Attention Bond Counsel:

With the increased use by borrowers over the last few years of direct placements in IFA conduit financings we would like to provide some guidance as to how these types of financings should be handled within the context of the IFA’s current Tax Exempt Bond Program Procedures as they come to the end of their initial period for which banks agree to hold the bonds (often 3-7 years).

First, as the mandatory purchase date approaches, bond counsel should determine (1) whether the anticipated extension, renewal, new placement, restructuring or other action desired to be taken by the borrower will trigger a reissuance under federal tax law; and (2) what approvals, certifications, amendments, revisions and other documentation will be required to effectuate the borrower’s plan of finance.

In handling these matters, the IFA will generally apply the following standards, regarding approvals, fees and execution of documents:

- If bond counsel has determined that (1) the borrower’s plan of finance in dealing with the end of the initial holding period will not trigger a reissuance under federal tax law; and (2) no amendments or other documentation is required to be executed by the IFA or a de minimus amount of amendments or documentation, as determined by the IFA in its sole discretion, is required then:
  - No approval will be required of the IFA Board
  - No application (or application fee) is required – Bond Counsel should provide the IFA a cover letter explaining the borrower’s need for action, the documentation anticipated to be needed to effectuated the borrower’s plan of finance (drafts of such documents should be attached thereto), a timeline for the process and a distribution list
  - Prior to closing the borrower should provide a request and direction to the IFA directing the desired action by the IFA
  - No fees will be charged to the borrowers, unless bond counsel determines a new issuer counsel opinion is required, which will cost a $3,000 issuer counsel fee
  - Dates – Seven (7) day turnaround required for closing packages once IFA counsel has signed off on documentation

- If bond counsel has determined that either, or both, (1) the borrower’s plan of finance in dealing with the end of the initial holding period will trigger a reissuance under federal tax law; and/or (2) amendments or other documentation is required to be executed by the IFA beyond a de minimus amount, as determined by the IFA in its sole discretion, then:
  - Approval will be required of the IFA Board
  - No application (or application fee) is required – Bond Counsel should provide the IFA a cover letter explaining the borrower’s need for action, the documentation anticipated to be needed to effectuated the borrower’s plan of finance (drafts of such documents should be attached thereto), a timeline for the process and a distribution list
- Borrower approval is required before the financing is submitted to the IFA Board for approval
- Bond counsel is required to attend the meeting for an amendment but a representative from the borrower will not be required to be in attendance
- For financings of this nature the IFA will charge a $3,000 amendment fee and a $3,000 issuer counsel fee if a new issuer counsel opinion is required
- Dates – Borrowers and Bond Counsel should comply with the standard schedule of dates for regular financings, however exceptions to these dates will be consider by IFA staff upon request

- If the borrower's plan of finance is approaching a mandatory purchase date associated with direct purchase bonds requires significant restructuring and documentation such that it is substantially similar to a new financing/refinancing the borrower will be required to follow the IFA's standard procedures and pay the normal fees provided in the IFA's current Tax Exempt Bond Program Procedures.

This guidance is intended to assist borrowers and their bond counsel in navigating the application of the IFA's Tax Exempt Bond Program Procedures to this unique circumstance. However, the IFA reserves the right to determine at any time that a borrower must comply with and follow the IFA's standard procedures and pay the normal fees for a financing. We encourage bond counsel to contact us well in advance of a mandatory purchase date to discuss the specifics of a financing and help with understanding the approvals, documentation and fees applicable to their specific financing.

July 31, 2014

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Andrew Kienle
General Counsel