

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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Date: April 23, 2010

To: Recipients of American Recovery and Reinvestment Act of 2009 (ARRA) Funds

From: William J. Pavão, Executive Director

Subject: ARRA Funds in Escrow at Loan/Grant Closing

Effective immediately, ARRA funds needed in escrow to close the ARRA loan or grant will only be requested by the California Tax Credit Allocation Committee (TCAC) after TCAC receives confirmation from the title company and escrow officer that they have received all required documents, have reviewed them and are ready to record and close escrow.

This change is necessary to ensure that TCAC complies with the federal requirement of disbursing ARRA funds for eligible costs within 3 days of receipt from the U.S. Treasury. It has been TCAC's experience that the escrow closing dates are often delayed due to a variety of issues with documents necessary for closing.

Once TCAC requests funds from the U.S. Treasury, the following timelines are typical:

- **Section 1602 funds:** typically in escrow 3 days after TCAC requests funds from the U.S. Treasury.
- **Tax Credit Assistance Program (TCAP) funds:** typically in escrow 5 days after TCAC requests funds from the U.S. Treasury.

As a reminder, ARRA funds cannot be drawn down and retained in a trust, escrow or any other account for later use. ARRA funds can only be drawn down to reimburse eligible costs incurred and must be spent within 3 days of TCAC receiving them from the U.S. Treasury.

Please plan your loan closing dates with the above policy and timelines in mind.