

Employee Owned



Est. 1864

LIHTC Recapture Bonds for Affordable Housing

There are many different uses for surety bonds in the Affordable Housing industry. In our surety practice, we work frequently with contractors and developers on LIHTC deals – from performance and payment bonds for the contractor to completion or “subdivision” bonds for the LIHTC developer.

LIHTC Recapture Bond

Recently, after noticing the growing need from clients and Affordable Housing leaders, we decided to develop a LIHTC Recapture Bond program. Disposing of or purchasing a LIHTC property prior to the end of the 15-year compliance period can be a significant challenge as many institutional tax credit investors are hesitant to allow a change in ownership during the tax credit compliance period. In the past, the IRS required a bond; while that requirement is no longer in place, many investors are requiring a surety bond or another form of collateral. Seeing this need in the market, we have partnered with an international surety company to develop a proprietary surety product.

The LIHTC Recapture Bond provides assurance to tax credit investors or limited partners that the property will remain in compliance with Section 42 of the IRS code and they will be protected against tax credit recapture and/or interest penalties. The goal of this surety product is to provide flexibility for the disposition of a LIHTC property within the 15-year compliance period.

About Our Surety

We have partnered with [QBE Surety](#) to develop this exclusive LIHTC surety product. The surety is rated A “Excellent” by AM Best and has a financial size of “XV” (\$2 Billion or Greater). It is listed on the U.S. Department of Treasury’s list of certified companies.

Underwriting and Pricing

The underwriting process for this surety is immediate, simple and straightforward. This product is ideal for those with demonstrated, long-term experience with LIHTC projects. Our LIHTC Recapture Bond offers affordable, flat annual premium rates. Pricing is dependent upon the buyer’s LIHTC experience, financial stability and the size of the bond.

Please [contact me](#) if you are interested in learning more about our innovative, new product to serve the Affordable Housing industry.

Written by B Jones

B Jones joined Scott’s Nashville office in 2009 to serve as a risk and surety advisor. Prior to coming to Scott, B worked as a CPA for 6 years—experience that uniquely qualifies him to confidently and credibly represent his clients to the surety marketplace. His CPA experience also translates to a strong peer to peer relationship when working with his clients’ financial team.

Call B at **615-224-2650** if you have any questions or need any additional assistance.