

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Date: April 1, 2010

To: American Recovery and Reinvestment Act (ARRA) Borrowers

From: William J. Pavão, Executive Director

Re: ARRA Cash Disbursements

This is an advisory to ARRA loan and grant recipients about the cash disbursement request process for ARRA funds. Neither the California Tax Credit Allocation Committee (TCAC), nor our contractor, have the capacity to process monthly draws for the extremely large volume of ARRA loans and/or grants.

Each borrower must ensure that no more than two (2) disbursements are requested to reach each tranche percentage specified in the loan or grant agreement's disbursement schedule. For example, if a loan or grant agreement states that your project may access 40% of the ARRA funds upon construction loan closing, you must request the full 40% with no more than two (2) disbursement requests. The same applies to ARRA gap loans or grants. The ARRA gap amount must be drawn down with no more than two (2) disbursement requests.

These disbursement rules apply to all ARRA loans and grants, including any HCD backfill loans.

ARRA borrowers/grantees should also remain aware of the federal deadlines for drawing down ARRA funds and ensure that reimbursable eligible costs will be incurred prior to those deadlines. For example, loans and grants funded with Tax Credit Assistance Program (TCAP) loans must have eligible costs totaling 75% of the ARRA award and must draw down those funds down by February 1, 2011. Please refer to your loan or grant agreement for deadlines.