CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Loan Approval of Permanent Take-Out Loan for Tax Exempt and Taxable financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": September 7, 2022 for Board Meeting on: September 22, 2022

Project Name, County:	Anton Power Inn, Sacramento County	
Address:	7243 Power Inn Road, Sacramento, 95828	
Type of Project:	New Construction	
CalHFA Project Number:	21-002-A/X/N	**Total Units: 194 / Family**
Requested Financing by Loan Program:	$33,646,558	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount (Allocated by CDLAC on 6/15/22)**
	$1,622,473	**CalHFA Tax-Exempt Bond (Supplemental)- Conduit Issuance Amount (CDLAC application to be submitted 9/2022)**
	Up to $16,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (which may include recycled bonds) (includes 10% cushion)**
	$23,201,000	**CalHFA Tax-Exempt or FFB Permanent Loan with HUD Risk Sharing**
	$8,000,000	**CalHFA MIP Subsidy Loan**
	$4,154,205 (Not to Exceed)	**CalHFA Supplemental MIP Subsidy Loan (refer to section 5 for further information)**

DEVELOPMENT/PROJECT TEAM

Developer:	Anton DevCo, Inc.	**Borrower:**	Power Inn Sacramento, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of the West
Equity Investor:	Raymond James	**Management Company:**	Anton Residential, Inc.
Contractor:	Anton Building Company	**Architect**	Architecture Design Collaborative
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Jessica Doan	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Paul Steinke	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	5/12/2022	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/ Bank of the West CONSTRUCTION LOAN**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$35,269,031 (T/E) $14,464,184 (Taxable) (which may include recycled bonds)	$23,201,000	Original MIP: $8,000,000 Supplemental MIP: $4,154,205 Total CalHFA MIP Subsidy Loan: $12,154,205 ($63,303/restricted unit)

	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1st Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position at permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 4.98% (T/E) Underwritten at 5.48% (Tax) fixed rate	MMD + 3.09%* spread Underwritten at 6.14% that includes a .25% cushion* Estimated rate based on a 36-month forward commitment.	Greater of 1% Simple Interest or the Applicable Federal Rate (AFR) at time of MIP closing (3% Simple used for underwriting purposes)
	Loan to Value (LTV)	53%	71%	N/A
	Loan to Cost	70%	32%	N/A

**CalHFA spreads locked on 6/15/2022. Cushion is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing. The developer elected to opt-out of the Indicative Rate Lock Agreement option.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#7 Ami Bera	**Assembly:**	#9 Jim Cooper	**State Senate:**	#6 Richard Pan

	Brief Project Description	**Anton Power Inn** (the "Project") is a new construction, multifamily, mixed-income Project, consisting of eight residential buildings and one community building. The Project will be three story walk ups, type V, wood framed, garden style buildings with 318 surface parking spaces that will be reserved for residents and on-site staff. There will be 194 total units, 192 of which will be restricted between 30% and 70% of the Sacramento County Area Median Income (AMI). There will be 96 one-bedroom units (598 avg. s.f.), 48 two-bedroom units (820 avg. s.f.) and 50 three-bedroom units (1,057 avg. s.f.). Two three-bedroom units will serve as the onsite manager's units. The site is contiguous and is currently vacant. **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, 4% Federal Tax Credit equity (4% Federal LIHTC allocation), State Housing Tax Credit equity, Agency's permanent loan program, and Mixed-Income Program (original and supplemental). The project will be income averaged, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received an allocation of bond cap and awards of 4% federal and state tax credits from CDLAC/TCAC on June 15, 2022. The Project will be applying in September for a supplemental bond allocation and is expected to be awarded in 2022. The supplemental allocation is being requested to add a cushion to the project's 50% aggregate basis requirement (the "50% test") which is currently at approximately 50%. The supplemental allocation will increase this to approximately 52%, which is necessary to accommodate a potential cost increase during construction. **Ground Lease:** Not applicable. **Project Amenities:** The Project includes one community building with a leasing office, fitness center, community room, resident services space, and laundry facilities. The project will also include green space that includes a play area and splash pad. Services will be provided to the residents as described in section 33.

Local Resources and Services: For TCAC/CDLAC purposes, the Project is located within a high segregation and poverty resource area per TCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services:

- Grocery stores – 0.82 mile
- Schools - 0.36 mile
- Public Library – 1.5 miles
- Public transit - 0.25 mile
- Retail - 0.25 mile
- Park and recreation - 0.45 mile
- Hospitals - 3.0 miles

Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project on an existing vacant site, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.

Commercial and/or Other (i.e., Parking) Space: The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**
This Project and financing proposal provide 192 units of affordable housing with a range of restricted rents between 30% of AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.	

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	12/12/2022	Est. Construction Loan Closing:	9/2022
	Estimated Construction Start:	9/2022	Est. Construction Completion:	11/2024
	Estimated Conversion to Perm Loan(s):		9/2025	

SOURCES OF FUNDS

5.

Construction Sources and Uses

Sources	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
Bank of the West- Tax-Exempt Conduit	$35,269,031	1st/4.98%/Interest Only	Total Acquisition costs	$1,375,000
Bank of the West- Taxable Conduit (which may include recycled bonds)	$14,464,184	2nd/5.48%/Interest Only	Construction/Rehab Costs	$50,837,533
Deferred Costs	$633,644	N/A	Soft Costs	$2,434,765
NOI During Construction	$917,980	N/A	Hard Cost contingency	$3,472,248
Deferred Developer Fee	$1,583,649	Payable from Cashflow	Soft Cost contingency	$418,867
Investor Equity Contribution	$18,368,849	N/A	Financing Costs	$5,764,768
			Local Impact Fees	$1,268,586

			Developer Fees	$3,500,000
			Other Costs	$2,165,570
TOTAL	**$71,237,337**			**$71,237,337**
TOTAL PER UNIT	**$367,203**			
Permanent Sources and Uses				
Sources:	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
CalHFA Perm Loan	$23,201,000	1st/6.14%/40 year amortization due by year 17	Total Loan Payoffs and Equity	$71,237,337
CalHFA MIP Loan	$8,000,000	2nd/3.00%/Residual Receipt	Financing costs	$334,276
**CalHFA Supplemental MIP Loan	$4,154,205	2nd/3.00%/Residual Receipt	Soft costs	$17,500
*NOI During Construction	$917,980	N/A	Operating Reserves	$639,777
Deferred Developer Fees	$2,557,797	Payable from Cashflow		
Investor Equity Contributions	$33,397,908	2nd/3.00%/Residual Receipt		
TOTAL	**$72,228,890**	N/A		**$72,228,890**
TOTAL PER UNIT	**$372,314**			

*The estimated net cash flow during lease up is based on 9 months leasing and 3 months of stabilized occupancy prior to permanent loan conversion.

** CalHFA Supplemental MIP loan repayment will have priority over the Original MIP Loan in the repayment priority.

****Gap Funding Explanation and request for supplemental MIP subsidy loan funding:** The Sources of Funds chart shown above includes more detailed information related to each financing and/or equity source and uses during the construction and permanent periods of development.

At the time of CalHFA's initial commitment (March of 2022), the developer estimated total development cost (TDC) to be $67,776,784 or $349,365/unit. CalHFA issued an initial commitment based on these initial costs estimates for the developer to use to apply to CDLAC for tax exempt bond cap and to CTCAC for both federal and state tax credits. On June 15, 2022 the Borrower received the related allocations from CDLAC and CTCAC.

Generally, the project's total cost changed from March through July as cost increases related predominantly to rising interest rates and stresses on labor and materials that ultimately lead to cost increases to Hard Cost, construction loan costs, and other line items by a total of $7,882,541. While the developer was successful in achieving a 5.75% increase to the Equity Investor Contribution for $1,816,411 and a 2.87% increase to CalHFA permanent loan amount, unfortunately, these efforts were insufficient to off-set rising interest rates, labor, and material costs.

The Borrower has requested a $4,154,205 increase to the MIP Subsidy Loan in an effort to offset cost increases and loan reductions outlined above and below. The summary of changes in sources and uses between initial commitment vs. current proposed are outlined below:

Summary of changes in Sources/Uses since the Initial Commitment approval					
SOURCES - Major Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per Unit Cost Adjustment**	**% Adjustment of IC Amount**
1 - CalHFA Perm Loan	$22,553,000	$23,201,000	$648,000	$3,340	2.87%
2 - Tax Credit Equity	$31,581,497	$33,397,908	$1,816,411	$9,363	5.75%

3 - NOI During Construction	$899,805	$917,980	$18,175	$94	2.02%
4 – Sponsor Loan	$2,184,687	$0	-$2,184,687	-$11,261	-100.00%
Total Changes in Sources (A)	**$57,218,989**	**$57,516,888**	**$297,899**	**$1,536**	**0.52%**

USES - Major Cost Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per Unit Cost Adjustment**	**% Adjustment of IC Amount**
1 - Property Acquisition	$1,175,000	$1,225,000	$50,000	$258	4.26%
2 - Construction Hard Cost	$47,892,700	$53,637,641	$5,744,941	$29,613	12.00%
3 - Permit & Fees	$5,540,252	$2,620,582	-$2,919,670	-$15,050	-52.70%
4 - Construction Loan Cost	$3,767,441	$5,855,041	$2,087,600	$10,761	55.41%
5 – Other Transaction Costs	$5,858,643	$5,347,876	-$510,767	-$2,633	-8.72%
Total Changes in Uses (B)	**$64,234,036**	**$68,686,140**	**$4,452,104**	$22,949	6.93%
Net Funding Gap (A-B)			**-$4,154,205**		
Gap Funding sources:					
Increase in CalHFA Perm Loan (at rate locked rate)):			**N/A**		
Supplemental MIP Request:			$4,154,205		
Gap Funding Sources Total:			**$4,154,205**		
Balance:			**$0**		

Hard Cost/Soft Cost changes: The developer is a vertically integrated organization and owns the general contractor entity, Anton Building Company. In an effort to mitigate market disruptions, the developer met with their design team and general contractor to evaluate the original construction hard cost budget. As a result, the developer increased the construction hard cost budget by approximately $5.7 million (12%) to reflect a more accurate budget based on current market conditions. The current construction cost budget incorporates a reduction of the general contractor's overhead and profit of approximately $307k (22%). As you can see on the above chart, after reviewing their budget in detail, they were able to reduce other soft cost budget line items by $3.43 million, primarily due to decrease in permit and fee waivers.

Deferred Developer Fee: The current budget also reflects no changes to the total developer's fee budget of $3.5 million and deferred developer's fee (DDF) of $2.56 million (original developer fee $3.5 million with $2,557,797 deferred/current developer fee $3.5 million with $2,557,797 deferred).

Removal of Original Sponsor Loan: At the time of application, the Developer requested a CalHFA permanent loan in the amount of $24.9 million with a 4.35% underwriting rate. During the initial approval underwriting period, the underwriting rate was increased to 5.06% based on current market conditions which left a funding gap of approximately $2.18 million. The Developer provided a Sponsor Loan commitment in the amount of $2,184,685 to initially fill this gap in order to obtain CalHFA initial approval and to submit the joint CDLAC and TCAC applications back in March 2022. On April 29, 2022, TCAC released the income and rent limits for 2022 which included a 5% increase for Sacramento County. This increase mitigated the higher underwriting rate at initial approval, eliminating the need for the Sponsor Loan. As a result, the developer has removed the Sponsor Loan from the Project's funding sources.

Perm Loan Reduction & Equity Contribution Adjustment: The equity contribution adjustment is anticipated to be approximately $1.8 million. During final underwriting, the estimated permanent loan of $22.55 million at initial commitment was increased by $648k to $23.20 million. This was attributed to a combination of 5% rent increase

	for Sacramento County for 2022 and increases in perm loan financing costs related to macroeconomic factors, such as inflation. The developer is also projecting a slightly higher NOI (cash) during construction by approximately $18k. The estimated funding gap after exhausting all resources available for the project is approximately $4,154,205. The Borrower has requested an increase to the MIP Subsidy Loan of $4,154,205. Pursuant to the TCAC/CDLAC requirements, this project must begin construction by December 2022. A $4,154,205 million increase in the MIP supplemental subsidy ($21,637/unit) results in an overall MIP Regulated Unit amount of $63,303 per restricted unit. The original MIP and Supplemental MIP total $12,154,205. **Subsidy Efficiency:** The Initial MIP commitment for this Project was $8,000,000 ($41,667 per MIP restricted units). The Current proposed MIP commitment is $12,154,205 ($63,303 per MIP restricted units). Staff is recommending exceptions to the per project Allocation Limit of $8,000,000, per unit limit of $50,000, and the 50% limit of the MIP loan to perm loan requirement. Approval of these exceptions are further detailed in the "Underwriting Standards or Term Sheet Variations" section 9 below. **Tax Credit Type(s), Amount(s), Pricing(s), and per total units:** • 4% Federal Tax Credits: $29,804,422 ($155,231 per TCAC restricted unit). • State Tax Credits: $2,059,061 ($10,724 per TCAC restricted unit). **Rental Subsidies**: The Project will not be subsidized by project-based vouchers. **Other State Subsidies:** The Project will not be funded by other state funds. **Other Locality Subsidies:** The Project will not be funded by locality funds. **Cost Containment Strategy:** The developer is using its affiliated company, Anton Building Company, as its General Contractor. The developer established cost containment strategies that include: 1) engaging the General Contractor to provide pre-construction services including: conceptual design review, estimating, value engineering, and a critical path schedule, 2) reviewing the GMP contract for any exclusions or exceptions to mitigate project cost increases, and 3) requiring that the General Contractor provide a minimum of 3 bids for each major trade and all other trades, if available.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received 4% federal and state tax credits allocations, which is projected to generate equity representing approximately 46% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects.
- There is no evidence of existing, controlled, or historical recognized environmental conditions for the site.
- The Project is strongly supported by the City of Sacramento which is evidenced by a Density Bonus approval.
- The Project will serve low-income families ranging between 30% to 70% of AMI. On average, the rents are between 31% to 73% below market rents based on the current appraisal.
- The Loan-to-Value ("LTV") will be 71%, which is well below the Agency's maximum allowable LTV of 90%. This results in less risk to the Agency.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $942,203 which could be available to cover cost overruns and/or unforeseen issues during construction.

8.	**Project Weaknesses with Mitigants:**

The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 7%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.14%). Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan and a portion of the Supplemental MIP loan in the estimated amount of $1,961,959, leaving an outstanding balance of $1,454,280 (principal and accrued interest) plus the full amount of the original MIP loan in the estimated amount of $11,600,000 (principal and accrued interest). Total combined estimated MIP balance at refinance is $13,054,280. This is expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the Supplemental MIP and original MIP loans, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

9.	**Underwriting Standards or Term Sheet Variations**

- Pursuant to the USRM, CalHFA regulated unit sizes (by bedroom count) shall be distributed substantially on a pro rata basis across income ranges proportionate to their availability in the development as a whole. Deviations may be allowed based on demonstrable market data and community needs as evidenced in approved Housing Elements. The Borrower is requesting a waiver to meet the pro rata distribution of income ranges and bedroom sizes requirement. The Borrower's property management company advised that it would be in the best interest of the project to have more larger (two and three bedrooms) units that are restricted at 70% of AMI for lease up purposes, as this would result in a larger pool of households/families that would be income qualified for the units. In general, it is more challenging to lease up small units (1 bedroom) that are restricted at a higher AMI range. In addition, the City has approved the income and unit distribution for the proposed project. Therefore, staff is recommending the approval to waive the pro-rata distribution of income ranges and bedroom sizes requirement for the Project.
- Pursuant to MIP loan term sheet, no project may receive more than the lesser of (i) $8 million project cap, (ii) the aggregate MIP loan amount based on up to $60k per MIP regulated unit for a project located within the high/highest resource area per TCAC/HCD opportunity map, or (iii) MIP loan not to exceed 50% of the CalHFA permanent loan. This project is located in a high segregation and poverty resource area. Based on the project economics, the combined original and supplemental MIP is $12,154,205 ($63,303/restricted unit) (MIP loan percentage is approximately 52% of the CalHFA permanent loan), which exceeds all 3 thresholds. This is an exception to the MIP term sheet and is recommended by Multifamily Underwriting and Credit Staff for approval to facilitate the progression of a shovel ready project without delay; the project received tax credit and bond cap allocations from TCAC/CDLAC on June 15, 2022 and is ready to proceed to construction loan closing by December 2022.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- The CalHFA subsidy loan (including the supplemental MIP subsidy loan) will be, in the Agency's sole discretion, the lesser of 1) the principal amount (not to exceed) as stated herein or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- Any default as to any loan by the Agency for the Development shall constitute a default under all other loans by the Agency for the Development.
- The Borrower has requested that 100% of surplus cash be allowed towards the repayment of the deferred developer's fee (DDF) for up to 15 years or until DDF has been fully repaid, whichever is sooner. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and any residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.

- The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to construction loan closing and closing of the CalHFA loan(s), the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards, which may include the need for a Standstill Agreement concerning certain provisions of the Density Bonus Agreement.
- Receipt of documentation showing the Purchase and Sale Agreement is assigned to the borrowing entity prior to construction loan closing.
- All MIP Loan principal and interest will be due and payable at maturity. Outstanding Supplemental MIP loan funds will have first repayment priority whether the source of repayment is cash flow during the term of the loan or repayment via refinance, partner contribution, or other source at loan maturity.
- In the event of cost savings at permanent loan conversion, 100% of cost savings will be used to reduce the supplemental portion of the MIP loan amount first (may be shared with other residual receipt lenders on a pro rata basis, if applicable). Once the supplemental portion of the MIP loan amount is fully reduced, the remaining cost savings will be split 50% between reducing the original MIP loan amount (or may be shared with other residual receipt lenders on a pro rata basis, if applicable) and reducing the Deferred Developer Fee.

11. Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions. As noted earlier, the supplemental MIP subsidy loan of $4,154,205 was not part of the Initial Commitment approved by the SLC, and hence approval is being sought for this financing through the subject Final Commitment Approval.

AFFORDABILITY

12. CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (59 units) at or below 60% of AMI and an additional 10% of these units (20 units) at or below 50% of AMI for 55 year(s).

*The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (20 units) be restricted at or below 30% of AMI, 20% of the total units (39 units) be restricted at or below 50% of AMI, and 10% of total units (20 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI, and the remaining 113 restricted units will be restricted at or below 120% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. For underwriting purposes, the initial rents at permanent loan conversion must be no less than the underwriting rent levels outlined on the “Unit Mix and Rent Summary” enclosed as part of the project’s staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

The TCAC Regulatory Agreement will restrict a total of 192 units between 30% and 70% of AMI for a term of 55-years.

The City is providing a Density Bonus Agreement that will restrict a total of 192 units between 30% and 70% AMI for a term of 55-years.

Rent Limit Summary Table

AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	20	-	10	5	5	-	10.3%
40%	0	-	-	-	-	-	0.0%
50%	39	-	30	5	4	-	20.1%
60%	42	-	35	7	-	-	21.6%

70%	91	-	21	31	39	-	46.9%
80%	0	-	-	-	-	-	0.0%
110%	0	-	-	-	-	-	0.0%
120%	0	-	-	-	-	-	0.0%
Manager's Unit	2	-	-	-	2	-	1.0%
Total	194	0	96	48	50	0	100.0%

The average affordability restriction is 59.58% of AMI based on 192 TCAC-restricted units.

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY								
Agency	Number of Units Restricted For Each AMI Category							
	30%	50%	60%	70%	<= 120%	Manager's Units	Units Regulated	Percentage Regulated
CalHFA Bond	0	20	59	0	0	2	79	40.07%
CalHFA MIP*	20	39	0	20	113	2	192	99%
TCAC	20	39	42	91	0	2	192	99%
Density Bonus	20	39	42	91	0	2	192	99%

13.	Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	36.99%
Minority Census Tract:	77.05%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$639,777* OER amount is sized based on 3 months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level. A minimum of 3 to 6 months operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expenses, reserves, and debt service if the developer provides evidence, within the last 2 years, that they have received allocations from TCAC or provided a certification from a third party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement.
	Transitional Operating Reserve (TOR):	N/A.

15.	**Cash Flow Analysis**				
	1st Year DSCR:	1.16	**Project-Based Subsidy Term:**	N/A	
	End Year DSCR:	1.62	**Annual Replacement Reserve Per Unit:**	$250/unit	
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A	
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%	
16.	**Loan Security**				

The CalHFA loan(s) will be secured against the above-described Project site.

17. Balloon Exit Analysis **Applicable:** ☒ Yes ☐ No

The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 7%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.14%). Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan and a portion of the Supplemental MIP loan in the estimated amount of $1,961,959, leaving an outstanding balance of $1,454,280 (principal and accrued interest) plus the full amount of the original MIP loan in the estimated amount of $11,600,000 (principal and accrued interest). Total combined estimated MIP balance at refinance is $13,054,280. This is expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the Supplemental MIP and original MIP loans, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review **Dated:** June 6, 2022

- The Appraisal dated June 6, 2022 prepared by Watts Cohn and Partners, Inc. values the land at $1,240,000.
- The cap rate of 5% and projected $1,720,912 of net operating income (NOI) which is used in determining the appraised value of the subject site is approximately $88,000 less than Developer's proposed NOI projections which include lower operating expenses based on nearby comparable projects and actual NOI provided by the Developer. Additionally, the property manager has certified that the project can be operated based on the proposed expenses. Based on the developer's explanation and supporting documents, staff has determined that the proposed annual operating expense budget is reasonable.
- The as-restricted stabilized value is $27,030,000, which results in the Agency's permanent first lien LTV of 71% and combined LTV, including MIP subsidy loan (original and supplemental) of 108%.
- The absorption rate is 23 units per month, which is slightly higher than the market study report, however, both the appraisal and the market study anticipates that the project will reach full stabilization within 8 months following construction completion. The appraisal's absorption rate conforms with the anticipated construction and lease-up schedule in the underwriting and market study.

Market Study:	Mary Ellen Shay & Co.	**Dated:** February 8, 2022

<u>Regional Market Overview</u>

- The Primary Market Area ("PMA") is the area that includes parts of Southern Sacramento, Florin, and Northern Elk Grove (population of 249,975) and the Secondary Market Area ("SMA") is the County of Sacramento (population of 1,564,478).
- The general population in the PMA is anticipated to increase by 0.7% per year through 2026.
- Unemployment in the PMA is 4.4%, which evidences a strong employment area. Unemployment data for the SMA was not available.
- Median home value in the PMA is $425,000.

- As of 2021, the median income in the PMA was below the surrounding SMA, and between 2000 and 2020 the median household income growth in the PMA has generally trailed the SMA.

Local Market Area Analysis

- **Supply:**
  - There are currently five affordable project(s) in the PMA, and they are 100% occupied with long wait lists.
  - There are currently no affordable project(s) being planned or developed in the PMA.
- **Demand/Absorption:**
  - The project will need to capture 2.5% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 15-20 units per month and reach stabilized occupancy within 7-9 months of opening. This assumes that the management company will start pre-leasing the units at receipt of temporary certification of occupancy.

DEVELOPMENT SUMMARY

19. Site Description — **Requires Flood Insurance:** ☐ **Yes** ☒ **No**

- The property is located approximately between Power Inn Road and Florin Perkins Road/French Road in the South Sacramento Community Plan Area, in the City of Sacramento, Sacramento County.
- The site is currently vacant and undeveloped, with level topography at street grade, measuring approximately 7.55 acres and generally rectangular in shape. The site is flat and site surface supports low-lying vegetation.
- The site is currently zoned as RD-20, medium-density family residential use. On March 8, 2021, the County of Sacramento Planning Commission approved a density bonus allowing 194 units (28.5% increase).
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The current owner, Kelly Anne Commercial, LLC, Michael A. Digrazia, Thomas B. Halfaker, and M&MH, L.P (collectively, the “Seller”), of the site and the Developer, Anton DevCo, Inc., entered into a Purchase and Sale Agreement dated April 22, 2020, which expires on July 25, 2022 for an amount of $1,075,000. A Fifth Amendment to the Purchase Agreement was made on April 12, 2022, which indicates that the parties have agreed on a closing date of December 30, 2022. The purchase price has been increased to $1,225,000 due to multiple extensions. In the event that the closing date extends beyond December 30, 2022, the purchase price will increase by $50,000.

21. Current Ownership Entity of Record

Title is currently vested in Kelly Anne Commercial, LLC, Michael A. Digrazia, Thomas B. Halfaker, and M&MH, L.P as the fee owner.

22. Environmental Review Findings — **Dated:** February 7, 2022

- A Phase I Environmental Site Assessment performed by Brusca Associates, Inc. dated February 7, 2022 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.
- A NEPA review has been initiated and will be completed prior to closing.

23. Seismic — **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

This new Project will be built to State and City of Sacramento Building Codes so no seismic review is required.

24. Relocation — **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

The Project is new construction on vacant land; therefore, relocation is not applicable.

PROJECT DETAILS

25. Residential Areas:

	Residential Square Footage:	151,793	**Residential Units per Acre:**	65.5

		Community Area Sq. Ftg:	4,031	**Total Parking Spaces:**	318
		Supportive Service Areas:	0	**Total Building Sq. Footage:**	165,786
26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☒ **No**	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	The subject will consist of nine three-story, type V, wood framed, garden style buildings.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction.
- The Contractor, Anton Building Company, is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract, and in the current builder overhead, profit, and general requirements budget is approximately 13% of construction costs, which is less than the maximum TCAC's allowable limit of 14%.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee. Refer to section 5 for more details of the developer's cost containment strategies.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: PacH Anton South Holdings, LLC, a California limited liability company; 0.005% interest
  - Sole Member: Pacific Housing, Inc., a California nonprofit public benefit corporation
- Administrative General Partner: Anton Power Inn, LLC; 0.005% interest
  - Member & Manager: Anton DevCo, Inc., 100% interest
- Investor Limited Partner; Raymond James, 99.99% interest

31. Developer/Sponsor

The Developer, Anton DevCo, Inc. currently has 11 projects (4 affordable) with a total of 3,518 units in their pipeline. There are currently 4 projects (1 affordable) with a total of 824 units that are under construction. Anton DevCo, Inc. has completed 50 projects (17 affordable) with 9,000 total units (2,541 affordable). The Developer has one project with a total of 170 units in the CalHFA pipeline that is currently under construction and is progressing as expected. The developer does not have any projects in CalHFA's portfolio.

32. Management Agent

The Project will be managed by Anton Residential, Inc., an affiliated entity, which has extensive experience in managing similar affordable housing projects in the area. Anton Residential, Inc. currently has one project under construction that will be in the CalHFA portfolio at permanent loan closing. The locality is familiar with this management company and staff received positive feedback regarding the firm's current and prior performance from background and reference checks which implies that the management company will have the capacity and ability to successfully manage the Project. The management company does not have any projects in CalHFA's portfolio.

33. Service Provider **Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**

Pacific Housing, Inc. will provide supportive services to all residents including health and wellness education, skill building, peer counselling, after school programs for children, energy-saving consultations, employment services, consumer credit counseling, Meals on Wheels, and peer counseling.

34. Contractor **Experienced with CalHFA?** ☒ **Yes** ☐ **No**

The general contractor is Anton Building Company, an affiliated entity, which has extensive experience in constructing similar affordable housing projects in California. There are currently 4 projects (1 affordable) with a total of 824 units that

are under construction, and the GC has completed 50 projects (9,000 total units) in California. The locality is familiar with this general contractor and staff received positive feedback regarding the firm's current and prior performance from background and reference checks which implies that the general contractor will have the capacity and ability to complete the development within budget and on time.		
35.	**Architect**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is Architecture Design Collaborative, which currently has 14 projects (10 affordable) that are under construction and 16 completed projects (6 affordable) within the past 5 years in California. Architecture Design Collaborative and the developer has worked on two projects that have been completed, two projects that are in the development stage, and one project that is currently in the entitlement stage.		
36.	**Local Review via Locality Contribution Letter**	
The locality, Sacramento Housing and Redevelopment Agency, returned the local contribution letter stating their support of the project.		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY	Final Commitment
Acquisition, Rehab, Construction & Permanent Loans	**Project Number 21-002-A/X/N**

Project Full Name	Anton Power Inn	**Borrower Name:**	Power Inn Sacramento, L.P.
Project Address	7243 Power Inn Road	**Managing GP:**	PacH Anton South Holdings, LLC
Project City	Sacramento	**Developer Name:**	Anton DevCo, Inc.
Project County	Sacramento	**Investor Name:**	Raymond James
Project Zip Code	95828	**Prop Management:**	Anton Residential, Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	7.55
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	151,793
Total Residential Units:	194	**Residential Units Per Acre:**	25.70
Total Number of Buildings:	9		
Number of Stories:	3	**Covered Parking Spaces:**	205
Unit Style:	Flat	**Total Parking Spaces:**	318
Elevators:	None		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Bank of the West- Tax-Exempt Conduit	35,269,031	1.000%	36	--	4.980%
Bank of the West- Taxable Conduit	14,464,184	--	36	--	5.480%
		NA	NA	NA	NA
--	--	NA	NA	NA	NA
Deferred Developer Fee	1,583,649	NA	NA	NA	NA
NOI During Construction	917,980	NA	NA	NA	NA
Deferred Costs	633,644	NA	NA	NA	NA
Investor Equity Contribution	18,368,849	NA	NA	NA	NA
Total:	**71,237,337**	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	23,201,000	1.000%	17	40	6.140%
MIP	8,000,000	1.000%	17	NA	3.000%
Supplemental MIP	4,154,205	1.000%	17	NA	3.000%
0	-	0.000%	0	0	0.00%
0	-	0.000%	0	0	0.000%
--	--	--	--	--	--
--	--	--	--		--
--	--	--	--	--	--
Deferred Developer Fees	2,557,797	NA	NA	NA	NA
NOI During Construction	917,980	NA	NA	NA	NA
Investor Equity Contributions	33,397,908	NA	NA	NA	NA
Total:	**72,228,890**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	6/6/22	**Capitalization Rate:**	5.00%
Investment Value ($)	66,720,000	**Restricted Value ($)**	32,780,000
Construct/Rehab LTC	70%	**CalHFA Permanent Loan to Cost**	32%
Construct/Rehab LTV	53%	**CalHFA 1st Permanent Loan to Value**	71%
		Combined CalHFA Perm Loan to Value	108%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	N/A	

Permanent Loan

Operating Expense Reserve Deposit	$639,777	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$250	Cash

Date Prepared: 8/21/22 Senior Staff Date: 9/1/22

UNIT MIX AND RENT SUMMARY	Final Commitment
Anton Power Inn	Project Number 21-002-A/X/N

PROJECT UNIT MIX				
Unit Type of Style	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	588	48	72
Flat	1	607	48	72
Flat	1	816	24	72
Flat	1	824	24	72
Flat	2	1,049	24	108
Flat	2	1,065	26	117
			194	513

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY						
Agency	Number of Units Restricted For Each AMI Category					
	30%	50%	60%	70%	120%	200%
CalHFA Bond	0	20	59	0	0	0
CalHFA MIP	20	39	0	20	113	0
TCAC	20	39	42	91	0	0
Density Bonus or CUP	20	39	42	91	0	0
-	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS						
Unit Type	Restricting Agency	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	CTCAC	-	-	-	-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
1 Bedroom	CTCAC	10	$532	$1,949	$1,417	27%
	CTCAC	30	$912		$1,037	47%
	CTCAC	35	$1,102		$847	57%
	CTCAC	21	$1,292		$657	66%
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
2 Bedrooms	CTCAC	5	$640	$2,237	$1,597	29%
	CTCAC	5	$1,096		$1,141	49%
	CTCAC	7	$1,324		$913	59%
	CTCAC	31	$1,552		$685	69%
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
3 Bedrooms	CTCAC	5	$742	$2,650	$1,908	28%
	CTCAC	4	$1,269		$1,381	48%
	CTCAC	-	-		-	-
	CTCAC	39	$1,796		$854	68%
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
4 Bedrooms	CTCAC	-	-	-	-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
5 Bedrooms	CTCAC	-	-	-	-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
	CTCAC	-	-		-	-
Date Prepared:	8/21/22				Senior Staff Date:	9/1/22

SOURCES & USES OF FUNDS					Final Commitment
Anton Power Inn			Project Number		21-002-A/X/N
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
Bank of the West- Tax-Exempt Conduit	35,269,031				0.0%
Bank of the West- Taxable Conduit	14,464,184				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deferred Costs	633,644				0.0%
NOI During Construction	917,980				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	1,583,649				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	18,368,849				0.0%
Perm		23,201,000	23,201,000	119,593	32.1%
MIP		8,000,000	8,000,000	41,237	11.1%
Supplemental MIP		4,154,205	4,154,205	21,413	5.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
NOI During Construction		917,980	917,980	4,732	1.3%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		2,557,797	2,557,797	13,185	3.5%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		33,397,908	33,397,908	172,154	46.2%
TOTAL SOURCES OF FUNDS	**71,237,337**	**72,228,890**	**72,228,890**	**372,314**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**71,237,337**	**72,228,890**	**72,228,890**	**372,314**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**71,237,337**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	1,225,000	-	1,225,000	6,314	1.7%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	50,000	-	50,000	258	0.1%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	100,000	-	100,000	515	0.1%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Site Acquisition)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**1,375,000**	**-**	**1,375,000**	**7,088**	**1.9%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	8,326,000	-	8,326,000	42,918	11.5%
Structures (Hard Cost)	36,065,000	-	36,065,000	185,902	49.9%
General Requirements	3,807,880	-	3,807,880	19,628	5.3%
Contractor Overhead	551,992	-	551,992	2,845	0.8%
Contractor Profit	1,414,522	-	1,414,522	7,291	2.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	672,139	-	672,139	3,465	0.9%
Personal Property	-	-	-	-	0.0%
GC Contingency	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**50,837,533**	**-**	**50,837,533**	**262,049**	**70.4%**

SOURCES & USES OF FUNDS					Final Commitment
Anton Power Inn			Project Number	21-002-A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,065,000	-	1,065,000	5,490	1.5%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**1,065,000**	**-**	**1,065,000**	**5,490**	**1.5%**
SURVEY & ENGINEERING FEES					
Engineering	408,000	-	408,000	2,103	0.6%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	408,000	-	408,000	2,103	0.6%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	3,472,248	-	3,472,248	17,898	4.8%
Soft Cost Contingency Reserve	418,867	-	418,867	2,159	0.6%
TOTAL CONTINGENCY RESERVES	3,891,115	-	3,891,115	20,057	5.4%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Bank of the West- Tax-Exempt Conduit	4,359,220	-	4,359,220	22,470	0.060353
Bank of the West- Taxable Conduit	-	-	-	-	0
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Bank of the West- Tax-Exempt Conduit	352,690	-	352,690	1,818	0.5%
Bank of the West- Taxable Conduit	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Inc	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	93	0.0%
Real Estate Taxes During Rehab	28,905	-	28,905	149	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevai	-	-	-	-	0.0%
Insurance During Rehab	395,638	-	395,638	2,039	0.5%
Title & Recording Fees	80,000	-	80,000	412	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Cost of Issuance	-	-	-	-	0.0%
Bond Issuer Fee	52,367	-	52,367	270	0.1%
Cost of Issuance	273,673	-	273,673	1,411	0.4%
TOTAL CONST/REHAB PERIOD COSTS	**5,560,492**	**-**	**5,560,492**	**28,662**	**7.7%**

SOURCES & USES OF FUNDS					Final Commitment
Anton Power Inn			Project Number	21-002-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	116,005	116,005	232,010	1,196	0.3%
MIP	67,500	67,500	135,000	696	0.2%
Supplemental MIP	20,771	20,771	41,542	214	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	567	0.2%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	20,000	20,000	103	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	-	-	-	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
CalHFA Loan Fees	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**204,276**	**334,276**	**538,552**	**2,776**	**0.7%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	70,000	-	70,000	361	0.1%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	180	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	20,000	-	20,000	103	0.0%
CalHFA Bond Counsel	65,000	-	65,000	335	0.1%
TOTAL LEGAL FEES	**172,500**	**17,500**	**190,000**	**979**	**0.3%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	639,777	639,777	3,298	0.9%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	0	0	0	0.0%
Other (Specify) - additional reserve per TCAC appl	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**639,777**	**639,777**	**3,298**	**0.9%**
REPORTS & STUDIES					
Appraisal Fee	8,000	-	8,000	41	0.0%
Market Study Fee	9,500	-	9,500	49	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	771,765	-	771,765	3,978	1.1%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other - Development Cost (to align with TCAC app	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**789,265**	**-**	**789,265**	**4,068**	**1.1%**

SOURCES & USES OF FUNDS					Final Commitment
Anton Power Inn			Project Number	21-002-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	228,941	-	228,941	1,180	0.3%
CDLAC Fees	17,407	-	17,407	90	0.0%
Local Permits & Fees	1,351,996	-	1,351,996	6,969	1.9%
Local Impact Fees	1,268,586	-	1,268,586	6,539	1.8%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	200,000	-	200,000	1,031	0.3%
Accounting & Audits	90,000	-	90,000	464	0.1%
Advertising & Marketing Expenses	153,226	-	153,226	790	0.2%
Financial Consulting	-	-	-	-	0.0%
SHRA Monitoring Fee	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Washer & Dryers)	88,000	-	88,000	454	0.1%
Other (Inspections)	36,000	-	36,000	186	0.0%
TOTAL OTHER COSTS	**3,434,156**	**-**	**3,434,156**	**17,702**	**4.8%**
SUBTOTAL PROJECT COSTS	**67,737,337**	**72,228,890**	**68,728,890**	**354,273**	**95.2%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	3,500,000	-	3,500,000	18,041	4.8%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**3,500,000**	**-**	**3,500,000**	**18,041**	**4.8%**
TOTAL PROJECT COSTS	**71,237,337**	**72,228,890**	**72,228,890**	**372,314**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Anton Power Inn	**Project Number**		**21-002-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,919,264	$ 15,048	103.93%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	37,481	193	1.33%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,956,745**	**$ 15,241**	**105.26%**
Less: Vacancy Loss	**$ 147,837**	**$ 762**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,808,908**	**$ 16,003**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 143,244	$ 738	$ 0
Management Fee	84,267	434	3.00%
Social Programs & Services	20,016	103	0.71%
Utilities	245,798	1,267	8.75%
Operating & Maintenance	205,903	1,061	7.33%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	39	0.27%
Other Monitoring Fees	5,225	27	0.19%
Real Estate Taxes	75,282	388	2.68%
Other Taxes & Insurance	164,254	847	5.85%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 951,489**	**$ 4,905**	**33.87%**
Replacement Reserve	$ 48,500	$ 250	1.73%
TOTAL OPERATING EXPENSES	**$ 999,989**	**$ 5,155**	**35.60%**
NET OPERATING INCOME (NOI)	**$ 1,808,919**	**$ 9,324**	**64.40%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 1,559,119	$ 8,037	55.51%
Supplemental MIP	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,559,119**	**$ 8,037**	**55.51%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 249,800**	**$ 1,288**	**8.89%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.16**	**to 1**	
Date: 8/21/22		Senior Staff Date:	09/01/22

PROJECTED PERMANENT LOAN CASH FL0WS										Anton Power Inn					
Final Commitment									Project Number	21-002-A/X/N					
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
RENTAL INCOME	CPI														
Restricted Unit Rents	2.50%	2,919,264	2,992,246	3,067,052	3,143,728	3,222,321	3,302,879	3,385,451	3,470,088	3,556,840	3,645,761	3,736,905	3,830,327	3,926,086	4,024,238
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	37,481	38,418	39,378	40,363	41,372	42,406	43,466	44,553	45,667	46,809	47,979	49,178	50,408	51,668
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,956,745**	**3,030,664**	**3,106,430**	**3,184,091**	**3,263,693**	**3,345,286**	**3,428,918**	**3,514,641**	**3,602,507**	**3,692,569**	**3,784,884**	**3,879,506**	**3,976,493**	**4,075,906**
VACANCY ASSUMPTIONS	Vacancy														
Restricted Unit Rents	5.00%	145,963	149,612	153,353	157,186	161,116	165,144	169,273	173,504	177,842	182,288	186,845	191,516	196,304	201,212
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,874	1,921	1,969	2,018	2,069	2,120	2,173	2,228	2,283	2,340	2,399	2,459	2,520	2,583
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**147,837**	**151,533**	**155,322**	**159,205**	**163,185**	**167,264**	**171,446**	**175,732**	**180,125**	**184,628**	**189,244**	**193,975**	**198,825**	**203,795**
EFFECTIVE GROSS INCOME (EGI)		**2,808,908**	**2,879,130**	**2,951,109**	**3,024,886**	**3,100,509**	**3,178,021**	**3,257,472**	**3,338,909**	**3,422,381**	**3,507,941**	**3,595,639**	**3,685,530**	**3,777,669**	**3,872,110**
OPERATING EXPENSES	CPI / Fee														
Administrative Expenses	3.50%	163,260	168,974	174,888	181,009	187,345	193,902	200,688	207,712	214,982	222,507	230,294	238,355	246,697	255,331
Management Fee	3.00%	84,267	86,374	88,533	90,747	93,015	95,341	97,724	100,167	102,671	105,238	107,869	110,566	113,330	116,163
Utilities	3.50%	245,798	254,401	263,305	272,521	282,059	291,931	302,149	312,724	323,669	334,997	346,722	358,858	371,418	384,417
Operating & Maintenance	3.50%	205,903	213,110	220,568	228,288	236,278	244,548	253,107	261,966	271,135	280,625	290,447	300,612	311,134	322,023
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225
Real Estate Taxes	1.25%	75,282	76,223	77,176	78,141	79,117	80,106	81,108	82,121	83,148	84,187	85,240	86,305	87,384	88,476
Other Taxes & Insurance	3.50%	164,254	170,003	175,953	182,111	188,485	195,082	201,910	208,977	216,291	223,861	231,696	239,806	248,199	256,886
Required Reserve Payments	1.00%	48,500	48,985	49,475	49,970	50,469	50,974	51,484	51,999	52,519	53,044	53,574	54,110	54,651	55,198
TOTAL OPERATING EXPENSES		**999,989**	**1,030,794**	**1,062,624**	**1,095,511**	**1,129,494**	**1,164,609**	**1,200,895**	**1,238,391**	**1,277,140**	**1,317,184**	**1,358,568**	**1,401,336**	**1,445,537**	**1,491,220**
NET OPERATING INCOME (NOI)		**1,808,919**	**1,848,336**	**1,888,485**	**1,929,375**	**1,971,015**	**2,013,412**	**2,056,577**	**2,100,517**	**2,145,241**	**2,190,757**	**2,237,072**	**2,284,194**	**2,332,131**	**2,380,890**
DEBT SERVICE PAYMENTS	Lien #														
Perm	1	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119	1,559,119
Supplemental MIP	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**	**1,559,119**
CASH FLOW AFTER DEBT SERVICE		**249,800**	**289,217**	**329,367**	**370,257**	**411,896**	**454,294**	**497,459**	**541,399**	**586,122**	**631,638**	**677,953**	**725,076**	**773,013**	**821,772**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.19**	**1.21**	**1.24**	**1.26**	**1.29**	**1.32**	**1.35**	**1.38**	**1.41**	**1.43**	**1.47**	**1.50**	**1.53**
Date Prepared:	08/21/22									Senior Staff Date:	9/1/22				

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382	10,693	11,014
LESS: Partnership Management Fee	2%	19,404	19,792	20,188	20,592	21,004	21,424	21,852	22,289	22,735	23,190	23,653	24,126	24,609	25,101
net CF available for distribution		**222,896**	**261,700**	**301,222**	**341,469**	**382,451**	**424,176**	**466,651**	**509,886**	**553,887**	**598,663**	**644,220**	**690,567**	**737,711**	**785,657**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Deferred developer fee repayment	2,557,797	2,557,797	2,334,901	2,073,201	1,771,979	1,430,509	1,058,539	640,707	175,796	-	-	-	-	-	-
	100%	222,896	261,700	301,222	341,469	382,451	424,176	466,651	175,796	-	-	-	-	-	-
		2,334,901	2,073,201	1,771,979	1,430,509	1,048,058	634,363	174,055	-	-	-	-	-	-	-
Payments for Residual Receipt Payments		*50%*													
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	167,045	276,943	299,331	322,110	345,284	368,855	392,828
MIP	*65.82%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental MIP	*34.18%*	-	-	-	-	-	-	-	167,045	276,943	299,331	322,110	345,284	368,855	392,828
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	167,045	276,943	299,331	322,110	345,284	368,855	392,828
Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS	*Interest Rate*														
MIP---Simple	*3.00%*	8,000,000	8,240,000	8,480,000	8,720,000	8,960,000	9,200,000	9,440,000	9,680,000	9,920,000	10,160,000	10,400,000	10,640,000	10,880,000	11,120,000
Supplemental MIP---Simple	*3.00%*	4,154,205	4,278,831	4,403,457	4,528,083	4,652,710	4,777,336	4,901,962	5,026,588	4,984,169	4,831,852	4,657,147	4,459,663	4,239,005	3,994,776
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**12,154,205**	12,518,831	12,883,457	13,248,083	13,612,710	13,977,336	14,341,962	14,706,588	14,904,169	14,991,852	15,057,147	15,099,663	15,119,005	15,114,776

PROJECTED PERMANENT LOAN CASH FL0WS				
Final Commitment				
	YEAR	15	16	17
RENTAL INCOME	CPI			
Restricted Unit Rents	2.50%	4,124,844	4,227,965	4,333,664
Unrestricted Unit Rents	2.50%	-	-	-
Commercial Rents	2.00%	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-
Other Project Based Subsidy	1.50%	-	-	-
Income during renovations	0.00%	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-
Laundry Income	2.50%	52,960	54,284	55,641
Parking & Storage Income	2.50%	-	-	-
Miscellaneous Income	2.50%	-	-	-
GROSS POTENTIAL INCOME (GPI)		4,177,803	4,282,248	4,389,305
VACANCY ASSUMPTIONS	Vacancy			
Restricted Unit Rents	5.00%	206,242	211,398	216,683
Unrestricted Unit Rents	5.00%	-	-	-
Commercial Rents	50.00%	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-
Other Project Based Subsidy	3.00%	-	-	-
Income during renovations	20.00%	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-
Laundry Income	5.00%	2,648	2,714	2,782
Parking & Storage Income	50.00%	-	-	-
Miscellaneous Income	50.00%	-	-	-
TOTAL PROJECTED VACANCY LOSS		208,890	214,112	219,465
EFFECTIVE GROSS INCOME (EGI)		3,968,913	4,068,136	4,169,839
OPERATING EXPENSES	CPI / Fee			
Administrative Expenses	3.50%	264,268	273,517	283,091
Management Fee	3.00%	119,067	122,044	125,095
Utilities	3.50%	397,872	411,797	426,210
Operating & Maintenance	3.50%	333,294	344,959	357,033
Ground Lease Payments	3.50%	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	5,225	5,225	5,225
Real Estate Taxes	1.25%	89,582	90,702	91,836
Other Taxes & Insurance	3.50%	265,877	275,183	284,814
Required Reserve Payments	1.00%	55,749	56,307	56,870
TOTAL OPERATING EXPENSES		1,538,435	1,587,235	1,637,674
NET OPERATING INCOME (NOI)		2,430,478	2,480,901	2,532,165
DEBT SERVICE PAYMENTS	Lien #			
Perm	1	1,559,119	1,559,119	1,559,119
Supplemental MIP	2	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,559,119	1,559,119	1,559,119
CASH FLOW AFTER DEBT SERVICE		871,359	921,782	973,047
DEBT SERVICE COVERAGE RATIO		1.56	1.59	1.62
Date Prepared:	08/21/22			
LESS: Asset Management Fee	3%	11,344	11,685	12,035
LESS: Partnership Management Fee	2%	25,603	26,115	26,638
net CF available for distribution		834,412	883,982	934,374

	YEAR	15	16	17
Deferred developer fee repayment	2,557,797	-		
	100%	-		
		-	-	-

Payments for Residual Receipt Payments				
RESIDUAL RECEIPTS LOANS	*Payment %*	417,206	441,991	467,187
MIP	*65.82%*	-	-	-
Supplemental MIP	*34.18%*	417,206	441,991	467,187
0	*0.00%*	-	-	-
	0.00%	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
Total Residual Receipts Payments	100.00%	417,206	441,991	467,187

Balances for Residual Receipt Payments				
RESIDUAL RECEIPTS LOANS	*Interest Rate*			
MIP---Simple	*3.00%*	11,360,000	11,600,000	11,840,000
Supplemental MIP---Simple	*3.00%*	3,721,791	3,416,239	3,076,735
0---Compounding	*0.00%*	-	-	-
---Compounding	*0.00%*	-	-	-
0---Compounding	*0.00%*	-	-	-
0---Compounding	*0.00%*	-	-	-
0---	*0.00%*	-	-	-
Total Residual Receipts Payments		15,081,791	15,016,239	14,916,735

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM (2022)

The California Housing Finance Agency ("CalHFA" or "Agency") Mixed-Income Program ("MIP") provides competitive, long-term, subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product. The MIP resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of extremely low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, nonprofit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing. CalHFA Mixed-Income Qualified Construction Lender is defined in that section below.

FINANCING STRUCTURE:

Projects accessing the MIP subsidy loan funds must be structured as one of the following:

1. Tax-exempt bond and 4% tax credit project where at least 51% of the units in the project must be tax-credit-financed

   OR

2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in the California Debt Limit Allocation Committee's (CDLAC) Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include, but not be limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, sponsor is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment ("notification date"). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
2. **General Contractor and/or Third Party Construction Services Engagement:** At the time of application, applicant must provide evidence that the applicant or developer has engaged a general contractor or third-party construction services company to provide construction services including, but not limited to, value engineering, bid/budget services, and constructability review of plans and designs. In addition, the proposed construction budget is based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
3. **Disposition and Development Agreement:** Applicant must provide a copy of the disposition and development agreement, if applicable.
4. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation, unless an extension has been approved by California Tax Credit Allocation Committee (CTCAC), CDLAC, and CalHFA, as applicable. Within the 180-day period, the following items must be submitted to CalHFA in their final form:
   a. A complete, updated application form along with a detailed explanation of any changes from the initial application,
   b. An executed construction contract,
   c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
   d. Binding commitments for any other financing required to complete project construction,
   e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
   f. Payment of all construction lender fees,
   g. Copies of buildings permits (a grading permit does not suffice to meet this requirement, except if the city or county as a rule does not issue building permits prior to the completion of grading, then a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
   h. Copy of the notice to proceed delivered to the contractor,
   i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred,
   j. Other documentation and information required by CalHFA to close construction financing.

Qualifications (continued)

MIP ALLOCATION LIMITS:
(Exceptions may be considered by Agency in its sole discretion)

1. **Project Cap:** No project may receive more than the lesser of $8 million, or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units or up to $60,000 per MIP regulated units for a Project located within the Highest or High Resource areas pursuant to CTCAC regulations designated on the CTCAC/HCD (California Department of Housing and Community Department) Opportunity Area Map.
2. **Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 20% of total MIP allocation or funding of two projects, whichever is less, for the respective year.
3. **County Cap:** No one county may receive more than 25% of total MIP allocations for the respective year.
4. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted projects (units that are restricted to residents who are 62 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act), unless a waiver of the minimum age requirement has been granted by U.S. Department of Housing and Urban Development ("HUD").

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Certification must be provided at the time of Construction Loan Closing in a form acceptable to CalHFA in its sole discretion. The certification acceptable to CalHFA may be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/closing-cost-containment-certification.pdf.

The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but may not be limited to, 1) competitively bidding out all major subcontractor and self-performing trades and 2) engaging a value engineer/consultant during the design process.

EVIDENCE OF SUBSIDY EFFICIENCY:

A Subsidy Efficiency Analysis will be completed as part of the application review. The analysis will be completed again prior to construction loan closing and closing of the MIP subordinate loan. The MIP loan amount may be reduced based on the final analysis. Parameters of the analysis may include, but are not limited to, the following:

- A maximum of 1.20 Debt Service Coverage Ratio ("DSCR") at year 1 ("Initial DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case-by-case basis, if deemed necessary. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained through the term of the CalHFA permanent first lien loan,
- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio,
- A separate project cash flow that supports any commercial component of a mixed-use project,
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation,
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards,
- Developer Fee requirements matching those required under the 4% federal and/or state tax credit reservation,
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA),

Qualifications (continued)	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: · An increase in tax credit equity, · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders, • State tax credit request is expected to be within a range of $50,000 to $75,000 per unit. The projects that evidence the most efficient use of bond cap, state tax credits, and MIP per adjusted unit shall be prioritized for MIP funding considerations. The bond cap, state tax credits, and MIP per adjusted unit calculation shall be consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2). MIP final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year, • Acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an Appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.
CalHFA Mixed-Income Qualified Construction Lender	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least five construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements to receive a minimum of 7 points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably financed projects over the last five years. **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three comparable projects built in the past five years, and they must have overseen the projects from construction start to final completion. **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements to receive a minimum of 3 points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).
Permanent First Lien Loan	Must be provided by CalHFA. The permanent loan must meet an initial minimum DSCR of at least 1.15 and must maintain the year 1 DSCR underwritten at the time of final loan approval and final commitment through the term of the CalHFA permanent first lien loan. The Initial DSCR must not exceed 1.20.
Construction First Lien Loan	Must be provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to, in its sole and absolute discretion, recycle all or a portion of any bond volume cap related to a paydown of the bond-financed loans, at the conversion of the construction financing to permanent financing and payoff of the construction loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (the "Bond Recycling"). The bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.
Limitations	1. MIP cannot be combined with the CTCAC 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) with the exception of the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein. 3. Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	**BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, CDLAC requires a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").

Mixed-Income Project Occupancy Requirements (Continued)	**MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** **Affordability Requirements:** 1. To qualify, a project must meet the following affordability restrictions, which are based on the HUD and locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years: a. 30% of total units at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI, b. 10% of total units between 60% and 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and c. Remaining 60% of total units at or below 120% of AMI (with the exception of any non-restricted manager's unit(s)) OR at the affordability restrictions consistent with CTCAC requirements. d. The minimum range between the lowest and highest occupancy target levels must be at least 40%. (Deviations from the above requirements will only be considered if Market Study supports such deviations.) 2. If applicable, tax credit transactions that are income-averaged must have a maximum average affordability up to 60% of AMI across all CTCAC restricted units.
Mixed-Income Project Occupancy Requirements (Continued)	**MAXIMUM ALLOWABLE RENTS:** Rents for all restricted units must be at least 10% below market rents for the MIP affordability term as evidenced by a current market study or appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval and may be monitored on an ongoing basis for the MIP affordability term. The report shall be current within 180 days of Agency's final commitment and may be subject to required updating if the report expires prior to construction loan closing. For underwriting purposes, CTCAC and locality maximum rents for the respective target income limits must be used. Any proposed rent adjustments above 5% of the approved rents subsequent to construction loan closing may be considered if supported by a recent or updated market study or appraisal that is dated within 180 days of MIP loan closing, at CalHFA's sole discretion. Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents not to exceed 30% of the applicable income restriction required in the Agency's Regulatory Agreement.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $60,000 per MIP regulated units, unless an exception is approved by Agency in its sole discretion. a. Maximum loan per restricted (tax credit or CalHFA) units between 30%-120% AMI shall be up to $50,000. b. Projects located within the Highest or High Resource areas pursuant to CTCAC regulations designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit. Opportunity Map Home Page: www.treasurer.ca.gov/ctcac/opportunity.asp 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.

Mixed-Income Subordinate Loan Rates & Terms	1. **Interest Rate**: Greater of 1% simple interest or the applicable federal rate (AFR) at time of MIP closing. 2. **Loan Term**: The MIP loan term shall be coterminous with the CalHFA permanent first lien loan. 3. **Lien Position**: Second lien position, after CalHFA permanent first lien loan. 4. **Loan Payment**: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. Deviation from the net cash flow split may be granted 1) to meet equity investor's deferred developer's fee requirement as evidence by the limited partnership agreement, and 2) is subject to approval(s) by other residual receipt lender(s), as applicable. 5. **Affordability Term**: 55 years. 6. **Prepayment**: May be prepaid at any time without penalty. 7. **Subordination**: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s) and requires subordination at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. **Funded**: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	**Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). **Conduit Bond Program Fees:** Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees. **Other Fees:** Refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 01/25/2022

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for initial debt service coverage ratio (include any financing with amortizing debt). If a Project includes CalHFA's subsidy loan, the maximum DSCR at year 1 shall not exceed 1.20, unless CalHFA approves a higher DSCR at its own discretion. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained as the minimum DSCR through the term of the Perm Loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x, if deemed necessary to meet the Agency's underwriting requirements. • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Legal Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Credit Enhancement Fee: included in the interest rate. • Annual Monitoring Fee: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 per month for the term of the construction (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000, half due at final commitment, with balance due at Perm Loan closing. • Perm Loan Funding Fee: $110,000 at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited toward the CalHFA Perm Loan Fee See CalHFA standard Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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Rate & Terms (subject to change)	Interest Rate: • 17-Year Balloon Loans: 15-Year "AAA" Municipal Market Data (MMD) plus CalHFA spread • 30-Year Balloon and Fully Amortizing Loans: 30-Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 3.00% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 40 Year Amortization • Term: Fully Amortizing, and 17- or 30-Year Balloons available1 • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension. • Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees. • Deposit Account Control Agreement between CalHFA, the Borrower and lending institution is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing. A Lien Priority/Position Estoppel in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.
Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

Occupancy Requirements (continued)	Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal. CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list): • Appraisal* (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment* ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). A RRNA for a longer time period may be required if the Perm Loan term is greater than 20 years. • Phase I and Phase II (if applicable) Environmental Site Assessment* including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)". • Market Study* satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports* by licensed company. • Seismic review* and other studies may be required at CalHFA's discretion. *Note: Third party reports shall be within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve ("OER"): 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, it must be replenished over a period of 12 months to the original level. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or the CalHFA Perm Loan term. • Other reserves as required (at CalHFA's discretion).

Last revised: 5/2022

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after March 1, 2022

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

<table>
<tr><td>Qualifications</td><td>

Available to for-profit, nonprofit or public agency sponsors.
Nonprofit borrowers may be eligible for 501(c)(3) bonds.
If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.

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<tr><td>Bond Amount</td><td>Bond amount is determined by the loan amount of the selected construction lender.</td></tr>
<tr><td>Fees
(subject to change)</td><td>

Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA required for tax-exempt issuances) and is credited toward the CalHFA Issuer Fee.
Issuer Fee:

The greater of $15,000 or 18.75 basis points of the Bond amount if lesser than or equal to $20 million.
If more than $20 million: $37.500 + 5 basis points for the amount above $20 million.

Annual Administrative Fee: 5 bps of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 bps of unpaid principal balance amount of tax-exempt bond financed loan(s) until bonds are fully redeemed. Minimum Annual Administrative Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period.

For taxable only issuances, annual administrative fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions.

If used in conjunction with a CalHFA permanent loan product, the annual administrative fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual administrative fee.
Public Sale: Additional fee of $5,000 to $10,000 applies when Bonds are sold to the public.
CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.
CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC.

The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.
</td></tr>
</table>

Kevin Brown, Housing Finance Officer
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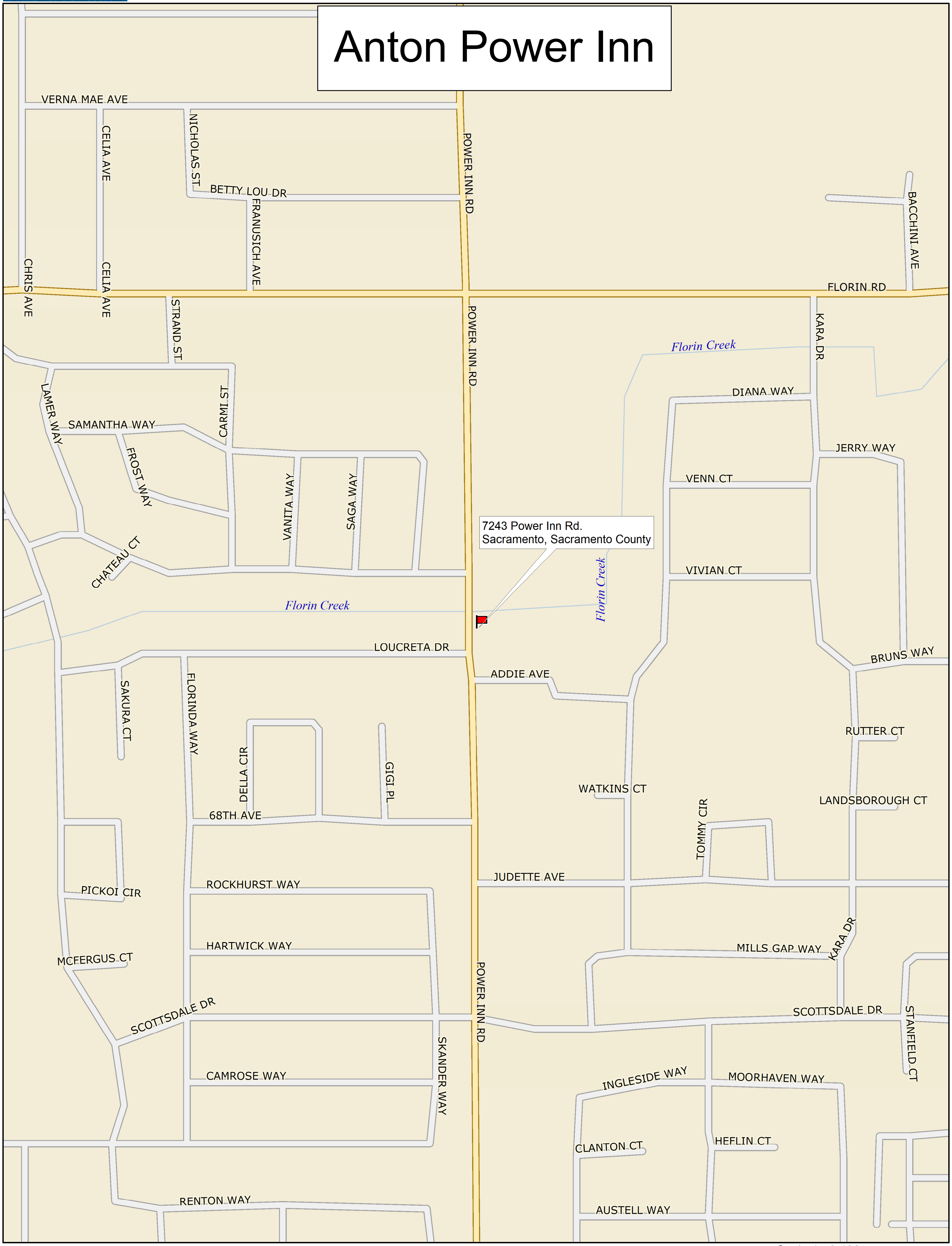
Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be rent restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the later of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

Last revised: 03/2022

DeLorme Street Atlas USA® 2010

Anton Power Inn

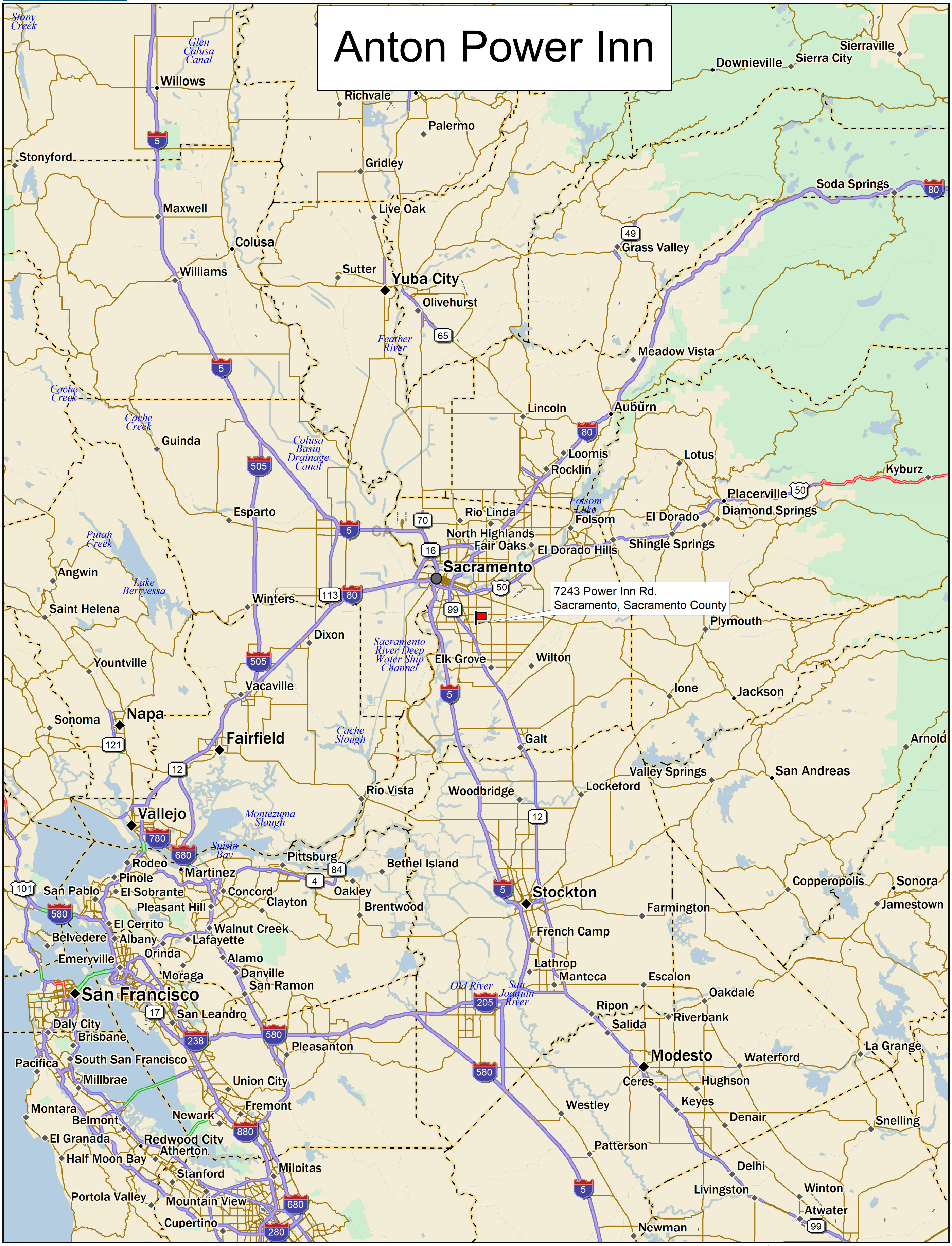


Scale 1 : 6,400

1" = 533.3 ft

Data Zoom 15-0

Anton Power Inn



TN

MN (12.9°E)

Scale 1 : 1,100,000

0 6 12 18 24 30 mi

0 10 20 30 40 50 km

1" = 17.36 mi

Data Zoom 7-5