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, for Board Meeting on October 20, 2022

Project Name, County:	**Shiloh Crossing, Sonoma County**	
Address:	**295 Shiloh Rd., Windsor, CA 95492**	
Type of Project:	**New Construction**	
CalHFA Project Number:	**22-008-A/X/N**	**Total Units: 173 (Family)**
Requested Financing by Loan Program:	$39,880,000	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount (Allocated by CDLAC on 6/15/22)**
	$2,345,000	**CalHFA Tax-Exempt Bond (Supplemental)- Conduit Issuance Amount (Allocated by CDLAC on 9/27/22)**
	Up to $34,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may include tax exempt recycled bonds) (including 10% cushion)**
	$21,696,000	**CalHFA Tax-Exempt or FFB Permanent Loan with HUD Risk Sharing**
	$15,442,362	**CalHFA MIP Subsidy Loan ($8,000,000 Original Allocation and $7,442,362 Supplemental Allocation)**

DEVELOPMENT/PROJECT TEAM

Developer:	Corporation for Better Housing (CBH)	**Borrower:**	295 Shiloh Rd., L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Pacific Western Bank
Equity Investor:	Alliant Capital, Ltd.	**Management Company:**	Winn Residential
Contractor:	BLH Construction Co.	**Architect**	YM Architects
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Jessica Doan	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Marc Victor	**Legal (External):**	N/A
Concept Meeting Date:	8/16/2022	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE (Pacific Western Bank) CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	$42,225,000 (t/e) $30,650,000 (taxable) (which may include recycled bonds)	$21,696,000	Original MIP: $8,000,000 Supplemental MIP: $7,442,362

		Total Conduit Issuance: $72,875,000		Total CalHFA MIP Subsidy Loan: $15,442,362 ($90,306/restricted unit)
	Loan Term & Lien Position	36 months- interest only. One conditional six-month extension available. 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1st Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 4.00% (t/e) and 4.50% (taxable) Fixed rate	Underwritten Rate*: 6.31% (Fixed Rate locked) Estimated rate based on a 36 month forward commitment	Greater of 1% Simple Interest or the Applicable Federal Rate (AFR) at time of MIP closing (3% Simple was used for underwriting purposes)
	Loan to Value (LTV)	97% of investment value	60% of restricted value	N/A
	Loan to Cost	96%	25%	N/A

** The Agency has determined that the Indicative Rate of 6.31%, 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:**	#2 Jared Huffman	**Assembly:**	#2 Jim Wood	**State Senate:**	#2 Mike McGuire

	Brief Project Description	**Shiloh Crossing** (the "Project") is a new construction family mixed income and mix-use Project. It consists of 2 buildings including: one four story residential building (43 units) with 8,000 sq. ft. of commercial space to be used as retail; and one five story residential building (130 units) containing an aggregate of 173 total units. Both buildings will be elevator serviced. 171 units will be restricted between 30% and 80% of the Sonoma County Area Median Income (AMI). There will be 15 studios (576 s.f.), 70 one-bedroom units (626 s.f.), 44 two-bedroom units (928 s.f.), 44 three-bedroom units (1,079 s.f.). Two one-bedroom units will serve as manager's units. The Project is in disaster area but it is not part of locality's overall disaster recovery strategy/plan. The site is currently vacant. **Financing Structure:** The Project's residential and community building financing structure includes tax-exempt bonds, 4% Federal Tax Credit equity, State Tax Credit equity, Solar Tax Credit equity, Agency's tax-exempt permanent loan program and MIP subsidy loan. The project will be income averaged, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The project received an allocation of tax-exempt bonds from CDLAC and an award of 4% federal tax credits, State tax credits, and solar tax credits from TCAC on 6/15/2022. The Project applied for a supplemental bond allocation on 9/7/2022 and was awarded on September 27, 2022. The supplemental allocation is being requested to add a cushion to the project's 50% aggregate basis requirement (the "50% test") which is currently at approximately 50%. The supplemental allocation will increase this to approximately 51.9%, which is necessary to accommodate a potential cost increase during construction. **Project Amenities:** The Residential portion of the Project includes a community room, fitness room, central laundry facilities, and computer room. Unit amenities will include central air, dishwashers, and garbage disposal.

		Local Resources and Services: For TCAC/CDLAC purposes, the Project is located within a high resource area per TCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.12 of miles • Schools - 1.5 of miles • Public Library – 2.5 of miles • Public transit - 0.13 of miles • Retail - 2.2 of miles • Park and recreation - 0.22 of miles • Medical Clinic - 0.21 of miles **Non-displacement and No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, 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:** As required by the Town of Windsor, the project includes construction of 8,000 sq. ft of commercial space. The borrowing entity will enter into a Master Lease Agreement as the lessor, and it is currently assumed that the Developer will be the lessee of this space and will enter into subleases with commercial tenants. The space will be leased using a triple net lease with a term of at least 17 years. While commercial tenants have yet to be identified, possible uses for the space include retail, restaurant, and other commercial uses. There will be 40 parking spaces designated specifically for the commercial tenants. The operating expense and revenue from the commercial space are not contemplated in the proposed operating expense budget. The commercial space will not be condominiumized from the residential portion of the project, however, the Master Lease is expected to mitigate the residential portion from expenses and capital needs related to the commercial portion. The utilities for the commercial portion of the project will be separately metered from the residential portion. The construction cost of the commercial component is anticipated to be funded by tax credit equity. Approval of the master lease agreement, commercial tenants, and commercial sublease agreements are included as a condition of approval in Section 10.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 171 units of affordable housing with a range of restricted rents between 30% of 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:	3/12/2023*	Est. Construction Loan Closing:	12/2022
	Estimated Construction Start:	12/2022	Est. Construction Completion:	2/2025
	Estimated Conversion to Perm Loan(s):		12/2025	

* *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 thatreceived bond allocation on June 15, 2022.*

SOURCES OF FUNDS

5.

Construction Sources and Uses

Sources	Amount	Details (Lien Position/Rate/Debt Type)	Uses	Amount
Pacific Western Bank - Tax-Exempt- Conduit	$42,225,000	1st/4.00%/Interest Only	Total Acquisition costs	$3,187,500
Pacific Western Bank- Taxable-Conduit (which may include tax exempt recycled bonds)	$30,650,000	2nd/4.50%/Interest Only	Construction/Rehab Costs	$49,965,668
Investor Equity Contribution	$3,100,000	N/A	Soft Costs	$2,130,030
			Hard Cost contingency	$2,498,284
			Soft Cost contingency	$848,877
			Financing Costs	$7,956,193
			Local Impact Fees	$6,829,986
			Developer Fees	$507,873
			Other Costs	$2,007,089
TOTAL	**$75,975,000**			**$75,975,000**
TOTAL PER UNIT	**$444,298**			

Permanent Sources and Uses

Sources:	Amount	Details (Lien Position/Rate/Debt Type)	Uses	Amount
CalHFA Perm Loan	$21,696,000	1st/6.31%/40 yr amortization due in yr 17	Total Loan Payoffs and Equity	$75,975,000
CalHFA MIP Loan	$8,000,000	2nd/3.00%/Residual Receipts	Financing costs	$425,502
CalHFA Supplemental MIP Loan allocation*	$7,442,362	2nd/3.00%/Residual Receipts	Soft costs	$17,250
Solar Tax Credit Equity	$302,585	N/A	Operating Reserves	$664,528
Deferred Developer Fees	$8,744,501	N/A	Developer Fees, Overhead & Profit	$9,492,127
Investor Equity Contributions	$40,388,959	N/A		
TOTAL	**$86,574,407**			**$86,574,407**
TOTAL PER UNIT	**$500,432**			

* Repayment of the CalHFA Supplemental MIP allocation shall have priority over the Original MIP Loan allocation in accounting for the repayment of the MIP Loan.

***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 $79,371,994 or $458,798/unit. CalHFA issued an initial commitment based on these initial costs

estimates for the developer to use to apply to CDLAC for tax exempt bond cap and to CTCAC for federal 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 $4,854,000 reduction to the permanent loan amount; 2) increase in investor equity contribution of $3,008,487; 3) increase in deferred developer's fee of $952,913. On the Uses side, cost increases were related to; 1) increased construction reserves of $1,616,225; 2) increased construction costs of $3,618,088; 3) increased insurance costs of $425,000; 4) increased impact fees of $478,774; 5) increased developer fee of $750,000; 6) increases to other soft costs of $314,675; Overall, the deficit in the updated budget is $8,095,362.

The Borrower has requested a $7,442,362 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 (prior to removal of 25bps cushion)	$25,897,000	$21,043,000	-$4,854,000	-$28,058	-18.74%
2 - Deferred Developer Fee	$7,791,930	$8,744,501	$952,571	$5,506	12.23%
3 – Federal/State Tax Credit Equity	$37,399,690	$40,388,966	$2,989,276	$17,279	7.99%
4 – Solar Tax Credit Equity	$283,374	$302,585	$19,211	$111	6.78%
Total Changes in Sources (A)	**$71,371,994**	**$70,479,394**	**-$892,942**	**-$5,160**	**-1.25%**

USES - Major Cost Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per unit Cost Adjustment**	**% Adjustment of IC Approval**
1 – Construction Loan Interest	$3,983,775	$5,600,000	$1,616,225	$9,342	40.57%
2 – Construction Budget	$46,347,580	$49,965,668	$3,618,088	$20,914	7.81%
3- Insurance	$850,000	$1,275,000	$425,000	$2,457	50.00%
4- Impact Fees	$6,029,147	$6,507,921	$478,774	$2,767	7.94%
5- Developer Fee	$9,250,000	$10,000,000	$750,000	$4,335	8.11%
3 – Other (Soft Costs)	$12,911,492	$13,226,167	$314,675	$1,819	2.44%
Total Changes in Uses (B)	**$79,371,994**	**$86,574,756**	**$7,202,762**	$41,634	9.07%
Current Funding Gap (A-B):			**-$8,095,362**		
Gap Funding sources:					
Increase in CalHFA Perm Loan (Rate lock without 25bps cushion):			**$653,000**		
Supplemental MIP Request:			**$7,442,362**		
Gap funding Sources Total:			**$8,095,362**		
Remaining Funding Gap:			**$0**		

Hard Cost/Soft Cost changes: The Developer is undergoing the cost containment strategies outlined later in this section, however, there was an overall $3,618,088 increase in construction costs attributed to inflation. In addition, the construction lender is requiring a $1,616,225 increase to the construction interest reserve. Insurance rates have increased for course of construction insurance by $425,000. The Town of Windsor bases their impact fees off of the Engineering News-Record Construction Cost Index which has increased the impact fees by $478,774.

Deferred Developer Fee: The current budget also reflects an increase of the total developer's fee by $750,000, however, the current deferred developer's fee (DDF) is approximately $952,913 higher than the original budget, which results in an increase of the net DDF by $202,913 (original developer fee $9,250,000 with $7,791,930 deferred and current developer fee $10,000,000 with $8,744,843 deferred).

	Perm Loan Reduction & Equity Contribution Adjustment: The equity contribution adjustment is anticipated to increase by approximately $3,008,487 due to increases in eligible basis. At receipt of the Supplemental MIP application, the CalHFA permanent loan of $25,897,000 was reduced by $4,854,000 to $21,043,000. This was attributed to increases in perm loan financing costs related to macroeconomic factors, such as inflation. The interest rate of 6.56% included a 25bps 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 $8,095,362 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 6.31% fixed interest rate for loan closing (perm conversion at 36-month forward from construction loan closing). This resulted in a permanent loan increase of $653,000 to $21,696,000, which reduced the overall funding gap to $7,442,326 as shown above. The estimated funding gap after exhausting all resources available to the project totals approximately $7,442,326. The Borrower has requested an increase to the MIP Subsidy Loan of $7,442,326 to fund the remaining gap. Pursuant to the TCAC/CDLAC requirements this project must begin construction by December 2022. A $7,442,326 increase in the MIP supplemental subsidy ($43,523/unit) results in an overall MIP Regulated Unit amount of $90,306 per restricted unit. The original MIP and Supplemental MIP total is therefore $15,442,362. **Subsidy Efficiency:** The Initial MIP commitment for this Project was $8,000,000 ($46,784 per MIP restricted units). The current proposed MIP commitment is $15,442,326 ($90,306 per MIP restricted units) including the requested Supplemental MIP funding. Staff is recommending exceptions to the per project Allocation Limit of $8,000,000, per unit limit of $50,000, and the 50% limit of the MIP loan to perm loan requirement. Approval of these exceptions are further detailed in the “Underwriting Standards or Term Sheet Variations” section 9 below. **Tax Credit Type(s), Amount(s), and per total units:** • 4% Federal Tax Credits: $36,761,020 ($212,491 per TCAC restricted unit). • State Tax Credits: $5,531,759 ($31,975 per TCAC restricted unit). • Solar Tax Credits: $314,860 ($1,820 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:** CBH has engaged BLH Construction Co. (GC) for the project and plans to utilize a competitive bidding process, utilizing a minimum of three bid review. CBH’s team of architects and engineers are intimately familiar with each other and will value engineer the project from conception through the end of construction. The development team will work early to develop a critical path method, ensuring that key construction milestones and timelines are met. BLH is affiliated with the Administrative General Partner (Integrated Community Development).
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received 4% tax credits, solar tax credits, and state tax credits which is projected to generate equity representing 47% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and have experience with CalHFA.

- The Project will serve low-income families ranging between 30% to 80% of AMI. On average, the rents are between 29% to 72% below market rents based on current appraisal.
- The Loan-to-Value ("LTV") will be 60%, which is well below the Agency's maximum allowable LTV of 90%. This results in less risk to the Agency.
- The projected portion of the developer's fee that will be collected at to permanent loan conversion is $1,255,157 (13% of total developer fee) which could be available to cover cost overruns and/or unforeseen issues during construction.

8.	**Project Weaknesses with Mitigants:**

- An updated Phase I report and a limited Phase II report dated January 26, 2022, and September 1, 2021, respectively, identified the presence of several volatile organic compounds in soil vapor at concentrations which slightly exceed Environmental Screening Levels for residential land use. The development budget includes roughly $75,000, which is the anticipated costs associated with addressing these environmental issues pending an updated soils report. The mitigation plan has been received and a certification that mitigation measures have been implemented must be received prior to permanent loan closing.
- The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 6.75%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.31%). 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 $1,146,935, leaving an amount of $9,644,490 of the Supplemental MIP allocation (including principal and accrued interest) plus the full amount of the original MIP loan in the estimated amount of $11,600,000 (principal and accrued interest), the total estimated amount of the MIP Loan at refinance is $21,244,490. This is expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, 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 construction lender's term sheet allows a maximum of 80% loan-to-value (LTV) and 80% loan-to-cost (LTC). The proposed aggregate construction loan amounts exceed this limit showing 97% LTV and 96% LTC. The construction lender has confirmed, in writing, that they accept the proposed LTV and LTC amounts.

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

- Pursuant to MIP loan term sheet, no project may receive more than the lesser of (i) $8 million project cap, (ii) the aggregate MIP loan amount based on up to $60k per MIP regulated unit for a project located within the high/highest resource area per TCAC/HCD opportunity map, or (iii) MIP loan not to exceed 50% of the CalHFA permanent loan. This project is located in a high resource area. Based on the project economics, the combined original and supplemental MIP is $15,442,326 ($90,306/restricted unit) (MIP loan percentage is approximately 71% of the CalHFA permanent loan), which exceeds all 3 thresholds. This is an exception to the MIP term sheet and is recommended by Multifamily Underwriting and Credit Staff for approval to facilitate the progression of a shovel ready project without delay; the project received tax credit and bond cap allocations from TCAC/CDLAC on June 15, 2022 and is ready to proceed to construction loan closing by December 2022.
- For purposes of MIP subsidy efficiency analysis, the underwriting of the permanent first lien loan is typically required to be sized based on the maximum TCAC income and rent limits. The developer is requesting an exception to this requirement and instead has requested that project rents for 19 of the units be limited to 13% below TCAC regulated maximum rents. This is a condition required by the investor to ensure that the income average is at 58.3% of AMI (60% is the maximum), which mitigates the Project's risk of losing tax credits during the compliance period pursuant to income averaging requirements. The proposed rents for these 19 units average 32% below market rents for similar units vs. average of 22% below market rents if TCAC maximum rents are used. To facilitate project feasibility, staff is recommending an exception to the MIP subsidy efficiency requirement to allow the project's permanent first lien loan underwriting to align with the investor's requirements.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- The CalHFA subsidy (including the supplemental MIP subsidy loan) 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 be due and payable at maturity. Outstanding Supplemental MIP loan funds will have first repayment priority whether the source of repayment is cash flow during the term of the loan or repayment via refinance, partner contribution, or other source at loan maturity.
- 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, if applicable. The owner must provide evidence of investor and approval of the total deferred developer's fee structure.
- The Borrower has requested that 100% of surplus cash be allowed towards the repayment of the deferred developer's fee (DDF) for up to 15 years or until DDF has been fully repaid, whichever is sooner. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and 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.
- Prior to construction loan closing, receipt and CalHFA approval of Master Lease Agreement.
- Subject to CalHFA's final underwriting and approvals of commercial structure, use, and agreement between Developer and prospective commercial tenants. Documentation may include but not limited to commercial sublease agreement(s).
- Prior to construction closing, receipt of seismic report confirming Probable Maximum Loss (PML) below 20% and/or other reports as deemed necessary by CalHFA.
- Prior to construction loan closing, CalHFA approval of any shared use/easement agreement between commercial and residential portions of the project.
- Prior to construction loan closing, equity investor and TCAC/CDLAC approvals of utility allowances derived from using the California Utility Allowance Calculator (CUAC).
- In the event of cost savings at permanent loan conversion, 100% of cost savings will be used to reduce the supplemental portion of the MIP loan amount first (may be shared with other residual receipt lenders on a pro rata basis, if applicable). Once the supplemental portion of the MIP loan amount is fully reduced, the remaining cost savings will be split 50% between reducing the original MIP loan amount (or may be shared with other residual receipt lenders on a pro rata basis, if applicable) and reducing the Deferred Developer Fee.

11.	**Staff Conclusion/Recommendation:**

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions. As noted earlier, the supplemental MIP subsidy loan of $7,442,362, which is in addition to the original MIP subsidy loan of $8,000,000,was not part of the Initial Commitment approved by the SLC, and hence approval is being sought for this financing through the subject Final Commitment Approval.

AFFORDABILITY

12.	The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% of AMI; with 30% of the total units (52 units) at or below 60% AMI and 10% of the total units (18 units) at or below 50% of AMI for 55 year(s). The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (18 units) be restricted at or below 30% of AMI, 20% of the total units (35 units) be restricted at or below 50% of AMI, and 10% of total units (18 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI, and the remaining 100 restricted units will be restricted at or below 120% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be

determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. For underwriting purposes, the initial rents at permanent loan conversion must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

The TCAC Regulatory Agreement will restrict a total of 171 units between 30% and 80% of AMI for a term of 55-years.

Rent Limit Summary Table							
AMI	**Total**	**Studio**	**1-bdrm**	**2-bdrm**	**3-bdrm**	**4-bdrm**	**% of Total**
30%	19	2	7	5	5	-	11.0%
40%	0	-	-	-	-	-	0.0%
50%	35	3	14	9	9	-	20.2%
60%	54	5	21	14	14	-	31.2%
70%	44	3	19	11	11	-	25.4%
80%	19	2	7	5	5	-	11.0%
Manager's Unit	2	-	2	-	-	-	1.2%
Total	**173**	**15**	**70**	**44**	**44**	**0**	**100.0%**

The average affordability restriction is 59% of AMI based on 171 TCAC-restricted units. The tax credit equity investor is requiring 19 units restricted at 80% of AMI to be underwritten using 70% of AMI maximum rents in order to add a cushion to the average income test, bringing the average income to 58.30%. In the event the IRS overturns their decision on average income and the tax credit investor is comfortable increasing the average income to 60%, the rents for these units will be increased to the 80% of AMI maximum level.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY											
Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category								
			30% AMI	50% AMI	60% AMI	70% AMI	80% AMI	<= 120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	**55**	0	18	52	0	0	0	2	70	40.5%
***CalHFA MIP**	2nd	**55**	18	35	0	0	18*	100	2	171	98.8%
Tax Credits	3rd	**55**	19	35	54	44	19	0	2	171	98.8%

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	6.6%
Minority Census Tract:	48.9%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	$664,528* OER amount is size based on 3 months of operating expenses, first lien debt service, and annual replacement reserves deposits. The Investor will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is

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

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.16	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.56	**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 6.75%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.31%). 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 $1,146,935, leaving an amount of $9,644,490 of the Supplemental MIP allocation (including principal and accrued interest) Plus the full amount of the original MIP loan in the estimated amount of $11,600,000 (principal and accrued interest), the total estimated amount of the MIP Loan at refinance is $21,244,490. This is expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, 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: 7/1/2022**

- The Appraisal dated May 29, 2022, prepared by Watts, Cohn and Partners values the land at $4,500,000.
- The cap rate of 4.75% and projected $1,812,543 of net operating income is $83,817 higher than Developer and proposed net operating income budget. This is attributed to the appraiser using 80% of AMI maximum allowable rents for the 19 units restricted at 80% of AMI but underwritten using 70% of AMI rents.
- The as-restricted stabilized value is $36,250,000 which results in the Agency's permanent first lien loan to value (LTV) of 60%. The combined LTV, including MIP subsidy loan is 102%.
- The absorption rate is 24 units per month and the Project is expected to reach stabilized occupancy within 7 months after construction completion. This is generally consistent with the market study.

	Market Study:	Novogradac Consulting LLP	**Dated: 2/10/2022**
	<u>Regional Market Overview</u>		

- The Primary Market Area is the town of Windsor and portions of Mark West, Larkfield-Wikiup, and Fulton (population of 87,509) and the Secondary Market Area ("SMA") is Santa Rosa-Petaluma Metropolitan Area (population of 489,521).
- The general population in the PMA is not anticipated to increase and the SMA population is expected to increase by 0.6% by 2026.
- Unemployment in the PMA is 5.4%, with the SMA having an unemployment rate of 2.6%, which evidences a strong employment area.
- Median home value in the PMA is $810,000. The median home value in the SMA is $750,000. Median home values in the PMA are about 8% higher than in the SMA.

Local Market Area Analysis

- **Supply:**
  - There are currently 20 affordable family project(s) in the PMA and they are 99.6% occupied with long wait lists.
  - There are six affordable project(s) under construction which are anticipated to complete construction by 2023.
- **Demand/Absorption:**
  - The project will need to capture 11.2% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 25 units per month and reach stabilized occupancy within 7 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located on the west side of Shiloh Road and Redwood Highway, in the Town of Windsor, Sonoma County.
- The site is currently vacant, with level topography at street grade, measuring approximately 5.92 acres and is generally rectangular in shape.
- The site is zoned Compact Residential (CR) with permitted multifamily residential use.
- The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The current site owner, Integrated Community Development, LLC (ICD), entered into a Purchase & Sale agreement (PSA) with the previous owner, Robert L. Mayer Trust of 1982, for $3,000,000 dated November 4, 2020. ICD purchased the site, per the closing statement on April 8, 2021. ICD then entered into a PSA with 295 Shiloh Rd., LP, the Borrower, dated April 15, 2021. ICD is the Administrative General Partner of Borrower. The PSA between ICD and Borrower is for the original $3,000,000 arms-length transaction plus carrying costs. The carrying costs are due to the original seller note on the site. Total carry costs are expected to be $201,000 by the time of construction loan closing of the site. The existing seller note is anticipated to be repaid at construction loan closing.

21. Current Ownership Entity of Record

Title is currently vested in Integrated Community Development, LLC as the fee owner.

22. Environmental Review Findings **Dated: 1/26/2022**

An updated Phase I report and a limited Phase II report, performed by EBA Engineering and dated January 26, 2022, and September 1, 2021, respectively, identified the presence of several volatile organic compounds in soil vapor at concentrations which slightly exceed Environmental Screening Levels for residential land use. Per a report from GeoKinetics dated March 23, 2022, a soil VOC vapor mitigation system will be installed at the site. The development budget includes roughly $75,000, which is the anticipated costs associated with addressing these environmental issues pending an updated soils report. The mitigation plan has been received and a certification that mitigation measures have been implemented must be received prior to permanent loan closing.

23.	Seismic	Requires Earthquake Insurance: ☐ Yes ☒ No
This new Project will be built to State and Town of Windsor building codes therefore earthquake insurance is expected not to be required. A seismic report is being ordered by the equity investor and will be used to verify the Project meets CalHFA requirements for earthquake insurance waiver of Probable Maximum Loss (PML) below 20%.		
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:	140,768	**Residential Units per Acre:**	30.8
		Community Area Sq. Ftg:	3,875	**Total Parking Spaces:**	217
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	152,643
26.	**Mixed-Use Project:** ☒ **Yes** ☐ **No** As required by the Town of Windsor, the project includes construction of 8,000 sq. ft of commercial space. 95 Shiloh Rd., L.P will enter into a Master Lease Agreement for the space. It is currently assumed that ICD will be the lessee of this space. The space will be leased using a triple net lease with a term of at least 17 years. Other possible uses for the space include retail, restaurant, and other commercial uses. The operating expense and revenue from the commercial space are not contemplated in the proposed operating expense budget. The commercial space will not be condominiumized from the residential portion of the project, however, the Master Lease is expected to protect the residential portion from expenses and capital needs related to the commercial portion. The utilities for the commercial portion of the project will be separately metered from the residential portion. The construction cost of the commercial component is anticipated to be funded by tax credit equity.				
		Non-Residential Sq. Footage:	8,000	**Number of Lease Spaces:**	4-6
		Master Lease:	☒ **Yes** ☐ **No**	**Number of Parking Spaces:**	40
27.	**Construction Type:**	The proposed subject improvements will consist of two buildings. The North Building will be a five-story, 130-unit residential building, constructed of concrete and wood (Type III – A). The South Building will be a four-story mixed-use building with two ground floor retail units and 43 residential units constructed with a wood frame (Type V-A). The project will be LEED Certified and is proposed to meet Net Zero Energy Standards.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction.
- The Contractor is not affiliated with the Developer or Borrowing entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with 14% for builder overhead, profit, and general requirements, which aligns with TCAC's allowable limit. TCAC's allowable limit is 14%.
- Environmental remediation of contaminants outlined on section 22 above is included in the development budget in the estimated amount of $75,000.

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.
- During construction and permanent, the $1,261,201 cost of the commercial structure will be paid by tax credit equity.

Commercial Structure Cost:	Construction	Permanent
Hard Costs	$1,261,201	$1,261,201
Commercial Funding Source:		
Tax Credit Equity	$1,261,201	$1,261,201

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Corporation for Better Housing, a California nonprofit public benefit corporation; 0.05% interest
- Administrative Limited Partner: Integrated Community Development, LLC, a California limited liability company; 0.05% interest
- Investor Limited Partner: Alliant Capital; 99.9% interest

31. Developer/Sponsor

Corporation for Better Housing (CBH) is a 501c3 non-profit corporation that was founded in 1995. CBH has over 25 years of experience building affordable housing developments in California. CBH has been involved in 74 affordable tax credit projects with a portfolio of over 4,500 units. CBH currently has 6 projects in their development pipeline, 10 projects under construction, and has completed 15 projects in California within the last 5 years.
CBH has 5 projects that include CalHFA financing in various stages of development and 4 projects in CalHFA's Asset Management portfolio as described in the chart below.

Projects In CalHFA Pipeline	Total Units	Perm Loan Amount	MIP/Other Subsidy Loan Amount	Target Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
1. Shiloh Crossing	173	$21,696,000	$15,442,362	12/31/2022	12/31/2025	No	N/A	Subject Property. Pending CalHFA board approval 10/20/22.
2. Blackstone & McKinley TOD	88	$3,305,000	$1,760,000	11/6/2019	10/31/2022	Complete	Yes	
3. Santa Rosa Avenue Apts.	154	$0	$7,600,000	1/29/2021	1/29/2024	Yes	Yes	
4. The Atchison	202	$0	$10,000,000	12/1/2020	10/13/2023	Yes	Yes	
5. Kawana Springs	151	$0	$7,540,000	11/30/2020	9/29/2023	Yes	Yes	
Subtotal:	**768**	**$25,001,000**	**$42,342,362**					

Project In CalHFA Portfolio	Total Units	Original Perm Loan Amount	Origination Date	Current Perm Loan Balance Amount	Current MIP/Other Subsidy Loan Amount	Maturity Date	Regulatory Restriction Exp. Date	Operating as Expected?	RR Balance	OER Balance
1. Crenshaw Family Apts.	32	$1,880,000	9/28/2017	$1,777,872	$300,000	10/1/2057	10/1/2057	Yes	$70,850	$35,791
2. Oak Creek Apts.	75	$10,000,000	12/19/2019	$9,764,286	$0	3/1/2060	12/19/2059	Yes	$145,991	$114,265
3. Reedley Village	32	$1,050,000	8/30/2022	$1,050,000	$640,000	9/1/2077	8/30/2077	Yes	$0	$142,000
4. Woodlake Terrace	31	$1,600,000	11/19/2021	$1,589,718	$494,121	11/1/2076	11/1/2076	Yes	$9,318	$77,484
Subtotal:	**170**	**$14,530,000**		**$14,181,876**	**$1,434,121**					
Aggregate Total:	**938**			**$39,182,876**	**$43,776,483**					

32. Management Agent

The Project will be managed by Winn Residential, which has extensive experience in managing similar affordable housing projects in the area and manages 8 projects in CalHFA's portfolio which include Cotton Wood Grove, Crenshaw Family Apts., Oak Creek Apts., Stonegate Apts., The Grove at Bakersfield, Villa Savanah Apts., Villas Santa Fe, and Woodlake Terrace. All of

these projects are performing as expected. Winn Residential has reviewed the projected operating budget and confirms that the "numbers are sufficient for Winn Residential to manage the proposed site."		
33.	**Service Provider**	**Required by TCAC or other funding source? ☒ Yes ☐ No**
LifeSTEPS will be providing to the residents, including adult education, health and skill building classes as well as health and wellness services and programs.		
34.	**Contractor**	**Experienced with CalHFA? ☒ Yes ☐ No**
The general contractor, BLH Construction (BLH) is affiliated with the Administrative General Partner (Integrated Community Development. BLH has built over 80 affordable housing communities in California with 10 under construction, accounting for 966 units, and is familiar with CalHFA. The GC and the developer have worked on 70 project(s) that have been completed and are working on 10 projects that are in development stage. The GC is not affiliated with the Developer or the Borrowing Entity.		
35.	**Architect**	**Experienced with CalHFA? ☒ Yes ☐ No**
The architect is Y&M Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. The architect and the developer have worked on 54 project(s) that have been completed and is working on 9 projects that are in development stage.		
36.	**Local Review via Locality Contribution Letter**	
The locality, Town of Windsor, returned the local contribution letter stating they strongly support the project.		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 22-008-A/X/N**

Project Full Name	Shiloh Crossing	**Borrower Name:**	295 Shiloh Rd., L.P.
Project Address	295 Shiloh Road	**Managing GP:**	Corporation for Better Housing
Project City	Windsor	**Developer Name:**	Corporation for Better Housing
Project County	Sonoma	**Investor Name:**	Alliant Capital, Ltd.
Project Zip Code	95492	**Prop Management:**	Winn Residential
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	5.92
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	140,768
Total Residential Units:	173	**Residential Units Per Acre:**	29.22
Total Number of Buildings:	2		
Number of Stories:	4 & 5	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	257
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Pacific Western Bank - Tax-Exempt- Conduit	42,225,000	0.750%	36	--	4.000%
Pacific Western Bank- Taxable- Conduit	30,650,000	0.750%	36	--	4.500%
Investor Equity Contribution	3,100,000	NA	NA	NA	NA
Total:	**75,975,000**	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	21,696,000	1.000%	17	40	6.310%
MIP	8,000,000	1.000%	17	NA	3.000%
Supplemental MIP	7,442,362	1.000%	17.00	NA	3.000%
Deferred Developer Fees	8,744,501	NA	NA	NA	NA
Solar Tax Credit Equity	302,585	NA	NA	NA	NA
Investor Equity Contributions	40,388,959	NA	NA	NA	NA
Total:	**86,574,407**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/22/22	**Capitalization Rate:**	4.75%
Investment Value ($)	74,800,000	**Restricted Value ($)**	36,250,000
Construct/Rehab LTC	96%	**CalHFA Permanent Loan to Cost**	25%
Construct/Rehab LTV	97%	**CalHFA 1st Permanent Loan to Value**	60%
		Combined CalHFA Perm Loan to Value	102%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

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

Permanent Loan

Operating Expense Reserve Deposit	$664,528	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 9/16/22 — Senior Staff Date: 9/28/22

UNIT MIX AND RENT SUMMARY **Final Commitment**

Shiloh Crossing **Project Number 22-008-A/X/N**

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Studio	-	1	576	15	22.5
Flat	1	1	626	70	105
Flat	2	1.5	928	44	132
Flat	3	2	1,079	44	198
-	-	-	-	-	0
-	-	-	-	-	0
				173	457.5

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%	70%	80%	120%
CalHFA Bond	0	0	18	52	0	0	0
CalHFA MIP	18	0	35	0	0	18	100
TCAC	19	0	35	54	44	19	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	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%	2	$613	$2,171	$1,558	28%
	CTCAC	50%	3	$1,029		$1,142	47%
	CTCAC	60%	5	$1,237		$934	57%
	CTCAC	70%	3	$1,445		$726	67%
	CTCAC	80%	2	$1,445		$726	67%
	CTCAC	90%	-	-		-	-
	HCD	100%	-	-		-	-
1 Bedroom	CTCAC	30%	7	$657	$2,340	$1,683	28%
	CTCAC	50%	14	$1,103		$1,237	47%
	CTCAC	60%	21	$1,326		$1,014	57%
	CTCAC	70%	19	$1,549		$791	66%
	CTCAC	80%	7	$1,549		$791	66%
	CTCAC	90%	-	-		-	-
	HCD	100%	-	-		-	-
2 Bedrooms	CTCAC	30%	5	$791	$2,605	$1,814	30%
	CTCAC	50%	9	$1,326		$1,279	51%
	CTCAC	60%	14	$1,594		$1,011	61%
	CTCAC	70%	11	$1,861		$744	71%
	CTCAC	80%	5	$1,861		$744	71%
	CTCAC	100%	-	-		-	-
	HCD	-	-	-		-	-
3 Bedrooms	CTCAC	30%	5	$916	$3,144	$2,228	29%
	CTCAC	50%	9	$1,534		$1,610	49%
	CTCAC	60%	14	$1,843		$1,301	59%
	CTCAC	70%	11	$2,152		$992	68%
	HCD	80%	5	$2,152		$992	68%
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	90%	-	-		-	-
	HCD	100%	-	-		-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	90%	-	-		-	-
	HCD	100%	-	-		-	-
Date Prepared:	9/16/22					Senior Staff Date:	9/28/22

SOURCES & USES OF FUNDS					Final Commitment
Shiloh Crossing			Project Number		22-008-A/X/N

SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
Pacific Western Bank - Tax-Exempt- Conduit	42,225,000				0.0%
Pacific Western Bank- Taxable- Conduit	30,650,000				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	3,100,000				0.0%
Perm		21,696,000	21,696,000	125,410	25.1%
MIP		8,000,000	8,000,000	46,243	9.2%
Supplemental MIP		7,442,362	7,442,362	43,019	8.6%
Solar Tax Credit Equity		302,585	302,585	1,749	0.3%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		8,744,501	8,744,501	50,546	10.1%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		40,388,959	40,388,959	233,462	46.7%
TOTAL SOURCES OF FUNDS	**75,975,000**	**86,574,407**	**86,574,407**	**500,430**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**75,975,000**	**86,574,407**	**86,574,407**	**500,430**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**0**	**0**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
ONSTRUCTION/REHAB SOURCES OF FUNDS		**75,975,000**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	3,000,000	-	3,000,000	17,341	3.5%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	201,000	-	201,000	1,162	0.2%
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	**3,201,000**	**-**	**3,201,000**	**18,503**	**3.7%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	75,000	-	75,000	434	0.1%
Site Work (Hard Cost)	3,942,423	-	3,942,423	22,789	4.6%
Structures (Hard Cost)	38,732,111	-	38,732,111	223,885	44.7%
General Requirements	2,564,973	-	2,564,973	14,826	3.0%
Contractor Overhead	1,709,980	-	1,709,980	9,884	2.0%
Contractor Profit	1,709,980	-	1,709,980	9,884	2.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
Commercial Improvements	1,261,201	-	1,261,201	7,290	1.5%
TOTAL CONSTRUCT/REHAB COSTS	**49,995,668**	**-**	**49,995,668**	**288,992**	**57.7%**

SOURCES & USES OF FUNDS					Final Commitment
Shiloh Crossing			Project Number		22-008-A/X/N
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	899,600	-	899,600	5,200	1.0%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**899,600**	**-**	**899,600**	**5,200**	**1.0%**
SURVEY & ENGINEERING FEES					
Engineering	754,680	-	754,680	4,362	0.9%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	754,680	-	754,680	4,362	0.9%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,498,284	-	2,498,284	14,441	2.9%
Soft Cost Contingency Reserve	848,877	-	848,877	4,907	1.0%
TOTAL CONTINGENCY RESERVES	3,347,161	-	3,347,161	19,348	3.9%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Pacific Western Bank - Tax-Exempt- Cond	5,600,000	-	5,600,000	32,370	0.064684
Pacific Western Bank- Taxable- Conduit	-	-	-	-	0
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Pacific Western Bank - Tax-Exempt- Cond	316,688	-	316,688	1,831	0.4%
Pacific Western Bank- Taxable- Conduit	229,875	-	229,875	1,329	0.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	104	0.0%
Real Estate Taxes During Rehab	50,000	-	50,000	289	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	1,275,000	-	1,275,000	7,370	1.5%
Title & Recording Fees	135,000	-	135,000	780	0.2%
Construction Inspections	82,000	-	82,000	474	0.1%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	63,938	-	63,938	370	0.1%
-	0	-	0	0	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**7,770,501**	**-**	**7,770,501**	**44,916**	**9.0%**

SOURCES & USES OF FUNDS					Final Commitment
Shiloh Crossing			Project Number	22-008-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	108,480	108,480	216,960	1,254	0.3%
MIP	40,000	40,000	80,000	462	0.1%
Supplemental MIP	37,212	37,212	74,424	430	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Funding Fee	-	110,000	110,000	636	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	30,000	30,000	173	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	74,200	74,200	429	0.1%
CalHFA Fees	-	25,610	25,610	148	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**185,692**	**425,502**	**611,194**	**3,533**	**0.7%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	17,750	17,250	35,000	202	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	140,000	-	140,000	809	0.2%
CalHFA Bond Counsel	65,000	-	65,000	376	0.1%
TOTAL LEGAL FEES	**222,750**	**17,250**	**240,000**	**1,387**	**0.3%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	664,528	664,528	3,841	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%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**664,528**	**664,528**	**3,841**	**0.8%**
REPORTS & STUDIES					
Appraisal Fee	20,000	-	20,000	116	0.0%
Market Study Fee	40,000	-	40,000	231	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	169,400	-	169,400	979	0.2%
HUD Risk Share Environmental / NEPA Review F	23,600	-	23,600	136	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 (Inspections)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**253,000**	**-**	**253,000**	**1,462**	**0.3%**

SOURCES & USES OF FUNDS					Final Commitment
Shiloh Crossing			Project Number		22-008-A/X/N
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	160,819	-	160,819	930	0.2%
CDLAC Fees	25,506	-	25,506	147	0.0%
Local Permits & Fees	1,356,014	-	1,356,014	7,838	1.6%
Local Impact Fees	6,829,986	-	6,829,986	39,480	7.9%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	200,000	-	200,000	1,156	0.2%
Accounting & Audits	-	-	-	-	0.0%
Advertising & Marketing Expenses	129,750	-	129,750	750	0.1%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees - added to mat	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Security	135,000	-	135,000	780	0.2%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**8,837,075**	**-**	**8,837,075**	**51,081**	**10.2%**
SUBTOTAL PROJECT COSTS	**75,467,127**	**77,082,280**	**76,574,407**	**442,627**	**88.4%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	507,873	9,492,127	10,000,000	57,803	11.6%
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%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**507,873**	**9,492,127**	**10,000,000**	**57,803**	**11.6%**
TOTAL PROJECT COSTS	**75,975,000**	**86,574,407**	**86,574,407**	**500,430**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Shiloh Crossing	**Project Number**		**22-008-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**% EGI**
Rental Income			
Restricted Unit Rents	$ 3,029,820	$ 17,513	104.56%
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	20,760	120	0.72%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 3,050,580**	**$ 17,633**	**105.28%**
Less: Vacancy Loss	**$ 152,944**	**$ 884**	**5.28%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,897,636**	**$ 18,517**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 247,453	$ 1,430	9%
Management Fee	71,499	413	2.47%
Social Programs & Services	26,800	155	0.92%
Utilities	271,257	1,568	9.36%
Operating & Maintenance	397,405	2,297	13.71%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	43	0.26%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	-	-	0.00%
Other Taxes & Insurance	95,150	550	3.28%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 1,117,064**	**$ 6,457**	**38.55%**
Replacement Reserve	$ 51,900	$ 300	1.79%
TOTAL OPERATING EXPENSES	**$ 1,168,964**	**$ 6,757**	**40.34%**
NET OPERATING INCOME (NOI)	**$ 1,728,672**	**$ 9,992**	**59.66%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 1,489,147	$ 8,608	51.39%
Supplemental MIP	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,489,147**	**$ 8,608**	**51.39%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 239,525**	**$ 1,385**	**8.27%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.16**	**to 1**	
Date: 9/16/22		Senior Staff Date:	09/28/22

PROJECTED PERMANENT LOAN CASH FLOWS										Shiloh Crossing				
Final Commitment										Project Number 22-008-A/X/N				
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13
RENTAL INCOME	CPI													
Restricted Unit Rents	2.50%	3,029,820	3,105,566	3,183,205	3,262,785	3,344,354	3,427,963	3,513,662	3,601,504	3,691,541	3,783,830	3,878,426	3,975,386	4,074,771
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%	20,760	21,279	21,811	22,356	22,915	23,488	24,075	24,677	25,294	25,926	26,575	27,239	27,920
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,050,580**	**3,126,844**	**3,205,016**	**3,285,141**	**3,367,270**	**3,451,451**	**3,537,738**	**3,626,181**	**3,716,835**	**3,809,756**	**3,905,000**	**4,002,625**	**4,102,691**
VACANCY ASSUMPTIONS	Vacancy													
Restricted Unit Rents	5.00%	151,491	155,278	159,160	163,139	167,218	171,398	175,683	180,075	184,577	189,192	193,921	198,769	203,739
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
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	7.00%	1,453	1,490	1,527	1,565	1,604	1,644	1,685	1,727	1,771	1,815	1,860	1,907	1,954
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**152,944**	**156,768**	**160,687**	**164,704**	**168,822**	**173,042**	**177,368**	**181,803**	**186,348**	**191,006**	**195,782**	**200,676**	**205,693**
EFFECTIVE GROSS INCOME (EGI)		**2,897,636**	**2,970,077**	**3,044,329**	**3,120,437**	**3,198,448**	**3,278,409**	**3,360,369**	**3,444,378**	**3,530,488**	**3,618,750**	**3,709,219**	**3,801,949**	**3,896,998**
OPERATING EXPENSES	CPI / Fee													
Administrative Expenses	3.50%	274,253	283,852	293,787	304,069	314,712	325,727	337,127	348,926	361,139	373,779	386,861	400,401	414,415
Management Fee	2.47%	71,499	73,287	75,119	76,997	78,922	80,895	82,917	84,990	87,115	89,293	91,525	93,813	96,158
Utilities	3.50%	271,257	280,751	290,577	300,747	311,274	322,168	333,444	345,115	357,194	369,695	382,635	396,027	409,888
Operating & Maintenance	3.50%	397,405	411,314	425,710	440,610	456,031	471,992	488,512	505,610	523,306	541,622	560,579	580,199	600,506
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
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	95,150	98,480	101,927	105,495	109,187	113,008	116,964	121,057	125,294	129,680	134,218	138,916	143,778
Required Reserve Payments	1.00%	51,900	52,419	52,943	53,473	54,007	54,547	55,093	55,644	56,200	56,762	57,330	57,903	58,482
TOTAL OPERATING EXPENSES		**1,168,964**	**1,207,603**	**1,247,563**	**1,288,891**	**1,331,633**	**1,375,838**	**1,421,557**	**1,468,842**	**1,517,748**	**1,568,331**	**1,620,648**	**1,674,760**	**1,730,728**
NET OPERATING INCOME (NOI)		**1,728,672**	**1,762,474**	**1,796,765**	**1,831,546**	**1,866,815**	**1,902,571**	**1,938,812**	**1,975,536**	**2,012,739**	**2,050,419**	**2,088,571**	**2,127,189**	**2,166,270**
DEBT SERVICE PAYMENTS	Lien #													
Perm	1	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147	1,489,147
Supplemental MIP	2	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**	**1,489,147**
CASH FLOW AFTER DEBT SERVICE		**239,524**	**273,326**	**307,618**	**342,399**	**377,668**	**413,424**	**449,665**	**486,389**	**523,592**	**561,272**	**599,423**	**638,042**	**677,123**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.18**	**1.21**	**1.23**	**1.25**	**1.28**	**1.30**	**1.33**	**1.35**	**1.38**	**1.40**	**1.43**	**1.45**
Date Prepared:	09/16/22									Senior Staff Date:	9/28/22			
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
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
net CF available for distribution		**212,620**	**245,809**	**279,473**	**313,612**	**348,223**	**383,306**	**418,857**	**454,876**	**491,356**	**528,296**	**565,691**	**603,534**	**641,820**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13
Deferred developer fee repayment	8,744,501	8,744,501	8,531,881	8,286,071	8,006,598	7,692,986	7,344,763	6,961,457	6,542,600	6,087,724	5,596,368	5,068,071	4,502,381	3,898,847
	100%	212,620	245,809	279,473	313,612	348,223	383,306	418,857	454,876	491,356	528,296	565,691	603,534	641,820
		8,531,881	8,286,071	8,006,598	7,692,986	7,344,763	6,961,457	6,542,600	6,087,724	5,596,368	5,068,071	4,502,381	3,898,847	3,257,026

Payments for Residual Receipt Payments		*50%*												
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP	*51.81%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental MIP	*48.19%*	-	-	-	-	-	-	-	-	-	-	-	-	-
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%*	8,000,000	8,240,000	8,480,000	8,720,000	8,960,000	9,200,000	9,440,000	9,680,000	9,920,000	10,160,000	10,400,000	10,640,000	10,880,000
Supplemental MIP---simple	*3.00%*	7,442,362	7,665,633	7,888,904	8,112,175	8,335,445	8,558,716	8,781,987	9,005,258	9,228,529	9,451,800	9,675,071	9,898,341	10,121,612
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-

PROJECTED PERMANENT LOAN CASH FL0WS					
Final Commitment					
	YEAR	14	15	16	17
RENTAL INCOME	CPI				
Restricted Unit Rents	2.50%	4,176,640	4,281,056	4,388,083	4,497,785
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%	28,618	29,333	30,067	30,818
Parking & Storage Income	2.50%	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		4,205,258	4,310,390	4,418,149	4,528,603
VACANCY ASSUMPTIONS	Vacancy				
Restricted Unit Rents	5.00%	208,832	214,053	219,404	224,889
Unrestricted Unit Rents	0.00%	-	-	-	-
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	7.00%	2,003	2,053	2,105	2,157
Parking & Storage Income	50.00%	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		210,835	216,106	221,509	227,047
EFFECTIVE GROSS INCOME (EGI)		3,994,423	4,094,284	4,196,641	4,301,557
OPERATING EXPENSES	CPI / Fee				
Administrative Expenses	3.50%	428,920	443,932	459,469	475,551
Management Fee	2.47%	98,562	101,026	103,552	106,141
Utilities	3.50%	424,234	439,082	454,450	470,356
Operating & Maintenance	3.50%	621,524	643,277	665,792	689,095
Ground Lease Payments	3.50%	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-
Real Estate Taxes	1.25%	-	-	-	-
Other Taxes & Insurance	3.50%	148,810	154,019	159,409	164,989
Required Reserve Payments	1.00%	59,067	59,658	60,254	60,857
TOTAL OPERATING EXPENSES		1,788,617	1,848,494	1,910,427	1,974,488
NET OPERATING INCOME (NOI)		2,205,805	2,245,789	2,286,213	2,327,069
DEBT SERVICE PAYMENTS	Lien #				
Perm	1	1,489,147	1,489,147	1,489,147	1,489,147
Supplemental MIP	2	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,489,147	1,489,147	1,489,147	1,489,147
CASH FLOW AFTER DEBT SERVICE		716,658	756,642	797,066	837,921
DEBT SERVICE COVERAGE RATIO		1.48	1.51	1.54	1.56
Date Prepared:	09/16/22				

LESS: Asset Management Fee	3%	11,014	11,344	11,685	12,035
LESS: Partnership Management Fee	2%	25,101	25,603	26,115	26,638
net CF available for distribution		680,543	719,694	759,266	799,249

	YEAR	14	15	16	17
Deferred developer fee repayment	8,744,501	3,257,026	2,576,483	1,856,789	
	100%	680,543	719,694		
		2,576,483	1,856,789	1,856,789	-

Payments for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	379,633	399,624
MIP	*51.81%*	-	-	-	-
Supplemental MIP	*48.19%*	-	-	182,962	192,597
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	182,962	192,597

Balances for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Interest Rate*				
MIP---simple	*3.00%*	11,120,000	11,360,000	11,600,000	11,840,000
Supplemental MIP---simple	*3.00%*	10,344,883	10,568,154	10,791,425	10,831,734
0---Compounding	*0.00%*	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-
0---Simple	*0.00%*	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-

MIXED-INCOME LOAN PROGRAM (2022)

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

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

FINANCING STRUCTURE:

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

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

   OR

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

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Qualifications (continued)

READINESS:

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

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

Qualifications (continued)

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

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

EVIDENCE OF COST CONTAINMENT:

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

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

EVIDENCE OF SUBSIDY EFFICIENCY:

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

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

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

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

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

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

Last revised: 01/25/2022

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

California Housing Finance Agency

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.

Kevin Brown, Housing Finance Officer
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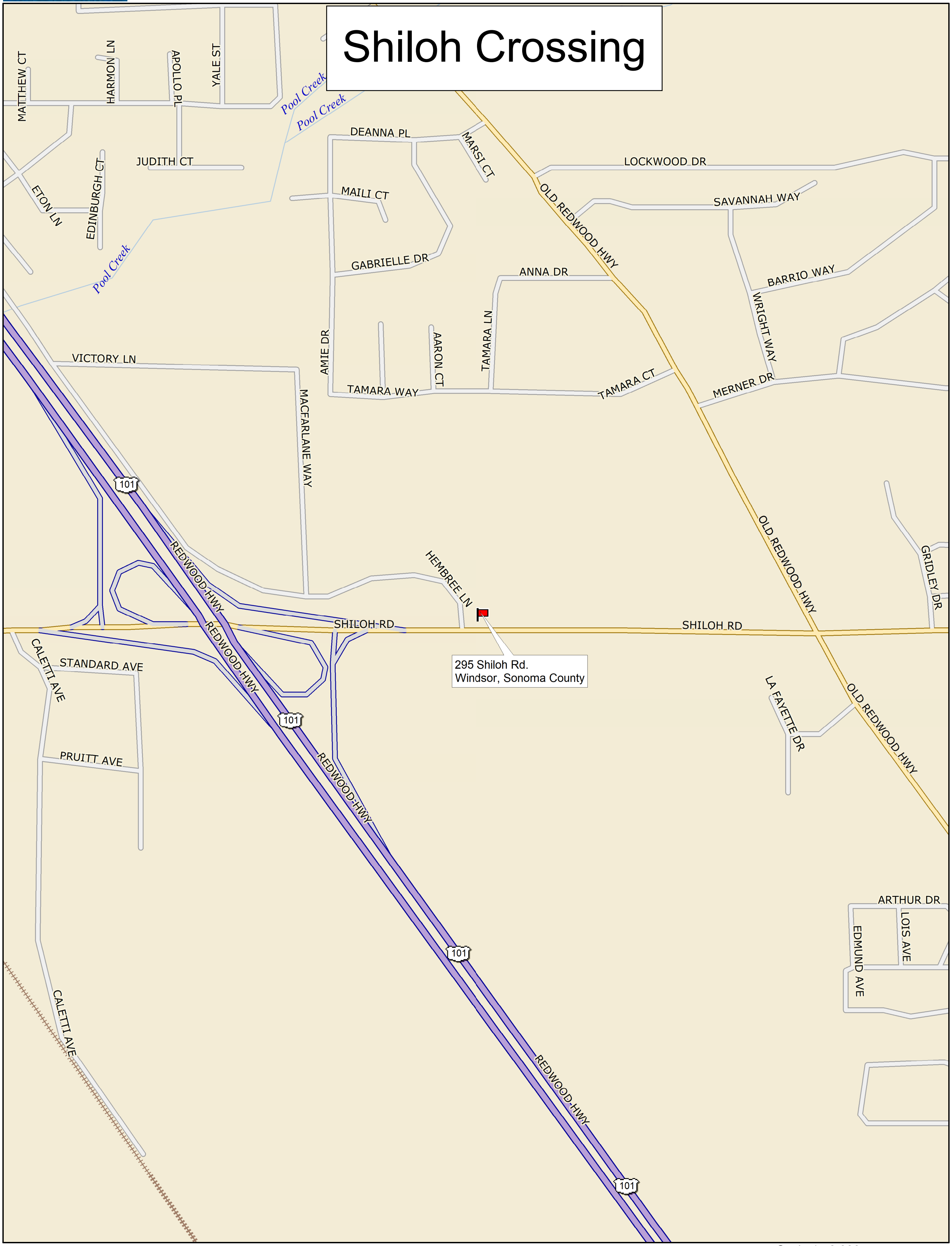
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

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



TN
MN (13.2°E)

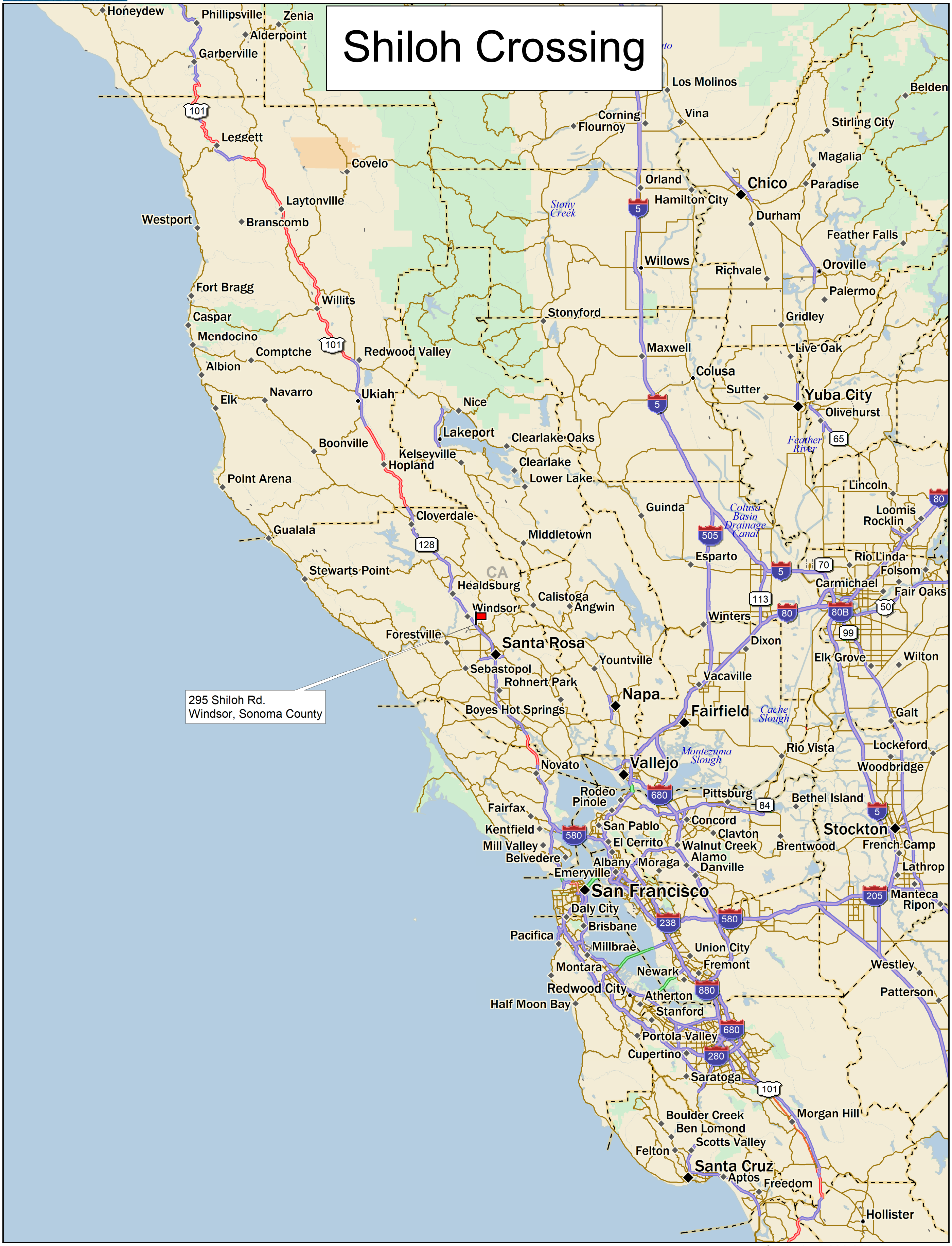
Scale 1 : 8,000

0 200 400 600 800 1000 ft
0 60 120 180 240 300 m

1" = 666.7 ft

Data Zoom 14-6

Shiloh Crossing



TN
MN (13.2°E)

Scale 1 : 1,600,000

1" = 25.25 mi Data Zoom 7-0