



notice closed deals, bonds not fully drawn

important notice

Notice to Tax-Exempt Borrowers, Lenders and Investors with outstanding tax-exempt bonds that have not been fully drawn down.

The U.S. House of Representatives released the Tax Cuts and Jobs Act (H.R.1), on Thursday, November 2, 2017. While the bill itself is not final and multiple efforts are being made to amend several of its provisions, and notwithstanding differences contained in the Senate's mark of the bill (see Joint Committee on Taxation, Description of the Chairman's Mark of the "Tax Cuts and Jobs Act" (JCX-51-17), November 9, 2017), as currently drafted, there remains a substantial risk that after December 31, 2017, no additional tax-exempt private activity bonds can be issued. (Note: In this case no 4% Low Income Housing Tax Credits would be available, since they depend on issuance of tax-exempt private activity bonds.)

Assuming the bill moves forward as currently drafted, to allow these undrawn monies to be treated as tax-exempt proceeds to be spent on the project, our counsel has advised us that:

For any bank private placement issues which have closed before December 31, 2017, all tax-exempt bond proceeds must be 100% drawn down by December 31, 2017 (e.g., all bond funds would need to be drawn and placed in an escrow account, or spent on the project before that date) or risk being treated as taxable (which could, among other things, have implications with respect to the borrower's satisfaction of the 50% test for Low-Income Housing Tax Credits).

If you have closed on 4% Low Income Housing Tax Credit private activity bond projects, but have not fully drawn all proceeds of a tax-exempt draw down loan or bond, you should contact your lender, tax credit investor and counsel as soon as possible regarding what you may need to do before the end of the year.

register for conference call on november 13

CHFA will be holding a call to review this information with developers, their lenders, investors, and bond counsel on Monday, November 13, 2017 at 1:30pm (MT). Please [register to participate](#) in this call.

If you have any questions regarding this notice please listen to the Conference Call on November 13, 2017 referenced above or send your questions to PAB2017@chfainfo.com.