CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": September 28, 2022

Project Name, County:	**California Grand Manor Apartments, San Luis Obispo County**	
Address:	**Not established - adjacent to 10165 El Camino Real, Atascadero, CA, 93422**	
Type of Project:	**New Construction**	
CalHFA Project Number:	22019-A/X/S	**Total Units: 76, Senior**
Requested Financing by Loan Program:	$12,203,163	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount**
	$1,220,316	**CalHFA Tax-Exempt Bond (Supplemental) – Conduit Issuance Amount**
	Up to $8,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (which may include tax exempt recycled bonds)(includes 10% cushion)**
	$6,183,589	**CalHFA Tax-Exempt or FFB Permanent Loan with HUD Risk Sharing**
	$5,440,234	**CalHFA MIP Subsidy Loan ($2,900,000 Original Allocation and $2,540,234 Supplemental Allocation)**

DEVELOPMENT/PROJECT TEAM

Developer:	Micon Real Estate, Inc.	**Borrower:**	Atascadero California Grand Manor, LP
Permanent Lender:	CalHFA	**Construction Lender:**	Huntington National Bank
Equity Investor:	Boston Financial Investment Management, LP	**Management Company:**	Buckingham Property Management
Contractor:	Micon Builders, a Sole Proprietorship	**Architect**	The Vincent Company Architects, Inc.
Loan Officer:	N/A	**Loan Specialist:**	Jennifer Beardwood
Asset Manager:	Jessica Doan	**Loan Administration:**	Ashley Carroll
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick Herrington & Sutcliffe LLP
Concept Meeting Date:	09/06/2022	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** Huntington National Bank **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	$13,423,479 (t/e)	$6,183,589	Original MIP: $2,900,000

		\$7,562,899 (taxable)		Supplemental MIP: \$2,540,234 Total CalHFA MIP Subsidy Loan: \$5,440,234 (\$72,536/restricted unit)
	Loan Term & Lien Position	24 months- interest only; 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1 Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	SOFR plus 2.0%, variable Underwritten Rate: 5.50%	Underwritten Rate 6.40% (Fixed Rate Locked) Estimated rate based on a 24 month forward commitment.	Greater of 1% Simple Interest or the Applicable Federal Rate (AFR) at time of MIP closing (3% Simple was used for underwriting purposes)
	Loan to Value (LTV)	LTV is 75% of investment value	LTV is 56% of restricted value	N/A
	Loan to Cost	77%	23%	N/A

** The Agency has determined that the Indicative Rate of 6.40%, and not the Maximum Rate, is the fixed rate that shall be locked upon Borrower's request as set forth in the Indicative Rate Lock Agreement.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	24 Salud O. Carbajal	**Assembly:**	35 Jordan Cunningham	**State Senate:**	17 John Laird
	Brief Project Description	**California Grand Manor** (the "Project") is a new construction, senior, mixed-income Project. It consists of one 3-story elevator serviced building. There will be a total of 76 units; 12 studio units (542 s.f.), 58 one-bedroom units (685 s.f.), and 6 two-bedroom units (930 s.f.). One one-bedroom unit will serve as the manager's unit. The site is currently improved with an existing 95-unit affordable senior housing project (California Manor (Phase I)) and a small maintenance shed. Phase I was an acquisition/rehabilitation project completed in 2013 and financed by Bonneville (CalHFA was not involved in the financing of this phase). The existing 4.73-acre parcel will be subdivided into 2 separate parcels prior to construction loan closing; California Manor Phase I (2.83 acres) and California Grand Manor (Phase II) (1.9 acres) and the maintenance shed will be demolished as part of site preparation. The Project will have 68 uncovered parking spaces and will enter into a use agreement to permit joint use of the driveway. The borrower will restrict the Project to individuals 62 years of age or older. **Financing Structure:** The Project's financing structure includes financing from tax-exempt and taxable bonds, 4% Federal Tax Credit equity (4% Federal LIHTC allocation), <u>and</u> state housing tax credits 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 has received an allocation for 4% tax credits and bond cap from TCAC/CDLAC on June 15, 2022, and supplemental bond cap award on September 1, 2022, from CDLAC. The supplemental allocation was requested to add a cushion to the project's 50% aggregate basis requirement (the "50% test") which was at approximately 50% and now will increase to approximately 51.31%. The supplemental allocation is necessary to accommodate a potential cost increase during construction.						

Ground Lease: Not applicable.

Project Amenities: The Project includes a clubhouse/meeting room/community room, courtyard, elevators, central laundry facilities, off-street parking, on-site management, corridor handrails and security feature of limited access and intercom system. Unit amenities will include blinds, cable/satellite/internet, carpeting, coat closets, exterior storage, ceiling fans, handrails, central heating and air, range/oven, refrigerator, dishwasher, and garbage disposal.

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

- Grocery stores – 1.0 of miles
- Public Library – 0.2 of miles
- Public transit – 0.33 of miles
- Retail - 10 of miles
- Park and recreation – 0.33 of miles
- Urgent Care – 0.33 of miles
- Hospitals – 7.7 miles
- Senior center(s) –10 miles
- Pharmacy – 1.0 of miles

Non-displacement <u>and</u> 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, 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 75 units of affordable housing with a range of restricted rents between 30% AMI and 80% 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:	12/15/2022*	Est. Construction Loan Closing:	12/2022
	Estimated Construction Start:	12/2022	Est. Construction Completion:	6/2024
	Estimated Stabilization and Conversion to Perm Loan(s):		12/2024	

* *On September 28, 2022 CDLAC approved a 90-day extension to the bond issuance deadline from 12/12/2022 to 3/12/2023 for all projects that received bond allocation on June 15, 2022.*

SOURCES OF FUNDS

5.

Construction Sources and Uses				
Sources	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
Huntington National Bank – Conduit - Tax Exempt	$12,203,163	1st/5.50%/Interest Only	Total Acquisition costs	$100
Huntington National Bank – Conduit - Tax Exempt	$1,220,316	1st/5.50%/Interest Only	Construction Costs	$17,780,000
Huntington National Bank – Conduit - Taxable (which may include recycled bonds)	$7,562,899	1st/5.50%/Interest Only	Soft Costs	$664,000
NOI (pre-conversion)*	$241,500	N/A	Hard Cost contingency	$1,170,000
Deferred Developer Fee Note	$2,958,843	N/A	Soft Cost contingency	$350,134
Investor Equity Contribution	$2,764,859	N/A	Financing Costs	$1,645,643
			Local Impact Fees	$1,474,640
			Developer Fees	$3,332,000
			Other Costs	$536,911
TOTAL	**$26,951,580**			**$26,951,580**
TOTAL PER UNIT	**$354,626**			

Permanent Sources and Uses				
Sources:	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing	$6,183,589	1st/6.40%/40 year amortization due in year 17	Total Loan and Equity Payoffs	$26,951,580
CalHFA MIP Loan	$2,900,000	2nd/3.00%/Residual Receipts	Financing costs	$170,891
CalHFA Supplemental MIP Loan**	$2,540,234	2nd/3.00%/Residual Receipts**	Soft costs	$17,500
NOI (pre-conversion)*	$241,500	N/A	Operating Reserves	$276,226
Deferred Developer Fee Note	$1,726,577	N/A		
Investor Equity Contributions	$13,824,297	N/A		
TOTAL	**$27,416,197**			**$27,416,197**
TOTAL PER UNIT	**$360,739**			

*The estimated NOI During Construction is based on 3 months of full occupancy.

****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 the total development cost (TDC) to be $22,863,679 or $304,849/unit. CalHFA issued an initial commitment based on these initial costs estimates for 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.

On the sources side, there were cost adjustments related predominantly to; 1) market related increases driving CalHFA's higher interest rate and spreads which resulted in a $201,177 reduction to the permanent loan amount; 2) increase in investor equity contribution of $1,726,577; 3) increase in deferred developer's fee of $565,381; 4) rental income prior to permanent loan conversion of $241,500. On the Uses side, cost increases were related to; 1) increased construction reserves of $566,273; 2) increased construction costs of $2,518,530; 3) increased engineering costs of $125,000; 4) increased developer's fee of $437,983; 5) increased to other soft costs of $904,732; Overall, the deficit in the updated budget is $2,725,000.

The Borrower has requested a $2,540,234 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 Approval**
1 - CalHFA Perm Loan	$6,200,000	$5,998,823	-$201,177	-$2,647	-3.24%
2 - Deferred developer's fee	$1,161,196	$1,726,577	$565,381	$7,439	48.69%
3 - Pre-Conversion NOI	$0	$241,500	$241,500	$3,178	100%
4 - Investor Equity Contribution	$12,602,483	$13,824,297	$1,221,814	$16,077	9.70%
Total Changes in Sources (A)	$19,963,679	$21,791,197	$1,827,518	$24,046	9.15%

USES - Major Cost Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per unit Cost Adjustment**	**% Adjustment of IC Approval**
1 - Construction hard cost	$15,261,470	$17,780,000	$2,518,530	$33,139	16.50%
2 - Construction Loan Interest and Fees	$986,227	$1,552,500	$566,273	$7,451	57.42%
3 - Arch/Eng	$300,000	$425,000	$125,000	$1,645	41.67%
4 - Perm Financing Costs	$202,780	$266,884	$64,104	$843	31.61%
5 - Legal/3rd Party	$185,000	$230,000	$45,000	$592	24.32%
6- Reserves	$397,555	$276,226	-$121,329	-$1,596	-30.52%
7 - Contingency	$898,832	$1,520,134	$621,302	$8,175	69.12%
8 - Other	$1,737,698	$2,033,353	$295,655	$3,890	17.01%
9 - Dev Fee Costs	$2,894,017	$3,332,000	$437,983	$5,763	15.13%
Total Changes in Uses (B)	$22,863,579	$27,600,911	$4,552,518	$59,902	19.91%
Current Funding Gap (A-B):			**-$2,725,000**		
Gap Funding sources:					
Decrease in CalHFA Perm Loan (Rate lock without 25bps cushion):			**-$184,766**		
Supplemental MIP Request:			**$2,540,234**		
Gap funding Sources Total:			**-$2,725,000**		
Remaining Funding Gap:			**$0**		

Hard Cost/Soft Cost changes: The Project experienced significant increases in the cost of construction due to COVID, labor shortages and supply chain issues that resulted in the construction costs budget increasing by $2.5 million. As reflected on the above chart, most other budget line items increased as a result of loan financing costs related to macroeconomic factors, such as inflation.

Deferred Developer Fee: The current budget also reflects an increase of the total developer's fee by $437,983, and the current deferred developer's fee (DDF) is approximately $565,381 higher than the original budget, which results in an increase of the net DDF by $127,398 (original developer fee $2,894,017, with $1,161,196 deferred/current developer fee $3,332,000 with $1,726,577 deferred). Through the project's final underwriting prior to construction and permanent loan conversion, efforts shall be made to mitigate a portion of the financing gap through restructuring of the Developer fee or direct equity contribution by the Developer.

Perm Loan Decrease & Equity Contribution Adjustment: The equity contribution adjustment is anticipated to increase by approximately $1,221,814 due to increases in eligible basis. At receipt of the Supplemental MIP application, the CalHFA permanent loan of $6.2 million was reduced by $201,177 to $5,998,823. This was attributed to increases in perm loan financing costs related to macroeconomic factors, such as inflation. The interest rate of 6.65% included a 25-bps underwriting cushion and is inclusive of costs associated with the Agency offering extended rate lock period of 6+ months and interest rate hedging costs incurred by the Agency.

At final underwriting, to mitigate the funding gap of $2,725,000 CalHFA was able to increase the perm loan by allowing the removal of 25 bps underwriting cushion which was possible by entering into an early rate lock agreement and hedge, locking the maximum rate at 6.40% fixed interest rate for loan closing (perm conversion at 24-month forward from construction loan closing). This resulted in a permanent loan increase of $184,766 to $6,183,589, which reduced the overall funding gap to $2,540,234 as shown above.

The estimated funding gap after exhausting all resources available to the project totals approximately $2,540,234. The Borrower has requested an increase to the MIP Subsidy Loan of $2,725,000. Pursuant to the TCAC/CDLAC requirements this project must begin construction by December 2022. A $2,540,234 increase in the MIP supplemental subsidy ($33,870/unit) results in an overall MIP Regulated Unit amount of $72,536 per restricted unit. The original MIP and Supplemental MIP total $5,440,234.

Subsidy Efficiency: The Initial MIP commitment for this Project was $2,900,000 ($38,667 per MIP restricted units). The Current proposed MIP commitment is $5,440,234 ($72,536 per MIP restricted units). Staff is recommending exceptions to the 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: $8,941,710 ($119,223 per TCAC restricted unit).
- State Tax Credits: $6,212,485 ($82,833 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 General Contractor will: 1) competitively bid out all major subcontracting and self-performing trades and 2) engage value engineering/consultant during the design process.

6. Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7. Proposal and Project Strengths

- The Project has received 4% tax credits which is projected to generate equity representing 50% of total financing sources.
- The developer has extensive experience in developing similar affordable housing projects.
- The Project will serve low-income seniors ranging between 30% to 80% of AMI. On average, the rents are between 30% to 77% below market rents based on current appraisal.
- A related party of the developer currently owns the land and will subdivide and sell the land to the Project for $100.
- The Loan-to-Value will be 56%, which is well below the Agency’s maximum allowable LTV of 90% for the Agency’s

permanent first lien loan. 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 $1,605,423, which could be available to cover cost overruns and/or unforeseen issues during construction.
- Senior properties in close proximity to the project are experiencing stable occupancy levels and long waiting lists.

8.	**Project Weaknesses with Mitigants:**

- The developer/sponsor does not have experience with CalHFA; however, they have experience in developing affordable projects in California and Hawaii. The Central Valley Coalition for Affordable Housing will be the managing general partner of the borrowing entity and have a certification indicating they meet the TCAC experience requirements.
- The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 7.0%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.40%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and a portion of the Supplemental MIP loan allocation in the estimated amount of $430,114, leaving an amount of $3,176,097 of the Supplemental MIP allocation (including principal and accrued interest) plus the full amount of the original MIP loan in the estimated amount of $4,205,000 (principal and accrued interest), the total estimated amount of the MIP Loan at refinance is $7,381,097. This is expected by CalHFA given the requirement that the MIP loans be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP loans is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the 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.
- The Project budget indicates a deficit of approximately $2,540,234. The Borrower has requested an increase to the initially committed MIP subsidy loan to facilitate the progression of this shovel ready project to construction. Refer to section 5 for detailed explanation.

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

Pursuant to the 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 $50k per MIP regulated unit, or (iii) MIP loan not to exceed 50% of the CalHFA perm loan. Based on the project economics, the combined original and supplemental MIP is $5,540,234 ($72,536/restricted unit) (MIP loan percentage is approximately 71% of the CalHFA permanent loan), which exceeds the per MIP regulated unit and 50% of CalHFA perm loan 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, a supplemental bond cap allocation on September 1, 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.
- Receipt of evidence of final subdivision for the existing site that is acceptable to CalHFA prior to construction loan closing.
- The final appraisal will be subject to Agency's review and approval.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- The CalHFA subsidy (including the supplemental MIP subsidy loan, if any) will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto 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.
- All MIP Loan principal and interest will 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.

- Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution. The owner must provide evidence of investor approval of the total deferred developer's fee structure.
- The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 15 of operations is complete or full repayment of the DDF. 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 all 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 City Affordability Agreement as a result of the City's conditions of approval. Prior to constructing loan closing and closing of the CalHFA loan(s), the City Affordability Agreement is subject to CalHFA review and approval.
- Any default as to any loan by the Agency for the Development shall constitute a default under any other loan by the Agency for the Development.
- 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.
- Termination or subordination of the Regulatory Agreement between Bonneville Mortgage Company and Atascadero California Manor, LP recorded June 28, 2013.
- Termination or subordination of the Deed Restriction by Atascadero California Manor, LP recorded June 28, 2013.
- Termination or subordination of the Regulatory Agreement between California Tax Credit Allocation Committee and Atascadero California Manor, LP, recorded September 23, 2013.

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 was not part of the Initial Commitment approved by 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 with 30% of the total units (23 units) at or below 60% AMI and an additional 10% of the total units (8 units) at or below 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (8 units) be restricted at or below 30% of AMI, 20% of total units (15 units) be restricted at or below 50% of AMI, and 10% of total units (8 units) be restricted between 60% and 80% of AMI with a minimum average of 70% 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. The remaining 44 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing 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.

In addition, the Project will be restricted by the following jurisdictions as described below:

- Pursuant to the City's conditions or approval for the Project, the City will restrict 75 units at or below 80% of AMI for a term of 55 years via a City Affordability Agreement.

Rent Limit Summary Table							
Restrictions @ AMI	**Total**	**Studio**	**1-bdrm**	**2-bdrm**	**3-bdrm**	**4-bdrm**	**% of Total**
30%	8	1	6	1	-	-	10.5%
50%	15	1	12	2	-	-	19.7%
60%	44	9	33	2	-	-	57.9%
80%	8	1	6	1	-	-	10.5%
Manager's Unit	1	-	1	-	-	-	1.3%
Total	76	12	58	6	0	0	100.0%

The average affordability restriction is 57% of AMI based on 75 TCAC-restricted units.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority of Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category								
			30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	<=120 % AMI	Manager's Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond/RiskShare	1	**55**	0	0	8	23	0	0	1	31	41%
CalHFA MIP	2	**55**	8	0	15	0	8	44	1	75	99%
Tax Credit	3	**55**	8	0	15	44	8	0	1	75	99%
City of Atascadero Affordability Agreement	4	**55**	0	0	0	0	75	0	1	75	99%

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	11.54%
Minority Census Tract:	42.05%	Rural Area:	Yes

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	$220,172* OER amount is based on 3 months of operating expenses, first lien 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. The Investor requires an additional capitalized OER of $56,054, which totals $276,226. *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 expense, reserves, and debt service if

		the developer provides evidence that, within the last 2 years, that they have received allocations from TCAC or provide 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:	1.20	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.59	**Annual Replacement Reserve Per Unit:**	$300/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 by a first lien deed of trust against the above-described Project site and improvements.

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

The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 7.0%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.40%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and a portion of the Supplemental MIP loan allocation in the estimated amount of $430,114, leaving an amount of $3,176,097 of the Supplemental MIP allocation (including principal and accrued interest) plus the full amount of the original MIP loan in the estimated amount of $4,205,000 (principal and accrued interest), the total estimated amount of the MIP Loan at refinance is $7,381,097. This is expected by CalHFA given the requirement that the MIP loans be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP loans is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the 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: August 10, 2022**

- The Appraisal dated August 10, 2022, prepared by Novogradac, values the land at $1,670,000.
- The cap rate of 5% and projected $548,402 of net operating income, which is generally aligned with the proposed Project net operating income, were used to determine the appraised value of the subject site.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The as-restricted stabilized value is $11,000,000, which results in the Agency's permanent first lien loan to value (LTV) of 56%. The combined LTV, including MIP subsidy loan is 106%.
- The capture rate and absorption period are 10.6% and 2-3 months, respectively, and are generally consistent with the market study.

Market Study: Novogradac Consulting LLP **Dated: February 8, 2022**

Regional Market Overview

- The Primary Market Area is the city of Atascadero (population of 41,224) and the Secondary Market Area ("SMA") is San Luis Obispo-Paso Robles-Arroyo Grande, CA (population of 280,309)
- The general population in the PMA is anticipated to increase by 0.6% per year and the senior population will increase by 3.9% per year.
- Unemployment in the SMA is 3.6%, which evidences a strong employment area. Per the appraisal, the unemployment rate in May was 2.1 The percentage of the senior population is slated to increase over the next

five years and with the average senior income less than $75,000, the property will be well positioned to absorb the housing needs of the market.

Local Market Area Analysis

- **Supply:**
    - There are currently 2 affordable senior projects in city of Atascadero and nearby community and they are 100% occupied with long wait lists.
    - There are zero affordable projects under construction or in the pipeline.
    - Senior renter household incomes are less than $75,000 annually, making the project a much-needed addition to the rental inventory in the area.
- **Demand/Absorption:**
    - The project will need to capture 12% of the total demand for senior units in the PMA. The affordable units are anticipated to lease up at a rate of 35 units per month and reach stabilized occupancy within 3 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located on the north-east side of 10165 El Camino Real Street, in the City of Atascadero, San Luis Obispo County.
- The existing site is 4.7 acres and is currently improved with California Manor (Phase I), an existing 95-unit senior project and a small maintenance shed. The existing site will be subdivided into two separate parcels to make room for the subject property (California Grand Manor (Phase II)). The subject site consists of level topography at street grade, measuring approximately 1.9 acres and is generally rectangular in shape. The maintenance shed will be demolished as part of site preparation.
- The site is zoned RMF-24 (Residential Multiple Family), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year floodplain, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The current owner, Atascadero California Manor LP (Phase I) of the site and the Project developer, Micon Real Estate, Inc, entered into an Option Agreement dated February 8, 2022, which expires on December 31, 2022, for an amount of $100. The Option Agreement was assigned to the borrower, Atascadero California Grand Manor, LP (Phase II), in March 2022.

21. Current Ownership Entity of Record

Title is currently vested in Atascadero California Manor LP, a California LP as the fee owner.

22. Environmental Review Findings **Dated: January 28,2022**

- A Phase I Environmental Site Assessment performed by Evren Northwest, Inc, dated January 28, 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 construction loan closing.

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

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

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

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

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	51,814	**Residential Units per Acre:**	40
		Community Area Sq. Ftg:	15,058	**Total Parking Spaces:**	68
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	69,195
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 proposed apartment complex is to be constructed of light wood and structural steel framing. The project will be constructed as one building with 3 floors. An elevator will service the floors. The building will utilize a slab-on-grade lower floor system and have 68 surface grade parking spaces.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction.
- The Contractor is an affiliate of the developer. The contract is structured as a Stipulated Sum contract with a 3% for builder overhead, profit, and general requirements, which aligns with TCAC's allowable limit. TCAC's allowable limit is 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.
- The developer had established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Central Valley Coalition for Affordable Housing, a California Nonprofit Public Benefit Corporation; 0.005% interest
- Administrative General Partner: Atascadero California Grand Manor, LLC, a California limited liability company; 0.005% interest
  - Member, The Michael L. Condry Living Trust, Dated February 19, 2004, 97% interest
  - Member, Callie Condry, 1% interest
  - Member, Evan Condry, 1% interest
  - Member, Eric Condry, 1% interest
- Investor Limited Partner: Boston Financial; 99.99% interest

31. Developer/Sponsor

The Project will be developed by Micon Real Estate, Inc, which has experience in developing similar affordable housing projects in California and Hawaii but has no direct experience with CalHFA. Currently, the developer has 1 (44 units) affordable project under construction, 2 (66 units) affordable projects in the pipeline, and within the past 5 years has completed 7 (349 units) affordable projects in California. There are currently 32 projects and 1677 units in their portfolio. The developer currently does not have any other projects in CalHFA's pipeline and portfolio.

32. Management Agent

The Project will be managed by Buckingham Property Management which has extensive experience in managing similar affordable housing projects in the area and manages the following 5 projects in CalHFA's portfolio that are performing as expected:

1. Gateway Terrace Apartments -(MHSA)
2. Oak Haven Senior
3. Singing Wood – (Conduit only)
4. Twin Pines Apartments
5. Zettie Miller's Haven – (MHSA)

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

- The Borrower has elected to provide a Service Coordinator, Central Valley Coalition for Affordable Housing (the MGP of the Borrower), to meet CTCAC, requirements for a minimum of 15 years and the expense for these services is currently included in the operating budget. Services will be conducted onsite.
- The provider will provide the following services: 1) at least 84 hours/year of instructor-led Adult Educational classes (e.g. computer training, nutrition, exercise, etc); 2) at least 60 hours/year of individual health and wellness services (e.g. government and insurance entitlements, cleanliness and hygiene assessment, emotional support, etc)
- Central Valley Coalition for Affordable Housing has one project in the CalHFA portfolio (Gateway Terrace Apartments (MHSA)), and it is performing as expected.

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

The general contractor is Micon Builders, a Sole Proprietorship which has extensive experience in constructing similar affordable housing projects in California, however, CalHFA is not familiar with the general contractor. 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 and is related to the Project developer.

35.	**Architect** **Experienced with CalHFA?** ☐ Yes ☒ No

The architect is the Vincent Company Architect's, Inc. The architect does not have experience with CalHFA, but the company has extensive experience in designing and managing similar affordable housing projects in California and Hawaii. The Architect provided a portfolio of properties that the company provided architectural services, including 36-affordable and senior properties within the unit range of the subject Project.

Per the concept meeting, California Grand Manor will be the first project that the architect and GC will work together.

36.	**Local Review via Locality Contribution Letter**

The locality, City of Atascadero, returned the local contribution letter stating it has no position on the project because it is ministerial. The project will benefit the community by adding affordable housing stock. However, neighbors are concerned about the scale, compatibility, parring and overlook. The Project will be built to the City's requirements.

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY	Final Commitment
Acquisition, Rehab, Construction & Permanent Loans	Project Number 22-019 A/X/S

Project Full Name	California Grand Manor	**Borrower Name:**	Atascadero California Grand Manor, LP
Project Address	10165 El Camino Real	**Managing GP:**	Central Valley Coalition for Affordable Housing
Project City	Atascadero	**Developer Name:**	Micron Real Estate, Inc.
Project County	San Luis Obispo	**Investor Name:**	Boston Financial Investment Management
Project Zip Code	93422	**Prop Management:**	Buckingham Property Management
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	1.90
Tenancy/Occupancy:	Senior	**Residential Square Footage:**	51,814
Total Residential Units:	76	**Residential Units Per Acre:**	40.00
Total Number of Buildings:	1		
Number of Stories:	3	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	68
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit - Huntington Nat'l - T/E	12,203,163	1.000%	24	--	5.500%
CalHFA Conduit - Huntington Nat'l -T/E	1,220,316	1.000%	24	--	5.500%
CalHFA Conduit - Huntington Nat'l - Taxable	7,562,899	1.000%	24	--	5.500%
--	--	NA	NA	NA	NA
Construct/Rehab Net Oper. Inc.	241,500	NA	NA	NA	NA
Deferred Developer Fee	2,958,843	NA	NA	NA	NA
Investor Equity Contribution	2,764,859	NA	NA	NA	NA
Total	**26,951,580**				

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	6,183,589	1.000%	17	40	6.400%
MIP	2,900,000	1.000%	17	NA	3.000%
Supplemental MIP	2,540,234	1.000%	17.00	NA	3.000%
Construct/Rehab Net Oper. Inc.	241,500	NA	NA	NA	NA
Deferred Developer Fees	1,726,577	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	13,824,297	NA	NA	NA	NA
Total	**27,416,197**				

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	8/1/22	**Capitalization Rate:**	5.00%
Investment Value ($)	28,200,000	**Restricted Value ($)**	11,000,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	23%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	56%
		Combined CalHFA Perm Loan to Value	106%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	Required	
Permanent Loan		
Operating Expense Reserve Deposit	$220,172	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 9/21/22 Senior Staff Date: 3/14/22

UNIT MIX AND RENT SUMMARY	Final Commitment
California Grand Manor	Project Number 22-019 A/X/S

PROJECT UNIT MIX

Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	-	1	542	12	18
Flat	1	1	685	58	87
Flat	2	1	930	6	12
				76	117

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY

Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	80%	120%	0%
CalHFA Bond/RiskShare	0	0	8	23	0	0	0
CalHFA MIP	8	0	15	0	8	44	0
Tax Credit	8	0	15	44	8	0	0
City Affordablity Restrictions	0	0	0	0	75	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS

Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents: Number of Units	Average Restricted Rents: Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	CTCAC	30%	1	$531	$2,270	$1,739	23%
	CTCAC	50%	1	$914		$1,356	40%
	CTCAC	60%	9	$1,106		$1,164	49%
	CTCAC	80%	1	$1,489		$781	66%
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
1 Bedroom	CTCAC	30%	6	$557	$2,330	$1,773	24%
	CTCAC	50%	12	$968		$1,362	42%
	CTCAC	60%	33	$1,173		$1,157	50%
	CTCAC	80%	6	$1,584		$746	68%
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
2 Bedrooms	CTCAC	30%	1	$641	$2,675	$2,034	24%
	CTCAC	50%	2	$1,134		$1,541	42%
	CTCAC	60%	2	$1,380		$1,295	52%
	CTCAC	80%	1	$1,873		$802	70%
	HCD	100%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	-	-	-		-	-
3 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-				
Date Prepared:	9/21/22					Senior Staff Date:	3/14/22

SOURCES & USES OF FUNDS					Final Commitment
California Grand Manor			Project Number	22-019 A/X/S	
SOURCES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT SOURCES OF FUNDS**		
	$	**$**	**SOURCES ($)**	**PER UNIT ($)**	**%**
CalHFA Conduit - Huntington Nat'l - T/E	12,203,163				0.0%
CalHFA Conduit - Huntington Nat'l -T/E	1,220,316				0.0%
CalHFA Conduit - Huntington Nat'l - Taxable	7,562,899				0.0%
-	-				0.0%
-	-				0.0%
Deferred Developer Fee	2,958,843				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	2,764,859				0.0%
Perm		6,183,589	6,183,589	81,363	22.6%
MIP		2,900,000	2,900,000	38,158	10.6%
Supplemental MIP		2,540,234	2,540,234	33,424	9.3%
Deferred Developer Fees		1,726,577	1,726,577	22,718	6.3%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		13,824,297	13,824,297	181,899	50.4%
TOTAL SOURCES OF FUNDS	**26,951,580**	**27,416,197**	**27,416,197**	**360,739**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**26,951,580**	**27,416,197**	**27,416,197**	**360,739**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(0)**	**0**	**-**		

USES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT USES OF FUNDS**		
	$	**$**	**USES ($)**	**PER UNIT ($)**	**%**
CONSTRUCTION/REHAB SOURCES OF FUNDS		**26,951,580**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	100	-	100	1	0.0%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
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 (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**100**	**-**	**100**	**1**	**0.0%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	2,160,000	-	2,160,000	28,421	7.9%
Structures (Hard Cost)	14,860,000	-	14,860,000	195,526	54.2%
General Requirements	-	-	-	-	0.0%
Contractor Overhead	-	-	-	-	0.0%
Contractor Profit	500,000	-	500,000	6,579	1.8%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	45,000	-	45,000	592	0.2%
Personal Property	-	-	-	-	0.0%
Builders Risk Insurnce	215,000	-	215,000	2,829	0.8%
TOTAL CONSTRUCT/REHAB COSTS	**17,780,000**	**-**	**17,780,000**	**233,947**	**64.9%**

SOURCES & USES OF FUNDS					Final Commitment
California Grand Manor			Project Number	22-019 A/X/S	
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	260,000	-	260,000	3,421	0.9%
Supervision	40,000	-	40,000	526	0.1%
TOTAL ARCHITECTURAL FEES	**300,000**	**-**	**300,000**	**3,947**	**1.1%**
SURVEY & ENGINEERING FEES					
Engineering	125,000	-	125,000	1,645	0.5%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	125,000	-	125,000	1,645	0.5%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,170,000	-	1,170,000	15,395	4.3%
Soft Cost Contingency Reserve	350,134	-	350,134	4,607	1.3%
TOTAL CONTINGENCY RESERVES	1,520,134	-	1,520,134	20,002	5.5%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit - Huntington Nat'l - T/E	1,100,000	-	1,100,000	14,474	0.0401223
CalHFA Conduit - Huntington Nat'l -T/E	-	-	-	-	0
CalHFA Conduit - Huntington Nat'l - Taxable	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit - Huntington Nat'l - T/E	122,032	-	122,032	1,606	0.4%
CalHFA Conduit - Huntington Nat'l -T/E	12,203	-	12,203	161	0.0%
CalHFA Conduit - Huntington Nat'l - Taxable	75,629	-	75,629	995	0.3%
-	-	-	-	-	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	12,000	-	12,000	158	0.0%
Real Estate Taxes During Rehab	20,000	-	20,000	263	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevail	-	-	-	-	0.0%
Insurance During Rehab	-	-	-	-	0.0%
Title & Recording Fees	40,000	-	40,000	526	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	25,169	-	25,169	331	0.1%
Remaining Const Origination Fee and Bank	158,125	-	158,125	2,081	0.6%
TOTAL CONST/REHAB PERIOD COSTS	**1,565,158**	**-**	**1,565,158**	**20,594**	**5.7%**

SOURCES & USES OF FUNDS					Final Commitment
California Grand Manor			Project Number	22-019 A/X/S	
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	30,918	30,918	61,836	814	0.2%
MIP	14,500	14,500	29,000	382	0.1%
Supplemental MIP	11,777	13,625	25,402	334	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	1,447	0.4%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insuran	-	-	-	-	0.0%
CalHFA Fees	1,780	-	1,780	23	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
CDIAC Fee	19,662	1,848	21,510	283	0.1%
TOTAL PERMANENT LOAN COSTS	**78,637**	**170,891**	**249,528**	**3,283**	**0.9%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	17,500	17,500	35,000	461	0.1%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	-	-	-	-	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	25,000	-	25,000	329	0.1%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	170,000	-	170,000	2,237	0.6%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	**212,500**	**17,500**	**230,000**	**3,026**	**0.8%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	0	220,172	220,172	2,897	0.8%
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%
Additional Capitalized Operating Expense Reserve	(0)	56,054	56,054	738	0.2%
TOTAL OPERATING RESERVES	**-**	**276,226**	**276,226**	**3,635**	**1.0%**
REPORTS & STUDIES					
Appraisal Fee	12,000	-	12,000	158	0.0%
Market Study Fee	7,500	-	7,500	99	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	7,000	-	7,000	92	0.0%
HUD Risk Share Environmental / NEPA Review Fe	-	-	-	-	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 (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**26,500**	**-**	**26,500**	**349**	**0.1%**

SOURCES & USES OF FUNDS					**Final Commitment**
California Grand Manor			**Project Number**	**22-019 A/X/S**	
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	43,213	-	43,213	569	0.2%
CDLAC Fees	4,698	-	4,698	62	0.0%
Local Permits & Fees	254,000	-	254,000	3,342	0.9%
Local Impact Fees	1,474,640	-	1,474,640	19,403	5.4%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	60,000	-	60,000	789	0.2%
Accounting & Audits	40,000	-	40,000	526	0.1%
Advertising & Marketing Expenses	135,000	-	135,000	1,776	0.5%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**2,011,551**	**-**	**2,011,551**	**26,468**	**7.3%**
SUBTOTAL PROJECT COSTS	**23,619,580**	**27,416,197**	**24,084,197**	**316,897**	**87.8%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	3,332,000	-	3,332,000	43,842	12.2%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Soft Cost Contingency	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**3,332,000**	**-**	**3,332,000**	**43,842**	**12.2%**
TOTAL PROJECT COSTS	**26,951,580**	**27,416,197**	**27,416,197**	**360,739**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
California Grand Manor	**Project Number**		**22-019 A/X/S**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,003,212	$ 13,200	103.75%
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	14,592	192	1.51%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,017,804**	**$ 13,392**	**105.26%**
Less: Vacancy Loss	**$ 50,891**	**$ 670**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 966,913**	**$ 14,062**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 107,500	$ 1,414	$ 0
Management Fee	45,838	603	4.74%
Social Programs & Services	22,000	289	2.28%
Utilities	60,000	789	6.21%
Operating & Maintenance	127,900	1,683	13.23%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	99	0.78%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	-	-	0.00%
Other Taxes & Insurance	58,000	763	6.00%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 428,738**	**$ 5,641**	**44.34%**
Replacement Reserve	$ 22,800	$ 300	2.36%
TOTAL OPERATING EXPENSES	**$ 451,538**	**$ 5,941**	**46.70%**
NET OPERATING INCOME (NOI)	**$ 515,375**	**$ 6,781**	**53.30%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 429,152	$ 5,647	44.38%
-	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 429,152**	**$ 5,647**	**44.38%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 86,224**	**$ 1,135**	**8.92%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.20**	**to 1**	
Date: 9/21/22		Senior Staff Date:	03/14/22

PROJECTED PERMANENT LOAN CASH FLOWS — **California Grand Manor**

Final Commitment — Project Number 22-019 A/X/S

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
RENTAL INCOME	**CPI**														
Restricted Unit Rents	2.50%	1,003,212	1,028,292	1,054,000	1,080,350	1,107,358	1,135,042	1,163,418	1,192,504	1,222,316	1,252,874	1,284,196	1,316,301	1,349,209	1,382,939
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%	14,592	14,957	15,331	15,714	16,107	16,510	16,923	17,346	17,779	18,224	18,679	19,146	19,625	20,116
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,017,804**	**1,043,249**	**1,069,331**	**1,096,064**	**1,123,466**	**1,151,552**	**1,180,341**	**1,209,850**	**1,240,096**	**1,271,098**	**1,302,876**	**1,335,448**	**1,368,834**	**1,403,055**
VACANCY ASSUMPTIONS	**Vacancy**														
Restricted Unit Rents	5.00%	50,161	51,415	52,700	54,017	55,368	56,752	58,171	59,625	61,116	62,644	64,210	65,815	67,460	69,147
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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%	730	748	767	786	805	825	846	867	889	911	934	957	981	1,006
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**50,890**	**52,162**	**53,467**	**54,803**	**56,173**	**57,578**	**59,017**	**60,492**	**62,005**	**63,555**	**65,144**	**66,772**	**68,442**	**70,153**
EFFECTIVE GROSS INCOME (EGI)		**966,914**	**991,087**	**1,015,864**	**1,041,261**	**1,067,292**	**1,093,975**	**1,121,324**	**1,149,357**	**1,178,091**	**1,207,543**	**1,237,732**	**1,268,675**	**1,300,392**	**1,332,902**
OPERATING EXPENSES	**CPI / Fee**														
Administrative Expenses	3.50%	129,500	134,033	138,724	143,579	148,604	153,805	159,189	164,760	170,527	176,495	182,673	189,066	195,683	202,532
Management Fee	4.74%	45,838	46,984	48,159	49,363	50,597	51,862	53,159	54,488	55,850	57,246	58,677	60,144	61,648	63,189
Utilities	3.50%	60,000	62,100	64,274	66,523	68,851	71,261	73,755	76,337	79,009	81,774	84,636	87,598	90,664	93,837
Operating & Maintenance	3.50%	127,900	132,377	137,010	141,805	146,768	151,905	157,222	162,725	168,420	174,315	180,416	186,730	193,266	200,030
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%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	58,000	60,030	62,131	64,306	66,556	68,886	71,297	73,792	76,375	79,048	81,815	84,678	87,642	90,709
Required Reserve Payments	1.00%	22,800	23,028	23,258	23,491	23,726	23,963	24,203	24,445	24,689	24,936	25,185	25,437	25,692	25,949
TOTAL OPERATING EXPENSES		**451,538**	**466,051**	**481,055**	**496,567**	**512,603**	**529,183**	**546,324**	**564,046**	**582,369**	**601,314**	**620,901**	**641,154**	**662,094**	**683,747**
NET OPERATING INCOME (NOI)		**515,376**	**525,036**	**534,809**	**544,694**	**554,689**	**564,792**	**575,000**	**585,311**	**595,722**	**606,230**	**616,831**	**627,521**	**638,298**	**649,155**
DEBT SERVICE PAYMENTS	**Lien #**														
Perm	1	429,152	429,152	429,152	429,152	429,152	429,152	429,152	429,152	429,152	429,152	429,152	429,152	429,152	429,152
Supplemental MIP	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**	**429,152**
CASH FLOW AFTER DEBT SERVICE		**86,224**	**95,884**	**105,657**	**115,543**	**125,538**	**135,640**	**145,849**	**156,160**	**166,570**	**177,078**	**187,679**	**198,370**	**209,146**	**220,004**
DEBT SERVICE COVERAGE RATIO		**1.20**	**1.22**	**1.25**	**1.27**	**1.29**	**1.32**	**1.34**	**1.36**	**1.39**	**1.41**	**1.44**	**1.46**	**1.49**	**1.51**
Date Prepared:	09/21/22									Senior Staff Date:	3/14/22				
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		**59,320**	**68,367**	**77,513**	**86,755**	**96,093**	**105,522**	**115,041**	**124,646**	**134,335**	**144,103**	**153,946**	**163,861**	**173,844**	**183,889**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Deferred developer fee repayment	1,726,577	1,726,577	1,667,257	1,598,890	1,521,377	1,434,622	1,338,529	1,233,007	1,117,966	993,319	858,984	714,882	560,936	397,074	223,230
	100%	59,320	68,367	77,513	86,755	96,093	105,522	115,041	124,646	134,335	144,103	153,946	163,861	173,844	183,889
			-	-	-	-	-	-	-	-	-	-	-	-	-
		1,667,257	1,598,890	1,521,377	1,434,622	1,338,529	1,233,007	1,117,966	993,319	858,984	714,882	560,936	397,074	223,230	39,342
Payments for Residual Receipt Payments		*50%*													
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP	*53.31%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental MIP	*46.69%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS	*Interest Rate*														
MIP---Simple	*3.00%*	2,900,000	2,987,000	3,074,000	3,161,000	3,248,000	3,335,000	3,422,000	3,509,000	3,596,000	3,683,000	3,770,000	3,857,000	3,944,000	4,031,000
Supplemental MIP---Simple	*3.00%*	2,540,234	2,616,441	2,692,648	2,768,855	2,845,062	2,921,269	2,997,476	3,073,683	3,149,890	3,226,097	3,302,304	3,378,511	3,454,718	3,530,925
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PROJECTED PERMANENT LOAN CASH FL0WS				
Final Commitment				
	YEAR	**15**	**16**	**17**
RENTAL INCOME	**CPI**			
Restricted Unit Rents	2.50%	1,417,512	1,452,950	1,489,274
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%	20,619	21,134	21,662
Parking & Storage Income	2.50%	-	-	-
Miscellaneous Income	2.50%	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,438,131**	**1,474,084**	**1,510,936**
VACANCY ASSUMPTIONS	**Vacancy**			
Restricted Unit Rents	5.00%	70,876	72,648	74,464
Unrestricted Unit Rents	7.00%	-	-	-
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%	1,031	1,057	1,083
Parking & Storage Income	50.00%	-	-	-
Miscellaneous Income	5.00%	-	-	-
TOTAL PROJECTED VACANCY LOSS		**71,907**	**73,704**	**75,547**
EFFECTIVE GROSS INCOME (EGI)		**1,366,224**	**1,400,380**	**1,435,389**
OPERATING EXPENSES	**CPI / Fee**			
Administrative Expenses	3.50%	209,621	216,958	224,551
Management Fee	4.74%	64,769	66,388	68,048
Utilities	3.50%	97,122	100,521	104,039
Operating & Maintenance	3.50%	207,031	214,277	221,777
Ground Lease Payments	3.50%	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-
Real Estate Taxes	1.25%	-	-	-
Other Taxes & Insurance	3.50%	93,884	97,170	100,571
Required Reserve Payments	1.00%	26,208	26,470	26,735
TOTAL OPERATING EXPENSES		**706,135**	**729,284**	**753,221**
NET OPERATING INCOME (NOI)		**660,090**	**671,096**	**682,169**
DEBT SERVICE PAYMENTS	**Lien #**			
Perm	1	429,152	429,152	429,152
Supplemental MIP	2	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**429,152**	**429,152**	**429,152**
CASH FLOW AFTER DEBT SERVICE		**230,938**	**241,945**	**253,017**
DEBT SERVICE COVERAGE RATIO		**1.54**	**1.56**	**1.59**
Date Prepared:	09/21/22			
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		**193,991**	**204,145**	**214,344**

	YEAR	**15**	**16**	**17**
Deferred developer fee repayment	1,726,577	39,735		
	100%	39,735		
		-	-	-
		-	-	-

Payments for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Payment %*	77,128	102,072	107,172
MIP	*53.31%*	-	-	-
Supplemental MIP	*46.69%*	77,128	102,072	107,172
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
Total Residual Receipts Payments	**100.00%**	77,128	102,072	107,172

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*			
MIP---Simple	*3.00%*	4,118,000	4,205,000	4,292,000
Supplemental MIP---Simple	*3.00%*	3,607,132	3,606,212	3,580,346
0---Compounding	*0.00%*	-	-	-
0---Compounding	*0.00%*	-	-	-
0---Simple	*0.00%*	-	-	-
0---Compounding	*0.00%*	-	-	-

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

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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TAX-EXEMPT PERMANENT LOAN PROGRAM

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.

Qualifications	• 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.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• 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: 1. The greater of $15,000 or 18.75 basis points of the Bond amount if lesser than or equal to $20 million. 2. 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.

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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 (i.e., 30% @ 60% AMI; 10% @ 50% 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: 05/2022