.00
2026 ESG	Cleveland Emergency Shelter	$0.00	$100,000.00	$25,000.00	$15,000.00	$10,000.00	$0.00	$150,000.00	8.00	19.00	18.00	20.00	26.67	-5.00	86.67
	TN-502: Knoxville/Knox County CoC- $340,484.00														
2026 ESG	Catholic Charities Of East Tennessee	$0.00	$90,484.00	$0.00	$0.00	$0.00	$0.00	$90,484.00	10.00	20.00	16.50	17.00	22.00	0.00	85.50
2026 ESG	The Salvation Army at Knoxville	$0.00	$123,410.00	$0.00	$0.00	$1,590.00	$0.00	$125,000.00	9.00	20.00	13.00	18.50	25.00	0.00	85.50
2026 ESG	Volunteer Ministry Center	$0.00	$123,957.00	$0.00	$0.00	$1,043.00	$0.00	$125,000.00	10.00	14.50	16.00	20.00	20.50	0.00	81.00
	TN-503: Central Tennessee CoC- $300,000.00														
2026 ESG	Bridges Domestic Violence Center	$0.00	$88,940.00	$0.00	$61,060.00	Ineligible	$0.00	$150,000.00	9.50	20.00	19.50	20.00	27.00	0.00	96.00
2026 ESG	South Central Family Center	$0.00	$0.00	$150,000.00	$0.00	$0.00	$0.00	$150,000.00	9.50	15.50	19.00	20.00	23.00	-5.00	82.00
	TN-506: Homeless Advocacy for Rural Tennessee- $169,540.00														
2026 ESG	H.O.M.E. Homeless Of McMinnville Effort	$35,360.00	$0.00	$0.00	$0.00	$29,180.00	$0.00	$64,540.00	9.00	19.00	13.00	20.00	26.00	0.00	87.00
2026 ESG	Families In Crisis, Inc.	$0.00	$52,000.00	$8,000.00	$30,000.00	$15,000.00	$0.00	$105,000.00	8.00	18.00	10.00	20.00	26.17	-5.00	77.17
	TN-507: Jackson/West Tennessee CoC- $505,557.00														
2026 ESG	Fayette Cares, Inc.	$0.00	$150,000.00	$0.00	$0.00	$0.00	$0.00	$150,000.00	10.00	20.00	20.00	20.00	28.00	0.00	98.00
2026 ESG	WRAP	$0.00	$116,457.00	$0.00	$0.00	$0.00	$0.00	$116,457.00	9.50	20.00	20.00	20.00	27.00	0.00	96.50
2026 ESG	Area Relief Ministries	$27,000.00	$52,700.00	$0.00	$0.00	$0.00	$0.00	$79,700.00	7.50	20.00	20.00	18.00	27.00	0.00	92.50
2026 ESG	Tennessee Homeless Solutions	$0.00	$79,700.00	$0.00	$0.00	$0.00	$0.00	$79,700.00	9.00	18.50	20.00	20.00	25.00	0.00	92.50
2026 ESG	Carey Counseling Center, Inc.	$0.00	$53,766.00	$0.00	$10,000.00	$15,934.00	$0.00	$79,700.00	8.00	20.00	20.00	14.00	23.25	0.00	85.25
	TN-509: Appalachian Regional Coalition on Homelessness- $604,121.00														
2026 ESG	Family Promise of Greater Johnson City, Inc.	$0.00	$101,850.00	$0.00	$0.00	$3,150.00	$0.00	$105,000.00	10.00	20.00	20.00	20.00	28.00	0.00	98.00
2026 ESG	Family Promise Of Bristol	$0.00	$0.00	$50,000.00	$50,000.00	Ineligible	$0.00	$100,000.00	10.00	20.00	19.50	18.00	30.00	0.00	97.50
2026 ESG	Greater Kingsport Alliance for Development	$65,120.00	$0.00	$0.00	$0.00	Ineligible	$0.00	$65,120.00	10.00	20.00	20.00	17.50	29.00	0.00	96.50
2026 ESG	Change Is Possible-CHIPS	$0.00	$74,066.00	$0.00	$63,460.00	$7,474.00	$0.00	$145,000.00	10.00	20.00	20.00	18.00	24.50	0.00	92.50
2026 ESG	City of Kingsport - Community Development	$115,202.00	$0.00	$0.00	$0.00	Ineligible	$3,799.00	$119,001.00	9.50	16.50	17.00	16.00	30.00	0.00	89.00
2026 ESG	Fairview Housing Management Corporation	$0.00	$0.00	$25,000.00	$25,000.00	$20,000.00	$0.00	$70,000.00	8.00	18.50	20.00	17.50	28.00	-5.00	87.00
2026 ESG	The Salvation Army, A Georgia Corporation, for Johnson City	$0.00	$120,500.00	$0.00	$0.00	Ineligible	$0.00	$120,500.00	8.00	19.50	15.00	14.00	24.50	0.00	81.00
	TN-510: Murfreesboro/Rutherford County CoC- $300,000.00														
2027 ESG	The Salvation Army Murfreesboro	$0.00	$145,000.00	$0.00	$0.00	$5,000.00	$0.00	$150,000.00	9.00	20.00	20.00	20.00	29.50	0.00	98.50
2026 ESG	Domestic Violence Program, Inc.	$0.00	$50,000.00	$0.00	$100,000.00	$0.00	$0.00	$150,000.00	10.00	18.50	20.00	20.00	29.25	0.00	97.75
	TN-512: Tennessee Valley Continuum of Care- $405,000.00														
2026 ESG	Tennessee Valley Coalition To End Homelessness, Inc.	$140,788.00	$0.00	$0.00	$0.00	$9,212.00	$0.00	$150,000.00	10.00	20.00	20.00	20.00	29.50	0.00	99.50
2026 ESG	MATS, Inc.	$0.00	$100,000.00	$0.00	$20,000.00	$30,000.00		$150,000.00	10.00	20.00	20.00	20.00	26.00	0.00	96.00
2026 ESG	Tennessee Out-Reach Center for Homeless	$45,000.00	$35,000.00	$0.00	$0.00	$25,000.00	$0.00	$105,000.00	10.00	18.50	20.00	20.00	27.25	0.00	95.75
	Totals:	$428,470.00	$1,757,830.00	$328,000.00	$494,520.00	$182,583.00	$3,799.00	$3,074,702.00							

Organizations that did not meet threshold	Reason
Alliance Healthcare Services	Did not meet threshold for Signature
Carecuts, Inc.	Did not meet threshold for Documents
Catholic Charities of Tennessee, Inc.	Serves HUD Entitlement Service Area
Chattanooga Regional Homeless Coalition	Did not meet threshold for Documents
City of Clarksville, TN	Did not meet threshold for Documents
Clarksville Area Urban Ministries, Inc.	Did not meet threshold for Documents
Frontier Health	Did not meet threshold for Documents
Independence Again	Did not meet threshold for Documents
Knoxville Academy of Medicine Foundation	Did not meet threshold for Documents
Pinnacle Resource Center	Did not meet threshold for Documents
ReLAUNCH	Did not meet threshold for Documents
Room In The Inn - Memphis	Serves HUD Entitlement Service Area
The Journey Home, Inc.	Did not meet threshold for Documents
The Salvation Army Kingsport	Did not meet threshold for Documents
The Salvation Army, A Georgia Corporation, for Bristol, TN	Did not meet threshold for Documents

Total 2026 ESG HUD Allocation	**$3,443,001.00**
Total Admin- 7.5%	$258,225.08
Program Funds Available for Competitive Grants	$3,184,775.93
Unallocated Funds	$110,073.93

Total Funding Per CoC	
TN-500: Southeast TN	$450,000.00
TN-501: Memphis (w/o City of Memphis in TN)	$0.00
TN-502: Knoxville	$340,484.00
TN-503: Central TN	$300,000.00
TN-504: Nashville (w/o City of Nashville)	$0.00
TN-506: Upper Cumberland	$169,540.00
TN-507: West TN	$505,557.00
TN-509: Appalachian Region	$604,121.00
TN-510: Murfreesboro	$300,000.00
TN-512: TN Valley	$405,000.00
Total	**$3,074,702.00**

Administrative Funding	**$258,225.08**
Local Govt Admin	$3,799.00
THDA Admin	$254,426.08

Shelter and Street Outreach Max	
Total Award	$3,443,001.00
Max Shelter/SO	$2,065,800.60
Total Shelter/SO	**$2,065,800.00**
Remaining	$0.60

Approved By:

8/31/2026

Ralph M. Perrey, Executive Director **Date**

2026 Emergency Solutions Grants (ESG) CoC Allocation Breakdown

2025 ESG Allocation (minus 7.5% Admin):	**$3,184,776**	**Round 2 Funding Available:**	**$596,692.00**	**Round 3 Funding Available:**	**$354,002.00**

COVID-19 Allocation Methodology (w/o Point-in-Time Count):

Continuum of Care (w/o some Entitlement Areas)	Part 1: 1/3 Base	Part 2: Population Share	Part 2 Amount: 1/3 Base * Share	Part 3: Normalized Poverty Share	Part 3 Amount: 1/3 Base * Share	Share of Total:	Projected Total:	Rounded Total:	Unallocated	Original Share for CoCs	New Share for CoCs	Projected Round 2 Total:	Rounded Round 2 Total:	Unallocated Round 2	Original Share for CoCs	New Share for CoCs	Rounded Round 3 Total	Total Allocation per CoC
TN-500: Southeast TN	**$117,954.67**	12.7%	**$134,508.84**	12.1%	**$128,366.61**	**12.0%**	**$380,830.11**	**$380,830.00**		12.0%	18.0%	$107,282.57	**$107,283.00**	**-$38,113.00**				$450,000.00
TN-501: Memphis (w/o City of Memphis in TN)	**$117,954.67**	5.2%	**$55,596.94**	6.3%	**$67,094.89**	**7.6%**	**$240,646.49**	**$240,646.00**	**-$240,646.00**			$0.00	**$0.00**					$0.00
TN-502: Knoxville	**$117,954.67**	8.6%	**$91,518.18**	10.7%	**$114,068.98**	**10.2%**	**$323,541.82**	**$323,542.00**		10.2%	15.3%	$91,136.36	**$91,136.00**	**-$74,194.00**				$340,484.00
TN-503: Central TN	**$117,954.67**	23.1%	**$244,828.74**	8.9%	**$94,350.05**	**14.4%**	**$457,133.46**	**$457,133.00**	**-$157,133.00**			$0.00	**$0.00**					$300,000.00
TN-504: Nashville (w/o City of Nashville)	**N/A**	N/A	**N/A**	N/A	**N/A**	**0.0%**	**$0.00**	**$0.00**				$0.00	**$0.00**					$0.00
TN-506: Upper Cumberland	**$117,954.67**	11.0%	**$116,663.51**	12.6%	**$133,834.70**	**11.6%**	**$368,452.87**	**$368,453.00**	**-$198,913.00**			$0.00	**$0.00**					$169,540.00
TN-507: West TN	**$117,954.67**	11.7%	**$124,497.45**	14.7%	**$156,051.71**	**12.5%**	**$398,503.82**	**$398,504.00**		12.5%	18.8%	$112,216.13	**$112,216.00**	**-$5,163.00**				$505,557.00
TN-509: Appalachian Region	**$117,954.67**	9.2%	**$97,416.00**	14.1%	**$149,505.48**	**11.5%**	**$364,876.14**	**$364,876.00**		11.5%	17.2%	$102,797.51	**$102,798.00**		**11.5%**	100.0%	$354,002	$821,676.00
TN-510: Murfreesboro	**$117,954.67**	6.3%	**$66,793.08**	8.3%	**$87,702.04**	**8.6%**	**$272,449.78**	**$272,450.00**		8.6%	12.9%	$76,694.48	**$76,694.00**	**-$155,036.00**				$194,108.00
TN-512: TN Valley	**$117,954.67**	12.2%	**$129,769.28**	12.3%	**$130,617.56**	**11.9%**	**$378,341.51**	**$378,342.00**		11.9%	17.9%	$106,564.96	**$106,565.00**	**-$79,907.00**				$405,000.00
Totals:							**$3,184,776.00**	**$3,184,776.00**	**-$596,692.00**	**66.5%**	**100.00%**	**$596,692.00**	**$596,692.00**	**-$352,413.00**	**11.5%**	**100.0%**	**$354,002**	$3,186,365.00

After the funding is divided based on the pro-rata share determination, THDA will award the funding to the applicants receiving the highest scores in each of the CoCs. THDA will score applications based on criteria outlined in the application and evaluation procedure.

If a CoC does not have enough applicants to award the full allocated amount, THDA will allow agencies within that CoC to increase their awards to a maximum of $150,000 per agency. If the maximum per agency is met by all eligible applicants in the CoC and funds still remain, the remaining unallocated funds will be prorated across the other CoC's. As applicable, additional funding will be awarded to the applicant with the highest application score first, then be offered to subsequent applicants until the CoC allocation is completely awarded. Agencies must provide documentation to confirm they will be able to provide a dollar for dollar match for any additional funding awarded.

Expenditures limits of combined Street Outreach and Emergency Shelter services cannot exceed 60% of THDA's entire ESG allocation. THDA reserves the right to adjust applicants' budgets, if needed, to remain within this Federal requirement.