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 7, 2022

Project Name, County:	**Sarah's Court Apartments, Fresno County**	
Address:	**200 N. Salma Avenue, Fresno, CA 93727**	
Type of Project:	**New Construction**	
CalHFA Project Number:	22-013-A/X/N	**Total Units: 120 (family)**
Requested Financing by Loan Program:	$18,149,352	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount**
	Up to $457,159	**CalHFA Tax-Exempt Supplemental Bond – Conduit Issuance Amount**
	Up to $6,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (which may include recycled bonds) (includes 10% cushion)**
	$6,364,866	**CalHFA Tax-Exempt or FFB Permanent Loan with HUD Risk Sharing**
	$2,850,000	**CalHFA MIP Subsidy Loan**
	$600,000	**CalHFA Supplemental MIP Subsidy Loan (refer to section 5 for further information)**

DEVELOPMENT/PROJECT TEAM

Developer:	Dominus Consortium Family LLC	**Borrower:**	FCTC Family, LP
Permanent Lender:	CalHFA	**Construction Lender:**	Banner Bank
Equity Investor:	WNC Associates	**Management Company:**	GSF Properties, Inc.
Contractor:	West Coast Community Builders	**Architect:**	Scott Beck
Loan Officer:	N/A	**Loan Specialist:**	Jennifer Beardwood
Asset Manager:	Jessica Doan	**Loan Administration:**	Courtney Ide
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick Herrington & Sutcliffe LLP
Concept Meeting Date:	8/10/2022	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** (Banner Bank) **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	$18,149,352 (t/e) + $438,022 (t/e supplement) + $5,667,947 (taxable)(which may include recycled bonds)	$6,364,866	Original MIP: $2,850,000 Supplemental MIP: $600,000 Total CalHFA MIP Subsidy Loan: $3,450,000

				($28,992/restricted unit)
	Loan Term & Lien Position	30 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)	T/E: 1-month SOFR + 275 bps Underwritten at 1.98 + 275 bps = 4.73% fixed Taxable: 1-month SOFR + 300 bps Underwritten at 1.98 + 300 bps = 4.98% fixed	Underwritten Rate 6.65% (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)	55% of investment value	66% of restricted value	N/A
	Loan to Cost	21%	17%	N/A

** The all-in fixed rate of 6.65% is the final rate locked for the loan closing.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	22 Connie Conway	**Assembly:**	32 Rudy Salas	**State Senate:**	8 Andreas Borgeas
	Brief Project Description	**Sarah's Court Apartments** (the "Project") is a new construction family mixed income Project. It consists of 4 residential buildings of 3 stories (walk-up) and one community building. There will be 120 total units, 119 of which will be restricted between 30% and 70% of the Fresno County Area Median Income (AMI). There will be 60 one-bedroom units (610 s.f.), 30 two-bedroom units (875 s.f.), and 30 three-bedroom units (1,140 s.f.). One one-bedroom unit will serve as the manager's unit. The site is currently vacant. The project will have 120 parking spaces in the existing 495 space parking structure funded by HCD's Infill Infrastructure Grant that was completed in 2020. The structure will be shared with a future planned 120-unit project, Sarah's Court Apartments Phase II, which is still in a predevelopment stage with an expected completion in 2026 will be allocated 120 parking spaces. The remaining 183 parking spaces are expected to be reserved for future commercial development.. The Borrower will enter into a Residential Parking Deck Easement Agreement with Fancher Creek Town Center, LLC for the parking structure. The Project is part of the 90+ acres Fancher Creek Master Plan development. Once completed, it will be home to approximately 970,000 square feet of commercial and retail businesses, a senior housing development, a multifamily housing development, a plaza, recreational space, and approximately 1.5 miles of trail along the canal. Brand Haven Senior Apartments (formerly known as Fancher Creek Senior Apartments), an 180 total units project, is a part of master development plan and has received MIP, TCAC, and CDLAC awards and is currently under construction. The same developer is involved in Brand Haven Senior Apartments and the subject Project. **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, 4% Federal Tax Credit equity (4% Federal LIHTC allocation), state housing tax credits, City of Fresno (HOME, CDBG and PLHA) and Agency's permanent and Mixed- Income Program (original and supplemental). The project will be income averaging, pursuant to TCAC regulations.					

Tax Credits and/or CDLAC Status: The developer received an allocation for 4% tax credits and bond cap from TCAC/CDLAC on 6/15/2022 and received a supplemental bond allocation on 8/29/2022. The supplemental allocation was requested to add a cushion to the project's 50% aggregate basis requirement (the "50% test") which was at approximately 50% and now will increase to approximately 52%. The supplemental allocation is necessary to accommodate a potential cost increase during construction.

Ground Lease: Not applicable.

Project Amenities: The Project includes a community room, fitness room, swimming pool, business center, mail room, and structured play areas. There will also be on-site service programs provided by LifeSTEPS, (approximately 5 hours per week) offering adult education classes, financial literacy, health and wellness programs, counseling and emotional support, and other services. Unit amenities will include central heating, central air, in-unit washer and dryer, microwave, dishwasher, garbage disposal, range, and refrigerator.

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 – 0.75 miles
- Public Library – 1 mile
- Public transit – 0.5 miles
- Park and recreation – 0.75 miles

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

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

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 119 units of affordable housing with a range of restricted rents between 30% of AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Award Date:	6/15/2022	CDLAC/TCAC Closing Deadline:	12/12/2022
	Estimated Construction Start:	12/2022	Est. Construction Loan Closing:	12/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		12/2025	

SOURCES OF FUNDS

5.

Construction Sources and Uses				
Sources	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
CalHFA Conduit -Banner Bank T/E	$18,149,352	1st / 4.73% / Interest Only	Total Acquisition costs	$2,400,000
CalHFA Conduit -Banner Bank T/E Supplemental	$438,022	1st / 4.73% / Interest Only	Construction/Rehab Costs	$22,871,614
CalHFA Conduit -Banner Bank Taxable (which may include recycled bonds)	$5,667,947	2nd / 4.98% / Interest Only	Soft Costs	$1,159,000
City of Fresno - HOME	$3,169,034	3rd / 3.00% / Residual Receipt	Hard Cost contingency	$1,635,922
City of Fresno - CDBG	$2,480,000	4th / 3.00% / Residual Receipt	Soft Cost contingency	$200,000
City of Fresno - PLHA	$530,966	5th / 3.00% / Residual Receipt	Financing Costs	$2,042,157
NOI (pre-conversion)	$293,000	N/A	Local Impact Fees	$1,275,541
Deferred Developer Fee	$3,104,419	Payable from Cashflow	Developer Fees	$3,825,000
Investor Equity Contribution	$1,873,906	N/A	Other Costs	$817,908
Deferred Reserves	$520,496			
TOTAL	**$36,227,142**			**$36,227,142**
TOTAL PER UNIT	**$301,893**			

Permanent Sources and Uses				
Sources:	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
CalHFA Perm Loan	$6,364,866	1st / 6.65% / 40 yr amortization due by yr 17	Total Loan Payoffs and Equity	$36,227,142
CalHFA MIP Loan	$2,850,000	2nd / 3.00% / Interest Only	Financing costs	$154,546
CalHFA Supplemental MIP Loan**	$600,000	2nd / 3.00% / Interest Only	Soft costs	$17,500
City of Fresno - HOME	$3,169,034	3rd / 3.00% / Residual Receipt	Operating Reserves	$548,535
City of Fresno - CDBG	$2,480,000	4th / 3.00% / Residual Receipt		
City of Fresno - PLHA	$530,966	5th / 3.00% / Residual Receipt		
NOI (pre-conversion)*	$293,000	N/A		
Deferred Developer Fees	$1,920,798	Payable from Cashflow		
Investor Equity Contribution	$18,739,059	N/A		
TOTAL	**$36,947,723**			**$36,947,723**
TOTAL PER UNIT	**$307,898**			

*The estimated NOI During Construction is based on 6 months of full occupancy.

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

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

At the time of CalHFA's initial commitment (March of 2022), the developer estimated the total development cost (TDC) to be $33,886,068 or $282,384/unit. CalHFA issued an initial commitment based on these initial costs estimates for the developer to use to apply to CDLAC for tax exempt bond cap and to CTCAC for both federal and state tax credits. On June 15, 2022, the Borrower received the related allocations from CDLAC and CTCAC.

Generally, the project's total costs increased from March through July in Construction Costs, Hard Cost Contingency, Developer Fee and other line items by a total of 3,061,654. The developer was successful in achieving a 4.86% increase to the Equity Investor Contribution for $869,347 and an increase to the CalHFA Permanent Loan of 11.66% for $664,866. Increases to interest rates from the Construction Lender also resulted in a $809,159 increase to costs related to construction period debt service and loan fees.

The Borrower has requested a $600,000 increase to the MIP Subsidy Loan in an effort to offset cost increases and loan reductions outlined above and below. The summary of changes in sources and uses between initial commitment vs. current proposed are outlined below:

Summary of changes in Sources/Uses since the Initial Commitment approval					
SOURCES - Major Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per Unit Cost Adjustment**	**% Adjustment of IC Amount**
1 - CalHFA Perm Loan	$5,700,000	$6,364,866	$664,866	$5,541	11.66%
2 - Deferred developer's fee	$1,286,356	$1,920,798	$634,442	$5,287	49.32%
3 - Construct/Rehab Net Oper. Inc.	$0	$293,000	$293,000	$2,442	100.00%
4 - Investor Equity Contribution	$17,869,712	$18,739,059	$869,347	$7,245	4.86%
Total Changes in Sources (A)	**$24,856,068**	**$27,317,723**	**$2,461,655**	**$20,514**	**9.90%**

USES - Major Cost Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per Unit Cost Adjustment**	**% Adjustment of IC Amount**
1 - Construction hard cost	$21,828,667	$22,871,614	$1,042,947	$8,691	4.78%
2 - Hard cost contingency	$1,091,432	$1,635,922	$544,490	$4,537	49.89%
3 - Construction loan cost	$1,162,983	$1,972,142	$809,159	$6,743	69.58%
4 – Construction and Permanent Costs/Fees	$373,200	$284,561	-$88,639	-$739	-23.75%
5 - Developer Fee	$3,200,000	$3,825,000	$625,000	$5,208	19.53%
6 – Operating Reserve	$413,787	$548,535	$134,748	$1,123	32.56%
7 - Other	$2,099,500	$2,093,449	-$6,051	-$50	-0.29%
Total Changes in Uses (B)	**$30,169,569**	**$33,231,223**	**$3,061,654**	$25,514	10.15%
Net Funding Gap (A-B)			**$600,000**		
Gap Funding Sources:					
Increase in CalHFA Perm loan (at rate locked rate):			**$0**		
Supplemental MIP Request:			**$600,000**		
Remaining Funding Gap Total :			**$0**		
Remaining Funding Gap:			**$0**		

Hard Cost/Soft Cost changes: The Project experienced significant increases in the cost of construction due to COVID, labor shortages and supply chain issues that resulted in the construction costs budget increasing by $1.042M. As

	reflected on the above chart, most other budget line items increased as a result of loan financing costs related to macroeconomic factors, such as inflation. Deferred Developer Fee: The current budget also reflects an increase of the total developer's fee by $625K, and the current deferred developer's fee (DDF) is approximately $635K higher than the original budget (original developer fee $3,200,000 with $1,286,356 deferred/current developer fee $3,825,000 with $1,920,798 deferred). Through the project's final underwriting prior to construction and permanent loan conversion, efforts shall be made to mitigate a portion of the financing gap through restructuring of the Developer fee or direct equity contribution by the Developer. Perm Loan Increase & Equity Contribution Adjustment: During final underwriting, the original CalHFA permanent loan of $5.7 million was increased by $664,866 to $6,364,866. The Investor Equity Contribution increased by $869,347 from $17,869,712 to $18,739,059. The estimated funding gap after exhausting all resources available to the project totals approximately $600,000. The Borrower has requested an increase to the MIP Subsidy Loan of $600,000. Pursuant to the TCAC/CDLAC requirements this project must begin construction by December 2022. A $600,000 increase in the MIP supplemental subsidy ($5,000/unit) results in an overall MIP Regulated Unit amount of $28,992 per restricted unit. The original MIP and Supplemental MIP total $3,450,000. **Subsidy Efficiency:** Initial MIP commitment was $2,850,000 ($23,950 per MIP restricted units). Current proposed: $3,450,000 ($28,992 per MIP restricted units). **Tax Credit Type(s), Amount(s), Pricing(s), and per total units:** • 4% Federal Tax Credits: $12,239,530 ($102,853 per TCAC restricted unit). • State Tax Credits: $9,179,645 ($77,140 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 be funded with $6,180,000 from the City of Fresno; a HOME loan of $3,169,034, CDBG loan of $2,480,000 and PLHA loan of $530,966. **Cost Containment Strategy:** The developer is using West Coast Community Builders as its General Contractor. The developer had established cost containment strategies that include: 1) encouraging early team collaboration between the general contractor and architect to reduce potential change orders and schedule delays, 2) requiring that the General Contractor competitively bids all major subcontractor trades, 3) conducting value engineering throughout the design process with the architect, civil engineer, general contractor, energy consultant and all related consultants participating in the development of the project. **High Cost Explanation:** Not applicable.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**
	• The Project has received 4% federal and state tax credits which is projected to generate equity representing 51% of total financing sources. • The Project will serve low-income families ranging between 30% to 70% of AMI. On average, the rents are between 35% to 76% below market rents based on current appraisal.

- The Loan-to-Value will be 66%, which is well below the Agency's minimum requirements of 90%. This results in less risk to the Agency.
- The locality has invested in the success of the Project as demonstrated by loans totaling $6,180,000 from the City of Fresno.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $1,904,202, which could be available to cover cost overruns and/or unforeseen issues during construction.

8. Project Weaknesses with Mitigants:

- The total estimated deferred developer's fee is not anticipated to be fully repaid by year 15. The developer has confirmed that they will forgo any outstanding developer fee in year 15 and treat the amount as a developer's contribution. This condition will be documented in the investor commitment letter and/or LPA.
- The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 7.5%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.65%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan but may only have the ability to repay a portion of the Agency's supplemental MIP in the estimated amounts of $145,206, leaving an outstanding balance of $789,574 (principal and accrued interest) plus the full amount of the original MIP subsidy loan in the estimated amount of $4,440,207 (principal and accrued interest). Total combined estimated MIP balance at refinance is $5,229,781. 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 Project budget indicates a deficit of approximately $600,000. The Borrower has requested an increase to the initially committed MIP subsidy loan to facilitate the progression of this shovel ready project to construction. Refer to section 5 for detailed explanation.
- The proposed Project's managing general partner, Community Revitalization and Development Corporation (CRDC), is also a managing general partner for one of CalHFA's portfolio projects, Bel Vue Apartments. Bel Vue Apartment is currently facing challenges in leasing the existing commercial space and is proposing to convert the existing commercial space to 8 additional market rate residential units, which is expected to improve lease-up demands and revenue to the project. The conversion of commercial space to residential unit will be subject to CalHFA, other lender, locality, and investor approvals. Per the Borrower's counsel, there are no other material performance issues with CRDC's portfolio.

9. Underwriting Standards or Term Sheet Variations

Pursuant to the MIP loan term sheet, no project may receive more than the lesser of (i) $8 million project cap, (ii) the aggregate MIP loan amount based on 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 perm loan. This project is located in a high resource area. Based on the project economics, the total MIP loan percentage is approximately 54% of the CalHFA perm loan, which exceeds the 50% threshold. This is an exception to the MIP term sheet and is recommended by Multifamily Underwriting and Credit Staff for approval to facilitate the progression of a shovel ready project without delay; the project received tax credit and bond cap allocations from TCAC/CDLAC on June 15, 2022 and is ready to proceed to construction loan closing by December 2022.

10. Project Specific Conditions of Approval

Approval is conditioned upon:

- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- The final appraisal will be subject to Agency's review and approval prior to construction loan closing.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- The CalHFA subsidy (including the supplemental MIP subsidy loan, if any) will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.

- All MIP Loan principal and interest will 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 a Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from all local (city and HCD) lenders.
- Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution. The owner must provide evidence of investor and City approval of the total deferred developer's fee structure.
  The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 15 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
- Any default as to any loan by the Agency for the Development shall constitute a default under all other loans by the Agency for the Development.
- Receipt of flood certification verifying Flood Zone X designation will be required prior to construction loan closing.
- Subject to final HCD IIG affordability restrictions that are compatible with the MIP program requirements.
- Subject to CalHFA's approval of the Residential Parking Deck Easement Agreement between Fancher Creek Town Center, LLC and FCTC Family, LP for the parking structure.
- Subject to CalHFA approval of the Development Agreement recorded July 30, 2010 and the Declaration of Restrictive Covenants for the Development and Operation of Housing recorded on February 2, 2016.
- 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 $600,000 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.	CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (36 units) at or below 60% AMI and an additional 10% of the total units (12 units) at or below 50% of AMI for 55 years.

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (12 units) be restricted at or below 30% of AMI, 20% of total units (24 units) be restricted at or below 50% of AMI, 10% of total units (12 units) be restricted between 60% and 80% of AMI be restricted with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 71 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

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

- The City of Fresno - HOME will restrict 11 units at or below 80% of AMI for a term of 55 years.
- The City of Fresno – CDBG will restrict 7 units at or below 60% of AMI for a term of 55 years.
- The City of Fresno – PLHA will restrict 11 units at or below 80% of AMI for a term of 55 years
- The California Department of Housing and Community Development (HCD) is expected to restrict 119 units at or below 80% AMI under the existing Infill Infrastructure Grant Program (HCD IIG) agreement recorded 2/2/2016, which aligns with the proposed affordability restrictions as outlined below. This affordability restriction is a result of HCD IIG funding that was previously used to construct the parking structure.

Rent Limit Summary Table

AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	12	-	6	3	3	-	10.0%
40%	0	-	-	-	-	-	0.0%
50%	24	-	12	6	6	-	20.0%
60%	71	-	35	18	18	-	59.2%
70%	12	-	6	3	3	-	10.0%
100%	0	-	-	-	-	-	0.0%
110%	0	-	-	-	-	-	0.0%
120%	0	-	-	-	-	-	0.0%
Manager's Unit	1	-	-	1	-	-	0.8%
Total	120	0	59	31	30	0	100.0%

The average affordability restriction is 55.97% of AMI based on 119 TCAC-restricted units.

Regulatory Source	Recordation Priority of Recorded Document	Term of Agrmt (years)	NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY: Number of Units Restricted For Each AMI Category							Units	Percentage
			30%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
CalHFA Bond/RiskShare	1st	55	0	0	12	36	0	0	0	48	40%
CalHFA MIP	2nd	55	12	0	24	0	12	0	71	119	99%
Tax Credit	3rd	55	12	0	12	83	12	0	0	119	99%
City of Fresno - HOME	4th	55	0	0	3	0	0	8	0	11	9%
City of Fresno - CDBG	5th	55	0	0	0	7	0	0	0	7	6%
City of Fresno - PLHA	6th	55	0	0	3	0	0	8	0	11	9%
HCD -IIG	7th	55	0	0	0	0	0	119	0	119	99%

13.	Geocoder Information		
Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Low	Below Poverty line:	51.12%
Minority Census Tract:	84.89%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	N/A

	Operating Expense Reserve (OER):	$548,535 OER amount is sized based on 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
	Transitional Operating Reserve (TOR):	N/A

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.45	**Annual Replacement Reserve Per Unit:**	$300/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

16. Loan Security

The CalHFA loan(s) will be secured by a first lien deed of trust against the above described Project site and improvements.

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

The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 7.5%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.65%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan but may only have the ability to repay a portion of the Agency's supplemental MIP in the estimated amounts of $145,206, leaving an outstanding balance of $789,574 (principal and accrued interest) plus the full amount of the original MIP subsidy loan in the estimated amount of $4,440,207 (principal and accrued interest). Total combined estimated MIP balance at refinance is $5,229,781. 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: 7/14/2022**

- The Appraisal dated 8/25/2022, prepared by Integral Realty Resources, values the land at $1,920,000.
- The cap rate of 5.5% and projected $530,355 of net operating income, which is generally aligned with the proposed Project net operating income, were used to determine the appraised value of the subject site.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The as-restricted stabilized value is $9,640,000, which results in the Agency's permanent first lien loan to value (LTV) of 66%. The combined LTV, including MIP subsidy loan is 102%.
- The capture rate of 0.9% is slightly lower than the market study. The appraisal projects that all units will be pre-leased before the completion of construction.
- The appraisal report indicates an unemployment rate of approximately 6.9%, which is slightly lower than the market study that was completed earlier in February 2022.

Market Study: M.E. Shay & Co. **Dated: 2/4/2022**

Regional Market Overview

- The Primary Market Area ("PMA") is approximately 79 square miles in the southeast section of Fresno County, California. It includes 42 Census Tracts and a few small CPDs (population of 58,000). The Secondary Market Area ("SMA") is Fresno County (population of 310,842).

- The general population in the PMA is anticipated to increase by 0.5% per year over the next 5 years.
- Unemployment in the SMA has dropped from 15.5% in March 2020 to 8.5% in May 2021 and the Employment Development Department projects there will be 43,200 new jobs created by 2024.
- Median income in the PMA is $45,739, about 20% below the SMA ($57,143).

Local Market Area Analysis

- **Supply:**
  - There are currently 16 affordable project(s) in Fresno and they are 100% occupied with long wait lists.
  - There are 0 multi-family residential projects currently in planning or development in the City of Fresno.
- **Demand/Absorption:**
  - The project will need to capture 1.6% of the total demand for family units in the PMA and the penetration rate is 15.7%. The affordable units are anticipated to lease up at a rate of 15-20 units per month and reach stabilized occupancy within 5-7 months of opening (assuming 20% preleased).

DEVELOPMENT SUMMARY

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

- The site is part of a larger 35.33-acre open-air parcel on North Salma Avenue in the City of Fresno, Fresno County.
- The site is currently vacant, with level topography at street grade, measuring approximately 2.60-acres and is generally irregular in shape.
- The site is zoned CR + OS with permitted multifamily residential use.
- The subject is located in Flood Zone X (shaded) which indicates a recent decreased (designation change by FEMA) from Flood Zone AO to X, which is an area outside of 500 year floodplain. Therefore, the Project will not be subject to flood insurance. Flood certification verifying Flood Zone X designation will be required prior to construction loan closing.

20. Form of Site Control & Expiration Date

The site was conveyed between related parties, from Fancher Creek Town Center, LLC to FCTC Family, LP, on August 5, 2022, in the amount of $2,400,000. The sales price was determined by the value of the property from an appraisal prepared by James G. Palmer Appraisals Inc. dated May 10, 2021 and purchased with City of Fresno loan funds. The last unrelated entity land transfer between Fancher Creek Town Center, LLC and Edward M. Kashian and Jeanne C. Kashian was completed in April 2003 for $905,000.

For purposes of underwriting, the proposed acquisition budget/cost is reasonable given that 1) the unrelated land transfer occurred more than 10 years ago, 2) the land purchase transfer between related entities on August 5, 2022, was supported by an appraisal dated May 10, 2021, and 3) the land purchase transfer was approved and funded by the City's loan.

The site is governed by a development agreement executed by the City of Fresno and Fancher Creek Properties LLC dated July 21, 2010 (and extends for 20 years) and a Declaration of Restrictive Covenants for the Developer and Operation of Housing recorded on February 2, 2016.

21. Current Ownership Entity of Record

Title is currently vested in FCTC Family, LP, the Borrower, as the fee owner.

22. Environmental Review Findings — **Dated: 1/7/2022**

A Phase I Environmental Site Assessment performed by Technicon Engineering Services, Inc, dated January 27, 2022, revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.

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

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

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

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

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	97,050	**Residential Units per Acre:**	46.15
		Community Area Sq. Ftg:	22,039	**Total Parking Spaces:**	120
		Supportive Service Areas:	0	**Total Building Sq. Footage:**	119,089
26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☒ **No**	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	The subject will consist of four, three-story residential buildings and one central community building. The building exteriors will be plaster with reveals and accent features consisting of stone, wood, and metal.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction.
- The contract will be structured as a Guaranteed Maximum Price (GMP) contract with an approximate 11% for builder overhead, profit, and general requirements, which aligns with TCAC's allowable limit. TCAC's allowable limit is 14%.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The developer has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner (MGP): Community Revitalization and Development Corporation, a California limited liability company; 0.005% interest
- Administrative General Partner (AGP): Dominus Consortium Family LLC; 0.005% interest
  - Member: ESSAYONS, a Limited Partnership, 50% interest
  - Member: NEGOCIOS DE FAMILIA, LLC, 50% interest
- Investor Limited Partner: WNC & Associates, Inc.; 99.99% interest

31. Developer/Sponsor

- Dominus Consortium ("AGP") and Community Revitalization and Development Corporation (CRDC) ("MGP") together serve as the general partner of this project.
- CRDC has extensive experience developing affordable housing through mixed-financing including LIHTC. They have developed or assisted in the development of over 4,000 affordable housing units. They served as general partner on 5 LIHTC projects between 2003 to 2008, totaling 711 units. CRDC has completed three affordable projects that are in the CalHFA portfolio (combined - 168 affordable units). Two of the projects (Susanville Garden Apartments and Market Center) are operating as expected, the other (Bel-Vue Apartments) is experiencing challenges in leasing the existing commercial space. The Borrower for Bel Vue Apartments (22 total units) is proposing to convert the existing commercial space to 8 additional residential market rate units and is currently in the process of seeking approvals from CalHFA, soft lender, locality, and investor. Per the Borrower's counsel, there are no other material performance issues with CRDC's portfolio.
- Dominus Consortium consist of 2 members (Essayons, a Limited Partnership and Negocios De Familia, LLC) with a range of development experience including construction of multifamily rental housing. Lance-Kashian & Company is the Managing Member of one of the members and will serve as the developer of the project and is an affiliate of Dominus Consortium. Dominus Consortium Family LLC, has two projects in the pipeline within the CalHFA portfolio, the subject property and Brand Haven Senior (combined – 300 affordable units).

- An individual in Pentori, GP for one of the AGP, intends to execute a personal guaranty for the construction completion and to fund operating deficits for a period after permanent loan conversion.

32.	**Management Agent**

The Project will be managed by GSF Properties, Inc., which has extensive experience in managing similar affordable housing projects in the area and manages four projects in CalHFA's portfolio – Ashwood Village, Regency Court Seniors – Salinas, San Luis Bay (Nipomo), and Sequoia Knolls. All projects are performing as expected.

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

LifeSTEPS will provide supportive services for the residents through a 15-year contract that is funded by property operations in a budget amount of $21,200 per annual. The provided services will include instructor led adult education classes for health and wellness/skill building including financial literacy, computer training, home-buyer education, GED, resume building ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation for no less than 84 hours per year. They will also provide individualized health and wellness services and programs such as crisis intervention, practical counseling and emotional support, cleanliness and hygiene assessment, eviction prevention, government and insurance entitlements and physical and mental health assessment for no less than 126 hours per year.

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

The general contractor (GC) is West Coast Community Builders, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the developer have worked on one project that has been completed and are working on one project that is in development stage.

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

The architect is Scott Beck Architect, 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 127 tenant improvement projects and 17 shell buildings that have been completed and is working on 5 tenant improvement projects and 21 shell buildings that are in development stage.

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

The locality, City of Fresno, 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 22-013-A/X/N**

Project Full Name	Sarah's Court Apartments	**Borrower Name:**	FCTC Family, LP
Project Address	200 N. Salma Avenue	**Managing GP:**	Community Revitalization and Development
Project City	Fresno	**Developer Name:**	Dominus Consortium Family LLC
Project County	Fresno	**Investor Name:**	WNC & Associates
Project Zip Code	93727	**Prop Management:**	GSF Properties, Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.60
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	97,050
Total Residential Units:	120	**Residential Units Per Acre:**	46.15
Total Number of Buildings:	5		
Number of Stories:	3	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	120
Elevators:	--		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit -Banner Bank T/E	18,149,352	1.000%	30	--	4.730%
CalHFA Conduit -Banner Bank T/E Supplemental	438,022	1.000%	30	--	4.730%
CalHFA Conduit -Banner Bank Taxable	5,667,947	1.000%	30	--	4.980%
City of Fresno - HOME	3,169,034	--	660	--	3.000%
City of Fresno - CDBG	2,480,000	--	660	--	3.000%
City of Fresno - PLHA	530,966	--	660	--	3.000%
Deferred Developer Fee	3,104,419	NA	NA	NA	NA
Deferred Reserves	520,496				
Construct/Rehab Net Oper. Inc.	293,000	NA	NA	NA	NA
Investor Equity Contribution	1,873,906	NA	NA	NA	NA
Total	**36,227,142**	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	6,364,866	1.000%	17	40	6.650%
MIP	2,850,000	1.000%	17	NA	3.000%
Supplemental MIP	600,000	1.000%	17	N/A	3.000%
City of Fresno - HOME	3,169,034	--	55	--	3.000%
City of Fresno - CDBG	2,480,000	--	55		3.000%
City of Fresno - PLHA	530,966	--	55	--	3.000%
Deferred Developer Fees	1,920,798	NA	NA	NA	NA
Construct/Rehab Net Oper. Inc.	293,000	NA	NA	NA	NA
Investor Equity Contributions	18,739,059	NA	NA	NA	NA
Total:	**36,947,723**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	8/25/22	**Capitalization Rate:**	5.50%
Investment Value ($)	34,060,000	**Restricted Value ($)**	9,640,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	17%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	66%
		Combined CalHFA Perm Loan to Value	102%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	Required	

Permanent Loan

Operating Expense Reserve Deposit	$548,535	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 8/11/22 — Senior Staff Date: 9/7/22

UNIT MIX AND RENT SUMMARY — Final Commitment

Sarah's Court Apartments — **Project Number 22-013-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**
Flat	1	1	610	60	90
Flat	2	1	875	30	90
Flat	3	2	1,140	30	135
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				120	315

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%**
FA Bond/RiskShare	0	0	12	36	0	0	0
CalHFA MIP	12	0	24	0	12	0	71
Tax Credit	12	0	12	83	12	0	0
of Fresno - HOME	0	0	3	0	0	8	0
y of Fresno - CDBG	0	0	0	7	0	0	0
y of Fresno - PLHA	0	0	3	0	0	8	0
HCD - IIG	0	0	0	0	0	119	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents**		**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
			Number of Units	**Unit Rent**			
Studios	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	6	$372	$1,500	$1,128	25%
	CTCAC	**50%**	12	$665		$835	44%
	CTCAC	**60%**	35	$811		$689	54%
	CTCAC	**70%**	6	$957		$543	64%
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	3	$435	$1,800	$1,365	24%
	CTCAC	**50%**	6	$786		$1,014	44%
	CTCAC	**60%**	18	$962		$838	53%
	CTCAC	**70%**	3	$1,137		$663	63%
	HCD	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	3	$489	$2,000	$1,511	24%
	CTCAC	**50%**	6	$895		$1,105	45%
	CTCAC	**60%**	18	$1,097		$903	55%
	CTCAC	**70%**	3	$1,300		$700	65%
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
Date Prepared:	8/11/22					Senior Staff Date:	9/7/22

SOURCES & USES OF FUNDS					Final Commitment
Sarah's Court Apartments			Project Number		22-013-A/X/N

SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
CalHFA Conduit -Banner Bank T/E	18,149,352				0.0%
CalHFA Conduit -Banner Bank T/E Supplemental	438,022				0.0%
CalHFA Conduit -Banner Bank Taxable	5,667,947				0.0%
City of Fresno - HOME	3,169,034				0.0%
City of Fresno - CDBG	2,480,000				0.0%
City of Fresno - PLHA	530,966				0.0%
Deferred Reserves	520,496				0.0%
Construct/Rehab Net Oper. Inc.	293,000				0.0%
Deferred Developer Fee	3,104,419				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	1,873,906				0.0%
Perm		6,364,866	6,364,866	53,041	17.2%
MIP		2,850,000	2,850,000	23,750	7.7%
Supplemental MIP		600,000	600,000	5,000	1.6%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
City of Fresno - HOME		3,169,034	3,169,034	26,409	8.6%
City of Fresno - CDBG		2,480,000	2,480,000	20,667	6.7%
City of Fresno - PLHA		530,966	530,966	4,425	1.4%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		293,000	293,000	2,442	0.8%
Deferred Developer Fees		1,920,798	1,920,798	16,007	5.2%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		18,739,059	18,739,059	156,159	50.7%
TOTAL SOURCES OF FUNDS	**36,227,142**	**36,947,723**	**36,947,723**	**307,898**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**36,227,142**	**36,947,723**	**36,947,723**	**307,898**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**0**	**(0)**	**(0)**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**36,227,142**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value (purchase	2,400,000	-	2,400,000	20,000	6.5%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**2,400,000**	**-**	**2,400,000**	**20,000**	**6.5%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	1,504,385	-	1,504,385	12,537	4.1%
Structures (Hard Cost)	18,696,025	-	18,696,025	155,800	50.6%
General Requirements	1,104,000	-	1,104,000	9,200	3.0%
Contractor Overhead	-	-	-	-	0.0%
Contractor Profit	1,147,704	-	1,147,704	9,564	3.1%
Contractor Bond	251,000	-	251,000	2,092	0.7%
Contractor Liability Insurance	168,500	-	168,500	1,404	0.5%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**22,871,614**	**-**	**22,871,614**	**190,597**	**61.9%**

SOURCES & USES OF FUNDS					Final Commitment
Sarah's Court Apartments			Project Number	22-013-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	905,000	-	905,000	7,542	2.4%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**905,000**	**-**	**905,000**	**7,542**	**2.4%**
SURVEY & ENGINEERING FEES					
Engineering	175,000	-	175,000	1,458	0.5%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	175,000	-	175,000	1,458	0.5%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,635,922	-	1,635,922	13,633	4.4%
Soft Cost Contingency Reserve	200,000	-	200,000	1,667	0.5%
TOTAL CONTINGENCY RESERVES	1,835,922	-	1,835,922	15,299	5.0%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit -Banner Bank T/E	1,464,961	-	1,464,961	12,208	0.0396496
CalHFA Conduit -Banner Bank T/E Supple	-	-	-	-	0
CalHFA Conduit -Banner Bank Taxable	-	-	-	-	0.0%
City of Fresno - HOME	-	-	-	-	0.0%
City of Fresno - CDBG	-	-	-	-	0.0%
City of Fresno - PLHA	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit -Banner Bank T/E	181,494	-	181,494	1,512	0.5%
CalHFA Conduit -Banner Bank T/E Supple	4,380	-	4,380	37	0.0%
CalHFA Conduit -Banner Bank Taxable	56,679	-	56,679	472	0.2%
City of Fresno - HOME	-	-	-	-	0.0%
City of Fresno - CDBG	-	-	-	-	0.0%
City of Fresno - PLHA	-	-	-	-	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	15,000	-	15,000	125	0.0%
Real Estate Taxes During Rehab	120,000	-	120,000	1,000	0.3%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	50,000	-	50,000	417	0.1%
Title & Recording Fees	40,000	-	40,000	333	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	39,628	-	39,628	330	0.1%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**1,972,142**	**-**	**1,972,142**	**16,435**	**5.3%**

SOURCES & USES OF FUNDS					Final Commitment
Sarah's Court Apartments			Project Number		22-013-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	35,395	28,254	63,649	530	0.2%
MIP	14,250	14,250	28,500	238	0.1%
Supplemental MIP	4,958	1,042	6,000	50	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Fresno - HOME	-	-	-	-	0.0%
City of Fresno - CDBG	-	-	-	-	0.0%
Perm Loan Funding Fee	-	110,000	110,000	917	0.3%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	1,000	1,000	8	0.0%
Other - budget contingency prior to perm conversio	-	-	-	-	0.0%
Other (Cost of Issuance, Credit Enhancement, Oth	15,412	0	15,412	128	0.0%
TOTAL PERMANENT LOAN COSTS	**70,015**	**154,546**	**224,561**	**1,871**	**0.6%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	17,500	17,500	35,000	292	0.1%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	-	-	-	-	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	25,000	-	25,000	208	0.1%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	**42,500**	**17,500**	**60,000**	**500**	**0.2%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	0	548,535	548,535	4,571	1.5%
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	**0**	**548,535**	**548,535**	**4,571**	**1.5%**
REPORTS & STUDIES					
Appraisal Fee	15,000	-	15,000	125	0.0%
Market Study Fee	6,500	-	6,500	54	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	15,000	-	15,000	125	0.0%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**36,500**	**-**	**36,500**	**304**	**0.1%**

SOURCES & USES OF FUNDS					Final Commitment
Sarah's Court Apartments			Project Number		22-013-A/X/N
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	57,622	-	57,622	480	0.2%
CDLAC Fees	6,506	-	6,506	54	0.0%
Local Permits & Fees	413,780	-	413,780	3,448	1.1%
Local Impact Fees	1,275,541	-	1,275,541	10,630	3.5%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	60,000	-	60,000	500	0.2%
Accounting & Audits	25,000	-	25,000	208	0.1%
Advertising & Marketing Expenses	60,000	-	60,000	500	0.2%
Financial Consulting	120,000	-	120,000	1,000	0.3%
Interior Design	75,000	-	75,000	625	0.2%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**2,093,449**	**-**	**2,093,449**	**17,445**	**5.7%**
SUBTOTAL PROJECT COSTS	**32,402,142**	**36,947,723**	**33,122,723**	**276,023**	**89.6%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	3,825,000	-	3,825,000	31,875	10.4%
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	**3,825,000**	**-**	**3,825,000**	**31,875**	**10.4%**
TOTAL PROJECT COSTS	**36,227,142**	**36,947,723**	**36,947,723**	**307,898**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Sarah's Court Apartments	**Project Number**		**22-013-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,218,840	$ 10,157	104.64%
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/Vending Income	7,201	60	0.62%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,226,041**	**$ 10,217**	**105.26%**
Less: Vacancy Loss	**$ 61,302**	**$ 511**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,164,739**	**$ 10,728**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 116,560	$ 971	$ 0
Management Fee	70,461	587	6.05%
Social Programs & Services	21,200	177	1.82%
Utilities	145,000	1,208	12.45%
Operating & Maintenance	169,400	1,412	14.54%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	-	-	0.00%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	600	5	0.05%
Other Taxes & Insurance	75,000	625	6.44%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 598,221**	**$ 4,985**	**51.36%**
Replacement Reserve	$ 43,500	$ 363	3.73%
TOTAL OPERATING EXPENSES	**$ 641,721**	**$ 5,348**	**55.10%**
NET OPERATING INCOME (NOI)	**$ 523,018**	**$ 4,358**	**44.90%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 455,349	$ 3,795	39.09%
Supplemental MIP	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
City of Fresno - HOME	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 455,349**	**$ 3,795**	**39.09%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 67,669**	**$ 564**	**5.81%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.15**	**to 1**	
Date: 8/11/22		Senior Staff Date:	09/07/22

PROJECTED PERMANENT LOAN CASH FLOWS — **Sarah's Court Apartments**

Final Commitment — Project Number 22-013-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%	1,218,840	1,249,311	1,280,544	1,312,557	1,345,371	1,379,006	1,413,481	1,448,818	1,485,038	1,522,164	1,560,218	1,599,224	1,639,204
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/Vending Income	2.50%	7,201	7,381	7,566	7,755	7,949	8,147	8,351	8,560	8,774	8,993	9,218	9,448	9,684
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,226,041**	**1,256,692**	**1,288,109**	**1,320,312**	**1,353,320**	**1,387,153**	**1,421,832**	**1,457,377**	**1,493,812**	**1,531,157**	**1,569,436**	**1,608,672**	**1,648,889**
VACANCY ASSUMPTIONS	**Vacancy**													
Restricted Unit Rents	5.00%	60,942	62,466	64,027	65,628	67,269	68,950	70,674	72,441	74,252	76,108	78,011	79,961	81,960
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income/Vending Income	5.00%	360	369	378	388	397	407	418	428	439	450	461	472	484
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**61,302**	**62,835**	**64,405**	**66,016**	**67,666**	**69,358**	**71,092**	**72,869**	**74,691**	**76,558**	**78,472**	**80,434**	**82,444**
EFFECTIVE GROSS INCOME (EGI)		**1,164,739**	**1,193,857**	**1,223,704**	**1,254,296**	**1,285,654**	**1,317,795**	**1,350,740**	**1,384,509**	**1,419,121**	**1,454,599**	**1,490,964**	**1,528,238**	**1,566,444**
OPERATING EXPENSES	**CPI / Fee**													
Administrative Expenses	3.50%	137,760	142,582	147,572	152,737	158,083	163,616	169,342	175,269	181,404	187,753	194,324	201,125	208,165
Management Fee	6.05%	70,461	72,222	74,028	75,879	77,776	79,720	81,713	83,756	85,850	87,996	90,196	92,451	94,762
Utilities	3.50%	145,000	150,075	155,328	160,764	166,391	172,215	178,242	184,480	190,937	197,620	204,537	211,696	219,105
Operating & Maintenance	3.50%	169,400	175,329	181,466	187,817	194,390	201,194	208,236	215,524	223,067	230,875	238,955	247,319	255,975
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	600	608	615	623	631	638	646	655	663	671	679	688	696
Other Taxes & Insurance	3.50%	75,000	77,625	80,342	83,154	86,064	89,076	92,194	95,421	98,761	102,217	105,795	109,498	113,330
Required Reserve Payments	1.00%	43,500	43,935	44,374	44,818	45,266	45,719	46,176	46,638	47,104	47,575	48,051	48,532	49,017
TOTAL OPERATING EXPENSES		**641,721**	**662,376**	**683,724**	**705,791**	**728,601**	**752,178**	**776,550**	**801,743**	**827,786**	**854,707**	**882,538**	**911,308**	**941,050**
NET OPERATING INCOME (NOI)		**523,018**	**531,482**	**539,979**	**548,505**	**557,053**	**565,617**	**574,190**	**582,766**	**591,336**	**599,892**	**608,427**	**616,931**	**625,394**
DEBT SERVICE PAYMENTS	**Lien #**													
Perm	1	455,349	455,349	455,349	455,349	455,349	455,349	455,349	455,349	455,349	455,349	455,349	455,349	455,349
Supplemental MIP	3	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Fresno - HOME	4	-	-	-	-	-	-	-	-	-	-	-	-	-
-	5	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	6	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**455,349**	**455,349**	**455,349**	**455,349**	**455,349**	**455,349**	**455,349**	**455,349**	**455,349**	**455,349**	**455,349**	**455,349**	**455,349**
CASH FLOW AFTER DEBT SERVICE		**67,669**	**76,133**	**84,630**	**93,156**	**101,704**	**110,268**	**118,841**	**127,416**	**135,986**	**144,543**	**153,078**	**161,581**	**170,045**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.19**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**	**1.30**	**1.32**	**1.34**	**1.35**	**1.37**
Date Prepared:	08/11/22									Senior Staff Date:	9/7/22			
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		**40,765**	**48,616**	**56,486**	**64,369**	**72,259**	**80,150**	**88,034**	**95,903**	**103,751**	**111,567**	**119,345**	**127,073**	**134,743**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13
Deferred developer fee repayment	1,920,798	1,920,798	1,880,033	1,831,418	1,774,932	1,710,563	1,638,304	1,558,154	1,470,121	1,374,218	1,270,467	1,158,899	1,039,555	912,482
	100%	40,765	48,616	56,486	64,369	72,259	80,150	88,034	95,903	103,751	111,567	119,345	127,073	134,743
		1,880,033	1,831,418	1,774,932	1,710,563	1,638,304	1,558,154	1,470,121	1,374,218	1,270,467	1,158,899	1,039,555	912,482	777,739

		1	2	3	4	5	6	7	8	9	10	11	12	13
Payments for Residual Receipt Payments		*50%*												
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP	*29.60%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental MIP	*6.23%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Fresno - HOME	*32.91%*	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Fresno - CDBG	*27.46%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**96.20%**	**-**	-	-	-	-	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS	*Interest Rate*													
MIP---Compounding	*3.00%*	2,850,000	2,935,500	3,023,565	3,114,272	3,207,700	3,303,931	3,403,049	3,505,141	3,610,295	3,718,604	3,830,162	3,945,067	4,063,419
Supplemental MIP---	*3.00%*	600,000	618,000	636,540	655,636	675,305	695,564	716,431	737,924	760,062	782,864	806,350	830,540	855,457
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Fresno - HOME---Compounding	*3.00%*	3,169,034	3,264,105	3,362,028	3,462,889	3,566,776	3,673,779	3,783,992	3,897,512	4,014,437	4,134,871	4,258,917	4,386,684	4,518,285
City of Fresno - CDBG---	*3.00%*	2,480,000	2,554,400	2,631,032	2,709,963	2,791,262	2,875,000	2,961,250	3,050,087	3,141,590	3,235,837	3,332,913	3,432,900	3,535,887
Total Residual Receipts Payments		**9,099,034**	9,372,005	9,653,165	9,942,760	10,241,043	10,548,274	10,864,722	11,190,664	11,526,384	11,872,176	12,228,341	12,595,191	12,973,047

PROJECTED PERMANENT LOAN CASH FL0WS

Final Commitment

	YEAR	14	15	16	17
RENTAL INCOME	**CPI**				
Restricted Unit Rents	2.50%	1,680,184	1,722,189	1,765,244	1,809,375
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/Vending Income	2.50%	9,927	10,175	10,429	10,690
Parking & Storage Income	2.50%	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,690,111**	**1,732,364**	**1,775,673**	**1,820,065**
VACANCY ASSUMPTIONS	**Vacancy**				
Restricted Unit Rents	5.00%	84,009	86,109	88,262	90,469
Unrestricted Unit Rents	7.00%	-	-	-	-
Commercial Rents	50.00%	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-
Income during renovations	20.00%	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-
Laundry Income/Vending Income	5.00%	496	509	521	534
Parking & Storage Income	50.00%	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**84,506**	**86,618**	**88,784**	**91,003**
EFFECTIVE GROSS INCOME (EGI)		**1,605,605**	**1,645,746**	**1,686,889**	**1,729,061**
OPERATING EXPENSES	**CPI / Fee**				
Administrative Expenses	3.50%	215,451	222,991	230,796	238,874
Management Fee	6.05%	97,131	99,559	102,048	104,600
Utilities	3.50%	226,774	234,711	242,926	251,428
Operating & Maintenance	3.50%	264,934	274,207	283,804	293,737
Ground Lease Payments	3.50%	-	-	-	-
CalHFA Monitoring Fee	0.00%	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-
Real Estate Taxes	1.25%	705	714	723	732
Other Taxes & Insurance	3.50%	117,297	121,402	125,651	130,049
Required Reserve Payments	1.00%	49,507	50,002	50,502	51,007
TOTAL OPERATING EXPENSES		**971,798**	**1,003,586**	**1,036,450**	**1,070,427**
NET OPERATING INCOME (NOI)		**633,807**	**642,159**	**650,439**	**658,635**
DEBT SERVICE PAYMENTS	**Lien #**				
Perm	1	455,349	455,349	455,349	455,349
Supplemental MIP	3	-	-	-	-
City of Fresno - HOME	4	-	-	-	-
-	5	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	6	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**455,349**	**455,349**	**455,349**	**455,349**
CASH FLOW AFTER DEBT SERVICE		**178,458**	**186,810**	**195,090**	**203,285**
DEBT SERVICE COVERAGE RATIO		**1.39**	**1.41**	**1.43**	**1.45**
Date Prepared:	08/11/22				

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		**142,343**	**149,862**	**157,290**	**164,613**

	YEAR	14	15	16	17
Deferred developer fee repayment	1,920,798	777,739	635,396		
	100%	142,343	149,862		
		635,396	485,534	-	-

Payments for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	78,645	82,306
MIP	*29.60%*	-	-	-	-
Supplemental MIP	*6.23%*	-	-	28,175	29,487
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
City of Fresno - HOME	*32.91%*	-	-	25,880	27,085
City of Fresno - CDBG	*27.46%*	-	-	21,599	22,605
Total Residual Receipts Payments	**96.20%**	-	-	75,654	79,177

Balances for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Interest Rate*				
MIP---Compounding	*3.00%*	4,185,321	4,310,881	4,440,207	4,573,413
Supplemental MIP---	*3.00%*	881,120	907,554	934,780	934,649
0---Compounding	*0.00%*	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-
0---Simple	*0.00%*	-	-	-	-
City of Fresno - HOME---Compounding	*3.00%*	4,653,833	4,793,448	4,937,252	5,059,489
City of Fresno - CDBG---	*3.00%*	3,641,964	3,751,223	3,863,759	3,958,073
Total Residual Receipts Payments		13,362,238	13,763,105	14,175,998	14,525,624

MIXED-INCOME LOAN PROGRAM (2022)

California Housing Finance Agency

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).

Kevin Brown, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Jennifer Beardwood, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8805
jbeardwood@calhfa.ca.gov

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.

Kevin Brown, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Jennifer Beardwood, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8805
jbeardwood@calhfa.ca.gov

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
500 Capitol Mall, Suite 1400, MS-990
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. • Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the later of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

Last revised: 03/2022