

### CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 11/29/2023 for Board Meeting on: 12/14/2023

|   |   |   |
|---|---|---|
| <b>Project Name, County:</b>                | Ira D. Hall Square (fka 1178 Sonora Court), Santa Clara County    |   |
| <b>Address:</b>                             | 1178 Sonora Court, Sunnyvale, 94086                               |   |
| <b>Type of Project:</b>                     | New Construction  |   |
| <b>CalHFA Project Number:</b>               | 23-006-A/X/N  | <b>Total Units: 176 Family, Special Needs</b>   |
| <b>Requested Financing by Loan Program:</b> | Up to \$82,000,000*   | CalHFA Tax-Exempt Bond – Conduit Issuance Amount (\$74,439,164 allocated by CDLAC on 8/23/2023)   |
|   | Up to \$23,000,000*   | CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may be replaced by recycled bonds) (includes cushion per CalHFA Policy assuming current need is \$20,364,556) |
|   | \$25,533,000  | CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing  |
|   | \$1,739,000   | CalHFA MIP Subsidy Loan   |
|   | *Approval amount includes 10% cushion rounded up to nearest \$1M. |   |

#### DEVELOPMENT/PROJECT TEAM

|                              |                            |                                  |  |
|------------------------------|----------------------------|----------------------------------|--|
| <b>Developer:</b>            | MidPen Housing Corporation | <b>Borrower:</b>                 | MP Sonora Court Associates, L.P.       |
| <b>Permanent Lender:</b>     | CalHFA                     | <b>Construction Lender:</b>      | Bank of America, N.A.                  |
| <b>Equity Investor:</b>      | Bank of America, N.A.      | <b>Management Company:</b>       | MidPen Property Management Corporation |
| <b>Contractor:</b>           | Cahill Contractors         | <b>Architect</b>                 | Studio T Square Architects             |
| <b>Loan Officer:</b>         | Kevin Brown                | <b>Loan Specialist:</b>          | N/A                                    |
| <b>Asset Manager:</b>        | TBD                        | <b>Loan Administration:</b>      | Fei Lu                                 |
| <b>Legal (Internal):</b>     | Torin Heenan               | <b>Legal (External):</b>         | Gubb & Barshay LLP                     |
| <b>Concept Meeting Date:</b> | 9/7/2023                   | <b>Approval Expiration Date:</b> | 180 days from Approval                 |

#### LOAN TERMS

| 1. |                          | CONDUIT ISSUANCE/<br>CONSTRUCTION LOAN<br>Bank of America, N.A. | CalHFA PERMANENT<br>LOAN | CalHFA MIP SUBSIDY<br>LOAN               |
|----|--------------------------|---|--------------------------|--|
|    | <b>Total Loan Amount</b> | \$74,439,164 (T/E)<br>\$20,364,556 (Tax)                        | \$25,533,000             | \$1,739,000<br>(\$9,994/restricted unit) |

|  |  |  |  |
|--|--|--|--|
| <b>Loan Term &amp; Lien Position</b>   | 36 months- interest only; 1 <sup>st</sup> Lien Position during construction                        | 35 year – partially amortizing due in year 17 ; 1 <sup>st</sup> Lien Position during permanent loan term | 17 year - Residual Receipts; 2 <sup>nd</sup> Lien Position during permanent loan term  |
| <b>Interest Rate</b><br>(subject to change and locked 30 days prior to loan closing) | Daily SOFR (5.31% as of 10/27/23) + 1.85% (daily reset)<br><br>Underwritten at 7.95% variable rate | Locked at 6.55%*<br><br>Estimated rate based on a 36-month forward commitment.                           | 3% simple interest. – A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes. |
| <b>Loan to Value (LTV)</b>   | 75% of investment value  | 55% of restricted value **   | N/A  |
| <b>Loan to Cost</b>  | 61%  | 15%  | N/A  |

\*The all-in rate of 6.55% is the final rate locked on 11.21.2023 for the loan closing and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency..

\*\*Loan to value based on appraisal dated 10/24/2023 prepared by BBG, Inc.

| Summary of Material Changes from Initial Commitment Approval |   |
|--|---|
| <input type="checkbox"/>                                     | Changes in Borrower/Sponsor entities including Co-developer(s), if any  |
| <input type="checkbox"/>                                     | Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders   |
| <input type="checkbox"/>                                     | Changes in Project Scope (for example, addition of non-residential component)   |
| <input type="checkbox"/>                                     | Changes in CalHFA loan amount (>10%) or changes in loan terms   |
| <input type="checkbox"/>                                     | Changes in construction schedule and rent-up/conversion timeline  |
| <input type="checkbox"/>                                     | Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.   |
| <input checked="" type="checkbox"/>                          | Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions <ul style="list-style-type: none"> <li>• The Effective Gross Income has increased by \$120,897 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023</li> <li>• The developer has applied an overall 3.6% increase on the base year estimates to administrative fees, management fee, utilities, payroll and payroll taxes, insurance, and maintenance costs.</li> <li>• Other operating expenses have increased by \$136,146 which is mostly attributed to the developer opting to increase the resident services budget by \$91,740 and providing transit passes for the residents at a cost of \$45,000 per year.</li> <li>• The overall changes to the operating budget results in a reduction of the Project's Net Operating Income (NOI) by \$71,525, increasing the surplus cash after debt service by \$6,274, and reducing the 1<sup>st</sup> year DSCR by 1bps, as described in the chart below.</li> </ul> |

|                           | Initial          | Final            | Difference      | % Increase/Decrease |
|---------------------------|------------------|------------------|-----------------|---------------------|
| Effective Gross Income    | 4,530,756        | 4,658,016        | 127,260         | 2.8%                |
| Vacancy                   | 226,538          | 232,901          | 6,363           | 2.8%                |
| <b>Total Income</b>       | <b>4,304,218</b> | <b>4,425,115</b> | <b>120,897</b>  | <b>2.8%</b>         |
| Admin Exp                 | 62,576           | 64,818           | 2,242           | 3.6%                |
| Mgmt Fee                  | 175,338          | 181,620          | 6,282           | 3.6%                |
| Utilities                 | 322,272          | 333,819          | 11,547          | 3.6%                |
| Payroll/PR Taxes          | 697,089          | 722,065          | 24,976          | 3.6%                |
| Insurance                 | 93,164           | 96,502           | 3,338           | 3.6%                |
| Maintenance               | 220,249          | 228,140          | 7,891           | 3.6%                |
| Other OpEx*               | 469,066          | 605,212          | 136,146         | 29.0%               |
| <b>Total OpEx</b>         | <b>2,039,754</b> | <b>2,232,176</b> | <b>192,422</b>  | <b>9.4%</b>         |
| <b>NOI</b>                | <b>2,264,464</b> | <b>2,192,939</b> | <b>(71,525)</b> | <b>-3.2%</b>        |
| <b>Debt Service</b>       |                  |                  |                 |                     |
| Debt Service              | 1,939,437        | 1,861,638        | (77,799)        | -4.0%               |
| Surplus Cash              | 325,027          | 331,301          | 6,274           | 1.9%                |
| DSCR                      | 1.17             | 1.18             | 0.01            | 0.9%                |
| <b>*Other OpEx</b>        |                  |                  |                 |                     |
| Misc Tax/License          | 857              | 857              | -               | 0.0%                |
| Supportive Services       | 335,410          | 427,150          | 91,740          | 27.4%               |
| Transit Passes            | -                | 45,000           | 45,000          | 100.0%              |
| Replacement Reserve       | 88,000           | 88,000           | -               | 0.0%                |
| CalHFA Monitoring Fee     | 7,500            | 7,500            | -               | 0.0%                |
| Other Monitoring Fees     | 9,900            | 9,900            | -               | 0.0%                |
| Taxes                     | 14,038           | 14,895           | 857             | 6.1%                |
| Trustee Fees              | 13,362           | 12,767           | (595)           | -4.5%               |
| <b>Total Other Income</b> | <b>468,210</b>   | <b>605,212</b>   | <b>137,002</b>  | <b>29.3%</b>        |

| <input checked="" type="checkbox"/> | <p>Changes in CalHFA required reserves</p> <ul style="list-style-type: none"> <li>The required operating expense reserve has increased by \$37,120 which is attributed to the project increasing its operating expenses as described below.</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>Initial</th> <th>Final</th> <th>Difference</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Total Operating Expenses/Reserves</td> <td>2,039,754</td> <td>2,232,176</td> <td>192,422</td> <td>9.4%</td> </tr> <tr> <td>Debt Service Payment</td> <td>1,939,437</td> <td>1,861,638</td> <td>(77,799)</td> <td>-4.0%</td> </tr> <tr> <td>Required Operating Reserve (3mo)</td> <td>994,798</td> <td>1,031,918</td> <td>37,120</td> <td>3.7%</td> </tr> </tbody> </table> |           | Initial    | Final | Difference | % | Total Operating Expenses/Reserves | 2,039,754 | 2,232,176 | 192,422 | 9.4% | Debt Service Payment | 1,939,437 | 1,861,638 | (77,799) | -4.0% | Required Operating Reserve (3mo) | 994,798 | 1,031,918 | 37,120 | 3.7% |
|-------------------------------------|--|-----------|------------|-------|------------|---|-----------------------------------|-----------|-----------|---------|------|----------------------|-----------|-----------|----------|-------|----------------------------------|---------|-----------|--------|------|
|                                     | Initial  | Final     | Difference | %     |            |   |                                   |           |           |         |      |                      |           |           |          |       |                                  |         |           |        |      |
| Total Operating Expenses/Reserves   | 2,039,754  | 2,232,176 | 192,422    | 9.4%  |            |   |                                   |           |           |         |      |                      |           |           |          |       |                                  |         |           |        |      |
| Debt Service Payment                | 1,939,437  | 1,861,638 | (77,799)   | -4.0% |            |   |                                   |           |           |         |      |                      |           |           |          |       |                                  |         |           |        |      |
| Required Operating Reserve (3mo)    | 994,798  | 1,031,918 | 37,120     | 3.7%  |            |   |                                   |           |           |         |      |                      |           |           |          |       |                                  |         |           |        |      |
| <input type="checkbox"/>            | Changes in Affordability Restrictions including Unit distribution for regulated units  |           |            |       |            |   |                                   |           |           |         |      |                      |           |           |          |       |                                  |         |           |        |      |

**PROJECT SUMMARY**

|           |                              |                  |                  |                  |                 |                      |                    |
|-----------|------------------------------|------------------|------------------|------------------|-----------------|----------------------|--------------------|
| <b>2.</b> | <b>Legislative Districts</b> | <b>Congress:</b> | #17<br>Ro Khanna | <b>Assembly:</b> | #26<br>Evan Low | <b>State Senate:</b> | #10<br>Aisha Wahab |
|-----------|------------------------------|------------------|------------------|------------------|-----------------|----------------------|--------------------|

|   |   |
|---|---|
| <p><b>Brief Project Description</b></p> | <p><b>Ira D. Hall Square</b> (the “Project”) is a new construction, family and special needs, mixed-income project. It consists of one, 7-story residential building (5 levels of housing on top of 2 levels of podium parking) with elevators. There will be 176 total units, 174 of which will be restricted between 30% and 70% of the Santa Clara County Area Median Income (AMI). There will be 39 Studio (376 sf), 47 one-bedroom units (553 sf), 44 two-bedroom units (781 sf), and 44 three-bedroom units (1,081 sf). In addition, one of the two-bedroom units and one of the three-bedroom units will serve as the managers’ units. 45 of the units are reserved for homeless individuals with serious mental health disorders referred from the County of Santa Clara Coordinated Entry system. The site will require the demolition of an existing industrial building that is currently vacant. The current owner of the site, the City of Sunnyvale, and the Project owner, Mid-Peninsula Baker Park, INC, entered into a Disposition and Development Agreement (“DDA”) dated 5/19/2020 and first amendment to the DDA dated 12/14/2021. The DDA requires the Borrower to enter into a ground lease with the City of Sunnyvale as described below. On October 6, 2023, the DDA was assigned to the Project owner, MP Sonora Court Associates, L.P.</p> <p><b>Financing Structure:</b> The Project’s financing structure includes financing from tax-exempt bonds, taxable and/or recycled bonds, 4% Federal Tax Credit equity, 4% State Tax Credit equity, City of Sunnyvale Housing Mitigation Funds, City of Sunnyvale Ground Lease Loan, a County of Santa Clara loan, Agency’s tax-exempt permanent loan program and the Mixed-Income Program.</p> <p><b>Tax Credits and/or CDLAC Status:</b> The developer received an allocation for 4% tax credits and bond cap from CTCAC and CDLAC on 8/23/2023. The actual bond cap requested is approximately 52% aggregate basis requirement (the “50% test”).</p> <p><b>Ground Lease:</b> The borrowing entity will enter into a ground lease agreement with City of Sunnyvale for a term of 65 years commencing at construction loan closing. Pursuant to the terms of the Ground Lease, the Partnership shall pay, in arrears, annual rent thereunder in the amount of the lesser of (i) One Million Three Hundred Fifty-Five Thousand Dollars (\$1,355,000) per year or (ii) the City's Pro Rata Share of Net Operating Income (as defined in the Ground Lease); provided, however, that the City's Pro Rata Share of Net Operating Income shall be applied first to repayment in full of the City Subordinate Loan, which will incorporate the City’s land loan, according to the terms of the City Subordinate Loan documents. All terms of the City land loan and the Ground Lease are subject to the cash flow distribution requirements of CalHFA which are 50% of surplus cash to the borrower and 50% surplus cash split pro-rata between residual receipts lenders during years 1 through 15 which changes to 33% to the borrower and 67% to the residual receipt lenders starting after year 15.</p> <p><b>Project Amenities:</b> The Project includes a community room, playground, and central laundry facilities. Unit amenities will include window blinds, storage and coat closets, electric heat, microwave, dishwasher, and garbage disposal.</p> <p><b>Local Resources and Services:</b> For CTCAC/CDLAC purposes, the Project is located within a moderate resource area per CTCAC/HCD’s Opportunity Area Map. The Project is in close proximity to the following local amenities and services:</p> <ul style="list-style-type: none"> <li>• Grocery stores – 0.3 of miles</li> <li>• Schools - 2.1 of miles</li> <li>• Public Library – 2.9 of miles</li> <li>• Public transit - 0.1 of miles</li> <li>• Retail - 2.7 of miles</li> <li>• Park and recreation - 1.2 of miles</li> <li>• Hospitals - 0.9 of miles</li> </ul> |
|---|---|

|  |  |   |
|--|--|---|
|  |  | <ul style="list-style-type: none"> <li>• Food Bank - 1.0 of miles</li> </ul>  |
|  |  | <p><b>Non-displacement and No Net Loss:</b> To the extent feasible, it is the Agency’s priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.</p> <p><b>Commercial and/or Other (i.e., Parking) Space:</b> The Project does not include commercial space.</p> |

**MISSION**

|   |                             |  |
|---|-----------------------------|--|
| <b>3.</b>   | <b>CalHFA Mission/Goals</b> |  |
| <p>This Project and financing proposal provide 174 units of affordable housing with a range of restricted rents between 30% AMI and 70% AMI which will support much needed rental housing that will remain affordable for 55 years.</p> |                             |  |

**ANTICIPATED PROJECT MILESTONES & SCHEDULE**

|           |   |          |                                 |         |
|-----------|---|----------|---------------------------------|---------|
| <b>4.</b> | CDLAC/CTCAC Closing Deadline:                           | 3/4/2024 | Est. Construction Loan Closing: | 12/2023 |
|           | Estimated Construction Start:                           | 12/2023  | Est. Construction Completion:   | 11/2025 |
|           | Estimated Stabilization and Conversion to Perm Loan(s): | 10/2026  |                                 |         |

**SOURCES OF FUNDS**

| 5.                                | <b>Project Summary Budget</b>  |                      |                   |
|-----------------------------------|--|----------------------|-------------------|
|                                   | <b>Construction Sources and Uses</b>   |                      |                   |
|                                   | <b>Sources</b>   | <b>Amount</b>        | <b>% of Total</b> |
|                                   | Bank of America- Tax-Exempt- Conduit (Construction Loan)<br>1 <sup>st</sup> lien position, 7.95% rate, interest only- 36-month term  | \$74,439,164         | 51.5%             |
|                                   | Bank of America- Taxable- Conduit (Construction Loan)<br>2 <sup>nd</sup> lien position, 7.95% rate, interest only- 36-month term   | \$20,364,556         | 14.1%             |
|                                   | City of Sunnyvale - Housing Mitigation Funds (Subordinate Loan)<br>3 <sup>rd</sup> lien position (shared)*, 3.00% rate, residual receipts, due in<br>55-years from perm loan conversion. | \$12,950,000         | 9%                |
|                                   | City of Sunnyvale – Ground Lease Loan (Subordinate Loan)<br>3 <sup>rd</sup> lien position (shared)*, 3.00% rate, residual receipts, due in<br>55-years from perm loan conversion.        | \$13,550,000         | 9.4%              |
|                                   | Santa Clara County (Subordinate Loan)<br>4 <sup>th</sup> lien position, 3.00% rate, residual receipts, due in 55-years<br>from perm loan conversion.                                     | \$10,200,000         | 7%                |
|                                   | Accrued Deferred Interest (Subordinate Loan Accrued Interest)  | \$1,180,901          | 1%                |
|                                   | Tax Credit Equity (Equity, LIHTC Investor) @ \$0.99/Federal credit<br>and \$0.90/State credit.   | \$7,781,018          | 5.3%              |
|                                   | GP Equity (Equity, General Partner)  | \$4,042,877          | 2.7%              |
|                                   | <b>TOTAL CONSTRUCTION SOURCES</b>  | <b>\$144,508,516</b> | <b>100%</b>       |
|                                   | <b>TOTAL PER UNIT</b>  | <b>\$821,071</b>     |                   |
|                                   | * City HMF and Ground Lease Loans will share 3 <sup>rd</sup> lien position with one combined note and deed of trust.   |                      |                   |
|                                   | <b>Uses</b>  | <b>Amount</b>        | <b>% of Total</b> |
|                                   | Total Land/Acquisition/Offsite costs   | \$16,864,611         | 11.7%             |
|                                   | Construction Costs   | \$89,818,109         | 62.2%             |
|                                   | Soft Costs   | \$5,464,793          | 3.8%              |
|                                   | Hard Cost contingency (7.10% of hard costs)  | \$5,757,803          | 4%                |
|                                   | Soft Cost contingency (2.31% other costs less developer fee)   | \$1,400,000          | 1%                |
|                                   | Financing Costs (interest reserves, fees, taxes, and insurance)  | \$13,635,461         | 9.4%              |
|                                   | Local Permit & Impact Fees   | \$4,620,971          | 3.2%              |
|                                   | Cash Portion Developer Fee (Paid After Completion)   | \$2,770,439          | 1.9%              |
|                                   | Other Costs (A&E, legal, other soft costs)   | \$2,193,548          | 1.4%              |
|                                   | Operating Reserves (Refer to section 14 for details)   | \$1,982,781          | 1.4%              |
|                                   | <b>TOTAL CONSTRUCTION USES</b>   | <b>\$144,508,516</b> | <b>100%</b>       |
|                                   | <b>TOTAL PER UNIT</b>  | <b>\$821,071</b>     |                   |
| <b>Permanent Sources and Uses</b> |  |                      |                   |
|                                   | <b>Sources</b>   | <b>Amount</b>        | <b>% of Total</b> |
|                                   | CalHFA Permanent Loan (Loan)<br>1 <sup>st</sup> lien position, 17-year term with 35-year amortization<br>Rate locked at 6.55%  | \$25,533,000         | 16.5%             |

|  |                      |                   |
|--|----------------------|-------------------|
| CalHFA MIP Loan (Loan)<br>2 <sup>nd</sup> lien position, 3.00% residual receipts, 17-year term   | \$1,739,000          | 1.1%              |
| City of Sunnyvale - Housing Mitigation Funds (Subordinate Loan)<br>3 <sup>rd</sup> lien position, 3.00% Rate, residual receipts, due in 55-years | \$12,950,000         | 8.3%              |
| City of Sunnyvale – Ground Lease Loan (Subordinate Loan)<br>3 <sup>rd</sup> lien position, 3.00% Rate, residual receipts, due in 55-years        | \$13,550,000         | 8.7%              |
| Santa Clara County (Subordinate Loan)<br>4 <sup>th</sup> lien position, 3.00% Rate, residual receipts, due in 55-years                           | \$11,200,000         | 7.2%              |
| Accrued Deferred Interest (Subordinate Loan Accrued Interest)  | \$1,180,901          | 0.8%              |
| Deferred Developer Fee (Developer Fee, Deferral) (78% of total developer fee)  | \$5,377,123          | 3.5%              |
| GP Equity (Equity, General Partner)  | \$4,042,877          | 2.6%              |
| Tax Credit Equity (Equity, LIHTC Investor)   | \$79,565,176         | 51.3%             |
| <b>TOTAL PERMANENT SOURCES</b>   | <b>\$155,138,077</b> | <b>100.0%</b>     |
| <b>TOTAL PER UNIT</b>  | <b>\$881,466</b>     |                   |
|  |                      |                   |
|  |                      |                   |
| <b>Uses</b>  | <b>Amount</b>        | <b>% of Total</b> |
| Total Loan Payoffs and Equity  | \$141,160,832        | 91%               |
| Financing Costs  | \$577,245            | 0.4%              |
| Cash Developer Fee paid at Perm Conversion   | \$8,022,877          | 5.2%              |
| Deferred Developer Fees paid from cashflow   | \$5,377,123          | 3.4%              |
| <b>TOTAL PERMANENT USES</b>  | <b>\$155,138,077</b> | <b>100.0%</b>     |
| <b>TOTAL PER UNIT</b>  | <b>\$881,466</b>     |                   |

**Subsidy Efficiency:** \$1,739,000 (\$9,994 per MIP restricted units).

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

- 4% Federal Tax Credits (Bank of America): \$71,639,280 (\$411,720 per TCAC restricted unit).
- State Tax Credits (Bank of America): \$15,099,626\* (\$86,779 per TCAC restricted unit).

\*The project includes Certificated State Tax Credits, which will be contributed to the project as a State Tax Credit Loan from MP Sonora Court LLC, who will execute a promissory note in the estimated amount of \$13,589,663 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and be repaid over time through the borrower's portion of surplus cash.

**Rental Subsidies:** The Project will be subsidized by project-based vouchers. Seventy-Five units will be subsidized by Santa Clara County's Project-Based vouchers under the Section 8 program for an initial term of 20 years with an option to review for an additional term of 20 year(s). The rental subsidy contract will be administered by the Santa Clara Housing Authority.

**Other State Subsidies:** The Project will not be funded by other state funds.

**Other Locality Subsidies:** The Project will be funded by locality funds;

- City of Sunnyvale Housing Mitigation Funds Subordinate Loan (\$12,950,000)
- City of Sunnyvale – Ground Lease Subordinate Loan (\$13,550,000)
- Santa Clara County Subordinate Loan (\$11,200,000)

**Cost Containment Strategy:**

The applicant has provided the following information:

|    |  |
|----|--|
|    | <ul style="list-style-type: none"> <li>Engaged GC pre-construction services for cost estimating and value engineering.</li> <li>Implementing Competitive Design Build scope to lock in pricing early for select trades.</li> <li>Engaged 3rd Party construction management with value engineering services.</li> <li>MidPen Building Design Guidelines provides guidance on efficient, high-quality design.</li> <li>The project will execute a Guaranteed Maximum Price (GMP) construction contract.</li> </ul> <p><b>High-Cost Explanation:</b> The total development cost per unit is \$881,466. The Project is in a HUD high cost-designated area of the Santa Clara Area. Other contributing factors are as follows:</p> <ul style="list-style-type: none"> <li>Capitalized ground lease payment (\$13,550,000) and demolitions cost (\$979,000) are included in the Total Development Cost of the project.</li> <li>The project is subject to state prevailing wages, which adds an estimated \$15,639,000 (15% to the hard cost budget of \$89,818,109).</li> </ul> |
| 6. | Equity – Cash Out (estimate): Not Applicable   |

**TRANSACTION OVERVIEW**

|           |  |
|-----------|--|
| <b>7.</b> | <b>Proposal and Project Strengths</b>  |
|           | <ul style="list-style-type: none"> <li>The Project anticipates receiving 4% federal and state tax credits which is projected to generate equity representing 51.3% of total financing sources. Bank of America will be the investor and is paying \$0.99/credit for the federal credits and \$0.90/credit for state credits.</li> <li>The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA.</li> <li>The Project will serve low-income families and special needs persons ranging between 30% to 70% of AMI. On average, the rents are between 14% to 70% below market rents based on an appraisal dated 10/24/2023 and prepared by BBG, Inc. .</li> <li>75 units will be supplemented by Santa Clara County’s Project-Based vouchers under the Section 8 program administered by the Santa Clara Housing Authority for a term of 20 years with an option to renew for 20 additional years.</li> <li>The Loan-to-Value for the permanent loan will be 55%. The combined LTV for the permanent and MIP loans is 59%, which are both well below the Agency’s minimum requirements of 90% LTV. This results in less risk to the Agency.</li> <li>The localities have invested in the success of the Project as demonstrated by the following financial contributions: City of Sunnyvale Housing Mitigation Loan Funds (\$12,950,000); City of Sunnyvale – Ground Lease Loan (\$13,550,000); and Santa Clara County loan (\$11,200,000).</li> <li>The cash developer fee that will be collected at or prior to permanent loan conversion is \$3,980,000, which could be available to cover cost overruns and/or unforeseen issues during construction.</li> </ul> |
| <b>8.</b> | <b>Project Weaknesses with Mitigants:</b>  |
|           | <ul style="list-style-type: none"> <li>Updated Phase I dated 10/16/2023 identified environmental issues that detected elevated soil gas vapor levels. A vapor barrier membrane will be included in the GC contract and installed during construction as a precautionary measure. There is an estimated \$15,000 included in the construction budget for installation of the vapor barrier.</li> <li>The total estimated deferred developer’s fee is not anticipated to be fully repaid by year 15 (assuming that the developer receives 50% of net cash flow which is consistent with MIP Term Sheet). The developer has confirmed that they will forgo any outstanding developer fee in year 15 and treat the amount as a developer’s contribution which does not reduce the eligible basis or the tax credits available to the project. This condition will be documented in the investor commitment letter and/or LPA.</li> </ul>   |

- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinancing of the project's first mortgage. The exit analysis scenario assumes an interest rate of 10.28% which is 3% in excess of the current underwriting interest rate. Additionally, the exit analysis scenario assumes a cap rate of 6.5% which is 2% in excess of the current appraisal cap rate. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan but only repay a portion of the Agency's MIP subsidy loan in the total estimated amount of \$923,856, leaving an outstanding balance of \$1,436,980 (principal and accrued interest) of MIP outstanding to be paid at maturity. This contemplates CalHFA receipt of its pro rata share of the ongoing cash flow from property operations. CalHFA's pro rata share is expected to be 4.41% of the total residual receipts, and the City and County receiving 67.19% and 28.4% of residual receipts respectively (to repay their loans). To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

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

- Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). However, the County of Santa Clara is requiring that commencing from Year 15, the Developer receive 33% and the Residual Receipt lenders receive 67% of the surplus cash (to be shared pro-rata among the residual receipt lenders: County of Santa Clara, City of Sunnyvale and CalHFA). This does not negatively impact CalHFA's financing and hence this term sheet variation is acceptable to CalHFA underwriting standards.
- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer which are different than the recommendations in the Appraisal ordered by CalHFA (See Section 18 for line-item comments on operating expense variations). This resulted in higher Net Operating Income (NOI) for debt service and is considered as underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and also the Developer's experience with operating similar projects in the area.

|   |  |
|---|--|
| <b>10.</b>  | <b>Project Specific Conditions of Approval</b> |
| <p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> <li>• At permanent loan closing, MIP deed of trust will be recorded in second lien position, ahead of City and County deeds of trust.</li> <li>• Prior to construction loan closing, City, County, CalHFA, and Investor evidence of confirmation of residual receipt split percentages as indicated in this staff report (in alignment with MIP Term Sheet 50/50 until Year 15 and thereafter per 33/67 per Section 9 of this staff report).</li> <li>• The CalHFA loans will be secured against the leasehold interest in the land and fee interest in the improvements. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. Lessor must provide approval of CalHFA ground lease rider.</li> <li>• Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease.</li> <li>• Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.</li> <li>• CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.</li> <li>• No site work or construction shall commence prior to the issuance of a HUD Firm Approval Letter.</li> <li>• Receipt of a certification by the engineer on record that Project has been built to current seismic code which is acceptable to the Agency must be received prior to permanent loan closing.</li> <li>• Subject to receipt and CalHFA approval of a subordination agreement subordinating TCAC's interests to the Agency loans prior to permanent loan closing.</li> <li>• An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.</li> <li>• Prior to construction loan closing, CalHFA approval of ground lease.</li> <li>• CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum TCAC rents if rental subsidies are no longer available.</li> <li>• The total deferred developer's fee of \$5,377,123 will not be fully repaid by year 15 per project cashflow, therefore the owner must provide evidence of investor approval of the total deferred developer's fee structure. Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution.</li> <li>• The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.</li> <li>• All MIP Loan principal and interest will be due and payable full repayment of CalHFA permanent loan.</li> <li>• Prior to permanent loan closing, evidence of compliance with the recommendations of the Phase I report dated 10/16/2023, as described in section 22.</li> <li>• The locality is requiring the Borrower to encumber the Property by recording a "Density Bonus Developer and Regulatory Agreement and Declaration of Restrictive Covenants" (DBA) prior to issuance of a building permit. The Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards The DBA is expected to be recorded in senior position which will require a CalHFA subordination agreement that will standstill certain provisions of the DBA in the event CalHFA takes ownership of the Project.</li> <li>• Prior to permanent loan closing, receipt of certification that all environmental issues have been addressed during the course of construction.</li> </ul> |  |
| <b>11.</b>  | <b>Staff Conclusion/Recommendation:</b>        |
| <p>The Multifamily Lending Division supports approval of the described financing in the amounts requested, subject to the above proposed terms and conditions.</p>  |  |

### AFFORDABILITY

#### 12. CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units at or below 60% of AMI (53 units) and an additional 10% of the total units (18 units) at 50% of AMI for 55 years.

#### Number of Units and Percentage of AMI Rents Restricted by each Agency

| Regulating Agency                   | Number of Units Restricted For Each AMI Category |     |     |     |     |     |     |      | Total Units Regulated | Percentage Regulated |
|-------------------------------------|--|-----|-----|-----|-----|-----|-----|------|-----------------------|----------------------|
|                                     | Lien   | 30% | 40% | 50% | 60% | 70% | 80% | 120% |                       |                      |
| Density Bonus                       | 1st  |     |     |     |     |     | 139 | 35   | 174                   | 100%                 |
| CalHFA Bond                         | 2nd  |     |     | 18  | 53  |     |     |      | 71                    | 41%                  |
| CalHFA MIP                          | 3rd  |     |     | 36  |     | 18  |     | 120  | 174                   | 100%                 |
| City of Sunnyvale Loan/Ground Lease | 4th  | 87  |     | 44  |     |     | 43  |      | 174                   | 100%                 |
| Santa Clara County Loan             | 5th  | 87  |     | 44  |     |     | 43  |      | 174                   | 100%                 |
| CTCAC                               | 6th  | 87  | 16  | 28  | 25  | 18  |     |      | 174                   | 100%                 |
| <b>TOTALS</b>                       |  | 87  | 16  | 28  | 25  | 18  | 0   | 0    | 174                   | 100%                 |

\*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (36 units) be restricted at or below 50% of AMI and 10% of total units (18 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 120 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

The Rent Summary Table is outlined below, which reflects the total number of units for the applicable target occupancy (AMI):

| Rent Limit Summary Table |              |              |              |              |              |             |
|--------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
|                          | Studio       | 1-bdrm       | 2-bdrm       | 3-bdrm       | Total        | % Total     |
| 30%                      | 30           | 27           | 15           | 15           | 87           | 49%         |
| 40%                      | 5            | 5            | 3            | 3            | 16           | 9%          |
| 50%                      | 4            | 6            | 9            | 9            | 28           | 16%         |
| 60%                      | 0            | 9            | 5            | 11           | 25           | 14%         |
| 70%                      | 0            | 0            | 12           | 6            | 18           | 10%         |
| Manager                  | 0            | 0            | 1            | 1            | 2            | 1%          |
| <b>Total</b>             | <b>39</b>    | <b>47</b>    | <b>45</b>    | <b>45</b>    | <b>176</b>   | <b>100%</b> |
| <b>AMI Avg</b>           | <b>33.3%</b> | <b>39.4%</b> | <b>49.1%</b> | <b>47.7%</b> | <b>42.6%</b> |             |

The average affordability restriction is 42.6% of AMI based on 174 TCAC-restricted units.

|            |                             |       |                     |      |
|------------|-----------------------------|-------|---------------------|------|
| <b>13.</b> | <b>Geocoder Information</b> |       |                     |      |
|            | Central City:               | Yes   | Underserved:        | No   |
|            | Low/Mod Census Tract:       | Upper | Below Poverty line: | 6.2% |
|            | Minority Census Tract:      | 82%   | Rural Area:         | No   |

**FINANCIAL ANALYSIS SUMMARY**

|            |  |                                      |  |
|------------|--|--------------------------------------|--|
| <b>14.</b> | <b>Capitalized Reserves:</b>                 |                                      |  |
|            | <b>Replacement Reserves (RR):</b>            | \$0 Capitalized replacement reserve. | Year 1 \$88,000 Annual replacement reserve based on \$500 per unit per year. CalHFA will hold this reserve and the reserve payments will inflate by 1% annually.   |
|            | <b>Operating Expense Reserve (OER):</b>      | \$1,031,918                          | <p>The USRM requires that the OER amount be sized based on a minimum between 3 to 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits.</p> <p>For this Project, 3 months of operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.</p> |
|            | <b>Transitional Operating Reserve (TOR):</b> |                                      | <p>The County is currently requiring a capitalized TOR of \$872,097, which they will hold. The County is in the process of creating a TOR pool similar to HCD where the Project can capitalize a nominal amount at permanent closing that will allow them to access the TOR pool if necessary. In the event the TOR pool is available at permanent loan closing, the capitalized amount will decrease.</p> <p>CalHFA is not requiring a TOR since the initial term of the Project Based Section 8 HAP Contract will be 20 years with an automatic renewal for an additional 20 years, which combined exceeds the term of CalHFA permanent first lien loan of 17 years. In addition, as a condition of CalHFA's approval, CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum CTCAC rents if rental subsidies are no longer available.</p>   |

|  |                                      |  |  |
|--|--------------------------------------|--|--|
| <b>15. Cash Flow Analysis</b>  |                                      |  |  |
|  | <b>1<sup>st</sup> Year DSCR:</b>     | 1.18   | <b>Project-Based Subsidy Term:</b> 20 years with the option to renew for 20 years. |
|  | <b>End Year DSCR (Year 17):</b>      | 1.39   | <b>Annual Replacement Reserve Per Unit:</b> \$500/unit                             |
|  | <b>Residential Vacancy Rate:</b>     | 5%   | <b>Rental Income Inflation Rate:</b> 2.50%   |
|  | <b>Subsidy Vacancy Rate:</b>         | 5%   | <b>Subsidy Income Inflation Rate:</b> 1.5%   |
|  | <b>Non-residential Vacancy Rate:</b> | N/A  | <b>Project Expenses Inflation Rate:</b> 3.50%                                      |
|  |                                      |  | <b>Property Tax Inflation Rate:</b> 1.25%  |
| <p>*Vacancy rates, inflation factors and required replacement reserves are as outlined in the appraisal dated 10/24/2023</p> <ul style="list-style-type: none"> <li>The developer/sponsor met the threshold requirements for the proposed OER budget, which is based on 3 months of total operating expense, reserves, and debt service.</li> </ul>  |                                      |  |  |
| <b>16. Loan Security</b>   |                                      |  |  |
| <ul style="list-style-type: none"> <li>The CalHFA loans will be secured against the Fee Interest in the improvements and the leasehold interest in the land as the Ground Lease terms do not permit lenders to secure their loans against the Fee Estate (See Section 10 "Specific Conditions for Approval").</li> </ul>   |                                      |  |  |
| <b>17.</b>   | <b>Balloon Exit Analysis</b>         | <b>Applicable:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |  |
| <ul style="list-style-type: none"> <li>The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis scenario assumes an interest rate of 10.28% which is 3% in excess of the current underwriting interest rate. Additionally, the exit analysis scenario assumes a cap rate of 6.5% which is 2% in excess of the current appraisal cap rate. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan but only repay a portion of the Agency's MIP subsidy loan in the total estimated amount of \$577,355, leaving an outstanding balance of \$1,783,900 (principal and accrued interest) of MIP outstanding to be paid at maturity. This contemplates CalHFA receipt of its pro rata share of the ongoing cash flow from property operations. CalHFA's pro rata share is expected to be 4.41% of the total residual receipts, and the City and County receiving 67.19% and 28.4% of residual receipts respectively (to repay their loans). To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.</li> </ul> |                                      |  |  |

**APPRAISAL AND MARKET ANALYSIS**

|  |                         |                          |
|--|-------------------------|--------------------------|
| <b>18.</b>   | <b>Appraisal Review</b> | <b>Dated: 10/24/2023</b> |
| <ul style="list-style-type: none"> <li>The Appraisal dated October 24, 2023, prepared by BBG, Inc., values the land at \$6,400,000.</li> <li>The cap rate of 4.5% and projected \$2,283,097 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is \$2,332,490 which is approximately \$49,393 (~2%) higher than the estimated NOI on the appraisal report and is due to the following:                     <ul style="list-style-type: none"> <li>The Borrower estimated approximately \$118,853 for administrative costs, which is \$21,947 (~16%) lower than the appraisal's estimated budget of \$140,800.</li> <li>The Borrower estimated approximately \$347,150 for supportive services costs, which is \$53,500 (~13%) lower than the appraisal's estimated budget of \$400,650.</li> <li>The Borrower estimated approximately \$14,038 for special assessments, which is \$8,287 (~44%) higher than the appraisal's estimated budget of \$8,287.</li> <li>The Borrower estimated approximately \$93,164 for insurance, which is \$18,596 (~17%) lower than the appraisal's estimated budget of \$111,760.</li> </ul> </li> </ul> |                         |                          |

Considering these deviations, the Developer’s proposed operating expenses are used for underwriting purposes since they are reasonable based on the Developer’s experience with operating a similar project in the area and per the property management agent’s certification and property management agreement. In addition, MidPen sees savings in their operating expenses by providing property management services as well as supportive services to their projects, which is not accounted for in the appraisal.

- The as-restricted stabilized value is \$47,500,000, which results in the Agency’s permanent first lien loan to value (LTV)of 55%. The combined LTV, including MIP subsidy loan is 59%.
- The capture rate is 0.4% and absorption rate is 25-30 units per month. These are generally consistent with the market study. The cap rate of 4.5% is based on the most recent information on comparable properties, which is 2 months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (5%), the LTV would be 54% at refinance. Stressing the cap further and adding 100 basis-points to the cap rate (5.5%) would result in an LTV of 58% at refinance, which is still within the underwriting requirement of 90% or less.

|  |  |                         |
|--|--|-------------------------|
|  | <b>Market Study:</b> The Concord Group | <b>Dated:</b> 1/18/2023 |
|--|--|-------------------------|

**Regional Market Overview**

- The Primary Market Area is comprised of the cities of Sunnyvale and Santa Clara (population of 290,510) and the Secondary Market Area (“SMA”) is Santa Clara County (population of 1,957,605).
- The general population in the PMA is anticipated to increase by 0.4% by 2026 and the population in the City of Sunnyvale is also projected to grow by 0.4% by 2026.
- Unemployment in the PMA is 3.6%, which evidences a strong employment area.
- The project is located to the immediate north of the Lawrence Caltrain Station, which links the site directly with employment and entertainment nodes from downtown San Francisco to San Jose.

**Local Market Area Analysis**

- **Supply:**
  - There are currently 29 family, special needs and senior projects (2,191 units) in the PMA (seven projects were surveyed for the market study) and they are effectively 100% occupied with long wait lists.
  - There are 4 affordable family or special needs projects under construction which are anticipated to be completed between 2023-2024.
  - There is 1 affordable project in the development pipeline that has been approved by the locality with a delivery date of 2025.
- **Demand/Absorption:**
  - The project will need to capture 4% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 25-30 units per month and reach full occupancy within 6 months of opening.

**DEVELOPMENT SUMMARY**

|  |   |   |
|--|---|---|
| <b>19.</b>   | <b>Site Description</b>                           | <b>Requires Flood Insurance:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No        |
| <ul style="list-style-type: none"> <li>The property is located on the south side of Sonora Court Street, in the City of Sunnyvale, Santa Clara County.</li> <li>The site is currently vacant, with level topography at street grade, measuring approximately 1.26 acres and is generally rectangular in shape.</li> <li>The site is zoned MXD-I with permitted multifamily residential use.</li> <li>The subject is located in Flood Zone X (shaded) (area of minimum flood hazard). Zone X (shaded) is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.</li> <li>The site consists of an existing commercial structure that is currently vacant. The building will be demolished prior to construction of the project.</li> </ul> |   |   |
| <b>20.</b>   | <b>Form of Site Control &amp; Expiration Date</b> |   |
| <p>The current owner, the City of Sunnyvale, of the site and an affiliate of the Project owner, Mid-Peninsula Baker Park, Inc., entered into a Disposition and Development Agreement (“DDA”) dated 5/19/2020 which requires the Borrower to enter into a ground lease with the City of Sunnyvale as described in Section 2 of the report. On October 6, 2023 the DDA was assigned to the Project owner, MP Sonora Court Associates, L.P.</p>   |   |   |
| <b>21.</b>   | <b>Current Ownership Entity of Record</b>         |   |
| <p>Title is currently vested in the City of Sunnyvale as the fee owner.</p>  |   |   |
| <b>22.</b>   | <b>Environmental Review Findings</b>              | <b>Dated: 10/16/2023</b>  |
| <ul style="list-style-type: none"> <li>An updated Phase I Environmental Site Assessment performed by Langan Engineering and Environmental Services, Inc., dated 10/16/2023 revealed evidence of recognized environmental conditions, which include detected elevated soil gas vapor levels. A vapor barrier membrane was recommended to be installed during construction as a precautionary measure. The GC contract includes installation of the vapor barrier for an estimated cost of \$15,000. Certification that all environmental issues have been addressed during construction will be subject to CalHFA’s approval prior to permanent loan closing.</li> <li>A NEPA review was completed 9/29/2021. There were no findings of significant impact in the review.</li> </ul>  |   |   |
| <b>23.</b>   | <b>Seismic</b>                                    | <b>Requires Earthquake Insurance:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |
| <ul style="list-style-type: none"> <li>CalHFA received a Seismic Risk Assessment report dated October 3, 2023 and prepared by Partner Engineering &amp; Science, Inc. The report confirms a Probable Maximum Loss (PML) of less than 20% (SEL-475 11% and SUL-475 17%) which meets the Agency’s requirements for waiver of earthquake insurance.</li> </ul>  |   |   |
| <b>24.</b>   | <b>Relocation</b>                                 | <b>Requires Relocation:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not Applicable |
| <ul style="list-style-type: none"> <li>The Project is new construction; therefore, relocation is not applicable.</li> </ul>  |   |   |

**PROJECT DETAILS**

|  |                                      |  |                                    |         |
|--|--------------------------------------|--|------------------------------------|---------|
| <b>25.</b>   | <b>Residential Areas:</b>            |  |                                    |         |
|  | <b>Residential Square Footage:</b>   | 122,590  | <b>Residential Units per Acre:</b> | 140     |
|  | <b>Community Area Sq. Ftg:</b>       | 40,500   | <b>Total Parking Spaces:</b>       | 133     |
|  | <b>Supportive Service Areas:</b>     | N/A  | <b>Total Building Sq. Footage:</b> | 219,430 |
| <b>26.</b>   | <b>Mixed-Use Project:</b>            | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |                                    |         |
|  | <b>Non-Residential Sq. Footage:</b>  | N/A  | <b>Number of Lease Spaces:</b>     | N/A     |
|  | <b>Master Lease:</b>                 | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |                                    |         |
| <b>27.</b>   | <b>Construction Type:</b>            | One, five-story new construction residential building atop 2 levels of podium parking.   |                                    |         |
| <b>28.</b>   | <b>Construction/Rehab Scope</b>      | <b>Requires Demolition:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |                                    |         |
| <p>The subject site is new construction. The site is currently improved with a vacant, single-story commercial building and a surface parking lot. To proceed with the development plan, the single-story building will need to be demolished. Once demolition is complete, little to no grading will be required for construction to commence.</p> <ul style="list-style-type: none"> <li>The Contractor is not an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a maximum of 5.91% for builder overhead, profit, and general requirements, which aligns with CTCAC's allowable limit (14%).</li> <li>The installation of vapor barrier membrane, as recommended by the Phase 1 ESA, is included in the development budget in the estimated amount of \$239,000.</li> <li>Green Design Features: <ul style="list-style-type: none"> <li>The Project is designed to target a GreenPoint rating of Gold. The project will be an all-electric building with rooftop solar panels to offset electricity use for the common areas. The Project will include features such as drought resistant landscaping, low flow fixtures, energy star appliances and more than 200 bicycle parking spaces. The Project is located immediately adjacent to the Lawrence Caltrain Station, and is designed to be a high density, transit-oriented housing development.</li> </ul> </li> </ul> |                                      |  |                                    |         |
| <b>29.</b>   | <b>Construction Budget Comments:</b> | <ul style="list-style-type: none"> <li>CalHFA will require a copy of an independent review of the costs by a 3<sup>rd</sup> Party consultant, engaged by the construction lender, prior to construction loan closing. Agency may commission its own cost review report, if determined necessary, in its sole discretion.</li> <li>The developer has established cost containment strategies, which are outlined in Section 5 above.</li> </ul> |                                    |         |

**ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION**

|   |                                     |
|---|-------------------------------------|
| <b>30.</b>  | <b>Borrower Affiliated Entities</b> |
| <p>Borrower: MP Sonora Court Associates, L.P.</p> <ul style="list-style-type: none"> <li>Managing General Partner: MP Sonora Court LLC, a California limited liability company; 0.01% interest <ul style="list-style-type: none"> <li>Sole Member: Mid-Peninsula Baker Park, Inc, a California nonprofit public benefit corporation</li> </ul> </li> <li>Investor Limited Partner: Bank of America, N.A.; 99.99% interest</li> <li>Special Investor Limited Partner: Bank of America affiliated entity; 0.0% interest</li> </ul>                          |                                     |
| <b>31.</b>  | <b>Developer/Sponsor</b>            |
| <ul style="list-style-type: none"> <li>MidPen Housing Corporation (MidPen), a California nonprofit public benefit corporation was established in October 1970 with the purpose of providing housing for low- and moderate-income persons. The developer is highly recommended by the locality, and in the past 5 years has completed 1,525 units in California. As of October 2023, they have 3,342 affordable units in the pipeline which includes 1,411 affordable units under construction (of which 1 project is in the CalHFA portfolio).</li> </ul> |                                     |

- Currently MidPen has 24 projects (1,805 units) in the CalHFA portfolio, and all are performing as expected. In addition, the company has one project under construction and one project in its lease-up period in CalHFA's development pipeline.

| Projects In CalHFA Development Pipeline  | Total Units | CalHFA Perm Loan Amount | MIP/Other Subsidy Loan Amount | Target/Actual Construction Closing | Target Perm Closing | Under Construction? | Progressing as Expected? | Notes |
|--|-------------|-------------------------|-------------------------------|------------------------------------|---------------------|---------------------|--------------------------|-------|
| Subject property Ira D. Hall Square      | 176         | \$25,533,000            | \$1,739,000 (MIP 2023)        | 12/2023                            | 11/2025             | No                  | N/A                      | N/A   |
| Kiku Crossing                            | 225         | \$72,048,000            | \$2,000,000 (MIP 2021)        | 12/22/2021                         | 10/2024             | Yes (79% complete)  | Yes                      | N/A   |
| Gateway Rising (fka Gateway Family Apts) | 140         | \$47,615,000            | \$3,500,000 (Earned Surplus)  | 6/16/2021                          | 3/2024              | Lease-Up            | Yes                      | N/A   |
| <b>Total:</b>                            | <b>541</b>  | <b>\$145,196,000</b>    | <b>\$3,739,000</b>            |                                    |                     |                     |                          |       |

| Project in CalHFA AM Portfolio | Total Units | Reg Units | Original Loan Amount                                  | Origination Date | Current Balance Amount | Maturity Date | Rate  | DSCR Avg (3 yrs.) | Occ. Avg (3 yrs.) | RR Balance | Operating Expense Reserve Balance | Transitional Operating Reserve Balance |
|--------------------------------|-------------|-----------|---|------------------|------------------------|---------------|-------|-------------------|-------------------|------------|-----------------------------------|--|
| Aptos Blue MHSA                | 40          | 5         | 500,000   | 7/9/2014         | 500,000                | 7/1/2069      | 3.00% | n/a               | 99%               | n/a        | n/a                               | 188,462                                |
| Arbor Park                     | 75          | 30        | 7,500,000   | 4/2/2018         | 7,133,112              | 4/2/2033      | 4.99% | 1.55              | 97%               | 152,180    | 111,639                           | n/a                                    |
| Century Village                | 100         | 99        | 6,430,000   | 12/12/2012       | 5,610,643              | 12/1/2029     | 4.85% | 1.11              | 98%               | 227,498    | n/a                               | n/a                                    |
| Chestnut Square Family Housing | 42          | 8         | <b>No Loan - Grantee - Contract Admin Only</b>        |                  |                        |               |       |                   |                   |            |                                   |  |
| Country Hills                  | 152         | 62        | 9,400,000   | 1/16/2003        | 4,824,148              | 2/1/2033      | 6.00% | 2.59              | 96%               | 530,141    | n/a                               | n/a                                    |
| Crescent Terrace               | 48          | 20        | 1,642,060   | 8/1/1986         | 879,652                | 7/1/2035      | 6.00% | 4.49              | 99%               | 341,376    | n/a                               | n/a                                    |
| Delaware Pacific MHSA          | 60          | 10        | 1,081,600   | 4/30/2012        | 1,081,600              | 4/1/2067      | 3.00% | n/a               | 99%               | n/a        | n/a                               | n/a                                    |
| Donner Lofts MHSA              | 102         | 15        | 3,086,250   | 11/3/2014        | 3,086,250              | 11/1/2069     | 3.00% | n/a               | 97%               | n/a        | n/a                               | n/a                                    |
| El Camino Hsg A MHSA           | 62          | 10        | 1,081,600   | 3/8/2011         | 1,081,600              | 3/1/2066      | 3.00% | n/a               | 99%               | n/a        | 92,270                            | n/a                                    |
| El Camino Hsg B MHSA           | 47          | 10        | 1,081,600   | 3/9/2011         | 1,081,600              | 3/2/2066      | 3.00% | n/a               | 99%               | n/a        | 122,280                           | n/a                                    |
| Fair Oaks Plaza                | 124         | 18        | <b>No Loan - Only Monitoring Occupancy Compliance</b> |                  |                        |               |       |                   |                   |            |                                   |  |
| Homestead Park                 | 222         | 64        | 14,081,000  | 3/19/2001        | 6,326,465              | 4/1/2031      | 6.50% | 2.02              | 99%               | 1,244,802  | 11,234                            | n/a                                    |
| Kottinger Gardens Phase 2      | 54          | 28        | 8,242,000   | 1/15/2020        | 7,974,362              | 3/1/2060      | 4.78% | 1.60              | 100%              | 95,486     | 105,103                           | n/a                                    |
| Le Beaulieu                    | 27          | 27        | 2,310,000   | 9/23/2008        | 1,530,005              | 10/1/2038     | 4.50% | 4.18              | 100%              | 260,018    | n/a                               | n/a                                    |
| Main Street Village MHSA       | 64          | 10        | 1,040,000   | 8/5/2010         | 2,659,717              | 6/1/2065      | 3.00% | n/a               | 97%               | n/a        | 140,600                           | n/a                                    |
| Mission Gateway                | 121         | 25        | 6,730,000   | 10/6/2006        | 4,214,104              | 11/1/2036     | 5.25% | 1.11              | 99%               | 187,076    | 233                               | n/a                                    |
| Morse Court                    | 35          | 35        | 2,800,000   | 9/1/2005         | 1,655,411              | 9/1/2035      | 5.40% | 3.54              | 100%              | 103,791    | n/a                               | n/a                                    |
| Moulton Plaza                  | 66          | 14        | 6,440,000   | 11/6/2006        | 4,705,784              | 12/1/2041     | 5.25% | 1.68              | 100%              | 353,440    | 146,566                           | n/a                                    |
| Onizuka Crossing MHSA          | 58          | 10        | 919,500   | 12/1/2014        | 2,384,030              | 12/1/2069     | 3.00% | n/a               | n/a               | n/a        | n/a                               | n/a                                    |
| Redwood Court                  | 27          | 27        | 2,080,000   | 9/8/2005         | 1,229,734              | 9/1/2035      | 5.40% | 5.04              | 100%              | 204,977    | n/a                               | n/a                                    |

|   |  |    |           |           |           |          |       |      |      |         |         |     |
|---|--|----|-----------|-----------|-----------|----------|-------|------|------|---------|---------|-----|
| Riverwood Grove   | 71   | 15 | 4,500,000 | 5/16/2003 | 2,256,783 | 6/1/2033 | 5.25% | 1.25 | 98%  | 94,011  | 27,644  | n/a |
| Runnymede Gardens   | 78   | 24 | 5,290,000 | 12/4/2001 | 2,327,327 | 2/1/2031 | 6.45% | 2.68 | 98%  | 694,936 | n/a     | n/a |
| Tice Oaks   | 91   | 19 | 2,475,000 | 6/22/2001 | 1,117,121 | 7/1/2031 | 6.20% | 6.83 | 100% | 225,537 | 324,471 | n/a |
| Via del Mar   | 40   | 8  | 860,000   | 3/22/2005 | 392,234   | 5/1/2031 | 5.50% | 3.75 | 100% | 221,693 | 95,747  | n/a |
| <b>32.</b>  | <b>Management Agent</b>  |    |           |           |           |          |       |      |      |         |         |     |
| MidPen Property Management Corporation will manage the Project. This company is affiliated with the developer and has extensive experience managing similar affordable housing projects in the area and currently manages 24 projects in CalHFA's Asset Management portfolio (see section 31), which are performing as expected.  |  |    |           |           |           |          |       |      |      |         |         |     |
| <b>33.</b>  | <b>Service Provider</b> <b>Required by TCAC or other funding source?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |    |           |           |           |          |       |      |      |         |         |     |
| Services at the property will be provided by MidPen Resident Services Corporation and the Santa Clara County Office of Supportive Housing.  |  |    |           |           |           |          |       |      |      |         |         |     |
| MidPen Resident Services Corporation "MidPen Services", for the duration of at least 15 years, will provide 1.0 FTE Services Coordinator for the Property who will oversee support and educational programs, provide information and referral to residents, as well as crisis intervention and mediation of disputes between residents, and between residents and property management. MidPen Services staff will also offer at least 60 hours of adult education annually to include: (a) information about available services in the community, (b) independent living and life skills development including food preparation; (c) computer learning; (d) employment and preemployment preparation; (e) parent education; (f) benefits acquisition; (g) exercise and nutrition; (h) health and wellness through lifestyle adjustments; (i) ESL; (j) arts and crafts; and (k) financial literacy and asset management. These services will be provided on-site and free of charge. |  |    |           |           |           |          |       |      |      |         |         |     |
| The Santa Clara County, through the Office of Supportive Housing, will provide direct referrals to the 45 permanent supportive housing (PSH) units and the supportive services for those individuals at no cost to the project. For each of the residents that lives in a PSH unit, the County will ensure adequate supportive services are provided. These services are consistent with best practices for permanent supportive housing.   |  |    |           |           |           |          |       |      |      |         |         |     |
| <b>34.</b>  | <b>Contractor</b> <b>Experienced with CalHFA?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                        |    |           |           |           |          |       |      |      |         |         |     |
| The general contractor (GC) is Cahill Contractors which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. Cahill does not currently have any projects under construction included in CalHFA's development pipeline.   |  |    |           |           |           |          |       |      |      |         |         |     |
| The GC and the developer are currently working on 4 projects that are in development stage.   |  |    |           |           |           |          |       |      |      |         |         |     |
| <b>35.</b>  | <b>Architect</b> <b>Experienced with CalHFA?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                         |    |           |           |           |          |       |      |      |         |         |     |
| The architect is Studio T Square Architects which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.  |  |    |           |           |           |          |       |      |      |         |         |     |
| The architect and the developer are working on 3 projects that are in development stage.  |  |    |           |           |           |          |       |      |      |         |         |     |
| <b>36.</b>  | <b>Local Review via Locality Contribution Letter</b>   |    |           |           |           |          |       |      |      |         |         |     |
| The locality, the City of Sunnyvale, returned the local contribution letter stating they strongly support the project.  |  |    |           |           |           |          |       |      |      |         |         |     |

|   |   |
|---|---|
| <b>37</b>   | <b>Approval Recommendation</b>                            |
| <b>37a</b>  | <b>Staff Recommendation and Final Commitment Approval</b> |
| <p>The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.</p> <p>Any material deviation from the original financing structure, project changes, underwriting assumptions, failure to meet closing conditions, or the failure to meet a condition of the Final Commitment Letter, if issued, can result in the Agency’s decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency’s financing.</p>  |   |
| <b>37b</b>  | <b>Senior Loan Committee Recommendation</b>               |
| <p>Senior Loan Committee recommends approval of the Final Commitment of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.</p> <div style="text-align: center;">  <p>_____ Date: _____</p> <p>Erwin Tam<br/>                 Director of Financing &amp; Senior Loan Committee Chairperson</p> </div> <p style="text-align: center;">Approved by:</p> <div style="text-align: center;">  <p>_____ Date: _____</p> <p>Tiena Johnson Hall<br/>                 Executive Director<br/>                 CalHFA</p> </div> |   |

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

| Project Summary  |                |  |   |                 |                     |               |
|--|----------------|--|---|-----------------|---------------------|---------------|
| <b>Project Full Name:</b> Ira D. Hall Square           |                | <b>Borrower Name:</b> MP Sonora Court Associates, L.P.         |   |                 |                     |               |
| <b>Project Address:</b> 1178 Sonora Court              |                | <b>Managing GP:</b> MP Sonora Court LLC                        |   |                 |                     |               |
| <b>Project City:</b> Sunnyvale                         |                | <b>Developer Name:</b> MidPen Housing Corporation              |   |                 |                     |               |
| <b>Project County:</b> Santa Clara                     |                | <b>Investor Name:</b> TBD                                      |   |                 |                     |               |
| <b>Project Zip Code:</b> 94086                         |                | <b>Prop Management:</b> MidPen Property Management Corporation |   |                 |                     |               |
| <b>Project Type:</b> Other (Specify below)             |                | <b>Tax Credits:</b> 4%   |   |                 |                     |               |
| <b>Tenancy/Occupancy:</b> Large Family                 |                | <b>Total Land Area (acres):</b> 1.26                           |   |                 |                     |               |
| <b>Total Residential Units:</b> 176                    |                | <b>Residential Square Footage (w/o</b>                         |   |                 |                     |               |
| <b>Total Number of Buildings:</b> 1                    |                | <b>Manager's Unit):</b> 122,590                                |   |                 |                     |               |
| <b>Number of Stories:</b> 7                            |                | <b>Residential Units Per Acre (Density):</b> 140               |   |                 |                     |               |
| <b>Unit Style:</b> Flat                                |                | <b>Common Area Square Footage:</b> 40,500                      |   |                 |                     |               |
| <b>Elevators:</b> 2                                    |                | <b>Commercial Square Footage:</b> 0                            |   |                 |                     |               |
| <b>Construction Type:</b> New Construction             |                | <b>Covered Parking Spaces:</b> 134                             |   |                 |                     |               |
|  |                | <b>Uncovered Parking Spaces:</b> 0                             |   |                 |                     |               |
|  |                | <b>Total Parking Spaces:</b> 134                               |   |                 |                     |               |
|  |                | <b>Year Built:</b> N/A   |   |                 |                     |               |
| Acq/Construction/Rehab Financing                       | Lien Priority  | Debt Type  | Loan Amount (\$)                              | Loan Term (Mo.) | Interest Rate       |               |
| C. Bank of America- Tax-Exempt- Conduit                | 1              | Int. Only, Variable  | \$74,439,164                                  | 36              | 7.95%               |               |
| C. Bank of America- Taxable- Conduit                   | 1              | Int. Only, Variable  | \$20,364,556                                  | 36              | 7.95%               |               |
| C. City of Sunnyvale- Housing Mitigation Funds         | 2              | Deferred, Fixed, Simple  | \$12,950,000                                  | 36              | 3.00%               |               |
| C. Santa Clara County                                  | 3              | Deferred, Fixed, Simple  | \$10,200,000                                  | 36              | 3.00%               |               |
| C. Accrued Deferred Interest                           | N/A            | Accrued Interest   | \$1,180,901                                   | N/A             | N/A                 |               |
| C. Limited Partner Equity                              | N/A            | Equity, LIHTC Investor   | \$7,781,018                                   | N/A             | N/A                 |               |
| C. City of Sunnyvale - Ground Lease Loan               | 2              | Deferred, Fixed, Simple  | \$13,550,000                                  | 36              | 3.00%               |               |
| C. GP Equity   | N/A            | Equity, General Partner  | \$4,042,877                                   | N/A             | N/A                 |               |
|  | N/A            | 0  | N/A   | N/A             | N/A                 |               |
|  | N/A            | 0  | N/A   | N/A             | N/A                 |               |
|  | N/A            | 0  | N/A   | N/A             | N/A                 |               |
|  |                |  | <b>\$144,508,516</b>                          |                 |                     |               |
| Permanent Financing                                    | Lien Priority  | Debt Type  | Loan Amount (\$)                              | Loan Term (Yr.) | Amort. Period (Yr.) | Interest Rate |
| P. CalHFA Permanent Loan                               | 1              | Fixed, Compounding, Amort.                                     | \$25,533,000                                  | 17              | 35                  | 6.55%         |
| P. City of Sunnyvale- Housing Mitigation Fund          | 3              | Fixed, Simple, R.R   | \$12,950,000                                  | 55              | N/A                 | 3.00%         |
| P. Santa Clara County                                  | 4              | Fixed, Simple, R.R   | \$11,200,000                                  | 55              | N/A                 | 3.00%         |
| P. Accrued Deferred Interest                           | N/A            | Accrued Interest   | \$1,180,901                                   | 55              | N/A                 | N/A           |
| P. Deferred Developer Fee                              | N/A            | Developer Fee, Deferral  | \$5,377,123                                   | N/A             | N/A                 | N/A           |
| P. City of Sunnyvale - Ground Lease Loan               | 3              | Fixed, Simple, R.R   | \$13,550,000                                  | 55              | N/A                 | 3.00%         |
| P. GP Equity   | N/A            | Equity, General Partner  | \$4,042,877                                   | N/A             | N/A                 | N/A           |
| P. CalHFA MIP Loan                                     | 2              | Fixed, Simple, R.R   | \$1,739,000                                   | 17              | N/A                 | 3.00%         |
| P. Tax Credit Equity                                   | N/A            | Equity, LIHTC Investor   | \$79,565,176                                  | N/A             | N/A                 | N/A           |
|  | N/A            | \$0  |   | N/A             | N/A                 | N/A           |
|  | N/A            | \$0  |   | N/A             | N/A                 | N/A           |
|  | N/A            | \$0  |   | #VALUE!         | N/A                 | N/A           |
|  | N/A            | \$0  |   | #VALUE!         | N/A                 | N/A           |
|  | N/A            | \$0  |   | #VALUE!         | N/A                 | N/A           |
|  |                |  | <b>155,138,077</b>                            |                 |                     |               |
| Appraised Values Upon Completion of Rehab/Construction |                |  |   |                 |                     |               |
| <b>Appraisal Date:</b>                                 | 9/25/2023      |  | <b>Capitalization Rate (%):</b>               | 4.50%           |                     | USRM Req      |
| <b>Investment Value (\$):</b>                          | \$134,660,000  |  | <b>Restricted Value (\$):</b>                 | \$46,300,000    |                     |               |
| <b>Construct/Rehab Loan To Cost (%):</b>               | 61%            |  | <b>CalHFA Permanent Loan to Cost (%):</b>     | 16.46%          |                     |               |
| <b>Construct/Rehab Loan To Value (%):</b>              | 70%            |  | <b>CalHFA Permanent Loan to Value (%):</b>    | 55%             |                     |               |
| <b>Land Value</b>                                      | \$6,400,000    |  | <b>Combined All CalHFA Loan to Value (%):</b> | 83%             |                     |               |
| Additional Loan Terms, Conditions & Comments           |                |  |   |                 |                     |               |
| Construction/Rehab Loan (if applicable)                |                |  |   |                 |                     |               |
| <b>Payment/Performance Bond:</b>                       | Yes            |  | <b>Construction Period (Months):</b>          | 0               |                     |               |
| <b>Completion Guarantee Letter of Credit:</b>          | No             |  | <b>Lease-up period (Months)</b>               | 0               |                     |               |
|  |                |  | <b>Perm Loan Forward Period (Months):</b>     | 36              |                     |               |
| Permanent Loan   |                |  |   |                 |                     |               |
| <b>Operating Expense Reserve Deposit</b>               | \$1,031,918.00 |  | <b>Annual Lease Payment (Stabilized Year)</b> | \$ -            |                     |               |
| <b>Initial Replacement Reserve Deposit</b>             | \$ -           |  |   |                 |                     |               |
| <b>Annual Replacement Reserve Per Unit</b>             | \$500          |  |   |                 |                     |               |
| <b>HUD Risk Share Insurance Requested:</b>             | Yes            |  |   |                 |                     |               |

**Unit Mix and Rent Summary**

| Project Unit Mix   |            |           |                |           |             |
|--------------------|------------|-----------|----------------|-----------|-------------|
| Unit Type of Style | Number of  | Number of | Average        | Number of | Est. No. of |
|                    | Bedrooms   | Baths     | Size (Sq. Ft.) | Units     | Tenants     |
| Flat               | SRO/Studio | 1         | 376            | 39        | 59          |
| Flat               | 1 Bedroom  | 1         | 553            | 47        | 71          |
| Flat               | 2 Bedrooms | 1         | 781            | 45        | 135         |
| Flat               | 3 Bedrooms | 2         | 1,081          | 45        | 203         |
|                    | 4 Bedrooms |           |                |           | 0           |
|                    | 5 Bedrooms |           |                |           | 0           |
| <b>Total:</b>      |            |           | 124,445        | 176       | 468         |

**Number of Units and Percentage of AMI Rents Restricted by each Agency**

| Regulating Agency       | Number of Units Restricted For Each AMI Category |     |     |     |     |     |     |      | Total Units Regulated | Percentage Regulated |
|-------------------------|--|-----|-----|-----|-----|-----|-----|------|-----------------------|----------------------|
|                         | Lien   | 30% | 40% | 50% | 60% | 70% | 80% | 120% |                       |                      |
| CalHFA Bond             | 2nd  |     |     | 18  | 53  |     |     |      | 71                    | 41%                  |
| CalHFA MIP              | 3rd  |     |     | 36  |     | 18  |     | 120  | 174                   | 100%                 |
| CTCAC                   | 6th  | 87  | 16  | 28  | 25  | 18  |     |      | 174                   | 100%                 |
| City of Sunnyvale Loan  | 4th  | 87  |     | 44  |     |     | 43  |      | 174                   | 100%                 |
| Santa Clara County Loan | 5th  | 87  |     | 44  |     |     | 43  |      | 174                   | 100%                 |
| HAP Use Agreement       |  |     |     |     |     |     |     |      | 0                     | 0%                   |
| Density Bonus           | 1st  |     |     |     |     |     | 139 | 35   | 174                   | 100%                 |
| Ground Lease            |  |     |     |     |     |     |     |      | 0                     | 0%                   |
| Other                   |  |     |     |     |     |     |     |      | 0                     | 0%                   |
| SEE ATTACHED            |  |     |     |     |     |     |     |      | 0                     | 0%                   |
| SUPPLEMENTAL CHART      |  |     |     |     |     |     |     |      | 0                     | 0%                   |
| -                       |  |     |     |     |     |     |     |      | 0                     | 0%                   |
| <b>TOTALS</b>           |  | 87  | 16  | 28  | 25  | 18  | 0   | 0    | 174                   | 100%                 |

**Comparison of Average Monthly Restricted Rents to Average Market Rents**

| Unit Type         | Restricting Agency | % of Area Median Income | Average Restricted Rents |            | Average Market Rents | Average Monthly Savings | % below Market Rents |
|-------------------|--------------------|-------------------------|--------------------------|------------|----------------------|-------------------------|----------------------|
|                   |                    |                         | Number of Units          | Unit Rent  |                      |                         |                      |
| <b>Studios</b>    |                    |                         |                          |            | <b>\$2,400</b>       |                         |                      |
|                   | CTCAC              | 30%                     | 20                       | 837        |                      | \$1,563                 | 35%                  |
|                   | CTCAC              | 30%                     | 10                       | \$837      |                      | \$1,563                 | 35%                  |
|                   | CTCAC              | 40%                     | 5                        | \$1,149    |                      | \$1,251                 | 48%                  |
|                   | CTCAC              | 50%                     | 4                        | \$1,461    |                      | \$939                   | 61%                  |
| <b>1 Bedroom</b>  |                    |                         |                          |            | <b>\$2,600</b>       |                         |                      |
|                   | CTCAC              | 30%                     | 20                       | 896        |                      | \$1,704                 | 34%                  |
|                   | CTCAC              | 30%                     | 7                        | \$896.00   |                      | \$1,704                 | 34%                  |
|                   | CTCAC              | 40%                     | 5                        | \$1,230.00 |                      | \$1,370                 | 47%                  |
|                   | CTCAC              | 50%                     | 6                        | \$1,565.00 |                      | \$1,035                 | 60%                  |
|                   | CTCAC              | 60%                     | 9                        | \$1,900.00 |                      | \$700                   | 73%                  |
| <b>2 Bedroom</b>  |                    |                         |                          |            | <b>\$3,100</b>       |                         |                      |
|                   | CTCAC              | 0.3                     | 3                        | 1063       |                      | \$2,037                 | 34%                  |
|                   | CTCAC              | 30%                     | 12                       | \$1,063    |                      | \$2,037                 | 34%                  |
|                   | CTCAC              | 40%                     | 3                        | \$1,465    |                      | \$1,635                 | 47%                  |
|                   | CTCAC              | 50%                     | 3                        | \$1,866    |                      | \$1,234                 | 60%                  |
|                   | CTCAC              | 50%                     | 6                        | \$1,866    |                      | \$1,234                 | 60%                  |
|                   | CTCAC              | 60%                     | 5                        | \$2,267    |                      | \$833                   | 73%                  |
|                   | CTCAC              | 70%                     | 12                       | \$2,635    |                      | \$465                   | 85%                  |
| <b>3 Bedrooms</b> |                    |                         |                          |            | <b>\$4,100</b>       |                         |                      |
|                   | CTCAC              | 0.3                     | 2                        | 1218       |                      | \$2,882                 | 30%                  |
|                   | CTCAC              | 30%                     | 13                       | \$1,218    |                      | \$2,882                 | 30%                  |
|                   | CTCAC              | 40%                     | 3                        | \$1,682    |                      | \$2,418                 | 41%                  |
|                   | CTCAC              | 50%                     | 2                        | \$2,146    |                      | \$1,954                 | 52%                  |
|                   | CTCAC              | 50%                     | 7                        | \$2,146    |                      | \$1,954                 | 52%                  |
|                   | CTCAC              | 60%                     | 11                       | \$2,610    |                      | \$1,490                 | 64%                  |
|                   | CTCAC              | 70%                     | 6                        | \$3,074    |                      | \$1,026                 | 75%                  |
| <b>4 Bedrooms</b> |                    |                         |                          |            |                      |                         |                      |

Total Number of Units Per Above 174                      Average AMI      42.10%  
 Market Rate Units Not Shown Above 2  
 Total Project Units 176

| Sources and Uses of Funds                                      |                    |                    |                                |                |               |               |
|--|--------------------|--------------------|--------------------------------|----------------|---------------|---------------|
| 23-006-A/X/N   |                    |                    |                                |                |               |               |
| SOURCES OF FUNDS   | Const/Rehab        | Permanent          | Total Project Sources of Funds |                |               |               |
|  | \$                 | \$                 | Sources (\$)                   | Per Unit (\$)  | % of Total    | % of Category |
| C. Bank of America- Tax-Exempt- Conduit                        | 74,439,164         |                    |                                |                | 51.51%        | 51.51%        |
| C. Bank of America- Taxable- Conduit                           | 20,364,556         |                    |                                |                | 14.09%        | 14.09%        |
| C. City of Sunnyvale- Housing Mitigation Funds                 | 12,950,000         |                    |                                |                | 8.96%         | 8.96%         |
| C. Santa Clara County  | 10,200,000         |                    |                                |                | 7.06%         | 7.06%         |
| C. Accrued Deferred Interest                                   | 1,180,901          |                    |                                |                | 0.82%         | 0.82%         |
| C. Limited Partner Equity                                      | 7,781,018          |                    |                                |                | 5.38%         | 5.38%         |
| C. City of Sunnyvale - Ground Lease Loan                       | 13,550,000         |                    |                                |                | 9.38%         | 9.38%         |
| C. GP Equity   | 4,042,877          |                    |                                |                | 2.80%         | 2.80%         |
| <hr/>  |                    |                    |                                |                |               |               |
| P. CalHFA Permanent Loan                                       |                    | 25,533,000         | 25,533,000                     | 145,074        | 16.46%        | 16.5%         |
| P. City of Sunnyvale- Housing Mitigation Fund                  |                    | 12,950,000         | 12,950,000                     | 73,580         | 8.35%         | 8.3%          |
| P. Santa Clara County  |                    | 11,200,000         | 11,200,000                     | 63,636         | 7.22%         | 7.2%          |
| P. Accrued Deferred Interest                                   |                    | 1,180,901          | 1,180,901                      | 6,710          | 0.76%         | 0.8%          |
| P. Deferred Developer Fee                                      |                    | 5,377,123          | 5,377,123                      | 30,552         | 3.47%         | 3.5%          |
| P. City of Sunnyvale - Ground Lease Loan                       |                    | 13,550,000         | 13,550,000                     | 76,989         | 8.73%         | 8.7%          |
| P. GP Equity   |                    | 4,042,877          | 4,042,877                      | 22,971         | 2.61%         | 2.6%          |
| P. CalHFA MIP Loan   |                    | 1,739,000          | 1,739,000                      | 9,881          | 1.12%         | 1.1%          |
| P. Tax Credit Equity   |                    | 79,565,176         | 79,565,176                     | 452,075        | 51.29%        | 51.3%         |
| <hr/>  |                    |                    |                                |                |               |               |
| <b>TOTAL SOURCES OF FUNDS</b>                                  | <b>144,508,516</b> | <b>155,138,077</b> | <b>155,138,077</b>             | <b>881,466</b> |               |               |
| <b>TOTAL USES OF FUNDS (BELOW)</b>                             | <b>144,508,516</b> | <b>155,138,077</b> | <b>155,138,077</b>             | <b>881,466</b> |               |               |
| <b>FUNDING SURPLUS (DEFICIT)</b>                               | -                  | -                  | -                              |                |               |               |
| <hr/>  |                    |                    |                                |                |               |               |
| USES OF FUNDS  | Const/Rehab        | Permanent          | Total Project Uses of Funds    |                |               |               |
|  | \$                 | \$                 | Uses (\$)                      | Per Unit (\$)  | %TDC          | % of Category |
| <b>TOTAL EQUITY AND LOAN PAYOFF</b>                            |                    | <b>144,508,516</b> |                                |                |               |               |
| <hr/>  |                    |                    |                                |                |               |               |
| <b>LAND COST/ACQUISITION</b>                                   |                    |                    |                                |                |               |               |
| Land Cost or Value   | 13,550,000         |                    | 13,550,000                     | 76,989         | 8.73%         | 80.3%         |
| Demolition   | 1,067,170          |                    | 1,067,170                      | 6,063          | 0.69%         | 6.3%          |
| Legal  | 53,000             |                    | 53,000                         | 301            | 0.03%         | 0.3%          |
| Land Lease Repayment   | -                  |                    | -                              | -              | -             | 0.0%          |
| Existing Improvement Value                                     | -                  |                    | -                              | -              | -             | 0.0%          |
| Off-Site Improvements  | 1,459,991          |                    | 1,459,991                      | 8,295          | 0.94%         | 8.7%          |
| Predevelopment Interest/Holding Costs                          | 734,450            |                    | 734,450                        | 4,173          | 0.47%         | 4.4%          |
| Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition) | -                  |                    | -                              | -              | -             | 0.0%          |
| Excess Purchase Price Over Appraisal                           | -                  |                    | -                              | -              | -             | 0.0%          |
|  | -                  |                    | -                              | -              | -             | 0.0%          |
|  | -                  |                    | -                              | -              | -             | 0.0%          |
|  | -                  |                    | -                              | -              | -             | 0.0%          |
|  | -                  |                    | -                              | -              | -             | 0.0%          |
| <b>TOTAL LAND COST/ACQUISITION</b>                             | <b>16,864,611</b>  | -                  | <b>16,864,611</b>              | <b>95,822</b>  | <b>10.87%</b> | <b>100.0%</b> |

| USES OF FUNDS (contd)   | Const/Rehab         | Permanent | Total Project Uses of Funds |                | %TDC          | % of Category |
|---|---------------------|-----------|-----------------------------|----------------|---------------|---------------|
|   | \$                  | \$        | Uses (\$)                   | Per Unit (\$)  |               |               |
| <b>REHABILITATION COSTS</b>   |                     |           |                             |                |               |               |
| Site Work (Hard Cost)   | -                   | -         | -                           | -              | -             | -             |
| Structures (Hard Cost)  | -                   | -         | -                           | -              | -             | -             |
| General Requirements  | -                   | -         | -                           | -              | -             | -             |
| Contractor Overhead   | -                   | -         | -                           | -              | -             | -             |
| Contractor Profit   | -                   | -         | -                           | -              | -             | -             |
| Prevailing Wages  | -                   | -         | -                           | -              | -             | -             |
| Contractor/General Liability Insurance                              | -                   | -         | -                           | -              | -             | -             |
| Third-Party Construction Management                                 | -                   | -         | -                           | -              | -             | -             |
| Relocation Expenses   | -                   | -         | -                           | -              | -             | -             |
| Other: (Specify)  | -                   | -         | -                           | -              | -             | -             |
| <b>TOTAL REHAB COSTS</b>  | -                   | -         | -                           | -              | 0.00%         | 0.0%          |
| <b>CONSTRUCTION COSTS</b>   |                     |           |                             |                |               |               |
| Site Work   | 1,311,953           | -         | 1,311,953                   | 7,454          | 0.85%         | 1.5%          |
| Structures  | 79,793,396          | -         | 79,793,396                  | 453,372        | 51.43%        | 88.8%         |
| General Requirements  | 2,891,684           | -         | 2,891,684                   | 16,430         | 1.86%         | 3.2%          |
| Contractor Overhead   | 1,224,616           | -         | 1,224,616                   | 6,958          | 0.79%         | 1.4%          |
| Contractor Profit   | 1,224,616           | -         | 1,224,616                   | 6,958          | 0.79%         | 1.4%          |
| Prevailing Wages  | -                   | -         | -                           | -              | -             | 0.0%          |
| General Liability Insurance   | 2,447,273           | -         | 2,447,273                   | 13,905         | 1.58%         | 2.7%          |
| Third-Party Construction Management                                 | 220,425             | -         | 220,425                     | 1,252          | 0.14%         | 0.2%          |
| Other: (PhotoVoltaic System)  | 704,147             | -         | 704,147                     | 4,001          | 0.45%         | 0.8%          |
|   | -                   | -         | -                           | -              | -             | 0.0%          |
| <b>TOTAL CONSTRUCT COSTS</b>  | <b>89,818,109</b>   | -         | <b>89,818,109</b>           | <b>510,330</b> | <b>57.90%</b> | <b>100.0%</b> |
| <b>ARCHITECTURAL/ENGINEERING/SURVEY FEES</b>                        |                     |           |                             |                |               |               |
| Design  | 1,576,145           | -         | 1,576,145                   | 8,955          | 1.02%         | 47.5%         |
| Survey/Engineering  | 1,249,367           | -         | 1,249,367                   | 7,099          | 0.81%         | 37.7%         |
| Supervision   | 491,899             | -         | 491,899                     | 2,795          | 0.32%         | 14.8%         |
|   | -                   | -         | -                           | -              | -             | 0.0%          |
| <b>TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES</b>                  | <b>3,317,411</b>    | -         | <b>3,317,411</b>            | <b>18,849</b>  | <b>2.14%</b>  | <b>100.0%</b> |
| <b>CONSTRUCTION INTEREST AND FEES</b>                               |                     |           |                             |                |               |               |
| Construction Loan Interest  | 12,514,754          | -         | 12,514,754                  | 71,107         | 8.07%         | 100.0%        |
|   | -                   | -         | -                           | -              | -             | 0.0%          |
|   | -                   | -         | -                           | -              | -             | 0.0%          |
| <b>Subtotal (Should Match Constr. Loan Interest Amount):</b>        | <b>12,514,754</b>   | -         | -                           | -              | -             | <b>100.0%</b> |
| Construction Origination/Loan Fees                                  | 568,822             | -         | 568,822                     | 3,232          | 0.37%         | 100.0%        |
|   | -                   | -         | -                           | -              | -             | 0.0%          |
|   | -                   | -         | -                           | -              | -             | 0.0%          |
| <b>Subtotal (Should Match Constr. Origination/Loan Fee Amount):</b> | <b>568,822</b>      | -         | -                           | -              | -             | <b>100.0%</b> |
| Credit Enhancement/Application Fee                                  | -                   | -         | -                           | -              | -             | 0.0%          |
| Bond Premium  | -                   | -         | -                           | -              | -             | 0.0%          |
| Cost of Issuance  | 352,382             | -         | 352,382                     | 2,002          | 0.23%         | 18.9%         |
| Title & Recording   | 110,000             | -         | 110,000                     | 625            | 0.07%         | 5.9%          |
| Taxes   | 400,000             | -         | 400,000                     | 2,273          | 0.26%         | 21.5%         |
| Insurance   | 950,000             | -         | 950,000                     | 5,398          | 0.61%         | 51.0%         |
| CDLAC Fee   | -                   | -         | -                           | -              | -             | 0.0%          |
| CalHFA Issuer Fee   | -                   | -         | -                           | -              | -             | 0.0%          |
| CalHFA Inspection   | -                   | -         | -                           | -              | -             | 0.0%          |
| Other   | -                   | -         | -                           | -              | -             | 0.0%          |
| Other: (Lender Expenses)  | 50,000              | -         | 50,000                      | 284            | 0.03%         | 2.7%          |
| <b>Subtotal:</b>  | <b>\$ 1,862,382</b> | -         | -                           | -              | -             | <b>100.0%</b> |
| <b>TOTAL CONSTRUCTION COST</b>                                      | <b>14,945,958</b>   | -         | <b>14,945,958</b>           |                | <b>9.6%</b>   |               |

| USES OF FUNDS (contd)  | Const/Rehab<br>\$    | Permanent<br>\$  | Total Project Uses of Funds |                   |              |               |
|--|----------------------|------------------|-----------------------------|-------------------|--------------|---------------|
|  |                      |                  | Uses (\$)                   | Per Unit (\$)     | %TDC         | % of Category |
| <b>PERMANENT FINANCING COSTS</b>   |                      |                  |                             |                   |              |               |
| Origination/Loan Fees  | 400,385              |                  | 400,385                     | 2,275             | 0.26%        | 100.0%        |
|  | -                    |                  |                             |                   |              | 0.0%          |
|  | -                    |                  |                             |                   |              | 0.0%          |
|  | -                    |                  |                             |                   |              | 0.0%          |
|  | -                    |                  |                             |                   |              | 0.0%          |
|  | -                    |                  |                             |                   |              | 0.0%          |
| <b>Subtotal (Should Match All Origination/Loan Fees Amount):</b>               | <b>\$ 400,385.00</b> | <b>\$ -</b>      | <b>\$ 400,385.00</b>        |                   |              | <b>100.0%</b> |
| Credit Enhancement & Application Fees  | -                    |                  | -                           | -                 |              |               |
|  | -                    |                  | -                           | -                 |              |               |
| <b>Subtotal (Should Match All Credit Enhancement &amp; Appl. Fees Amount):</b> | <b>\$ -</b>          | <b>\$ -</b>      | <b>\$ -</b>                 |                   |              | <b>0.0%</b>   |
| Title & Recording (closing costs)  | 40,000               |                  | 40,000                      | 227               | 0.03%        | 8.9%          |
| Taxes  | -                    |                  | -                           | -                 |              | 0.0%          |
| Insurance  | -                    |                  | -                           | -                 |              | 0.0%          |
|  | -                    |                  | -                           | -                 |              | 0.0%          |
|  | -                    |                  | -                           | -                 |              | 0.0%          |
| Other: (Lender Expenses)   | 11,500               |                  | \$ 11,500.00                | 65                | 0.01%        | 2.5%          |
| <b>TOTAL PERMANENT FINANCING COSTS</b>   | <b>451,885</b>       | <b>-</b>         | <b>451,885</b>              | <b>256752.84%</b> | <b>0.3%</b>  | <b>11.4%</b>  |
| <b>LEGAL FEES AND THIRD-PARTY CONSULTING FEES</b>                              |                      |                  |                             |                   |              |               |
| Lender Legal Paid by Applicant   | 125,000              |                  | 125,000                     | 71022.73%         | 0.1%         | 43.9%         |
|  | -                    |                  | -                           | -                 |              | 0.0%          |
|  | -                    |                  | -                           | -                 |              | 0.0%          |
| <b>Subtotal (Should Match Legal Paid by Applicant Amount):</b> \$ -            |                      |                  |                             |                   |              |               |
| Financial Consulting, Application Preparation/Review                           | -                    |                  | -                           | -                 |              | 0.0%          |
| Entitlement Services, Building Permit Expediting                               | -                    |                  | -                           | -                 |              | 0.0%          |
| Tenant File Review Services  | -                    |                  | -                           | -                 |              | 0.0%          |
| Other: Borrower Legal  | 160,000              |                  | \$ 160,000                  | 909               | 0.10%        | 56.1%         |
|  | -                    |                  | -                           | -                 |              | 0.0%          |
| <b>TOTAL LEGAL FEES</b>  | <b>285,000</b>       | <b>-</b>         | <b>285,000</b>              | <b>1,619</b>      | <b>0.18%</b> | <b>100.0%</b> |
| <b>RESERVES</b>  |                      |                  |                             |                   |              |               |
| Rent Reserves  | -                    |                  | -                           | -                 |              | 0.0%          |
| Capitalized Rent Reserves  | -                    |                  | -                           | -                 |              | 0.0%          |
| Operating Expense Reserve  | 1,031,918            |                  | 1,031,918                   | 5,863             | 0.67%        | 52.0%         |
| Transition Operating Reserve   | -                    |                  | -                           | -                 |              | 0.0%          |
| Initial Replacement Reserve  | -                    |                  | -                           | -                 |              | 0.0%          |
| Investor Required Reserve  | -                    |                  | -                           | -                 |              | 0.0%          |
| Other: Capitalized Subsidy Transition Reserve                                  | 950,863              |                  | \$ 950,863.00               | 5,403             | 0.61%        | 48.0%         |
| <b>TOTAL RESERVES</b>  | <b>1,982,781</b>     | <b>-</b>         | <b>1,982,781</b>            | <b>11,266</b>     | <b>1.3%</b>  | <b>100.0%</b> |
| <b>CONTINGENCY COSTS</b>   |                      |                  |                             |                   |              |               |
| Construction Hard Cost Contingency   | 7.10%                | 5,757,803        | 5,757,803                   | 32,715            | 3.71%        | 80.4%         |
| Soft Cost Contingency  | 2.31%                | 1,400,000        | 1,400,000                   | 7,955             | 0.90%        | 19.6%         |
| <b>TOTAL CONTINGENCY COSTS</b>   |                      | <b>7,157,803</b> | <b>7,157,803</b>            | <b>40,669</b>     | <b>4.61%</b> | <b>100.0%</b> |

| USES OF FUNDS (contd)                          | Const/Rehab<br>\$     | Permanent<br>\$    | Total Project Uses of Funds |                | %TDC          | % of Category |
|--|-----------------------|--------------------|-----------------------------|----------------|---------------|---------------|
|  |                       |                    | Uses (\$)                   | Per Unit (\$)  |               |               |
| <b>OTHER PROJECT COSTS</b>                     |                       |                    |                             |                |               |               |
| TCAC Application, Allocation & Monitor Fees    | \$ 139,647            |                    | \$ 139,647                  | 793            | 0.09%         | 2.0%          |
| Environmental Audit                            | \$ 78,000             |                    | \$ 78,000                   | 443            | 0.05%         | 1.1%          |
| Local Development Impact Fees                  | \$ 1,342,890          |                    | \$ 1,342,890                | 7,630          | 0.87%         | 19.4%         |
| Permit Processing Fees                         | \$ 3,278,081          |                    | \$ 3,278,081                | 18,625         | 2.11%         | 47.4%         |
| Capital Fees                                   | \$ 10,000             |                    | \$ 10,000                   | 57             | 0.01%         | 0.1%          |
| Marketing                                      | \$ 440,000            |                    | \$ 440,000                  | 2,500          | 0.28%         | 6.4%          |
| Furnishings                                    | \$ 264,000            |                    | \$ 264,000                  | 1,500          | 0.17%         | 3.8%          |
| Market Study                                   | \$ 21,000             |                    | \$ 21,000                   | 119            | 0.01%         | 0.3%          |
| Accounting/Reimbursables                       | \$ -                  |                    | \$ -                        | -              | -             | 0.0%          |
| Appraisal Costs                                | \$ 10,000             |                    | \$ 10,000                   | 57             | 0.01%         | 0.1%          |
|  | \$ -                  |                    |                             | -              | -             | 0.0%          |
|  | \$ -                  |                    |                             | -              | -             | 0.0%          |
|  | \$ -                  |                    |                             | -              | -             | 0.0%          |
|  | \$ -                  |                    |                             | -              | -             | 0.0%          |
|  | \$ -                  |                    |                             | -              | -             | 0.0%          |
| Other: Exterior Art                            | \$ 50,000             |                    | \$ 50,000                   | 284            | 0.03%         | 0.7%          |
| Other: Accrued/Deferred Interest on Soft Loans | \$ 1,180,901          |                    | \$ 1,180,901                | 6,710          | 0.76%         | 17.1%         |
| Other: CalHFA Impounds                         | \$ 100,000            |                    | \$ 100,000                  | 568            | 0.06%         | 1.4%          |
| <b>TOTAL OTHER PROJECT COSTS</b>               | <b>6,914,519</b>      | <b>-</b>           | <b>6,914,519</b>            | <b>39,287</b>  | <b>4.46%</b>  | <b>100.0%</b> |
| <b>SUBTOTAL PROJECT COSTS</b>                  | <b>141,738,077</b>    | <b>-</b>           | <b>141,738,077</b>          | <b>720,410</b> | <b>91.36%</b> |               |
| <b>DEVELOPER FEES &amp; COSTS</b>              |                       |                    |                             |                |               |               |
| Developer Overhead/Profit                      | 2,770,439             | 10,629,561         | 13,400,000                  | 76,136         | 8.6%          | 100.0%        |
| Processing Agent Fees                          | -                     |                    | -                           | -              | -             | 0.0%          |
| Broker Fees Paid to Related Party              | -                     |                    | -                           | -              | -             | 0.0%          |
| Construction Management by Developer           | -                     |                    | -                           | -              | -             | 0.0%          |
| Other: (Specify)                               | -                     |                    | \$ -                        | -              | -             | 0.0%          |
| <b>TOTAL DEVELOPER FEES &amp; COSTS</b>        | <b>2,770,439.00</b>   | <b>10,629,561</b>  | <b>13,400,000</b>           | <b>76,136</b>  | <b>8.6%</b>   | <b>100.0%</b> |
| <b>TOTAL DEVELOPMENT COSTS (TDC)</b>           | <b>144,508,516.00</b> | <b>155,138,077</b> | <b>155,138,077</b>          | <b>881,466</b> | <b>100%</b>   |               |
| <b>NET BUDGET SURPLUS/DEFICIT</b>              | <b>-</b>              | <b>-</b>           | <b>-</b>                    |                |               |               |

| Projected Initial Annual Operating Budget |            |                     |               |               |
|---|------------|---------------------|---------------|---------------|
| OPERATING INCOME                          |            |                     |               |               |
| Income                                    | % Increase | Amount              | Per Unit      | % of Category |
| <b>Rental Income</b>                      |            |                     |               |               |
| Restricted Unit Rents                     | 2.50%      | \$ 3,160,848        | \$ 17,959     | 67.86%        |
| Unrestricted Unit Rents                   | 2.50%      | \$ -                | \$ -          | 0.00%         |
| Commercial Rents                          | 2.00%      | \$ -                | \$ -          | 0.00%         |
| <b>Rental &amp; Operating Subsidies</b>   |            |                     |               |               |
| Project Based Rental Subsidy              | 1.50%      | \$ 1,476,048        | \$ 8,387      | 31.69%        |
| Other Project Based Subsidy               | 1.50%      | \$ -                | \$ -          | 0.00%         |
| <b>Other Income</b>                       |            |                     |               |               |
| Laundry Income                            | 2.50%      | \$ 21,120           | \$ 120        | 0.45%         |
| Parking & Storage Income                  | 2.50%      | \$ -                | \$ -          | 0.00%         |
|   | 0.00%      | \$ -                | \$ -          | 0.00%         |
| <b>GROSS POTENTIAL INCOME (GPI)</b>       |            | <b>\$ 4,658,016</b> | <b>26,466</b> |               |
| <b>VACANCY RATES</b>                      |            |                     |               |               |
|   | %          |                     |               |               |
| Restricted Unit Rents                     | 5.00%      | \$ 158,042          | \$ 898        | 67.86%        |
| Unrestricted Unit Rents                   | 5.00%      | \$ -                | \$ -          | 0.00%         |
| Commercial Rents                          | 50.00%     | \$ -                | \$ -          | 0.00%         |
| Project Based Rental Subsidy              | 5.00%      | \$ 73,802           | \$ 419        | 31.69%        |
| Other Project Based Subsidy               | 5.00%      | \$ -                | \$ -          | 0.00%         |
| Laundry Income                            | 5.00%      | \$ 1,056            | \$ 6          | 0.45%         |
| Parking & Storage Income                  | 50.00%     | \$ -                | \$ -          | 0.00%         |
|   | 0.00%      | \$ -                | \$ -          | 0.00%         |
| <b>TOTAL VACANCY LOSS</b>                 |            | <b>\$ 232,901</b>   | <b>1,323</b>  |               |
| <b>EFFECTIVE GROSS INCOME (EGI)</b>       |            | <b>\$ 4,425,115</b> | <b>25,143</b> |               |

| OPERATING EXPENSES  |              |              |           |               |
|---|--------------|--------------|-----------|---------------|
| Administrative Expenses   | % Increase   | Amount       | Per Unit  | % of Category |
| Advertising   | 3.50%        | \$ 754       | 4         | 0.0%          |
| Legal   | 3.50%        | \$ 6,033     | 34        | 0.3%          |
| Accounting/Audit  | 3.50%        | \$ 10,712    | 61        | 0.5%          |
| Security  | 3.50%        | \$ 45,077    | 256       | 2.0%          |
| Misc. Admin   | 3.50%        | \$ 2,242     | 13        | 0.1%          |
| <b>Total Administrative Expenses:</b>                           | 3.50%        | \$ 64,818    | 368       | 2.9%          |
| <b>Management Fee</b>   | <b>3.50%</b> | \$ 181,620   | 1,032     | 8.1%          |
| Utilities   | % Increase   | Amount       | Per Unit  | % of Category |
| Fuel  | 3.50%        | \$ -         | 0         | 0.0%          |
| Gas   | 3.50%        | \$ -         | 0         | 0.0%          |
| Electricity   | 3.50%        | \$ 159,495   | 906       | 7.1%          |
| Water/Sewer   | 3.50%        | \$ 174,324   | 990       | 7.8%          |
|   | 3.50%        |              | 0         | 0.0%          |
| <b>Total Utilities:</b>   | 3.50%        | \$ 333,819   | 1,897     | 15.0%         |
| Payroll Expenses  | % Increase   | Amount       | Per Unit  | % of Category |
| On-site Managers  | 3.50%        | \$ 264,107   | 1,501     | 11.8%         |
| Number of Staff:  | 8            |              |           |               |
| Maintenance Personnel   | 3.50%        | \$ 167,324   | 951       | 7.5%          |
| Number of Rent-Free Units:                                      | 2            |              |           |               |
| Payroll taxes, benefits, WC, Training, etc.                     | 3.50%        | \$ 290,634   | 1,651     | 13.0%         |
| <b>Total Payroll/Payroll Taxes:</b>                             |              | \$ 722,065   | 4,103     | 32.3%         |
| <b>Insurance</b>  | <b>3.50%</b> | \$ 96,502    | 548       | 4.3%          |
| Maintenance   | % Increase   | Amount       | Per Unit  | % of Category |
| Painting  | 3.50%        | \$ 5,911     | 34        | 0.3%          |
| Repairs   | 3.50%        | \$ 71,954    | 409       | 3.2%          |
| Trash Removal   | 3.50%        | \$ 63,589    | 361       | 2.8%          |
| Exterminating   | 3.50%        | \$ 8,603     | 49        | 0.4%          |
| Grounds   | 3.50%        | \$ 54,564    | 310       | 2.4%          |
| Elevator  | 3.50%        | \$ 18,645    | 106       | 0.8%          |
| Fire Protection   | 3.50%        | \$ 4,874     | 28        | 0.2%          |
| <b>Total Maintenance:</b>                                       | 3.50%        | \$ 228,140   | 1,296     | 10.2%         |
| Other Operating Expenses  | % Increase   | Amount       | Per Unit  | % of Category |
| Misc. Tax/License   | 3.50%        | \$ 857       | 5         | 0.0%          |
| (specify here)  | 3.50%        | \$ -         | 0         | 0.0%          |
| (specify here)  | 3.50%        | \$ -         | 0         | 0.0%          |
| (specify here)  | 3.50%        | \$ -         | 0         | 0.0%          |
| (specify here)  | 3.50%        | \$ -         | 0         | 0.0%          |
| <b>Total Other Expenses:</b>                                    | 3.50%        | \$ 857       | 5         | 0.0%          |
| <b>Total Annual Residential Operating Expenses</b>              |              | \$ 1,627,821 | 9,249     | 72.9%         |
| Transit Pass/Internet   | 3.50%        | \$ 45,000    | 256       | 2.0%          |
| Total Annual Services Amenities Budget                          | 2.50%        | \$ 427,150   | 2,427     | 19.1%         |
| Total Annual Reserve for Replacement                            | 1.00%        | \$ 88,000    | 500       | 3.9%          |
| Total Annual Monitoring Fees                                    | 0.00%        | \$ 9,900     | 56        | 0.4%          |
| CalHFA Monitoring Fee   | 0.00%        | \$ 7,500     |           |               |
| Total Annual Real Estate Taxes                                  | 1.25%        | \$ 14,038    | 80        | 0.6%          |
| Specialty Locality Taxes (community facilities district, mello) | 2.00%        | \$ -         | 0         | 0.0%          |
| Other (Annual Issuer Fee):                                      | 3.50%        | \$ 12,767    | 73        | 0.6%          |
| Other (Specify):  | 3.50%        | \$ -         | 0         | 0.0%          |
|   | 3.50%        |              | 0         | 0.0%          |
| <b>GRAND TOTAL EXPENSES</b>                                     |              | \$ 2,232,176 | 12,683    | 100%          |
| <b>NET OPERATING INCOME (NOI)</b>                               |              | \$ 2,192,940 |           |               |
| DEBT SERVICE PAYMENTS   |              | Amount       | Per Unit  |               |
| P. CalHFA Permanent Loan  |              | \$ 1,861,638 | \$ 10,577 |               |
|   |              |              |           |               |
|   |              |              |           |               |
|   |              |              |           |               |
|   |              |              |           |               |
|   |              |              |           |               |
|   |              |              |           |               |
| <b>TOTAL DEBT SERVICE &amp; OTHER PAYMENTS</b>                  |              | \$ 1,861,638 | \$ -      |               |
| <b>EXCESS AFTER DEBT SERVICE &amp; MONITORING FEES</b>          |              | \$ 331,301   |           |               |
| <b>DEBT SERVICE COVERAGE RATIO (DSCR)</b>                       |              | <b>1.18</b>  |           |               |

| Cashflow Projections                      |                    | 1                   | 2                   | 3                   | 4                   | 5                   | 6                   | 7                   | 8                   | 9                   | 10                  |
|---|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>RENTAL INCOME</b>                      | <b>Inflation %</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted Unit Rents                     | 2.50%              | \$ 3,160,848        | \$ 3,239,869        | \$ 3,320,866        | \$ 3,403,888        | \$ 3,488,985        | \$ 3,576,209        | \$ 3,665,615        | \$ 3,757,255        | \$ 3,851,186        | \$ 3,947,466        |
| Unrestricted Unit Rents                   | 2.50%              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Commercial Rents                          | 2.00%              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Project Based Rental Subsidy              | 1.50%              | 1,476,048           | 1,498,189           | 1,520,662           | 1,543,471           | 1,566,624           | 1,590,123           | 1,613,975           | 1,638,184           | 1,662,757           | 1,687,698           |
| Other Project Based Subsidy               | 1.50%              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Laundry Income                            | 2.50%              | 21,120              | 21,648              | 22,189              | 22,744              | 23,313              | 23,895              | 24,493              | 25,105              | 25,733              | 26,376              |
| Parking & Storage Income                  | 2.50%              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
|   | 0.00%              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>GROSS POTENTIAL INCOME (GPI)</b>       |                    | <b>\$ 4,658,016</b> | <b>\$ 4,759,706</b> | <b>\$ 4,863,717</b> | <b>\$ 4,970,103</b> | <b>\$ 5,078,921</b> | <b>\$ 5,190,228</b> | <b>\$ 5,304,082</b> | <b>\$ 5,420,544</b> | <b>\$ 5,539,676</b> | <b>\$ 5,661,540</b> |
| <b>VACANCY AND OTHER LOSSES</b>           | <b>%</b>           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted Unit Rents                     | 5.00%              | \$ 158,042          | \$ 161,993          | \$ 166,043          | \$ 170,194          | \$ 174,449          | \$ 178,810          | \$ 183,281          | \$ 187,863          | \$ 192,559          | \$ 197,373          |
| Unrestricted Unit Rents                   | 5.00%              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Commercial Rents                          | 50.00%             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Project Based Rental Subsidy              | 5.00%              | 73,802              | 74,909              | 76,033              | 77,174              | 78,331              | 79,506              | 80,699              | 81,909              | 83,138              | 84,385              |
| Other Project Based Subsidy               | 5.00%              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Laundry Income                            | 5.00%              | 1,056               | 1,082               | 1,109               | 1,137               | 1,166               | 1,195               | 1,225               | 1,255               | 1,287               | 1,319               |
| Parking & Storage Income                  | 50.00%             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
|   | 0.00%              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>PROJECTED VACANCY AND OTHER LOSSES</b> |                    | <b>\$ 232,901</b>   | <b>\$ 237,985</b>   | <b>\$ 243,186</b>   | <b>\$ 248,505</b>   | <b>\$ 253,946</b>   | <b>\$ 259,511</b>   | <b>\$ 265,204</b>   | <b>\$ 271,027</b>   | <b>\$ 276,984</b>   | <b>\$ 283,077</b>   |
| <b>EFFECTIVE GROSS INCOME (EGI)</b>       |                    | <b>\$ 4,425,115</b> | <b>\$ 4,521,721</b> | <b>\$ 4,620,531</b> | <b>\$ 4,721,598</b> | <b>\$ 4,824,975</b> | <b>\$ 4,930,716</b> | <b>\$ 5,038,878</b> | <b>\$ 5,149,517</b> | <b>\$ 5,262,692</b> | <b>\$ 5,378,463</b> |
| <b>OPERATING EXPENSES</b>                 | <b>Inflation %</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Administrative Expenses                   | 3.50%              | \$ 64,818           | \$ 67,087           | \$ 69,435           | \$ 71,865           | \$ 74,380           | \$ 76,983           | \$ 79,678           | \$ 82,467           | \$ 85,353           | \$ 88,340           |
| Management Fee                            | 3.50%              | 181,620             | 187,977             | 194,556             | 201,365             | 208,413             | 215,708             | 223,257             | 231,071             | 239,159             | 247,529             |
| Utilities                                 | 3.50%              | 333,819             | 345,503             | 357,595             | 370,111             | 383,065             | 396,472             | 410,349             | 424,711             | 439,576             | 454,961             |
| Payroll/Payroll Taxes                     | 3.50%              | 722,065             | 747,337             | 773,494             | 800,566             | 828,586             | 857,587             | 887,602             | 918,668             | 950,822             | 984,100             |
| Insurance                                 | 3.50%              | 96,502              | 99,880              | 103,375             | 106,993             | 110,738             | 114,614             | 118,626             | 122,777             | 127,075             | 131,522             |
| Maintenance                               | 3.50%              | 228,140             | 236,125             | 244,389             | 252,943             | 261,796             | 270,959             | 280,442             | 290,258             | 300,417             | 310,931             |
| Other Operating Expenses                  | 3.50%              | 13,624              | 14,100              | 14,594              | 15,105              | 15,633              | 16,180              | 16,747              | 17,333              | 17,940              | 18,567              |
| Services & Amenities                      | 2.50%              | 472,150             | 483,954             | 496,053             | 508,454             | 521,165             | 534,194             | 547,549             | 561,238             | 575,269             | 589,651             |
| Reserve for Replacement                   | 1.00%              | 88,000              | 88,880              | 89,769              | 90,666              | 91,573              | 92,489              | 93,414              | 94,348              | 95,291              | 96,244              |
| 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               |
| Real Estate & Specialty Taxes             | 1.25%              | 14,038              | 14,213              | 14,391              | 14,571              | 14,753              | 14,938              | 15,124              | 15,313              | 15,505              | 15,699              |
| <b>TOTAL OPERATING EXPENSES</b>           |                    | <b>\$ 2,222,276</b> | <b>\$ 2,292,555</b> | <b>\$ 2,365,151</b> | <b>\$ 2,440,140</b> | <b>\$ 2,517,603</b> | <b>\$ 2,597,624</b> | <b>\$ 2,680,288</b> | <b>\$ 2,765,685</b> | <b>\$ 2,853,906</b> | <b>\$ 2,945,046</b> |
| <b>NET OPERATING INCOME (NOI)</b>         |                    | <b>\$ 2,202,840</b> | <b>\$ 2,229,165</b> | <b>\$ 2,255,380</b> | <b>\$ 2,281,458</b> | <b>\$ 2,307,371</b> | <b>\$ 2,333,092</b> | <b>\$ 2,358,590</b> | <b>\$ 2,383,832</b> | <b>\$ 2,408,787</b> | <b>\$ 2,433,418</b> |
| <b>DEBT SERVICE PAYMENTS</b>              | <b>Lien</b>        |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| P. CalHFA Permanent Loan                  | 1                  | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        |
| <b>TOTAL DEBT SERVICE</b>                 |                    | <b>\$ 1,861,638</b> |
| <b>CASH FLOW AFTER DEBT SERVICE</b>       |                    | <b>\$ 341,201</b>   | <b>\$ 367,527</b>   | <b>\$ 393,742</b>   | <b>\$ 419,819</b>   | <b>\$ 445,733</b>   | <b>\$ 471,454</b>   | <b>\$ 496,951</b>   | <b>\$ 522,194</b>   | <b>\$ 547,149</b>   | <b>\$ 571,779</b>   |
| <b>DEBT SERVICE COVERAGE RATIO (DSCR)</b> |                    | <b>1.18</b>         | <b>1.20</b>         | <b>1.21</b>         | <b>1.23</b>         | <b>1.24</b>         | <b>1.25</b>         | <b>1.27</b>         | <b>1.28</b>         | <b>1.29</b>         | <b>1.31</b>         |
| <b>DSCR CHECK (USRM)</b>                  |                    | <b>Target</b>       |

|  |      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| LP Management Fee                          | 3.0% | \$ 7,500          | \$ 7,725          | \$ 7,957          | \$ 8,195          | \$ 8,441          | \$ 8,695          | \$ 8,955          | \$ 9,224          | \$ 9,501          | \$ 9,786          |
| GP Partnership Management Fee              | 3.0% | \$ 19,500         | \$ 20,085         | \$ 20,688         | \$ 21,308         | \$ 21,947         | \$ 22,606         | \$ 23,284         | \$ 23,983         | \$ 24,702         | \$ 25,443         |
| <b>Cashflow available for distribution</b> |      | <b>\$ 314,201</b> | <b>\$ 339,717</b> | <b>\$ 365,097</b> | <b>\$ 390,316</b> | <b>\$ 415,344</b> | <b>\$ 440,153</b> | <b>\$ 464,712</b> | <b>\$ 488,988</b> | <b>\$ 512,946</b> | <b>\$ 536,550</b> |

|  |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Max Allowed By Lenders                   | 50%              | 50%               | 50%               | 50%               | 50%               | 50%               | 50%               | 50%               | 50%               | 50%               | 50%               |
| <b>Developer Distribution</b>            | <b>50%</b>       | <b>\$ 157,101</b> | <b>\$ 169,859</b> | <b>\$ 182,549</b> | <b>\$ 195,158</b> | <b>\$ 207,672</b> | <b>\$ 220,077</b> | <b>\$ 232,356</b> | <b>\$ 244,494</b> | <b>\$ 256,473</b> | <b>\$ 268,275</b> |
| Deferred developer fee start balance     | <b>5,377,123</b> | 5,377,123         | 5,220,022         | 5,050,164         | 4,867,615         | 4,672,457         | 4,464,785         | 4,244,708         | 4,012,352         | 3,767,858         | 3,511,386         |
| Deferred Developer fee payment           | <b>15</b>        | 157,101           | 169,859           | 182,549           | 195,158           | 207,672           | 220,077           | 232,356           | 244,494           | 256,473           | 268,275           |
| Deferred Developer fee end balance       |                  | \$ 5,220,022      | \$ 5,050,164      | \$ 4,867,615      | \$ 4,672,457      | \$ 4,464,785      | \$ 4,244,708      | \$ 4,012,352      | \$ 3,767,858      | \$ 3,511,386      | \$ 3,243,110      |
| <b>Additional Developer Distribution</b> |                  | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |

|   |                  |                |                |                |                |                |                |                |                |                |                |
|---|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Residual Receipt Payments</b>              | <b>67%</b>       | 50%            | 50%            | 50%            | 50%            | 50%            | 50%            | 50%            | 50%            | 50%            | 50%            |
|   | <b>Payment %</b> | 157,101        | 169,859        | 182,549        | 195,158        | 207,672        | 220,077        | 232,356        | 244,494        | 256,473        | 268,275        |
| P. CalHFA MIP Loan                            | 4.41%            | 6,927          | 7,490          | 8,049          | 8,605          | 9,157          | 9,704          | 10,245         | 10,781         | 11,309         | 11,829         |
| P. City of Sunnyvale- Housing Mitigation Fund | 32.84%           | 51,585         | 55,774         | 59,941         | 64,081         | 68,190         | 72,263         | 76,295         | 80,281         | 84,214         | 88,090         |
| P. City of Sunnyvale - Ground Lease Loan      | 34.36%           | 53,975         | 58,358         | 62,718         | 67,050         | 71,350         | 75,611         | 79,830         | 84,000         | 88,116         | 92,171         |
| P. Santa Clara County                         | 28.40%           | 44,614         | 48,237         | 51,841         | 55,422         | 58,975         | 62,498         | 65,985         | 69,432         | 72,834         | 76,186         |
|   | 0.00%            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
|   | 0.00%            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
|   | 0.00%            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
|   | 0.00%            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>Total Residual Receipts Payments</b>       | <b>100.00%</b>   | <b>157,101</b> | <b>169,859</b> | <b>182,549</b> | <b>195,158</b> | <b>207,672</b> | <b>220,077</b> | <b>232,356</b> | <b>244,494</b> | <b>256,473</b> | <b>268,275</b> |

| Balances for Residual Receipt Payments        |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|---------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| RESIDUAL RECEIPTS LOANS                       | Interest Rate | 1                    | 2                    | 3                    | 4                    | 5                    | 6                    | 7                    | 8                    | 9                    | 10                   |
| P. CalHFA MIP Loan                            | 3.00%         | \$ 1,739,000         | \$ 1,784,243         | \$ 1,828,923         | \$ 1,873,044         | \$ 1,916,609         | \$ 1,959,622         | \$ 2,002,088         | \$ 2,044,013         | \$ 2,085,402         | \$ 2,126,263         |
| P. City of Sunnyvale- Housing Mitigation Fund | 3.00%         | 12,950,000           | 13,286,915           | 13,619,641           | 13,948,200           | 14,272,619           | 14,592,929           | 14,909,166           | 15,221,370           | 15,529,590           | 15,833,875           |
| P. City of Sunnyvale - Ground Lease Loan      | 3.00%         | 13,550,000           | 13,902,525           | 14,250,667           | 14,594,449           | 14,933,899           | 15,269,049           | 15,599,938           | 15,926,608           | 16,249,107           | 16,567,491           |
| P. Santa Clara County                         | 3.00%         | 11,200,000           | 11,491,386           | 11,779,149           | 12,063,308           | 12,343,887           | 12,620,912           | 12,894,414           | 13,164,428           | 13,430,996           | 13,694,163           |
| 0   |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Residual Receipts Payments</b>       |               | <b>\$ 39,439,000</b> | <b>\$ 40,465,069</b> | <b>\$ 41,478,381</b> | <b>\$ 42,479,002</b> | <b>\$ 43,467,014</b> | <b>\$ 44,442,512</b> | <b>\$ 45,405,605</b> | <b>\$ 46,356,419</b> | <b>\$ 47,295,095</b> | <b>\$ 48,221,793</b> |

| Cashflow Projections                      |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | YEAR        | 11                  | 12                  | 13                  | 14                  | 15                  | 16                  | 17                  | 18                  | 19                  | 20                  |
| <b>RENTAL INCOME</b>                      |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | Inflation % |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted Unit Rents                     | 2.50%       | \$ 4,046,153        | \$ 4,147,306        | \$ 4,250,989        | \$ 4,357,264        | \$ 4,466,195        | \$ 4,577,850        | \$ 4,692,297        | \$ 4,809,604        | \$ 4,929,844        | \$ 5,053,090        |
| Unrestricted Unit Rents                   | 2.50%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Commercial Rents                          | 2.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Project Based Rental Subsidy              | 1.50%       | 1,713,014           | 1,738,709           | 1,764,790           | 1,791,262           | 1,818,131           | 1,845,403           | 1,873,084           | 1,901,180           | 1,929,698           | 1,958,643           |
| Other Project Based Subsidy               | 1.50%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Laundry Income                            | 2.50%       | 27,035              | 27,711              | 28,404              | 29,114              | 29,842              | 30,588              | 31,353              | 32,137              | 32,940              | 33,763              |
| Parking & Storage Income                  | 2.50%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
|   | 0.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>GROSS POTENTIAL INCOME (GPI)</b>       |             | <b>\$ 5,786,202</b> | <b>\$ 5,913,727</b> | <b>\$ 6,044,183</b> | <b>\$ 6,177,640</b> | <b>\$ 6,314,168</b> | <b>\$ 6,453,841</b> | <b>\$ 6,596,733</b> | <b>\$ 6,742,920</b> | <b>\$ 6,892,482</b> | <b>\$ 7,045,497</b> |
| <b>VACANCY AND OTHER LOSSES</b>           |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | %           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted Unit Rents                     | 5.00%       | \$ 202,308          | \$ 207,365          | \$ 212,549          | \$ 217,863          | \$ 223,310          | \$ 228,893          | \$ 234,615          | \$ 240,480          | \$ 246,492          | \$ 252,655          |
| Unrestricted Unit Rents                   | 5.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Commercial Rents                          | 50.00%      | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Project Based Rental Subsidy              | 5.00%       | 85,651              | 86,935              | 88,239              | 89,563              | 90,907              | 92,270              | 93,654              | 95,059              | 96,485              | 97,932              |
| Other Project Based Subsidy               | 5.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Laundry Income                            | 5.00%       | 1,352               | 1,386               | 1,420               | 1,456               | 1,492               | 1,529               | 1,568               | 1,607               | 1,647               | 1,688               |
| Parking & Storage Income                  | 50.00%      | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
|   | 0.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>PROJECTED VACANCY AND OTHER LOSSES</b> |             | <b>\$ 289,310</b>   | <b>\$ 295,686</b>   | <b>\$ 302,209</b>   | <b>\$ 308,882</b>   | <b>\$ 315,708</b>   | <b>\$ 322,692</b>   | <b>\$ 329,837</b>   | <b>\$ 337,146</b>   | <b>\$ 344,624</b>   | <b>\$ 352,275</b>   |
| <b>EFFECTIVE GROSS INCOME (EGI)</b>       |             | <b>\$ 5,496,892</b> | <b>\$ 5,618,041</b> | <b>\$ 5,741,974</b> | <b>\$ 5,868,758</b> | <b>\$ 5,998,460</b> | <b>\$ 6,131,149</b> | <b>\$ 6,266,896</b> | <b>\$ 6,405,774</b> | <b>\$ 6,547,858</b> | <b>\$ 6,693,222</b> |
| <b>OPERATING EXPENSES</b>                 |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | Inflation % |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Administrative Expenses                   | 3.50%       | \$ 91,432           | \$ 94,632           | \$ 97,944           | \$ 101,373          | \$ 104,921          | \$ 108,593          | \$ 112,394          | \$ 116,327          | \$ 120,399          | \$ 124,613          |
| Management Fee                            | 3.50%       | 256,193             | 265,160             | 274,440             | 284,046             | 293,987             | 304,277             | 314,927             | 325,949             | 337,357             | 349,165             |
| Utilities                                 | 3.50%       | 470,885             | 487,366             | 504,423             | 522,078             | 540,351             | 559,263             | 578,837             | 599,097             | 620,065             | 641,767             |
| Payroll/Payroll Taxes                     | 3.50%       | 1,018,544           | 1,054,193           | 1,091,090           | 1,129,278           | 1,168,803           | 1,209,711           | 1,252,051           | 1,295,872           | 1,341,228           | 1,388,171           |
| Insurance                                 | 3.50%       | 136,126             | 140,890             | 145,821             | 150,925             | 156,207             | 161,675             | 167,333             | 173,190             | 179,251             | 185,525             |
| Maintenance                               | 3.50%       | 321,814             | 333,077             | 344,735             | 356,801             | 369,289             | 382,214             | 395,592             | 409,437             | 423,768             | 438,599             |
| Other Operating Expenses                  | 3.50%       | 19,217              | 19,890              | 20,586              | 21,307              | 22,052              | 22,824              | 23,623              | 24,450              | 25,306              | 26,191              |
| Services & Amenities                      | 2.50%       | 604,392             | 619,502             | 634,989             | 650,864             | 667,136             | 683,814             | 700,909             | 718,432             | 736,393             | 754,803             |
| Reserve for Replacement                   | 1.00%       | 97,207              | 98,179              | 99,161              | 100,152             | 101,154             | 102,165             | 103,187             | 104,219             | 105,261             | 106,314             |
| 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               |
| Real Estate & Specialty Taxes             | 1.25%       | 15,895              | 16,094              | 16,295              | 16,498              | 16,705              | 16,913              | 17,125              | 17,339              | 17,556              | 17,775              |
| <b>TOTAL OPERATING EXPENSES</b>           |             | <b>\$ 3,039,204</b> | <b>\$ 3,136,482</b> | <b>\$ 3,236,985</b> | <b>\$ 3,340,821</b> | <b>\$ 3,448,104</b> | <b>\$ 3,558,949</b> | <b>\$ 3,673,477</b> | <b>\$ 3,791,812</b> | <b>\$ 3,914,083</b> | <b>\$ 4,040,423</b> |
| <b>NET OPERATING INCOME (NOI)</b>         |             | <b>\$ 2,457,688</b> | <b>\$ 2,481,558</b> | <b>\$ 2,504,989</b> | <b>\$ 2,527,936</b> | <b>\$ 2,550,356</b> | <b>\$ 2,572,200</b> | <b>\$ 2,593,419</b> | <b>\$ 2,613,962</b> | <b>\$ 2,633,775</b> | <b>\$ 2,652,799</b> |
| <b>DEBT SERVICE PAYMENTS</b>              |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | Lien        |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| P. CalHFA Permanent Loan                  | 1           | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        | \$ 1,861,638        |                     |                     |
| <b>TOTAL DEBT SERVICE</b>                 |             | <b>\$ 1,861,638</b> | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>CASH FLOW AFTER DEBT SERVICE</b>       |             | <b>\$ 596,049</b>   | <b>\$ 619,920</b>   | <b>\$ 643,351</b>   | <b>\$ 666,298</b>   | <b>\$ 688,717</b>   | <b>\$ 710,562</b>   | <b>\$ 731,781</b>   |                     |                     |                     |
| <b>DEBT SERVICE COVERAGE RATIO (DSCR)</b> |             | <b>1.32</b>         | <b>1.33</b>         | <b>1.35</b>         | <b>1.36</b>         | <b>1.37</b>         | <b>1.38</b>         | <b>1.39</b>         | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          |
| <b>DSCR CHECK (USRM)</b>                  |             | <b>Target</b>       |                     |                     |                     |

|  |      |                   |                   |                   |                   |                   |                   |                   |             |             |             |
|--|------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|-------------|
| LP Management Fee                          | 3.0% | \$ 10,079         | \$ 10,382         | \$ 10,693         | \$ 11,014         | \$ 11,344         | \$ -              | \$ -              | \$ -        | \$ -        | \$ -        |
| GP Partnership Management Fee              | 3.0% | \$ 26,206         | \$ 26,993         | \$ 27,802         | \$ 28,636         | \$ 29,495         | \$ -              | \$ -              | \$ -        | \$ -        | \$ -        |
| <b>Cashflow available for distribution</b> |      | <b>\$ 559,764</b> | <b>\$ 582,546</b> | <b>\$ 604,855</b> | <b>\$ 626,648</b> | <b>\$ 647,878</b> | <b>\$ 710,562</b> | <b>\$ 731,781</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |

|                                      |           |              |              |              |              |              |              |              |              |              |              |
|--------------------------------------|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Max Allowed By Lenders               | 50%       | 50%          | 50%          | 50%          | 50%          | 50%          | 33%          | 33%          |              |              |              |
| Developer Distribution               | 50%       | \$ 279,882   | \$ 291,273   | \$ 302,428   | \$ 313,324   | \$ 323,939   | \$ 234,485   | \$ 241,488   | \$ -         | \$ -         | \$ -         |
| Deferred developer fee start balance | 5,377,123 | 3,243,110    | 2,963,228    | 2,671,956    | 2,369,528    | 2,056,204    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    |
| Deferred Developer fee payment       | 15        | 279,882      | 291,273      | 302,428      | 313,324      | 323,939      | -            | -            | -            | -            | -            |
| Deferred Developer fee end balance   |           | \$ 2,963,228 | \$ 2,671,956 | \$ 2,369,528 | \$ 2,056,204 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 |
| Additional Developer Distribution    |           | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ 234,485   | \$ 241,488   | \$ -         | \$ -         | \$ -         |

|  |                |                |                |                |                |                |                |                |          |          |          |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|----------|----------|
| Residual Receipt Payments                      | 67%            | 50%            | 50%            | 50%            | 50%            | 50%            | 67%            | 67%            |          |          |          |
|  | Payment %      | 279,882        | 291,273        | 302,428        | 313,324        | 323,939        | 476,076        | 490,293        | -        | -        | -        |
| P. CalHFA MIP Loan                             | 4.41%          | 12,341         | 12,843         | 13,335         | 13,816         | 14,284         | 21,879         | 22,532         | -        | -        | -        |
| P. City of Sunnyvale - Housing Mitigation Fund | 32.84%         | 91,901         | 95,641         | 99,304         | 102,882        | 106,367        | 162,927        | 167,792        | -        | -        | -        |
| P. City of Sunnyvale - Ground Lease Loan       | 34.36%         | 96,159         | 100,072        | 103,905        | 107,648        | 111,295        | 170,475        | 175,566        | -        | -        | -        |
| P. Santa Clara County                          | 28.40%         | 79,482         | 82,717         | 85,884         | 88,979         | 91,993         | 120,795        | 124,403        | -        | -        | -        |
|  | 0.00%          | -              | -              | -              | -              | -              | -              | -              | -        | -        | -        |
|  | 0.00%          | -              | -              | -              | -              | -              | -              | -              | -        | -        | -        |
|  | 0.00%          | -              | -              | -              | -              | -              | -              | -              | -        | -        | -        |
|  | 0.00%          | -              | -              | -              | -              | -              | -              | -              | -        | -        | -        |
| <b>Total Residual Receipts Payments</b>        | <b>100.00%</b> | <b>279,882</b> | <b>291,273</b> | <b>302,428</b> | <b>313,324</b> | <b>323,939</b> | <b>476,076</b> | <b>490,293</b> | <b>-</b> | <b>-</b> | <b>-</b> |

| Balances for Residual Receipt Payments         |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|---------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| RESIDUAL RECEIPTS LOANS                        | Interest Rate | 11                   | 12                   | 13                   | 14                   | 15                   | 16                   | 17                   | 18                   | 19                   | 20                   |
| P. CalHFA MIP Loan                             | 3.00%         | \$ 2,166,604         | \$ 2,206,433         | \$ 2,245,760         | \$ 2,284,595         | \$ 2,322,949         | \$ 2,360,836         | \$ 2,391,127         | \$ 2,420,765         | \$ 2,472,935         | \$ 2,525,105         |
| P. City of Sunnyvale - Housing Mitigation Fund | 3.00%         | 16,134,286           | 16,430,885           | 16,723,744           | 17,012,941           | 17,298,559           | 17,580,692           | 17,806,265           | 18,026,973           | 18,415,473           | 18,803,973           |
| P. City of Sunnyvale - Ground Lease Loan       | 3.00%         | 16,881,820           | 17,192,162           | 17,498,590           | 17,801,185           | 18,100,037           | 18,395,242           | 18,631,266           | 18,862,200           | 19,268,700           | 19,675,200           |
| P. Santa Clara County                          | 3.00%         | 13,953,977           | 14,210,495           | 14,463,779           | 14,713,895           | 14,960,916           | 15,204,923           | 15,420,127           | 15,631,725           | 15,967,725           | 16,303,725           |
| 0  |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0  |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0  |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0  |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Residual Receipts Payments</b>        |               | <b>\$ 49,136,687</b> | <b>\$ 50,039,975</b> | <b>\$ 50,931,873</b> | <b>\$ 51,812,615</b> | <b>\$ 52,682,461</b> | <b>\$ 53,541,692</b> | <b>\$ 54,248,786</b> | <b>\$ 54,941,663</b> | <b>\$ 56,124,833</b> | <b>\$ 57,308,003</b> |

| Cashflow Projections                      |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | YEAR        | 21                  | 22                  | 23                  | 24                  | 25                  | 26                  | 27                  | 28                  | 29                  | 30                  |
| <b>RENTAL INCOME</b>                      |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | Inflation % |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted Unit Rents                     | 2.50%       | \$ 5,179,417        | \$ 5,308,903        | \$ 5,441,626        | \$ 5,577,666        | \$ 5,717,108        | \$ 5,860,035        | \$ 6,006,536        | \$ 6,156,700        | \$ 6,310,617        | \$ 6,468,383        |
| Unrestricted Unit Rents                   | 2.50%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Commercial Rents                          | 2.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Project Based Rental Subsidy              | 1.50%       | 1,988,023           | 2,017,843           | 2,048,111           | 2,078,832           | 2,110,015           | 2,141,665           | 2,173,790           | 2,206,397           | 2,239,493           | 2,273,085           |
| Other Project Based Subsidy               | 1.50%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Laundry Income                            | 2.50%       | 34,608              | 35,473              | 36,360              | 37,269              | 38,200              | 39,155              | 40,134              | 41,138              | 42,166              | 43,220              |
| Parking & Storage Income                  | 2.50%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
|   | 0.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>GROSS POTENTIAL INCOME (GPI)</b>       |             | <b>\$ 7,202,048</b> | <b>\$ 7,362,219</b> | <b>\$ 7,526,096</b> | <b>\$ 7,693,767</b> | <b>\$ 7,865,323</b> | <b>\$ 8,040,856</b> | <b>\$ 8,220,461</b> | <b>\$ 8,404,234</b> | <b>\$ 8,592,276</b> | <b>\$ 8,784,688</b> |
| <b>VACANCY AND OTHER LOSSES</b>           |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | %           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted Unit Rents                     | 5.00%       | \$ 258,971          | \$ 265,445          | \$ 272,081          | \$ 278,883          | \$ 285,855          | \$ 293,002          | \$ 300,327          | \$ 307,835          | \$ 315,531          | \$ 323,419          |
| Unrestricted Unit Rents                   | 5.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Commercial Rents                          | 50.00%      | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Project Based Rental Subsidy              | 5.00%       | 99,401              | 100,892             | 102,406             | 103,942             | 105,501             | 107,083             | 108,689             | 110,320             | 111,975             | 113,654             |
| Other Project Based Subsidy               | 5.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Laundry Income                            | 5.00%       | 1,730               | 1,774               | 1,818               | 1,863               | 1,910               | 1,958               | 2,007               | 2,057               | 2,108               | 2,161               |
| Parking & Storage Income                  | 50.00%      | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
|   | 0.00%       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>PROJECTED VACANCY AND OTHER LOSSES</b> |             | <b>\$ 360,102</b>   | <b>\$ 368,111</b>   | <b>\$ 376,305</b>   | <b>\$ 384,688</b>   | <b>\$ 393,266</b>   | <b>\$ 402,043</b>   | <b>\$ 411,023</b>   | <b>\$ 420,212</b>   | <b>\$ 429,614</b>   | <b>\$ 439,234</b>   |
| <b>EFFECTIVE GROSS INCOME (EGI)</b>       |             | <b>\$ 6,841,945</b> | <b>\$ 6,994,108</b> | <b>\$ 7,149,791</b> | <b>\$ 7,309,079</b> | <b>\$ 7,472,057</b> | <b>\$ 7,638,813</b> | <b>\$ 7,809,438</b> | <b>\$ 7,984,022</b> | <b>\$ 8,162,662</b> | <b>\$ 8,345,454</b> |
| <b>OPERATING EXPENSES</b>                 |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | Inflation % |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Administrative Expenses                   | 3.50%       | \$ 128,974          | \$ 133,488          | \$ 138,160          | \$ 142,996          | \$ 148,001          | \$ 153,181          | \$ 158,542          | \$ 164,091          | \$ 169,834          | \$ 175,779          |
| Management Fee                            | 3.50%       | 361,385             | 374,034             | 387,125             | 400,675             | 414,698             | 429,213             | 444,235             | 459,783             | 475,876             | 492,531             |
| Utilities                                 | 3.50%       | 664,229             | 687,477             | 711,539             | 736,443             | 762,218             | 788,896             | 816,507             | 845,085             | 874,663             | 905,276             |
| Payroll/Payroll Taxes                     | 3.50%       | 1,436,757           | 1,487,043           | 1,539,090           | 1,592,958           | 1,648,712           | 1,706,416           | 1,766,141           | 1,827,956           | 1,891,934           | 1,958,152           |
| Insurance                                 | 3.50%       | 192,019             | 198,739             | 205,695             | 212,894             | 220,346             | 228,058             | 236,040             | 244,301             | 252,852             | 261,702             |
| Maintenance                               | 3.50%       | 453,950             | 469,839             | 486,283             | 503,303             | 520,919             | 539,151             | 558,021             | 577,552             | 597,766             | 618,688             |
| Other Operating Expenses                  | 3.50%       | 27,108              | 28,057              | 29,039              | 30,055              | 31,107              | 32,196              | 33,323              | 34,489              | 35,696              | 36,945              |
| Services & Amenities                      | 2.50%       | 773,673             | 793,015             | 812,840             | 833,161             | 853,990             | 875,340             | 897,223             | 919,654             | 942,645             | 966,211             |
| Reserve for Replacement                   | 1.00%       | 107,377             | 108,450             | 109,535             | 110,630             | 111,737             | 112,854             | 113,983             | 115,122             | 116,274             | 117,436             |
| 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               |
| Real Estate & Specialty Taxes             | 1.25%       | 17,997              | 18,222              | 18,450              | 18,681              | 18,914              | 19,151              | 19,390              | 19,632              | 19,878              | 20,126              |
| <b>TOTAL OPERATING EXPENSES</b>           |             | <b>\$ 4,170,969</b> | <b>\$ 4,305,865</b> | <b>\$ 4,445,256</b> | <b>\$ 4,589,296</b> | <b>\$ 4,738,141</b> | <b>\$ 4,891,954</b> | <b>\$ 5,050,905</b> | <b>\$ 5,215,166</b> | <b>\$ 5,384,918</b> | <b>\$ 5,560,347</b> |
| <b>NET OPERATING INCOME (NOI)</b>         |             | <b>\$ 2,670,976</b> | <b>\$ 2,688,243</b> | <b>\$ 2,704,535</b> | <b>\$ 2,719,783</b> | <b>\$ 2,733,916</b> | <b>\$ 2,746,859</b> | <b>\$ 2,758,533</b> | <b>\$ 2,768,857</b> | <b>\$ 2,777,744</b> | <b>\$ 2,785,107</b> |
| <b>DEBT SERVICE PAYMENTS</b>              |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | Lien        |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| P. CalHFA Permanent Loan                  | 1           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>TOTAL DEBT SERVICE</b>                 |             | <b>\$ -</b>         |
| <b>CASH FLOW AFTER DEBT SERVICE</b>       |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>DEBT SERVICE COVERAGE RATIO (DSCR)</b> |             | <b>N/A</b>          |
| <b>DSCR CHECK (USRM)</b>                  |             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |

|  |      |             |             |             |             |             |             |             |             |             |             |
|--|------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| LP Management Fee                          | 3.0% | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| GP Partnership Management Fee              | 3.0% | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>Cashflow available for distribution</b> |      | <b>\$ -</b> |

|                                      |           |              |              |              |              |              |              |              |              |              |              |
|--------------------------------------|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Max Allowed By Lenders               | 50%       |              |              |              |              |              |              |              |              |              |              |
| Developer Distribution               | 50%       | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Deferred developer fee start balance | 5,377,123 | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    |
| Deferred Developer fee payment       | 15        | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Deferred Developer fee end balance   |           | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 |
| Additional Developer Distribution    |           | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |

|   |                |          |          |          |          |          |          |          |          |          |          |
|---|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Residual Receipt Payments                     | 67%            |          |          |          |          |          |          |          |          |          |          |
|   | Payment %      |          |          |          |          |          |          |          |          |          |          |
| P. CalHFA MIP Loan                            | 4.41%          | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| P. City of Sunnyvale- Housing Mitigation Fund | 32.84%         | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| P. City of Sunnyvale - Ground Lease Loan      | 34.36%         | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| P. Santa Clara County                         | 28.40%         | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
|   | 0.00%          | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
|   | 0.00%          | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
|   | 0.00%          | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
|   | 0.00%          | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| <b>Total Residual Receipts Payments</b>       | <b>100.00%</b> | <b>-</b> |

| Balances for Residual Receipt Payments        |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|---------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| RESIDUAL RECEIPTS LOANS                       | Interest Rate | 21                   | 22                   | 23                   | 24                   | 25                   | 26                   | 27                   | 28                   | 29                   | 30                   |
| P. CalHFA MIP Loan                            | 3.00%         | \$ 2,577,275         | \$ 2,629,445         | \$ 2,681,615         | \$ 2,733,785         | \$ 2,785,955         | \$ 2,838,125         | \$ 2,890,295         | \$ 2,942,465         | \$ 2,994,635         | \$ 3,046,805         |
| P. City of Sunnyvale- Housing Mitigation Fund | 3.00%         | 19,192,473           | 19,580,973           | 19,969,473           | 20,357,973           | 20,746,473           | 21,134,973           | 21,523,473           | 21,911,973           | 22,300,473           | 22,688,973           |
| P. City of Sunnyvale - Ground Lease Loan      | 3.00%         | 20,081,700           | 20,488,200           | 20,894,700           | 21,301,200           | 21,707,700           | 22,114,200           | 22,520,700           | 22,927,200           | 23,333,700           | 23,740,200           |
| P. Santa Clara County                         | 3.00%         | 16,639,725           | 16,975,725           | 17,311,725           | 17,647,725           | 17,983,725           | 18,319,725           | 18,655,725           | 18,991,725           | 19,327,725           | 19,663,725           |
| 0   |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Residual Receipts Payments</b>       |               | <b>\$ 58,491,173</b> | <b>\$ 59,674,343</b> | <b>\$ 60,857,513</b> | <b>\$ 62,040,683</b> | <b>\$ 63,223,853</b> | <b>\$ 64,407,023</b> | <b>\$ 65,590,193</b> | <b>\$ 66,773,363</b> | <b>\$ 67,956,533</b> | <b>\$ 69,139,703</b> |

| Cashflow Projections                      |                    | 31                  | 32                  | 33                  | 34                  | 35                  | 36                   | 37                   | 38                   | 39                   | 40                   |
|---|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>RENTAL INCOME</b>                      | <b>Inflation %</b> |                     |                     |                     |                     |                     |                      |                      |                      |                      |                      |
| Restricted Unit Rents                     | 2.50%              | \$ 6,630,092        | \$ 6,795,845        | \$ 6,965,741        | \$ 7,139,884        | \$ 7,318,381        | \$ 7,501,341         | \$ 7,688,874         | \$ 7,881,096         | \$ 8,078,124         | \$ 8,280,077         |
| Unrestricted Unit Rents                   | 2.50%              | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
| Commercial Rents                          | 2.00%              | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
| Project Based Rental Subsidy              | 1.50%              | 2,307,181           | 2,341,789           | 2,376,916           | 2,412,570           | 2,448,758           | 2,485,490            | 2,522,772            | 2,560,614            | 2,599,023            | 2,638,008            |
| Other Project Based Subsidy               | 1.50%              | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
| Laundry Income                            | 2.50%              | 44,301              | 45,408              | 46,543              | 47,707              | 48,900              | 50,122               | 51,375               | 52,660               | 53,976               | 55,325               |
| Parking & Storage Income                  | 2.50%              | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
|   | 0.00%              | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
| <b>GROSS POTENTIAL INCOME (GPI)</b>       |                    | <b>\$ 8,981,574</b> | <b>\$ 9,183,042</b> | <b>\$ 9,389,200</b> | <b>\$ 9,600,161</b> | <b>\$ 9,816,039</b> | <b>\$ 10,036,953</b> | <b>\$ 10,263,022</b> | <b>\$ 10,494,369</b> | <b>\$ 10,731,122</b> | <b>\$ 10,973,410</b> |
| <b>VACANCY AND OTHER LOSSES</b>           | <b>%</b>           |                     |                     |                     |                     |                     |                      |                      |                      |                      |                      |
| Restricted Unit Rents                     | 5.00%              | \$ 331,505          | \$ 339,792          | \$ 348,287          | \$ 356,994          | \$ 365,919          | \$ 375,067           | \$ 384,444           | \$ 394,055           | \$ 403,906           | \$ 414,004           |
| Unrestricted Unit Rents                   | 5.00%              | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
| Commercial Rents                          | 50.00%             | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
| Project Based Rental Subsidy              | 5.00%              | 115,359             | 117,089             | 118,846             | 120,628             | 122,438             | 124,274              | 126,139              | 128,031              | 129,951              | 131,900              |
| Other Project Based Subsidy               | 5.00%              | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
| Laundry Income                            | 5.00%              | 2,215               | 2,270               | 2,327               | 2,385               | 2,445               | 2,506                | 2,569                | 2,633                | 2,699                | 2,766                |
| Parking & Storage Income                  | 50.00%             | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
|   | 0.00%              | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | -                    | -                    |
| <b>PROJECTED VACANCY AND OTHER LOSSES</b> |                    | <b>\$ 449,079</b>   | <b>\$ 459,152</b>   | <b>\$ 469,460</b>   | <b>\$ 480,008</b>   | <b>\$ 490,802</b>   | <b>\$ 501,848</b>    | <b>\$ 513,151</b>    | <b>\$ 524,718</b>    | <b>\$ 536,556</b>    | <b>\$ 548,671</b>    |
| <b>EFFECTIVE GROSS INCOME (EGI)</b>       |                    | <b>\$ 8,532,496</b> | <b>\$ 8,723,890</b> | <b>\$ 8,919,740</b> | <b>\$ 9,120,153</b> | <b>\$ 9,325,237</b> | <b>\$ 9,535,105</b>  | <b>\$ 9,749,870</b>  | <b>\$ 9,969,651</b>  | <b>\$ 10,194,566</b> | <b>\$ 10,424,740</b> |
| <b>OPERATING EXPENSES</b>                 | <b>Inflation %</b> |                     |                     |                     |                     |                     |                      |                      |                      |                      |                      |
| Administrative Expenses                   | 3.50%              | \$ 181,931          | \$ 188,298          | \$ 194,889          | \$ 201,710          | \$ 208,770          | \$ 216,077           | \$ 223,639           | \$ 231,467           | \$ 239,568           | \$ 247,953           |
| Management Fee                            | 3.50%              | 509,770             | 527,612             | 546,078             | 565,191             | 584,973             | 605,447              | 626,637              | 648,570              | 671,270              | 694,764              |
| Utilities                                 | 3.50%              | 936,961             | 969,755             | 1,003,696           | 1,038,825           | 1,075,184           | 1,112,816            | 1,151,764            | 1,192,076            | 1,233,799            | 1,276,982            |
| Payroll/Payroll Taxes                     | 3.50%              | 2,026,687           | 2,097,622           | 2,171,038           | 2,247,025           | 2,325,671           | 2,407,069            | 2,491,316            | 2,578,512            | 2,668,760            | 2,762,167            |
| Insurance                                 | 3.50%              | 270,861             | 280,341             | 290,153             | 300,309             | 310,819             | 321,698              | 332,958              | 344,611              | 356,672              | 369,156              |
| Maintenance                               | 3.50%              | 640,342             | 662,754             | 685,950             | 709,959             | 734,807             | 760,525              | 787,144              | 814,694              | 843,208              | 872,720              |
| Other Operating Expenses                  | 3.50%              | 38,238              | 39,577              | 40,962              | 42,396              | 43,879              | 45,415               | 47,005               | 48,650               | 50,353               | 52,115               |
| Services & Amenities                      | 2.50%              | 990,367             | 1,015,126           | 1,040,504           | 1,066,516           | 1,093,179           | 1,120,509            | 1,148,522            | 1,177,235            | 1,206,665            | 1,236,832            |
| Reserve for Replacement                   | 1.00%              | 118,611             | 119,797             | 120,995             | 122,205             | 123,427             | 124,661              | 125,908              | 127,167              | 128,438              | 129,723              |
| 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                |
| Real Estate & Specialty Taxes             | 1.25%              | 20,378              | 20,632              | 20,890              | 21,152              | 21,416              | 21,684               | 21,955               | 22,229               | 22,507               | 22,788               |
| <b>TOTAL OPERATING EXPENSES</b>           |                    | <b>\$ 5,741,646</b> | <b>\$ 5,929,013</b> | <b>\$ 6,122,656</b> | <b>\$ 6,322,786</b> | <b>\$ 6,529,625</b> | <b>\$ 6,743,400</b>  | <b>\$ 6,964,347</b>  | <b>\$ 7,192,710</b>  | <b>\$ 7,428,741</b>  | <b>\$ 7,672,700</b>  |
| <b>NET OPERATING INCOME (NOI)</b>         |                    | <b>\$ 2,790,850</b> | <b>\$ 2,794,876</b> | <b>\$ 2,797,084</b> | <b>\$ 2,797,366</b> | <b>\$ 2,795,612</b> | <b>\$ 2,791,705</b>  | <b>\$ 2,785,523</b>  | <b>\$ 2,776,941</b>  | <b>\$ 2,765,826</b>  | <b>\$ 2,752,040</b>  |
| <b>DEBT SERVICE PAYMENTS</b>              | <b>Lien</b>        |                     |                     |                     |                     |                     |                      |                      |                      |                      |                      |
| P. CalHFA Permanent Loan                  | 1                  |                     |                     |                     |                     |                     |                      |                      |                      |                      |                      |
| <b>TOTAL DEBT SERVICE</b>                 |                    | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>CASH FLOW AFTER DEBT SERVICE</b>       |                    |                     |                     |                     |                     |                     |                      |                      |                      |                      |                      |
| <b>DEBT SERVICE COVERAGE RATIO (DSCR)</b> |                    | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           |
| <b>DSCR CHECK (USRM)</b>                  |                    |                     |                     |                     |                     |                     |                      |                      |                      |                      |                      |

|  |      |             |             |             |             |             |             |             |             |             |             |
|--|------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| LP Management Fee                          | 3.0% | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| GP Partnership Management Fee              | 3.0% | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>Cashflow available for distribution</b> |      | <b>\$ -</b> |

|  |                  |              |              |              |              |              |              |              |              |              |              |
|--|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Max Allowed By Lenders</b>            | <b>50%</b>       |              |              |              |              |              |              |              |              |              |              |
| <b>Developer Distribution</b>            | <b>50%</b>       | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Deferred developer fee start balance     | <b>5,377,123</b> | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    | 1,732,265    |
| Deferred Developer fee payment           | <b>15</b>        | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Deferred Developer fee end balance       |                  | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 | \$ 1,732,265 |
| <b>Additional Developer Distribution</b> |                  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |

|   |                  |   |   |   |   |   |   |   |   |   |   |
|---|------------------|---|---|---|---|---|---|---|---|---|---|
| <b>Residual Receipt Payments</b>              | <b>67%</b>       |   |   |   |   |   |   |   |   |   |   |
|   | <b>Payment %</b> |   |   |   |   |   |   |   |   |   |   |
| P. CalHFA MIP Loan                            | 4.41%            | - | - | - | - | - | - | - | - | - | - |
| P. City of Sunnyvale- Housing Mitigation Fund | 32.84%           | - | - | - | - | - | - | - | - | - | - |
| P. City of Sunnyvale - Ground Lease Loan      | 34.36%           | - | - | - | - | - | - | - | - | - | - |
| P. Santa Clara County                         | 28.40%           | - | - | - | - | - | - | - | - | - | - |
|   | 0.00%            | - | - | - | - | - | - | - | - | - | - |
|   | 0.00%            | - | - | - | - | - | - | - | - | - | - |
|   | 0.00%            | - | - | - | - | - | - | - | - | - | - |
|   | 0.00%            | - | - | - | - | - | - | - | - | - | - |
| <b>Total Residual Receipts Payments</b>       | <b>100.00%</b>   |   |   |   |   |   |   |   |   |   |   |

| Balances for Residual Receipt Payments        |                      | 31                   | 32                   | 33                   | 34                   | 35                   | 36                   | 37                   | 38                   | 39                   | 40                   |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>RESIDUAL RECEIPTS LOANS</b>                | <b>Interest Rate</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| P. CalHFA MIP Loan                            | 3.00%                | \$ 3,098,975         | \$ 3,151,145         | \$ 3,203,315         | \$ 3,255,485         | \$ 3,307,655         | \$ 3,359,825         | \$ 3,411,995         | \$ 3,464,165         | \$ 3,516,335         | \$ 3,568,505         |
| P. City of Sunnyvale- Housing Mitigation Fund | 3.00%                | 23,077,473           | 23,465,973           | 23,854,473           | 24,242,973           | 24,631,473           | 25,019,973           | 25,408,473           | 25,796,973           | 26,185,473           | 26,573,973           |
| P. City of Sunnyvale - Ground Lease Loan      | 3.00%                | 24,146,700           | 24,553,200           | 24,959,700           | 25,366,200           | 25,772,700           | 26,179,200           | 26,585,700           | 26,992,200           | 27,398,700           | 27,805,200           |
| P. Santa Clara County                         | 3.00%                | 19,999,725           | 20,335,725           | 20,671,725           | 21,007,725           | 21,343,725           | 21,679,725           | 22,015,725           | 22,351,725           | 22,687,725           | 23,023,725           |
| 0   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 0   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Residual Receipts Payments</b>       |                      | <b>\$ 70,322,873</b> | <b>\$ 71,506,043</b> | <b>\$ 72,689,213</b> | <b>\$ 73,872,383</b> | <b>\$ 75,055,553</b> | <b>\$ 76,238,723</b> | <b>\$ 77,421,893</b> | <b>\$ 78,605,063</b> | <b>\$ 79,788,233</b> | <b>\$ 80,971,403</b> |

## Mixed-Income Program (2023)

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

The MIP subsidy loan (MIP Loan) must be paired with CalHFA's Conduit Bond Issuer Program and CalHFA's Tax-Exempt Permanent Loan Program. CalHFA will work with MIP applicants to assess the benefits of utilizing CalHFA's Bond Recycling Program during the project construction and/or permanent loan periods and may require recycled bonds to be included as a source, subject to availability and project feasibility. Eligible projects must create newly constructed, regulated units that meet the income and occupancy requirements reflected below. Approval of all MIP funding allocations will be subject to the sole discretion of CalHFA.

### Mixed-Income Program Subsidy Loan Limits

MIP Loan amount for each project will be based on project need and will be limited to the lesser of the following:

1. \$4 million; or
2. \$50,000 per restricted unit (between 30%-120% AMI). Projects located within the Highest or High Resource areas pursuant to California Tax Credit Allocation Committee (CTCAC) regulations designated on the [CTCAC/HCD Opportunity Area Map](#) shall be eligible for an additional amount up to \$10,000 per MIP regulated unit; or
3. 50% of the permanent loan amount.

### Application

MIP applicants must submit a completed application package which includes all items listed on the application, application addendum, and checklist. Incomplete application packages will not be considered. The application and checklist can be found at [www.calhfa.ca.gov/multifamily/mixedincome/forms](http://www.calhfa.ca.gov/multifamily/mixedincome/forms). If the MIP applicant is not able to meet the readiness timeline referenced below, MIP awards may be rescinded.

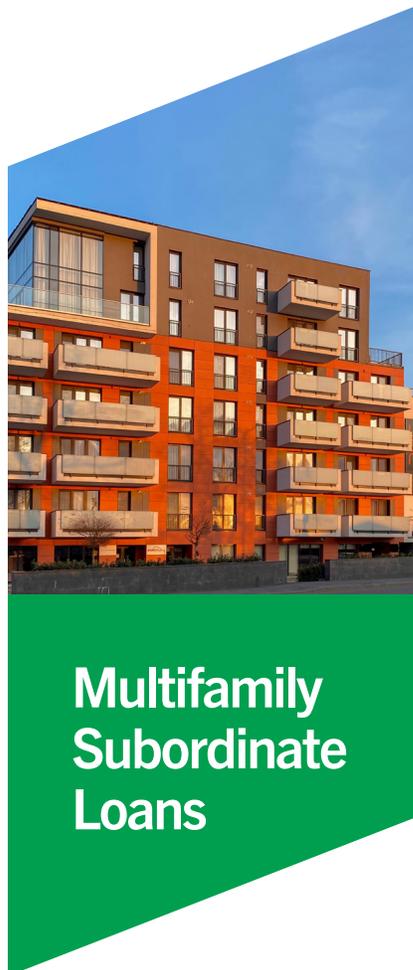
### Qualifications

#### Availability

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

#### Uses

MIP Loans must be used in conjunction with CalHFA's Conduit Bond Issuer Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender (as defined below). MIP Loans must also be used in conjunction with CalHFA's Tax-Exempt Permanent Loan Program. CalHFA will work with MIP applicants to assess the benefits of utilizing CalHFA's Bond Recycling



## Multifamily Subordinate Loans



**California Housing Finance Agency**  
500 Capitol Mall Suite 1400, MS-990  
Sacramento, CA 95814

**Kevin Brown**  
Housing Finance Officer  
(916) 326-8808  
kbrown@calhfa.ca.gov

**Jennifer Beardwood**  
Housing Finance Officer  
(916) 326-8805  
jbeardwood@calhfa.ca.gov

Qualifications: Uses continued

Program during the project construction and/or permanent loan periods and may require recycled bonds to be included as a source, subject to availability and project feasibility.

### Financing Structure

Projects accessing the MIP Loans must be structured as both of the following:

1. Tax-exempt bond and 4% tax credit project where at least 51% of the units in the project must be tax-credit financed; and
2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

### Readiness

MIP applicants must have evidence of site control and they must be prepared to submit for an award of tax-exempt bond cap and 4% tax credits from the California Debt Limit Allocation Committee (CDLAC) and CTCAC, respectively. Project applicants will only receive funds if an award of tax-exempt bond cap is issued within the issuance timeframes specified in the CDLAC Regulations Section 5100.

- **Site:** The site must be ready for construction. Any potential environmental issues must have been identified, mitigation plans must be in place, and costs associated with the mitigation plan must be incorporated in the development budget. Environmental issues may include, but are not limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, the MIP applicant is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment (notification date). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
- **General Contractor and/or Third-Party Construction Services Engagement:** At the time of application, the MIP applicant must provide evidence that a general contractor or third-party construction services company has been engaged to provide construction services including, but not limited to; value engineering, bid/budget services, and constructability review of plans and designs. The proposed construction budget must be based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
- **Disposition and Development Agreement:** The MIP applicant must provide a copy of the disposition and development agreement, if applicable.
- **Construction Start:** All projects must commit to begin construction 180 or 194 days from the earlier of the date of the tax-exempt bond allocation or the 4% federal/state tax credit reservation, unless an extension has been approved by CTCAC, CDLAC, and CalHFA, as applicable. Within the 180- or 194-day period (as may be applicable pursuant to CDLAC Regulations Section 5230(i) and CTCAC Regulations Section 10325(c)(7)), the following items must be submitted to CalHFA in their final form:
  - An executed construction contract.

## Qualifications: Construction Start continued

- A complete, updated application form with a detailed explanation of any changes, including but not limited to, changes in sources and uses from the initial application.
- Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this).
- Binding commitments for construction and permanent financing, including any sponsor loan and any other financing required to complete project construction.
- Copy of a limited partnership agreement executed by the general partner and the investor limited partner/equity provider.
- An updated CTCAC Attachment 16, if applicable.
- Copies of buildings permits (a grading permit does not suffice to meet this requirement, except if the city or county as a rule does not issue building permits prior to the completion of grading, then a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents.
- Copy of the notice to proceed delivered to the contractor.
- If no construction lender is involved, evidence must be submitted within 180 or 194 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
- Other documentation and information required by CalHFA to close construction financing.

### Evidence Of Cost Containment

A Cost Containment Certification must be provided at the time of Application and Construction Loan Closing, if applicable. The [Cost Containment Certification](#) acceptable to CalHFA may be found on the agency's website.

The MIP applicant must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to:

1. competitively bidding out all major subcontractor and self-performing trades; and
2. engaging a value engineer/consultant during the design process.

### Evidence Of Subsidy Efficiency

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

- A maximum of 1.20x Debt Service Coverage Ratio (DSCR) at year 1 (Initial DSCR). CalHFA may allow an initial DSCR higher than 1.20x on a case-by-case basis, if deemed necessary. The underwriting prior to construction and permanent closing must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent first lien loan.

### Qualifications: Evidence of Subsidy Efficiency continued

- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio.
- A separate project cash flow that supports any commercial component of a mixed-use project, if applicable.
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards 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 newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification shall be used to reduce the MIP Loan prior to CalHFA MIP Loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
- State tax credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

**Project Application Ranking Qualifications\***

The prioritization of MIP project application(s) shall follow a ranking calculation method described below:

1. **Project Public Benefit and Efficiency:** MIP project applications shall be initially assigned a ranking number based on the highest amount of public benefit per dollar of the total cost-adjusted amounts of the tax-exempt bond allocation requested from CDLAC, plus the state tax credit allocation requested from CTCAC consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2) (Project Rank Number). Next, the Project Rank Number may be adjusted pursuant the below bonus factors, subject to eligibility:

- **MIP Efficiency Bonus:** The total requested MIP amount as a percentage of the eligible maximum MIP per unit shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

| MIP as % of Eligible Maximum Per Unit | Adjustment |
|---------------------------------------|------------|
| <20%                                  | -0.500     |
| 20-40%                                | -0.375     |
| 41-60%                                | -0.250     |
| 61%-80%                               | -0.125     |
| >80%                                  | 0.000      |

- **STC and Soft Funds Leveraging Bonus:** The total requested STC amount and total permissible soft funds (refer to limitations section) as a percentage of the maximum STC shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

| STC as % of Eligible Maximum Per Unit | Adjustment |
|---------------------------------------|------------|
| >80%                                  | -0.500     |
| 61%-80%                               | -0.375     |
| 41-60%                                | -0.250     |
| 20-40%                                | -0.125     |
| <20%                                  | 0.000      |

- **New Developer Bonus:** Developers that are new to MIP (requesting MIP funding for the first time) shall be eligible for -1 adjustment to the initial Project Rank Number. Developers that have not received MIP funding awards in the past two years shall be eligible for -0.5 adjustment to the initial Project Rank Number.
- **Geographic Distribution Bonus:** Projects located in a city with a population over 1 million, that has not received MIP funding in the prior two years, will be eligible for -1 adjustment to the initial Project Rank Number. Projects located in a city with a population over 500,000, and up to 1 million, that has not received MIP funding in the prior two years, will be eligible for -0.5 adjustment to the initial Project Rank Number.

Additionally, Application Ranking and Selection will be subject to the following criteria:

2. **Project Cap:** Per Project MIP funds available will be equal to the lesser of the following:

- a. Maximum MIP Loan Amount of \$4 million per Project application.
- b. Maximum of \$50,000 per MIP regulated unit for Projects located in Moderate, Low, or Lowest Resource Areas.
- c. Maximum of \$60,000 per MIP regulated unit for Projects located in High or Highest Resource Areas.<sup>1</sup>
- d. Maximum MIP Loan Amount may be no more than 50% of the CalHFA Permanent Loan.

---

1. *Determination of resources Area Type shall be pursuant to CTCAC regulation designated on the CTCAC/HCD Opportunity Area Map.*

3. **Sponsor Cap:** No Sponsor (any individual, entity, affiliate and/or related/affiliated entity) may receive an allocation of MIP funds for more than one Project application. Sponsor shall be defined as any individual, entity, affiliate and/or related entities that has 51% or more in the general, managing, and/or administrative partnership of the MIP applicant. An exception to the Sponsor Cap limit may be considered for any Sponsor that partners with an Emerging Developer to submit a MIP project application so long as the Emerging Developer has a 51% ownership interest in the general, managing, and/or administrative partnership entity of the MIP applicant. Emerging Developer will be defined as any Sponsor which cannot independently meet the MIP Developer/Co-Developer/General Partner qualifications as outlined below.

4. **County Cap:** No county may receive more than 25% of total MIP allocations for the respective year.

5. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted Project Applications (units that are restricted to residents who are 55 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act).

\* *In future years, MIP may be awarded using additional factors, including, but not limited to cost containment as measured by change in total development cost from initial commitment to construction close.*

## CalHFA Mixed-Income Qualified Construction Lender

A CalHFA Mixed-Income Qualified Construction Lender is defined as a Construction Lender that has closed at least five construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years and satisfies the requirements set forth within the application.

### CalHFA Mixed-Income Development Team Qualifications

- The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

### Permanent First Lien Loan

All project applications receiving an allocation of MIP funds must utilize CalHFA's Permanent Loan Program which includes the requirement that the underwriting prior to construction and permanent loan closing shows a minimum 1.15x initial debt service coverage ratio (including any financing with amortizing debt) for the term of the permanent loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x if deemed necessary to meet the Agency's underwriting requirements. The initial DSCR must not exceed 1.20x.

Any project application that contemplates a ground lease must accommodate CalHFA's requirement that the first lien permanent loan shall be secured against both the fee and leasehold interests in the Property. The ground lease term must exceed any CalHFA subsidy or permanent loan term(s) by 10 years or more. The term of the ground lease must be equal to or longer than the term of the CalHFA Regulatory Agreement(s).

## Construction First Lien Loan

Must be provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to recycle all or a portion of any bond volume cap related to a paydown of the bond-financed loans, at the conversion of the construction financing to permanent financing and payoff of the construction loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (Bond Recycling). The bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.

## Limitations

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)
- At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.
- Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.

## Mixed-Income Project Occupancy Requirements

### Bond Regulatory Agreement Requirements (All Projects)

Must maintain either:

- a. 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (20% @ 50% AMI); or
- b. 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size (40% @ 60% AMI): in the latter case, CDLAC and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

### Mixed Income Regulatory Agreement Requirements (All Projects)

To qualify, a project must meet the following affordability restrictions, which are based on the HUD and locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years:

- 20% of total units at or below 50% of AMI; and
- 10% of total units between 60% and 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below; and
- Remaining units at or below 120% of AMI (with the exception of any non-restricted manager's unit(s)) OR at the affordability restrictions consistent with CTCAC requirements; and
- The minimum range between the lowest and highest occupancy target levels must be at least 40%.

(Deviations from the above requirements will only be considered if a current market study and/or appraisal report(s) support such deviations.)

The maximum average affordability is up to 60% of AMI across all CTCAC restricted units.

### Maximum Allowable Rents

Rents for all restricted units must be underwritten at the lesser of either:

1. The CTCAC or locality maximum rents (whichever is applicable) based on the target occupancy; or
2. 10% below market rents, as evidenced by a current market study and/or appraisal, for the MIP affordability term.

This threshold will be analyzed at time of application and again at CalHFA's final commitment approval and may be monitored on an ongoing basis for the MIP affordability term. The report shall be current within 90 days of Agency's final commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or permanent loan closing, in the Agency's sole discretion.

Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents not to exceed 30% of the applicable income restriction (target occupancy) required in the Agency's Regulatory Agreement.

## Mixed Income Program

### Mixed-Income Subordinate Loan Rates & Terms

- **Interest Rate:** 3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
- **Loan Term:** The MIP Loan term shall be coterminous with the CalHFA permanent first lien loan and is due upon prepayment of the CalHFA permanent first lien loan.
- **Lien Position:** MIP Loan shall be in second lien position, after the CalHFA permanent first lien loan.
- **Loan Payment:** “Surplus cash” is determined as net operating income minus total debt service and other Agency approved payments. Surplus cash distributions shall permit 50% to Borrower and 50% shall be paid pro rata as “Residual Receipts” between CalHFA and other governmental residual receipt lenders. Payments shall be applied to the current and/or accrued interest and then principal of the MIP Loan.
- **Affordability Term:** 55 years.
- **Prepayment:** The MIP Loan may be prepaid at any time without penalty.
- **Funded:** Only at permanent loan conversion.

### CalHFA Conduit Issuer & Bond Recycling Programs *(subject to change)*

For more information on conduit issuer and bond recycling rates and terms, refer to CalHFA's [Conduit Issuer Program](#) and [Bond Recycling Program](#) term sheets.

### CalHFA Permanent First Lien Rates & Terms *(subject to change)*

For more information on permanent first lien rates and terms, refer to [CalHFA's Tax-Exempt Permanent Loan Program Term Sheet](#).

### Fees *(subject to change)*

- **Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP Loan closing).
- **Conduit Issuer Program Fees:** Refer to CalHFA Conduit Issuer Program Term Sheet.
- **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees.
- **Other Fees:** Refer to CalHFA Tax-Exempt Permanent Loan Program term sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. ■

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

# Tax-Exempt Permanent Loan Program

CalHFA's (the "Agency") Tax-Exempt Permanent Loan Program ("Perm Loan") provides 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").

## Loan Amount

- Minimum Perm Loan amount of \$5,000,000.
- Minimum 1.15x initial debt service coverage ratio (DSCR) (including any financing with amortizing debt). If a Project includes an Agency subsidy loan, the maximum DSCR at Year 1 shall not exceed 1.20x, unless approved by Agency in its sole discretion. Agency underwriting, prior to both the construction and permanent loan closings, must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent, first-lien loan. CalHFA may, in its sole discretion, require that the initial DSCR be higher than 1.15x as deemed necessary to mitigate risk and to meet the Agency's underwriting requirements.
- Limited to the lesser of 90% of the Project's current restricted appraised value or 100% of total Project development costs. For Perm Loans that will finance a cash equity payment to the Borrower, the Perm Loan amount will be restricted to no more than 80% of the Project's then current restricted appraised value.

## Qualifications

- Available to for-profit, nonprofit, and public agency sponsors.
- Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) for tax-exempt bonds not subject to a 501(c) (3) exemption or issued using recycled volume cap.
- The Perm Loan may be used with or without 4% Low-Income Housing Tax Credits.
- If CalHFA is providing a Perm Loan, then the Agency must be used as the bond issuer (for more information, review the [CalHFA Conduit Issuer Program Term Sheet](#)).
- For Section 8 Projects, a final Perm Loan commitment will be conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract.
- The Perm Loan will be credit-enhanced by the HUD/FHA Risk Sharing Program.
- For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Please refer to the CalHFA website for the [CalHFA Portfolio Loan Prepayment Policy](#).



## Multifamily First-Lien Loans



**California Housing Finance Agency**  
500 Capitol Mall Suite 1400, MS-990  
Sacramento, CA 95814

**Kevin Brown**  
Housing Finance Officer  
(916) 326-8808  
kbrown@calhfa.ca.gov

**Jennifer Beardwood**  
Housing Finance Officer  
(916) 326-8805  
jbeardwood@calhfa.ca.gov

### **Fees** *(subject to change)*

**Application Fee:** \$10,000 non-refundable, due at time of application submittal, and credited toward the CalHFA Perm Loan Funding Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing.

**Perm Loan Funding Fee:** 1.50% of the greater of the Perm Loan amount indicated in the Final Commitment or the actual Perm Loan amount at Perm Loan closing. 50% of the fee is due at Final Commitment, with the balance, including any fee increase related to an increase in the actual Perm Loan amount, due at the time of approval of loan increase.

**Credit Enhancement Fee:** included in the interest rate.

**Annual Monitoring Fee:** \$7,500 annually (not to be duplicated if used in conjunction with CalHFA's *Conduit Issuer Program*).

**Inspection fees** are estimated at \$500 per month for the term of the construction Perm Loan Funding Fee.

**Letter of Interest Fee:** \$5,000 at LOI request, and credited toward the CalHFA Perm Loan Funding Fee.

See *CalHFA standard Conduit Issuer Program Term Sheet for information on conduit issuance fees.*

### **Rate & Terms** *(subject to change)*

#### **Interest Rate:**

- **17-Year Balloon Loans:** 15-Year "AAA" Municipal Market Data (MMD) plus CalHFA spread
- **30-Year Balloon and Fully Amortizing Loans:** 30-Year "AAA" MMD plus CalHFA spread
- **Estimated CalHFA Spread 17-Year Balloon:** 2.60% to 3.750%
- **Estimated CalHFA Spread 30-Year Balloon:** 2.30% to 3.50%
- **Estimated CalHFA Spread Fully Amortizing Loans:** 2.20% to 3.65%

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 three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

#### **Amortization/Term:**

- **Amortization:** Up to 40-year Amortization
- **Term:** Fully Amortizing, and 17- or 30-Year Balloons available.<sup>1</sup>
- **Perm Loan Increase or Decrease Requirements:** Any increase or decrease in the committed Perm Loan amount must be approved by the Agency and shall include the payment of a fee to be determined at the time of Perm Loan modification approval.

Rates continued

- Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount plus possible additional financial cost related to the extension for each three-month extension. An extension of the Rate Lock prior to construction closing shall not affect the availability of these two optional extensions. Approval of any extension of the Rate Lock related to construction closing shall be in the Agency's sole discretion.
- **Breakage Fee** (*if applicable*): Due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost.

<sup>1</sup> *Balloon loans and terms are subject to approval by the Agency and will not be provided unless such financing is supported by Agency's underwriting and exit analysis.*

### Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 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 or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

### Prepayment

The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. Additionally, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation equal to the *Current Fannie Mae Prepayment Premium (Standard Yield Maintenance – Fixed Rate)* at the time of Final Commitment, which can be found at:

[multifamily.fanniemae.com/media/5646/display](https://multifamily.fanniemae.com/media/5646/display)

The Perm Loan may not be prepaid prior to 10 full years of the Perm Loan period.

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 Loan) and be subordinate to CalHFA financing. Any exception

to this policy, including joint priority (pari passu) will require prior approval from the Agency and/or the CalHFA Board of Directors (if applicable). A Lien Priority/Position Estoppel from any subordinate lenders in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.

### **Ground Lease**

Any Project application that contemplates a ground lease must accommodate CalHFA's requirement that the Perm Loan shall be secured against both the fee and leasehold interests in the property. The ground lease term must exceed any CalHFA subsidy or permanent loan term(s) by 10 years or more. The term of the ground lease must be equal to or longer than the term of the CalHFA Regulatory Agreement(s).

### **Occupancy Requirements**

Must maintain the greater of:

- A) existing affordability restrictions, or
- B) either:
  - i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or
  - ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal.

CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.

### **Due Diligence**

The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):

- **Appraisal\*** (a construction lender's appraisal with appropriate reliance provided to CalHFA may be acceptable).
- **HUD-2530 previous participation clearance.**

## Due Diligence continued

- **Construction Costs Review** for new construction projects (other construction lender's review is acceptable with appropriate reliance, if required by the Agency, in its discretion).
- **Physical Needs Assessment\*** (PNA) for rehabilitation projects with a Replacement Reserve Needs Analysis (RRNA) over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). A RRNA for a longer time period may be required if the Perm Loan term is greater than 20 years.
- **Phase I and Phase II (if applicable) Environmental Site Assessment\*** including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)".
- **Market Study\*** with scope of study and vendor satisfactory to CalHFA.
- **NEPA Review.**
- **Termite/Dry Rot reports\*** by licensed company.
- **Seismic review\*** and other studies may be required at CalHFA's discretion.

**Note:** *Third-party reports shall be completed within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole discretion.*

## Required Impounds and Reserves

- **Replacement Reserve:** Initial cash deposit required for existing Projects with annual deposits between \$250 and \$500 per unit/per year depending on the Project type and PNA/RRNA findings.
- **Operating Expense Reserve (OER):** 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER must be replenished over a period of 12 months to the original level.
- **Impounds held by CalHFA:** One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.
- **Transition Operating Reserve (TOR):** required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).

# Conduit Issuer Program

*Term sheet effective for applications submitted after January 1, 2023*

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

## Qualifications

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

## Bond Amount

Bond amounts are determined by the loan amount of the lender.

## Fees *(subject to change)*

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

### Issuer Fee:

1. The greater of \$15,000 or 18.75 basis points (BPs) of the Bond amount if lesser than or equal to \$20 million.
2. If more than \$20 million: \$37,500 + 5 BPs for the amount above \$20 million.
3. Supplemental bonds issued after the initial Bond closing will be assessed an additional issuer fee which will be calculated for the supplemental bond issuance amount under the applicable fee structure above.

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

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

For supplemental bonds issued after the initial Bond closing, the monitoring fee will be prorated from the date of the supplemental issuance until the due date for the annual monitoring fee for the original Bond issuance. Afterward, the annual monitoring fee will be calculated as described above, based on the total amount of Bonds issued for the project.



## Multifamily Housing Bonds



**California Housing Finance Agency**  
500 Capitol Mall Suite 1400, MS-990  
Sacramento, CA 95814

**Kevin Brown**  
Housing Finance Officer  
(916) 326-8808  
kbrown@calhfa.ca.gov

**Ashley Carroll**  
Loan Administrator  
(916) 326-8810  
acarroll@calhfa.ca.gov

## Fees continued

If used in conjunction with a CalHFA permanent loan product, the annual monitoring fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual monitoring fee.

**Public Sale & Bond Purchase Agreements:** Additional fee of \$5,000 to \$10,000 applies when Bonds are sold to the public or when the bond transaction includes a Bond Purchase Agreement (California State Treasurer's Office, Public Finance Division fee).

**CDLAC Allocation Fee:** 0.035% of the Bond amount, \$1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.

**CDLAC Performance Deposit:** 0.50% of the requested Bond amount, not to exceed \$100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC.

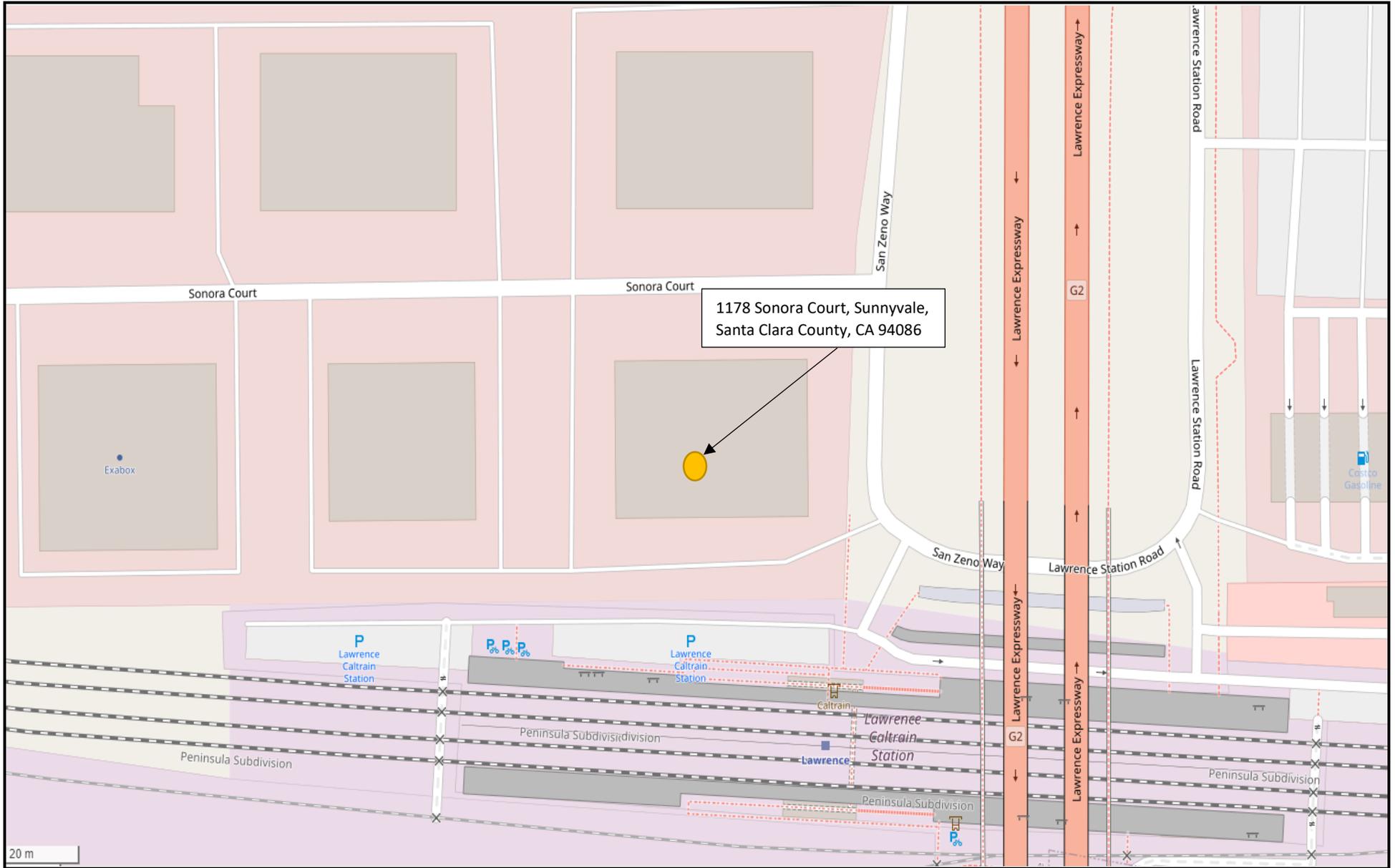
The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

## Occupancy Requirements

- Projects must follow either:
  - A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the Area Median Income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or,
  - B) 40% or more of the units must be rent-restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal
- Borrower will be required to enter into a *Regulatory Agreement* which will be recorded against the Project for the Qualified Project Period (as defined in the *CalHFA Regulatory Agreement*). This includes the later of the federally-required qualified project period, repayment of the Bond-funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years. ■

# Ira D. Hall Square (1178 Sonora Court)

## Near



# Ira D. Hall Square (1178 Sonora Court)

## Far

