CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": August 18, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	Arden Way Apartments, Sacramento County	
Address:	880, 924, 936 Arden Way, Sacramento, 95815	
CalHFA Project Number:	19-073-A/X/N	
Requested Financing by Loan Program:	$26,466,000	**Tax Exempt Bond – Conduit Issuance Amount**
	$9,099,713	**Taxable Bond – Conduit Issuance Amount**
	$12,435,000	**Tax Exempt Permanent Loan without HUD Risk Share**
	$7,610,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Community HousingWorks	**Borrower:**	Arden Way Housing Associates, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America (BoA)
Equity Investor:	Bank of America (BoA)	**Management Company:**	ConAm Management
Contractor:	Sun Country Builders	**Architect**	Mogavero Architects
Loan Officer:	Ruth Vakili	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Torin Heenan	**Legal (External):**	Gubb & Barshay
Concept Meeting Date:	6/24/2020	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE Bank of America	PERMANENT LOAN	MIP (GAP) LOAN
	Total Loan Amount	$26,466,000 (T/E) $9,099,713 (Tax)	$12,435,000	$7,610,000
	Loan Term & Lien Position	30 months- interest only; 1st Lien Position during construction. 2 extensions of 3 months each with an extension fee of 0.125% for each extension.	35 year - partially amortizing due in year 30; 1st Lien Position at permanent conversion	30 year - Residual Receipts; 2nd Lien Position during permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	LIBOR Daily Floating Rate + 2.40% Underwritten at 4.40% variable (T/E & Tax).	30-year MMD + 2.71% Underwritten at 4.35% that includes a .25% cushion	2.75% Simple Interest

			Estimated rate based on 36-month forward commitment.	
	Loan to Value (LTV)	TBD	LTV is 82% of restricted value	N/A
	Loan to Cost	64%	30%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/12/2020	Est. Construction Loan Closing:	10/01/2020
	Estimated Construction Start:	10/01/2020	Est. Construction Completion:	04/30/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		10/1/2023	

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
Bank of America Const Loan-T/E	$26,466,000	1	4.40%	Interest Only
Bank of America Const Loan-Taxable	$9,099,713	1	4.40%	Interest Only
CDLAC Deposit Refund	$176,740	N/A	N/A	N/A
Developer Equity Contribution	$1,025,337	N/A	N/A	N/A
Tax Credit Equity	$6,018,853	N/A	N/A	N/A
TOTAL	**$42,786,643**	**$356,555**	**Per Unit**	

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION		DEBT TYPE
CalHFA Permanent Loan	$12,435,000	1	4.35%	35-year amortization, due in 30 years
CalHFA MIP Loan	$7,610,000	2	2.75%	Residual Receipt Loan
CDLAC Deposit Refund	$176,740	N/A	N/A	N/A
GP Loan (State T/C)	$3,139,951	N/A	N/A	N/A
GP Equity (State T/C)	$4,000,000	N/A	N/A	N/A
Deferred Developer Fee	$1,561,532	N/A	N/A	Payable from Cashflow
Developer Equity Contribution	$1,025,337	N/A	N/A	N/A
Tax Credit Equity	$16,551,891	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$46,500,451**	**$387,504**	**Per Unit**	

Subsidy Efficiency: CalHFA MIP $7,610,000 ($63,950 per MIP restricted units between 50% to 120% of AMI).

Tax Credit Type(s), Amount(s), Pricing(s), and per total units:

- 4% Federal Tax Credits: $16,891,374 assuming estimated pricing of $0.98 ($140,761 per units).
- 4% State Tax Credits (certificated): $8,399,942 assuming estimated pricing of $0.85 ($70,000 per units).

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

	Other State Subsidies: The Project will not be funded by other state funds. **Other Locality Subsidies:** The Project will not be funded by locality funds. **Cost Containment Strategy:** The Developer will competitively bid all trades, obtaining a minimum of 3 bids, and implement design standards that facilitate efficiency in cost and construction scheduling. Prior to construction loan closing, CalHFA will require the Developer to certify that cost containment measures have been implemented.
4.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#6 Doris Matsui	**Assembly:**	#7 Kevin McCarty	**State Senate:**	#6 Richard Pan
	Brief Project Description	**Arden Way Apartments** (the "Project") is a 120-unit family, mixed-income, new construction project, consisting of two 4-story mid-rise, elevator serviced buildings. Unit distribution includes 8 studio units (461 sq.ft.), 43 1-bedroom units (544 sq.ft.), 36 2-bedroom units (795 sq.ft.), and 33 3-bedroom units (1,036 sq.ft.). There will be one 2-bedroom unit reserved for an onsite manager. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, taxable bonds, 4% federal tax credits, 4% state tax credits, a CalHFA permanent loan, and a MIP loan. The project qualifies as Mixed Income with income-averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer applied for bonds and tax credits in January 2020 and received an award on April 14, 2020. The CDLAC closing deadline is 10/27/2020. **Ground Lease:** Not applicable. **Amenities:** The Project includes a community room, swimming pool, picnic and resident gardening areas, tot lot, central laundry facilities, and bike storage. **Local Resources and Services:** The Project is located in a High Segregation & Poverty per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – less than 0.5 miles • Schools – 1 mile • Public Library – 1 mile • Public transit – less than 0.5 mile • Retail – 1.5 mile • Park and recreation – 0.5 mile • Hospitals - 1 mile					

		Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. Commercial Space: The Project does not include commercial space.

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The developer/sponsor have extensive experience in developing similar affordable housing projects and have two existing projects in the CalHFA portfolio, which are operating as agreed.
- The Project has been awarded 4% and CA tax credits which are projected to generate equity representing 51% of total financing sources.
- The property management company, ConAm Management have extensive experience in developing similar affordable housing projects and is currently managing 17 projects in the CalHFA portfolio.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- The Loan-to-Value will be 82%, which meets the Agency's minimum requirements, providing less risk to the Agency.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,484,051 which could be available to cover cost overruns and/or unforeseen issues during construction.
- The developer is contributing an amount of $1,025,337 via GP contribution to the Project.
- The exit analysis assumes 7.25% (2% above current cap rate per appraisal report) cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan and a substantial amount of the remaining balance of the subsidy loan with an anticipated outstanding amount of $320,070.

7. Project Weaknesses with Mitigants:

The Project is in a slightly higher crime area; therefore, the Project has budgeted $21,444 annually for security patrol each night from 7:30pm-5:30am and a monthly repair cost. The security company will be uniformed and registered/licensed with BSIS. In addition, the building design includes intrusion detection elements (security camera plan, no-climb fencing/wall, gated entry/exit, controlled access to an electronic FOB system, balconies, and exterior lighting) and the project is in a business improvement district (BID) that provides daily security patrols, graffiti removal, and litter removal along Arden Way.

8. Underwriting Standards or Term Sheet Variations

- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of residual receipts between the MIP and other subordinate residual receipts lenders. The investor requires that the deferred developer fee be fully paid within 13 years after the property is 100% completed. The Developer has requested, and the Multifamily Lending Division recommends a repayment restructure as follows: 75% of net cash flow paid towards deferred developer fee until it is paid in full, which is anticipated to occur in year 13, and 25% of net cash flow is paid towards the MIP loan. After the deferred developer fee is paid in full, 50% of net cash flow is paid to the developer and 50% is paid to the MIP loan.
- The MIP loan amount is more than 50% of the permanent loan amount which is a deviation from the MIP Term Sheet and an exception to policy. Approval of this exception is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the project received a CDLAC Bond Allocation in April; the higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $9,598,833 ($79,990 /unit) to $8,399,942 ($70,000 per unit) resulting in a much more efficient use of the limited resources of State Tax Credits.

- The MIP loan per unit is $63,950 which exceeds the term sheet maximum of $50,000 for a project with affordability levels between 60% and 80% AMI. Approval of this exception is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the project is ready to submit for a CDLAC Bond Allocation in January; the higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $9,598,833 ($79,990 /unit) to $8,399,942 ($70,000 per unit) resulting in a much more efficient use of the limited resources of State Tax Credits.
- The project meets the requirement to average 70% AMI by restricting 3-bedroom units only rather than a pro-rata share of each unit type as required by the USRM. This rent structure maximizes rents, the permanent loan amount, and lowers the subsidy request. Therefore, approval of this exception is recommended by Multi-Family staff underwriting and credit staff.

9.	Project Specific Conditions of Approval

Approval is conditioned upon:

- Evidence of all environmental remediation prior to Perm Loan conversion.
- CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent underwriting assumptions.
- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.
- CalHFA requires that MIP affordability covenants be recorded in a senior lien position ahead of any foreclosable debt and any existing debt.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state 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. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Independent review of the costs by a 3rd Party consultant prior to construction loan closing

10.	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.

MISSION & AFFORDABILITY

11.	CalHFA Mission/Goals

This Project and financing proposal provide 119 units of affordable housing with a range of restricted rents between 50% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12.	CalHFA Affordability & Occupancy Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum 40% of the total units at or below 60% AMI with 10% of these units at 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (12 units) at or below 50% of AMI and 10% of total units (12 units) between 60% and 80% of AMI with a minimum average of 70% AMI. The remaining 95 units will be restricted at or below 120% of AMI. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per an appraisal completed by Cushman and Wakefield and dated 7/14/2020, the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% of AMI.

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	% of Total
50%	14	1	5	4	4	11.7%
60%	93	7	38	31	17	77.5%
70%	12	-	-	-	12	10.0%
Manager's Unit	1	-	-	1	-	0.8%
Total	**120**	**8**	**43**	**36**	**33**	**100.0%**

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category						
			50%	60%	70% *(60% to 80% Tranche)	<= 120%	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	55	**55**	12	36			1	48	40%
*CalHFA MIP Subsidy	55	**55**	12		12	95	1	119	99%
Tax Credits	55	**55**	14	93	12		1	119	99%

*Note: For MIP purposes, 10% (12 units) will be restricted at or below 50% of AMI, 10% (12 units) will be restricted between 60% to 80% of AMI, and the remaining 95 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Lower	Below Poverty line:	33.78%
Minority Census Tract:	66.88%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	$680,098 OER amount is size based on 6 months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve.
Transitional Operating Reserve (TOR):	N/A

15. Cash Flow Analysis

1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
End Year DSCR (Y30):	1.88	**Annual Replacement Reserve Per Unit:**	$350/unit

Residential Vacancy Rate*: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

16.	**Loan Security**

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

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

The exit analysis assumes 7.25% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan and a substantial amount of the remaining balance of the subsidy loan with an anticipated outstanding amount of $320,070.

APPRAISAL AND MARKET ANALYSIS

18.	**Appraisal Review**

- The Appraisal dated July 14, 2020, prepared by Cushman Wakefield, values the land at $2,850,000.
- The report acknowledges that many of the metrics discussed will be impacted by "near-term uncertainty surrounding COVID-19".
- The capitalization rate of 5.25% was used to determine the appraised value of the subject site.
- The compound annual change (2019-2024) in the general population is anticipated to be .19% within 1 mile of the project site and increases to 0.36% within a 5-mile radius.
- The proposed operating expense is consistent and reasonable based on the appraisal report.
- The as-restricted stabilized value is $15,200,000, which results in the Agency's loan(s) to value of 82%.
- The North Sacramento submarket has a vacancy rate of 2.0% for class B/C building and 2.3% overall. Overall vacancy is expected to increase to 4.5% in 2024; Reis projects that 1,364 units will be added to the market while 1,092 will be absorbed over the next five years.

Market Study:	CBRE	Dated: February 4, 2020

<u>Regional Market Overview</u>

- The Primary Market Area is area covering zip codes 95815 and 95838, also known as North Sacramento (population of 66,904 in 2019) and the Secondary Market Area ("SMA") is the Sacrament Metro Area (population of 2,358,443 in 2019)
- Unemployment in the CA combined MSA (El Dorado, Placer, Sacramento, Yolo, Sutter and Yuba counties) was 3.8% in June 2019, the most recent data point provided in the report. However, the report was prepared before COVID-19 affected market and employment conditions across the state; unemployment is likely much higher at the time of this writing.
- 2019 Median home value in the PMA is $213,643. The 2019 median home value in the SMA is $419,857. Median home values in the PMA are about 49% lower than in the SMA.

<u>Local Market Area Analysis</u>

- **Supply:**
  - There are currently 14 affordable housing properties in the PMA (10 family + 4 senior) with 96.4% overall occupancy and the majority of the properties maintain waitlists.
  - According to TCAC and the Sacramento Planning Department, there are no proposed affordable projects in the development pipeline or under construction.
- **Demand/Absorption:**
  - The project will need to capture 9.4% of the total demand for family units in the PMA.
  - The expected absorption rate to achieve stabilized occupancy is less than one year. No information was found on the per month lease-up rate to achieve stabilized occupancy.

DEVELOPMENT SUMMARY

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

- The property is located on the south east side of Beaumont Street and Arden Way, in the City of Sacramento, Sacramento County.
- The majority of the site is currently vacant with several existing structures that will be demolished. The site is level topography at street grade, measuring approximately 2.46 acres and is generally irregular in shape.
- The site consists of 3 contiguous parcels that was consolidated and recorded on June 11, 2020.
- The site is zoned Commercial – Transit Overlay Zone (C-2-TO), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance. .

20. Form of Site Control & Expiration Date

CHW Arden Way Development LLC purchased the property in July 2018 for $822,500 from the Sacramento Regional Transit District (SRTD) when SRTD made the land available to not-for-profit buyers. This initial purchase was an arms-length transaction. The land was not brought to market and no entitlements were in place at the time of purchase. CHW Arden Way Development LLC, of the site and the Project owner, Arden Way Housing Associates, LP, entered into a Purchase and Sale Agreement dated 12/01/2019 which expires on 12/31/2021 for an amount of $822,477 plus the Seller's carrying costs of $379,509, resulting in total purchase price of $1,201,986. This is below the appraised value of $2,850,000. This is a transaction between related parties and not an arms-length transaction. The parties plan to close on the property on 10/1/2020.

21. Current Ownership Entity of Record

Title is currently vested in CHW Arden Way Development LLC, a California limited liability company, as the fee owner.

22. Environmental Review Findings

- A Phase I Environmental Site Assessment performed by SCS Engineers, dated June 30, 2020 and a Limited Phase II Summary Report dated April 5, 2018 and revised on June 30, 2020 revealed the presence of residual benzene in the Site soil vapor. SCS prepared a soil management plan (SMP) and a Conceptual Approach Memorandum that were submitted to the Sacramento County Environmental Management Department (SCEMD). Through a public process, the SCEMD, State Water Resource Control Board (SWRCB) and Regional Water Quality Control Board (RWQCB) confirmed that the site qualified for multi-family redevelopment under the conditions presented in the SMP.
- SCS submitted to CalHFA a letter of reliance dated 6/30/2020 for the four environmental reports that they have prepared for the site since 2019.
- The developer submitted an estimated remediation budget of approximately $200,00 based on remediation recommendations in the reports. There are several existing structures on site that will be demolished and a Nursery building located along the eastern Site boundary was demolished in May and June 2020.

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

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

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

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

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	89,888	**Residential Units per Acre:**	44
		Community Area Sq. Ftg:	3,198	**Total Parking Spaces:**	107
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	121,804
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 project consists of two 4-story, type-V wood-framed residential building with surface parking spaces.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ **Yes** ☐ **No**			

- The subject site is new construction.
- Environmental remediation of contaminants outlined in section 22 above is included in the development budget as part of the Site Work line item.

29. Construction Budget Comments:

CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Interest General Partner: Boxwood Street Housing LLC, a California limited liability company; 0.01% interest
  - Sole Member: Community HousingWorks, a California nonprofit public benefit corporation

Interest Limited Partner: Bank of America, N.A. or its affiliates 99.99% interest
Special Limited Partner: Banc of America CDC Special Holding company, Inc; 0.00%

31. Developer/Sponsor

Community HousingWorks is a 501(3) non-profit that has been developing multifamily housing across California since 1988. In addition to this project, they currently have one other project (96 units) in predevelopment as well as 6 projects (767 units) under construction, and 33 stabilized projects (2,751 units). Review of their REO schedule indicates that all of their stabilized properties are operating with DSCRs at or above 1.19. 23 out of the 33 properties involve LIHTC financing and CalHFA is the perm lender on 2 projects. CalHFA has not had any issues with the 2 projects in the CalHFA portfolio.

Esperanza Housing and Community Development Corporation is a wholly controlled affiliate 501(c) corporation of Community HousingWorks (parent company) and serves as a limited partner and sole managing member for various real estate entities in Community HousingWorks' portfolio. This structure allows Community HousingWorks to distinguish parent operational activity from portfolio investment and ownership. Esperanza's annual financial statements are consolidated with Community HousingWorks, while its Form 990 income tax return is separately filed.

32. Management Agent

The Project will be managed by ConAm, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio. ConAm provided a letter certifying that they have reviewed the project's operating budget and can operate the property "within the proforma expectations." The Sacramento Housing and Redevelopment Authority (SHRA) in its locality contribution response stated that ConAm is managing 3 SHRA-funded properties and their work has been satisfactory and they "are not aware of any significant issues". CalHFA has not had any issues other than minor delays in compliance-related requests with the 17 projects in the CalHFA portfolio that are currently managed by ConAM.

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

- The Borrower has elected to provide a Service Coordinator to meet CTCAC requirements for a term of at least 15 years and the cost of $30,000 for these services is currently within the approved line item operating budget. Services will be conducted both on- and off-site.
- Services will include support from a 0.375 FTE Service Coordinator (15 hours/week) and 84 hours per year of adult education, health and wellness or skill building classes. Types of service include after-school programming, financial well-being classes, and a rental home stability program.

34.	Contractor	Experienced with CalHFA? ☒ Yes ☐ No

The general contractor is Sun Country Builders, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The investor requires that the general contractor provide a guaranteed maximum price (GMP) contract or stipulated sum with 100% payment and performance bonding.

35.	Architect	Experienced with CalHFA? ☒ Yes ☐ No

The architect is Mogavero Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.

36.	Local Review via Locality Contribution Letter

The locality, Sacramento Housing and Redevelopment Authority (SHRA), returned the local contribution letter stating they strongly support the project.

EXHIBITS: Detailed Financial Analysis and applicable Term Sheet.

PROJECT SUMMARY	Final Commitment
Acquisition, Rehab, Construction & Permanent Loans	**Project Number 19-073-A/X/N**

Project Full Name	Arden Way Apartments	**Borrower Name:**	Arden Way Housing Associates, L.P.
Project Address	880, 924, 936 Arden Way	**Managing GP:**	Boxwood Street Housing LLC
Project City	Sacramento	**Developer Name:**	Community HousingWorks
Project County	Sacramento	**Investor Name:**	Bank of America
Project Zip Code	95815	**Prop Management:**	ConAm
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.74
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	89,888
Total Residential Units:	120	**Residential Units Per Acre:**	43.80
Total Number of Buildings:	2		
Number of Stories:	4	**Covered Parking Spaces:**	107
Unit Style:	Flat	**Total Parking Spaces:**	107
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Bank of America Const. Loan-T/E	26,466,000	1.000%	30	--	4.400%
Bank of America Const. Loan-Taxable	9,099,713	1.000%	30	--	4.400%
--	--	--	--	--	--
Deposit Refund	176,740	--	--	--	--
Developer Equity Contribution	1,025,337	--	--	--	--
Investor Equity Contribution	6,018,853	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	12,435,000	1.000%	30	35	4.350%
MIP	7,610,000	1.000%	30	--	2.750%
--	--	--	--	--	--
--	--	--	--		--
Deposit Refund	176,740	--	--	--	--
GP Loan (State T/C)	3,139,951	--	--	--	--
GP Equity (State T/C)	4,000,000	--	--	--	--
Deferred Developer Fees	1,561,532	NA	NA	NA	NA
Developer Equity Contribution	1,025,337	NA	NA	NA	NA
Investor Equity Contributions	16,551,891	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	5/21/20	**Capitalization Rate:**	5.25%
Investment Value ($)	39,935,484	**Restricted Value ($)**	15,200,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	27%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	82%
		Combined CalHFA Perm Loan to Value	132%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	0	
Completion Guarantee Letter of Credit	0.00%	

Permanent Loan

Operating Expense Reserve Deposit	$680,098	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$350	Cash

Date Prepared: 7/27/20 Senior Staff Date: 8/18/20

UNIT MIX AND RENT SUMMARY — **Final Commitment**

Arden Way Apartments — **Project Number 19-073-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**
-	-	1	461	8	12
-	1	1	544	43	64.5
-	2	2	795	36	108
-	3	2	1,036	33	148.5
-	-	-	-	-	0
-	-	-	-	-	0
				120	333

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**70%**	**80%**	**120%**
CalHFA Bond/RiskShare			12	36	0	0	0
CalHFA MIP			12	0	12	0	95
Tax Credit			14	93	12	0	0
-							
Density Bonus							
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents: Number of Units**	**Average Restricted Rents: Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**50%**	1	$708	$1,100	$392	64%
	CTCAC	**60%**	7	$859		$241	78%
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
1 Bedroom	**CTCAC**	**50%**	5	$756	$1,250	$494	60%
	CTCAC	**60%**	38	$918		$332	73%
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
2 Bedrooms	**CTCAC**	**50%**	4	$910	$1,500	$590	61%
	CTCAC	**60%**	31	$1,104		$396	74%
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**50%**	4	$1,052	$1,800	$748	58%
	CTCAC	**60%**	17	$1,277		$523	71%
	CTCAC	**70%**	12	$1,501		$299	83%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
4 Bedrooms	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
5 Bedrooms	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
Date Prepared:	7/27/20					Senior Staff Date:	8/18/20

SOURCES & USES OF FUNDS					Final Commitment
Arden Way Apartments			Project Number	19-073-A/X/N	
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
Bank of America Const. Loan-T/E	26,466,000				0.0%
Bank of America Const. Loan-Taxable	9,099,713				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deposit Refund	176,740				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	1,025,337				0.0%
Investor Equity Contribution	6,018,853				0.0%
Perm		12,435,000	12,435,000	103,625	26.7%
MIP		7,610,000	7,610,000	63,417	16.4%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Deposit Refund		176,740	176,740	1,473	0.4%
GP Loan (State T/C)		3,139,951	3,139,951	26,166	6.8%
GP Equity (State T/C)		4,000,000	4,000,000	33,333	8.6%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		1,561,532	1,561,532	13,013	3.4%
Developer Equity Contribution		1,025,337	1,025,337	8,544	2.2%
Investor Equity Contributions		16,551,891	16,551,891	137,932	35.6%
TOTAL SOURCES OF FUNDS	**42,786,643**	**46,500,451**	**46,500,451**	**387,504**	**43.1%**
TOTAL USES OF FUNDS (BELOW)	**42,786,643**	**46,500,451**	**46,500,451**	**387,504**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**0**	**-**	**0**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**42,786,643**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	822,477	-	822,477	6,854	1.8%
Demolition Costs	413,917	-	413,917	3,449	0.9%
Legal & Other Closing Costs	2,700	-	2,700	23	0.0%
Escrow & other closing costs	5,000	-	5,000	42	0.0%
Verifiable Carrying Costs	328,765	-	328,765	2,740	0.7%
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	**1,572,859**	**-**	**1,572,859**	**13,107**	**3.4%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	2,514,468	-	2,514,468	20,954	5.4%
Structures (Hard Cost)	21,805,046	-	21,805,046	181,709	46.9%
General Requirements	1,223,613	-	1,223,613	10,197	2.6%
Contractor Overhead	1,513,364	-	1,513,364	12,611	3.3%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	630,110	-	630,110	5,251	1.4%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**27,686,601**	**-**	**27,686,601**	**230,722**	**59.5%**

SOURCES & USES OF FUNDS					Final Commitment
Arden Way Apartments			Project Number	19-073-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,301,946	-	1,301,946	10,850	2.8%
Supervision	154,044	-	154,044	1,284	0.3%
TOTAL ARCHITECTURAL FEES	**1,455,990**	**-**	**1,455,990**	**12,133**	**3.1%**
SURVEY & ENGINEERING FEES					
Engineering	418,140	-	418,140	3,485	0.9%
Supervision	48,290	-	48,290	402	0.1%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	**466,430**	**-**	**466,430**	**3,887**	**1.0%**
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,768,660	-	2,768,660	23,072	6.0%
Soft Cost Contingency Reserve	405,877	-	405,877	3,382	0.9%
TOTAL CONTINGENCY RESERVES	**3,174,537**	**-**	**3,174,537**	**26,454**	**6.8%**
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Bank of America Const. Loan-T/E	1,746,756	-	1,746,756	14,556	3.8%
Bank of America Const. Loan-Taxable	601,496	-	601,496	5,012	1.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Bank of America Const. Loan-T/E	264,660	-	264,660	2,206	0.6%
Bank of America Const. Loan-Taxable	90,997	-	90,997	758	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	45,000	-	45,000	375	0.1%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	15,000	-	15,000	125	0.0%
Real Estate Taxes During Rehab	42,000	-	42,000	350	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	440,847	-	440,847	3,674	0.9%
Title & Recording Fees	50,000	-	50,000	417	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	228,319	-	228,319	1,903	0.5%
Bond Issuer Fee	55,566	-	55,566	463	0.1%
Other (Bond Counsel)	62,000	-	62,000	517	0.1%
TOTAL CONST/REHAB PERIOD COSTS	**3,642,641**	**-**	**3,642,641**	**30,355**	**7.8%**

SOURCES & USES OF FUNDS					Final Commitment
Arden Way Apartments			Project Number	19-073-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	62,175	62,175	124,350	1,036	0.3%
MIP	38,050	38,050	76,100	634	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	917	0.2%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	10,000	10,000	83	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	80,249	80,249	669	0.2%
CalHFA Fees	-	10,085	10,085	84	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**155,225**	**255,559**	**410,784**	**3,423**	**0.9%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	50,000	-	50,000	417	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	292	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	130,000	-	130,000	1,083	0.3%
Organizational Legal Fees	14,800	-	14,800	123	0.0%
Syndication Legal Fees	90,000	-	90,000	750	0.2%
Borrower Legal Fee	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL LEGAL FEES	**284,800**	**35,000**	**319,800**	**2,665**	**0.7%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	680,098	680,098	5,667	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	-	42,000	42,000	350	0.1%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**722,098**	**722,098**	**6,017**	**1.6%**
REPORTS & STUDIES					
Appraisal Fee	13,100	-	13,100	109	0.0%
Market Study Fee	15,800	-	15,800	132	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	172,360	-	172,360	1,436	0.4%
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	**201,260**	**-**	**201,260**	**1,677**	**0.4%**

SOURCES & USES OF FUNDS					Final Commitment
Arden Way Apartments			**Project Number**	**19-073-A/X/N**	
USES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT USES OF FUNDS**		
	$	**$**	**USES ($)**	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	150,487	-	150,487	1,254	0.3%
CDLAC Fees	15,448	-	15,448	129	0.0%
Local Permits & Fees	275,000	-	275,000	2,292	0.6%
Local Impact Fees	751,496	-	751,496	6,262	1.6%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	100,000	-	100,000	833	0.2%
Accounting & Audits	55,600	-	55,600	463	0.1%
Advertising & Marketing Expenses	75,000	-	75,000	625	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (specify)	-	-	-	-	0.0%
Other (CDLAC Deposit)	100,000	-	100,000	833	0.2%
TOTAL OTHER COSTS	**1,523,031**	**-**	**1,523,031**	**12,692**	**3.3%**
SUBTOTAL PROJECT COSTS	**40,163,374**	**43,799,300**	**41,176,031**	**343,134**	**88.5%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	2,369,769	2,701,151	5,070,920	42,258	10.9%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	82,500	-	82,500	688	0.2%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	156,000	-	156,000	1,300	0.3%
Other Adminstration Fees (Trustee Fee)	15,000	-	15,000	125	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**2,623,269**	**2,701,151**	**5,324,420**	**44,370**	**11.5%**
TOTAL PROJECT COSTS	**42,786,643**	**46,500,451**	**46,500,451**	**387,504**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Arden Way Apartments	**Project Number**		**19-073-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,526,136	$ 12,718	104.47%
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	11,520	96	0.79%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,537,656**	**$ 12,814**	**105.26%**
Less: Vacancy Loss	**$ 76,883**	**$ 641**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,460,773**	**$ 13,454**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 120,776	$ 1,006	$ 0
Management Fee	60,024	500	4.11%
Social Programs & Services	30,000	250	2.05%
Utilities	120,740	1,006	8.27%
Operating & Maintenance	168,402	1,403	11.53%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	63	0.51%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	10,000	83	0.68%
Other Taxes & Insurance	108,357	903	7.42%
SUBTOTAL OPERATING EXPENSES	**$ 625,799**	**$ 5,215**	**42.84%**
Operating Reserves	$ 42,000	$ 350	2.88%
TOTAL OPERATING EXPENSES	**$ 667,799**	**$ 5,565**	**45.72%**
NET OPERATING INCOME (NOI)	**$ 792,974**	**$ 6,608**	**54.28%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 692,396	$ 5,770	47.40%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 692,396**	**$ 5,770**	**47.40%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 100,578**	**$ 838**	**6.89%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 7/27/20		Senior Staff Date:	08/18/20

PROJECTED PERMANENT LOAN CASH FLOWS — **Arden Way Apartments** Arden Way Apartments

Final Commitment — Project Number 19-073-A/X/N Project Number 19-073-A/X/N

YEAR		1	2	3	4	5	6	7	8	9	10	11	12
RENTAL INCOME	**CPI**												
Restricted Unit Rents	2.50%	1,526,136	1,564,289	1,603,397	1,643,482	1,684,569	1,726,683	1,769,850	1,814,096	1,859,449	1,905,935	1,953,583	2,002,423
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	11,520	11,808	12,104	12,406	12,716	13,034	13,360	13,694	14,036	14,387	14,747	15,116
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,537,656**	**1,576,098**	**1,615,500**	**1,655,888**	**1,697,285**	**1,739,717**	**1,783,210**	**1,827,790**	**1,873,485**	**1,920,322**	**1,968,330**	**2,017,538**
VACANCY ASSUMPTIONS	**Vacancy**												
Restricted Unit Rents	5.00%	76,307	78,214	80,170	82,174	84,228	86,334	88,492	90,705	92,972	95,297	97,679	100,121
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	576	590	605	620	636	652	668	685	702	719	737	756
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**76,883**	**78,805**	**80,775**	**82,794**	**84,864**	**86,986**	**89,160**	**91,390**	**93,674**	**96,016**	**98,417**	**100,877**
EFFECTIVE GROSS INCOME (EGI)		**1,460,773**	**1,497,293**	**1,534,725**	**1,573,093**	**1,612,421**	**1,652,731**	**1,694,049**	**1,736,401**	**1,779,811**	**1,824,306**	**1,869,914**	**1,916,661**
OPERATING EXPENSES	**CPI / Fee**												
Administrative Expenses	3.50%	150,776	156,053	161,515	167,168	173,019	179,075	185,342	191,829	198,543	205,492	212,684	220,128
Management Fee	4.11%	60,024	61,525	63,063	64,639	66,255	67,912	69,609	71,350	73,133	74,962	76,836	78,757
Utilities	3.50%	120,740	124,966	129,340	133,867	138,552	143,401	148,420	153,615	158,992	164,556	170,316	176,277
Operating & Maintenance	3.50%	168,402	174,296	180,396	186,710	193,245	200,009	207,009	214,254	221,753	229,515	237,548	245,862
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	10,000	10,125	10,252	10,380	10,509	10,641	10,774	10,909	11,045	11,183	11,323	11,464
Other Taxes & Insurance	3.50%	108,357	112,149	116,075	120,137	124,342	128,694	133,198	137,860	142,685	147,679	152,848	158,198
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	42,000	42,420	42,844	43,273	43,705	44,142	44,584	45,030	45,480	45,935	46,394	46,858
TOTAL OPERATING EXPENSES		**667,799**	**689,034**	**710,984**	**733,674**	**757,128**	**781,374**	**806,437**	**832,347**	**859,132**	**886,822**	**915,449**	**945,044**
NET OPERATING INCOME (NOI)		**792,974**	**808,259**	**823,741**	**839,419**	**855,292**	**871,358**	**887,612**	**904,054**	**920,679**	**937,484**	**954,465**	**971,618**
DEBT SERVICE PAYMENTS	**Lien #**												
Perm	1	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**
CASH FLOW AFTER DEBT SERVICE		**100,578**	**115,863**	**131,345**	**147,023**	**162,896**	**178,962**	**195,216**	**211,658**	**228,283**	**245,088**	**262,069**	**279,222**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.19**	**1.21**	**1.24**	**1.26**	**1.28**	**1.31**	**1.33**	**1.35**	**1.38**	**1.40**
Date Prepared:	07/27/20								Senior Staff Date:		8/18/20		
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
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
LESS: Partnership Management Fee	3%	-	-	-	-	-	-	-	-	-	-	-	-
net CF available for distribution		**93,078**	**108,138**	**123,388**	**138,828**	**154,455**	**170,267**	**186,261**	**202,434**	**218,782**	**235,302**	**251,990**	**268,840**
		75%											
CF Split to Developer		69,809	81,103	92,541	104,121	115,841	127,700	139,696	151,825	164,087	176,477	188,992	201,630
Deferred developer fee repayment	1,561,532	1,561,532	1,491,723	1,410,620	1,318,079	1,213,958	1,098,117	970,416	830,721	678,895	514,809	338,332	149,340
		69,809	81,103	92,541	104,121	115,841	127,700	139,696	151,825	164,087	176,477	188,992	149,340
	50%	1,491,723	1,410,620	1,318,079	1,213,958	1,098,117	970,416	830,721	678,895	514,809	338,332	149,340	-
Payments for Residual Receipt Payments		25%											
RESIDUAL RECEIPTS LOANS	*Payment %*	23,270	27,034	30,847	34,707	38,614	42,567	46,565	50,608	54,696	58,826	62,997	67,210
MIP	*100.00%*	23,270	27,034	30,847	34,707	38,614	42,567	46,565	50,608	54,696	58,826	62,997	67,210
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**23,270**	27,034	30,847	34,707	38,614	42,567	46,565	50,608	54,696	58,826	62,997	67,210
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*2.75%*	7,610,000	7,796,005	7,978,246	8,156,674	8,331,242	8,501,903	8,668,611	8,831,321	8,989,988	9,144,567	9,295,017	9,441,294
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**7,610,000**	7,796,005	7,978,246	8,156,674	8,331,242	8,501,903	8,668,611	8,831,321	8,989,988	9,144,567	9,295,017	9,441,294

YEAR	13	14	15	16	17	18	19	20	21	22	23
RENTAL INCOME											
Restricted Unit Rents	2,052,483	2,103,795	2,156,390	2,210,300	2,265,557	2,322,196	2,380,251	2,439,758	2,500,752	2,563,270	2,627,352
Unrestricted Unit Rents	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	15,494	15,881	16,278	16,685	17,102	17,529	17,968	18,417	18,877	19,349	19,833
Parking & Storage Income	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)	**2,067,977**	**2,119,676**	**2,172,668**	**2,226,985**	**2,282,659**	**2,339,726**	**2,398,219**	**2,458,175**	**2,519,629**	**2,582,620**	**2,647,185**
VACANCY ASSUMPTIONS											
Restricted Unit Rents	102,624	105,190	107,820	110,515	113,278	116,110	119,013	121,988	125,038	128,164	131,368
Unrestricted Unit Rents	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	775	794	814	834	855	876	898	921	944	967	992
Parking & Storage Income	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS	**103,399**	**105,984**	**108,633**	**111,349**	**114,133**	**116,986**	**119,911**	**122,909**	**125,981**	**129,131**	**132,359**
EFFECTIVE GROSS INCOME (EGI)	**1,964,578**	**2,013,692**	**2,064,035**	**2,115,636**	**2,168,526**	**2,222,740**	**2,278,308**	**2,335,266**	**2,393,647**	**2,453,489**	**2,514,826**
OPERATING EXPENSES											
Administrative Expenses	227,833	235,807	244,060	252,602	261,443	270,594	280,065	289,867	300,012	310,513	321,381
Management Fee	80,725	82,744	84,812	86,933	89,106	91,333	93,617	95,957	98,356	100,815	103,335
Utilities	182,446	188,832	195,441	202,282	209,361	216,689	224,273	232,123	240,247	248,656	257,359
Operating & Maintenance	254,467	263,373	272,591	282,132	292,007	302,227	312,805	323,753	335,084	346,812	358,951
Ground Lease Payments	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	-	-	-	-	-	-	-	-	-	-	-
Other Agency Monitoring Fee	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	11,608	11,753	11,900	12,048	12,199	12,351	12,506	12,662	12,820	12,981	13,143
Other Taxes & Insurance	163,735	169,466	175,397	181,536	187,890	194,466	201,272	208,316	215,608	223,154	230,964
Assisted Living/Board & Care	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	47,327	47,800	48,278	48,761	49,248	49,741	50,238	50,741	51,248	51,760	52,278
TOTAL OPERATING EXPENSES	**975,641**	**1,007,274**	**1,039,979**	**1,073,793**	**1,108,754**	**1,144,901**	**1,182,276**	**1,220,919**	**1,260,876**	**1,302,191**	**1,344,911**
NET OPERATING INCOME (NOI)	**988,937**	**1,006,418**	**1,024,055**	**1,041,842**	**1,059,772**	**1,077,838**	**1,096,032**	**1,114,346**	**1,132,771**	**1,151,298**	**1,169,915**
DEBT SERVICE PAYMENTS											
Perm	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**
CASH FLOW AFTER DEBT SERVICE	**296,541**	**314,022**	**331,659**	**349,446**	**367,376**	**385,442**	**403,636**	**421,950**	**440,375**	**458,902**	**477,519**
DEBT SERVICE COVERAGE RATIO	**1.43**	**1.45**	**1.48**	**1.50**	**1.53**	**1.56**	**1.58**	**1.61**	**1.64**	**1.66**	**1.69**
						Senior Staff Date:		8/18/20			
	13	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**
LESS: Asset Management Fee	10,693	11,014	11,344	11,685	12,035	12,396	12,768	13,151	13,546	13,952	14,371
LESS: Partnership Management Fee	-	-	-	-	-	-	-	-	-	-	-
net CF available for distribution	**285,848**	**303,008**	**320,315**	**337,761**	**355,341**	**373,046**	**390,868**	**408,799**	**426,830**	**444,949**	**463,148**
	50%										
CF Split to Developer	142,924	151,504	160,157	168,881	177,670	186,523	195,434	204,400	213,415	222,475	231,574
Deferred developer fee repayment	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments	*50%*										
RESIDUAL RECEIPTS LOANS	142,924	151,504	160,157	168,881	177,670	186,523	195,434	204,400	213,415	222,475	231,574
MIP	142,924	151,504	160,157	168,881	177,670	186,523	195,434	204,400	213,415	222,475	231,574
0	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	142,924	151,504	160,157	168,881	177,670	186,523	195,434	204,400	213,415	222,475	231,574
Balances for Residual Receipt Payments											
MIP---Simple	9,583,359	9,649,710	9,707,481	9,756,599	9,796,993	9,828,598	9,851,350	9,865,191	9,870,066	9,865,927	9,852,727
0---Compounding	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	-	-	-	-	-	-	-	-	-	-	-
0---Simple	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	-	-	-	-	-	-	-	-	-	-	-
0---	-	-	-	-	-	-	-	-	-	-	-
0---	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	9,583,359	9,649,710	9,707,481	9,756,599	9,796,993	9,828,598	9,851,350	9,865,191	9,870,066	9,865,927	9,852,727

PROJECTED PERMANENT LOAN CASH FLOWS							Arden Way Apartments	
Final Commitment						Project Number	19-073-A/X/N	
	YEAR	24	25	26	27	28	29	30
RENTAL INCOME	CPI							
Restricted Unit Rents	2.50%	2,693,036	2,760,362	2,829,371	2,900,105	2,972,608	3,046,923	3,123,096
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	2.50%	20,329	20,837	21,358	21,892	22,439	23,000	23,575
Parking & Storage Income	2.50%	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,713,365**	**2,781,199**	**2,850,729**	**2,921,997**	**2,995,047**	**3,069,923**	**3,146,671**
VACANCY ASSUMPTIONS	Vacancy							
Restricted Unit Rents	5.00%	134,652	138,018	141,469	145,005	148,630	152,346	156,155
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	5.00%	1,016	1,042	1,068	1,095	1,122	1,150	1,179
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**135,668**	**139,060**	**142,536**	**146,100**	**149,752**	**153,496**	**157,334**
EFFECTIVE GROSS INCOME (EGI)		**2,577,696**	**2,642,139**	**2,708,192**	**2,775,897**	**2,845,295**	**2,916,427**	**2,989,338**
OPERATING EXPENSES	CPI / Fee							
Administrative Expenses	3.50%	332,629	344,271	356,321	368,792	381,700	395,059	408,886
Management Fee	4.11%	105,919	108,567	111,281	114,063	116,915	119,837	122,833
Utilities	3.50%	266,366	275,689	285,338	295,325	305,661	316,360	327,432
Operating & Maintenance	3.50%	371,514	384,517	397,975	411,904	426,321	441,242	456,686
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	13,307	13,474	13,642	13,812	13,985	14,160	14,337
Other Taxes & Insurance	3.50%	239,048	247,415	256,074	265,037	274,313	283,914	293,851
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	52,801	53,329	53,862	54,401	54,945	55,494	56,049
TOTAL OPERATING EXPENSES		**1,389,084**	**1,434,761**	**1,481,993**	**1,530,834**	**1,581,339**	**1,633,566**	**1,687,574**
NET OPERATING INCOME (NOI)		**1,188,612**	**1,207,378**	**1,226,199**	**1,245,063**	**1,263,955**	**1,282,861**	**1,301,763**
DEBT SERVICE PAYMENTS	Lien #							
Perm	1	692,396	692,396	692,396	692,396	692,396	692,396	692,396
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**
CASH FLOW AFTER DEBT SERVICE		**496,216**	**514,982**	**533,803**	**552,667**	**571,559**	**590,465**	**609,367**
DEBT SERVICE COVERAGE RATIO		**1.72**	**1.74**	**1.77**	**1.80**	**1.83**	**1.85**	**1.88**
Date Prepared:	07/27/20					Senior Staff Date:	8/18/20	

		24	25	26	27	28	29	30
LESS: Asset Management Fee	3%	14,802	15,246	15,703	16,174	16,660	17,159	17,674
LESS: Partnership Management Fee	3%	-	-	-	-	-	-	-
net CF available for distribution		**481,414**	**499,736**	**518,100**	**536,493**	**554,899**	**573,305**	**591,693**
CF Split to Developer		240,707	249,868	259,050	268,246	277,450	286,653	295,846
Deferred developer fee repayment	1,561,532	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	50%	-	-	-	-	-	-	-
Payments for Residual Receipt Payments								
RESIDUAL RECEIPTS LOANS	*Payment %*	240,707	249,868	259,050	268,246	277,450	286,653	295,846
MIP	*100.00%*	240,707	249,868	259,050	268,246	277,450	286,653	295,846
0	*0.00%*	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	240,707	249,868	259,050	268,246	277,450	286,653	295,846
Balances for Residual Receipt Payments								
RESIDUAL RECEIPTS LOANS	*Interest Rate*							
MIP---Simple	*2.75%*	9,830,428	9,798,996	9,758,403	9,708,628	9,649,657	9,581,482	9,504,104
0---Compounding	*0.00%*	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-
Total Residual Receipts Payments		9,830,428	9,798,996	9,758,403	9,708,628	9,649,657	9,581,482	9,504,104

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 debt service coverage ratio (include any financing with amortizing debt). • 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 Loan Fee. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Administrative Fee:: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 - $1,000 per month (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000 due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee See Conduit Issuer Program Term Sheet for information on conduit issuance fees.

Steve Lierly, Loan Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8813
slierly@calhfa.ca.gov

Ruth Vakili, Loan Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8816
rvakili@calhfa.ca.gov

TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17 Year Balloon: 15 Year "AAA" MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • 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 35 Year Amortization[1] • Term: Fully Amortizing, and 17 or 30 Year Balloons available[2] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. The Agency may offer up to a 40 year amortization at its discretion. 2. 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.
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.

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 ("10% @ 50% AMI"). CalHFA's regulated units must represent a pro-rata 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: • 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). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • 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.
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: 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. • 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 rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

MIXED-INCOME LOAN PROGRAM

California Housing Finance Agency

The CalHFA 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 or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very 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/forms/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, non-profit, 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 or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications 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 each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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

Ruth Vakili, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8816
rvakili@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 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.
2. **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. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) 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 that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, 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 necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	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 closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted 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"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary; • 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 the project; • A cashflow after debt service that is 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 3 years of project operation; • Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM"); • Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation. • Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA); • 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.
CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **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 ten (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 (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of 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 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 to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC 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	FEDERAL 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, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 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: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. 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. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	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), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated 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)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). 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. If CalHFA is selected as the permanent lender, please 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: 11/2019

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

CalHFA
California Housing Finance Agency

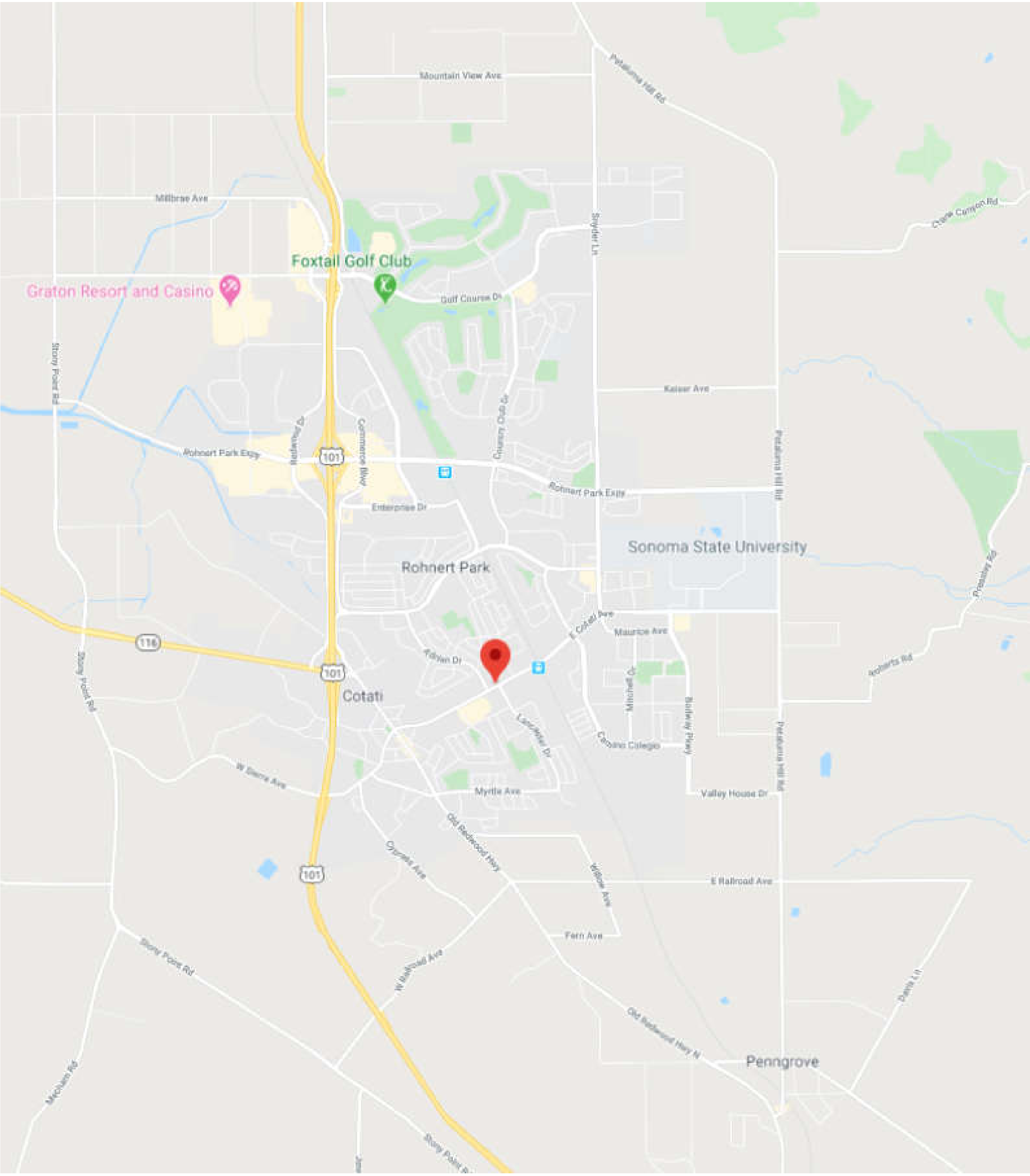
The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The 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.

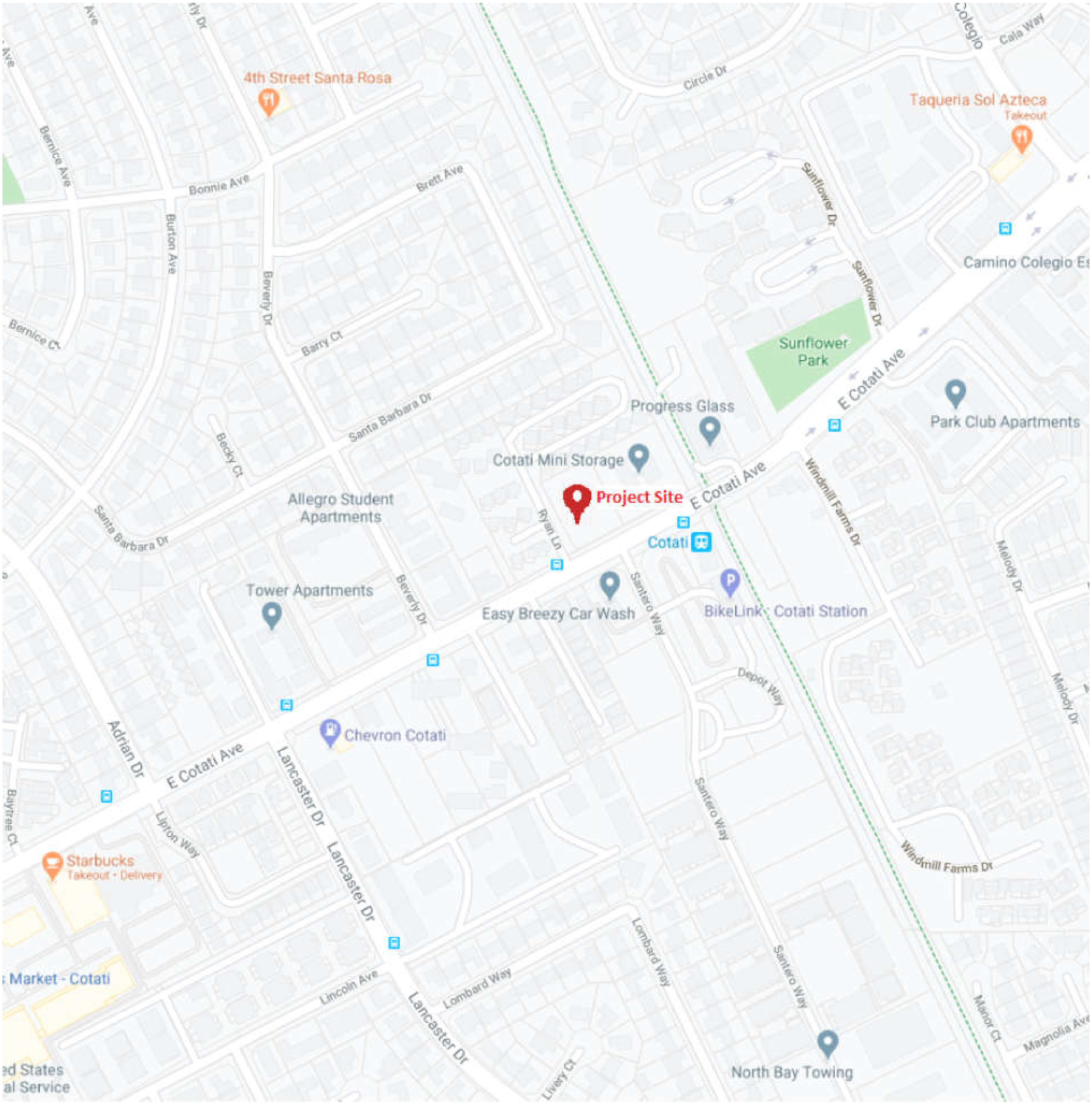
Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	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) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • 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 is 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 Specialist
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 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. • 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 latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019


Mountain View Ave
Petaluma Hill Rd
Millbrae Ave
Foxtail Golf Club
Graton Resort and Casino
Golf Course Dr
Snyder Ln
Crane Canyon Rd
Stony Point Rd
Kaiser Ave
Rohnert Park Expy
Commerce Blvd
Country Club Dr
101
Enterprise Dr
Sonoma State University
Rohnert Park
116
E Cotati Ave
Maurice Ave
Cotati
Roberts Rd
Lancaster Dr
Camino Colegio
Bodway Pkwy
W Sierra Ave
Myrtle Ave
Valley House Dr
Old Redwood Hwy
Cypress Ave
Willow Ave
E Railroad Ave
Fern Ave
W Railroad Ave
Old Redwood Hwy N
Penngrove
Davis Ln


Project Site
E Cotati Ave
Cotati
Cotati Mini Storage
Progress Glass
Sunflower Park
Park Club Apartments
Camino Colegio
Taqueria Sol Azteca
Takeout
4th Street Santa Rosa
Circle Dr
Cala Way
Bonnie Ave
Brett Ave
Bernice Ave
Burton Ave
Beverly Dr
Barry Ct
Bernice Ct
Santa Barbara Dr
Becky Ct
Sunflower Dr
Allegro Student Apartments
Ryan Ln
Tower Apartments
Easy Breezy Car Wash
Santero Way
BikeLink - Cotati Station
Windmill Farms Dr
Melody Dr
Depot Way
Adrian Dr
Chevron Cotati
Lancaster Dr
Lipton Way
Baytree Ct
Starbucks
Takeout · Delivery
Market - Cotati
Lincoln Ave
Lombard Way
Livery Ct
North Bay Towing
Manor Ct
Magnolia Ave