

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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William J. Pavão
Executive Director

MEMBERS:
Bill Lockyer, Chair
State Treasurer

Ana J. Matosantos, Director
Department of Finance

John Chiang
State Controller

September 30, 2011

RE: American Recovery and Reinvestment Act of 2009 (ARRA)
Section 1602 Disbursement Deadline – **REVISED INFORMATION**

Recipients of Section 1602 funds:

Last week, you received a reminder letter about your drawdown deadlines for American Recovery and Reinvestment Act of 2009 (ARRA) **Section 1602 funds**. In response to information received from projects sponsors and in an effort to ensure that the federal deadline is met, we are issuing this revised guidance.

Effective immediately, the California Tax Credit Allocation Committee (TCAC) is invoking its authority in Section 4.3 of the Grant Agreement to expedite the draw process and waive the milestones for each tranche in the grant agreements. Please submit one final disbursement request for 100% of your Section 1602 funds to our contractor (CalHFA) **as soon as possible and no later than November 15, 2011**. There will be no holdback and no milestone documentation required with this draw, however that documentation must be included in your placed in service package. Your draw must contain the required forms, invoices and required back-up proving eligible reimbursable costs. It is critical that you make sure your disbursement package is complete.

If you have any funds remaining for which you have not yet submitted a draw package, including only the holdback, please send that disbursement package directly to our contractor (CalHFA). If you have already submitted your final draw to TCAC for your holdback amount, TCAC will process that as soon as possible.

As stated in my prior letter, 100% of the Section 1602 grant must be requested by November 15, 2011. The program end date is a federal deadline and there is no possibility for extension. All Section 1602 funds not drawn down by the deadline will be returned to the U.S. Treasury and no longer available.

You must still submit a complete placed in service (PIS) package as you would for a typical tax credit project within the normal deadline for PIS packages. In addition, the PIS package must also include:

- Final Certificate of Occupancy
- Recorded Notice of Completion

- Final GC lien waiver(s)
- Final 100% Project Inspection Report from the Construction Lender
- Permanent Property Insurance
- 90% occupancy by eligible TCAC households for 30 days certification
- Any additional draw requirements deemed necessary by TCAC

Submit your PIS package to Elaine Johnson at TCAC. If you have a questions about your placed in service package, please contact Ms. Johnson at (916) 653-4186.

If you have any questions about this revised policy, please contact me at (916) 653-4718.

Sincerely,

Lisa Vergolini
Deputy Director