State of California

Cal HFA California Housing Finance Agency

Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, March 21, 2024
9:00 a.m.

500 Capitol Mall
5th Floor Conference Center
Sacramento, CA 95814
916.326.8088

This meeting is also available to view on livestream. Please note, public comments cannot be made when viewing on livestream.
https://www.youtube.com/watch?v=3Pext-1nYks

1. Roll Call

2. Approval of the minutes of the February 21, 2024, meeting 1

3. Chairperson/Executive Director comments

BUSINESS ITEMS

4. Discussion, recommendation, and possible action authorizing a final loan commitment for the following project: (Shawnté Spears) 4

NUMBER	DEVELOPMENT	LOCALITY	UNITS
23-007	Meridian Family Apartments	San Jose/Santa Clara	233

Resolution No. 24-08 61

5. Discussion, recommendation, and possible action authorizing an amendment to a final loan commitment for the following project: (Shawnté Spears) 64

NUMBER	DEVELOPMENT	LOCALITY	UNITS
19-076	Brand Haven Senior Apartments	Fresno/Fresno	180

Resolution No. 24-09 116

6. Discussion, recommendation, and possible action authorizing the financing of the Agency's multifamily housing program, the issuance of multifamily bonds, the Agency's multifamily bond indentures, credit facilities for multifamily purposes, and related financial agreements and contracts for services (Erwin Tam) 119

Resolution No. 24-10 125

7. Discussion, recommendation, and possible action authorizing the financing of the Agency's multifamily housing program from non-bond sources and related financial agreements and contracts for services (Erwin Tam)

8. Discussion, recommendation, and possible action authorizing the Agency's single family bond indentures, the issuance of single family bonds, credit facilities for homeownership purposes, and related financial agreements and contracts for services (Erwin Tam)

9. Discussion, recommendation, and possible action authorizing the Agency's single family non-bond financing mechanisms for homeownership purposes, and related financial agreements and contracts for services (Erwin Tam)

10. Discussion, recommendation, and possible action approving applications to the California Debt Limit Allocation Committee for private activity bond allocations for the Agency's multifamily programs (Erwin Tam)

BREAK

<u>WORKSHOP (Informational)</u>

11. Presentations and Discussions

    A. Perspectives on CalHFA's role in affordable housing finance ecosystem

        I. Introduction to CalHFA and former Board member perspective – statutes/origins of CalHFA core programs, role of Board for policy and financial oversight

            - Tiena Johnson Hall, former CalHFA Board member and current CalHFA Executive Director

        II. Public Finance representatives – Importance of CalHFA's role in capital markets, path to the current credit rating, general requirements needed to maintain a strong credit rating, HFA model and its operation within a federal policy landscape, CalHFA's financial attributes as compared to other HFAs

            - Albert Luong, Director, *Barclays*

            - Justin Cooper, Partner, Public Finance, *Orrick*

III. Governor's Administration representatives – CalHFA's role in the Governor's statewide housing initiatives and balancing legislative priorities and mandates

- James Hacker, Deputy Cabinet Secretary of Housing, Homeless, Transportation and Broadband Issues, *Office of Governor Gavin Newsom*

- Myles White, Deputy Legislative Affairs Secretary, *Office of Governor Gavin Newsom*

IV. Recap

BREAK

B. Roundtable discussion on CalHFA's charge

- Facilitated by Cassandra Pye, President, *Lucas Public Affairs*

I. What are our challenges and opportunities?
   a. Examples:
      i. Middle Income Housing
      ii. Policy & Processes
      iii. Insurance
      iv. Homelessness
      v. Geographic Distribution

II. Review and discussion of CalHFA's future role and priorities
   a. Examples:
      i. Equity, Access, and Housing Justice
      ii. Programs
      iii. Housing Supply
      iv. Interagency Collaboration

III. Alignment with Business Plan, State priorities and State partners

   a. Outlook for next 3 years

IV. Recap

V. Workshop wrap-up

12. Informational written reports:

13. Other Board matters

14. Public comment: Opportunity for members of the public to address the Board on matters within the Board's authority

15. Adjournment

PARKING: Public parking for 500 Capitol Mall is available at:1) Building parking structure with entrance on N street ($2 per 20 minutes, $6 per hour, $24 daily maximum); 2) Limited metered street parking; and 3) Other nearby parking structures (costs vary)

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
February 21, 2024
Meeting noticed on February 9, 2024

1. Roll Call

The California Housing Finance Agency Board of Directors Meeting was called to order at 10:02 a.m. by Chair Cervantes. A quorum of members was present.

MEMBERS PRESENT:	Cervantes, Cabildo, Johnson Hall, Moss, Limon, Ma, Mirzazad (for Assefa), Prince, Russell, Feigles (for Sin), Seeley (for Velasquez), White, Williams
MEMBERS ARRIVING AFTER ROLL CALL:	None
MEMBERS ABSENT:	Avila Farias, Sotelo, Miller (for Stephenshaw)
STAFF PRESENT:	Marc Victor, Melissa Flores, Kate Ferguson, Erwin Tam, Rebecca Franklin
Early departures:	Ma (replaced by Ballmer)

2. Approval of the Minutes – January 25, 2024

On a motion by Russell, the minutes, as amended, were approved by unanimous consent of all members in attendance.

3. Chairperson/Executive Director comments

Chairperson comments:

- Chair Cervantes welcomed Tomiquia Moss, Secretary of the Business, Consumer Services and Housing Agency, to the Board.

Executive Director comments:

- Johnson Hall informed the Board that social media toolkits and outreach materials were available for the California Dream for All Shared Appreciation Loan Program and asked Board members to share the program information to their social media and networking groups.

- She and CalHFA staff have participated in several recent events including the CSAC Finance Corp Housing Panel, SGC Catalyst Conference, and the SGC Workshop on Decarbonizing Low-Income Housing.

- She has been asked to serve on the UCLA Ziman Affordable Housing Advisory Council.

- In March, she will attend the National Council of State Housing Finance Agencies annual Legislative Conference in Washington, D.C. to advocate for key federal bills.

- The California Mortgage Relief Program recently received a clean independent audit for federal FY 2022-23.

4. Final loan commitment for Valley Pride Village – Project No. 23-011, for 180 units in Sylmar, Los Angeles County – Resolution No. 24-06

Presented by Kate Ferguson

On a motion by White, the Board approved **Resolution No. 24-06**, as amended. The votes were as follows:

AYES:	Cabildo, Cervantes, Limon, Ma, Moss, Prince, Russell, Feigles (for Sin), Seeley (for Velasquez), White, Williams
NOES:	None
ABSTENTIONS:	None
ABSENT:	Avila Farias, Sotelo

5. Final loan commitment for Battery Point Apartments – Project No. 23-010, for 162 units in Crescent City, Del Norte County – Resolution No. 24-07

Presented by Kate Ferguson
Guest Speaker, Bill Rice, Synergy Community Development Corporation

On a motion by Moss, the Board approved **Resolution No. 24-07**. The votes were as follows:

AYES:	Cabildo, Cervantes, Limon, Ballmer (for Ma), Moss, Prince, Russell, Feigles (for Sin), Seeley (for Velasquez), White, Williams

NOES: None

ABSTENTIONS: None

ABSENT: Avila Farias, Sotelo

6. Update on Fiscal Year 2023-24 Q2 Strategic Plan and Operating Budget

Presented by Rebecca Franklin and Erwin Tam

Franklin and Tam provided the Board with the second quarterly update on the 2023-24 Strategic Plan and Operating Budget. They reviewed the Agency's goals and strategic objectives, reporting that current projections indicate they are on track for the year.

7. Informational written reports

Chair Cervantes asked if there were any questions or comments about the informational reports in the Board package and there were none.

8. Other Board matters

Chair Cervantes asked if there were any other Board matters to be discussed and while Board members did not note any, Chair Cervantes provided a recap of various discussion topics requested by members throughout the meeting. These topics included greenhouse gas reduction, developer fees, tracking modular housing construction costs and improving marketing outreach efforts.

9. Public comment

Chair Cervantes asked if there were any members of the public who wished to provide a comment and there were none.

10. Adjournment

As there was no further business to be conducted, Chair Cervantes adjourned the meeting at 11:29 a.m.

MEMORANDUM

To: Board of Directors **Date:** March 21, 2024

From: Kate Ferguson, Director of Multifamily Programs
California Housing Finance Agency

Subject: Agenda Item 4 – Final Loan Commitment for Meridian Family Apartments, Project No. 23-007

Action: CalHFA Senior Loan Committee has recommended that Executive Director, Tiena Johnson-Hall, seek Board approval and final loan commitment for the Meridian Family Apartments Development by approving Resolution Number 24-08.

Development Information:

- The Executive Director has Board delegated authority to approve loans up to $15,000,000, therefore, the Meridian Family Apartments Development is seeking Board approval for a $70,550,000 tax-exempt permanent loan and a $4,000,000 Mixed-Income Program subsidy loan, to construct a 233-unit new construction development. Both the permanent loan (40-year amortization) and MIP subsidy loan (residual receipts) will have terms of 17 years.
- The Meridian Family Apartments Development is proposed to be constructed in San Jose, Santa Clara County and developed by ROEM Development Corporation.
- The development received an initial allocation of bond cap in the amount of $87,195,898 on 8/23/2023 from CDLAC, submitted an application to CDLAC for a supplemental allocation of $4,204,102 on 3/15/2024, and received an allocation for 4% Federal and State tax credits from TCAC on 8/23/2023.
- The development will be a new construction, large family, mixed- income development consisting of one, six-story residential building.
- The development will have a total of 233 units, of which 231 units will be restricted between 30% and 70% of the Santa Clara County Area Median Income (AMI). The development will have 67 one-bedroom units, 90 two-bedroom units, and 76

three-bedroom units. Two of the three-bedroom units will serve as the manager units.

CALHFA LOAN APPROVAL

This is to memorialize that on March 6, 2024, CalHFA approved the following action for the project described as follows:

Meridian Family Apartments - CalHFA# 23007-A/X/N

Up to $101,000,000 (Tax Exempt - Conduit)

Up to $44,000,000 (Taxable-Conduit a portion of which may be replaced by recycled tax-exempt bonds)

$70,550,000 (Tax-Exempt or FFB Permanent Loan – HUD Risk Sharing)

$4,000,000 (Mixed-Income Program – Subsidy Loan)

☐ Initial Commitment approval; or

☒ Recommendation to the Board of Directors that it authorize the issuance of a final commitment; or

☐ Issue a final commitment pursuant to Board Resolution No. 20-16, authorizing Senior Staff to approve loan commitments under $15,000,000; or

☐ Issue a modified final commitment for an increase of less than 7% pursuant to Board Resolution No. 20-16;

☐ Issue a final commitment under the guidelines of the Non-Profit Predevelopment Loan Program pursuant to Board Resolution No. 13-13; or

☒ Issue an approval for bond Issuance under the guidelines of the Conduit Issuer Program pursuant to Board Resolution No. 23-02.

☒ Issue a final commitment under the guidelines of the CalHFA Mixed Income Program pursuant to Board Resolution No. 19-02.

C Shultz

Digitally signed by Chris Shultz
Foxit PDF Editor Version: 12.1.3

Tiena Johnson Hall
Executive Director

SOURCE OF HAT OR NON-HAT FUNDS:

☐ FAF Dollar Amount:__________

☐ Earned Surplus (Pre-80) Dollar Amount:__________

☐ Earned Surplus (Post-80) Dollar Amount:__________

☐ Agency Funds Dollar Amount:__________

☐ Other:________ Dollar Amount:__________

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": 3/6/2024 for Board Meeting on 3/21/2024

Project Name, County:	**Meridian Family Apartments, Santa Clara County**	
Address:	**961-971 Meridian Ave, San Jose, 95126**	
Type of Project:	**New Construction**	
CalHFA Project Number:	23007-A/X/N	**Total Units: 233 (Large Family)**
Requested Financing by Loan Program:	**Up to $101,000,000**	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($87,195,898 allocated by CDLAC on 8/23/2023 and a supplemental request for $4,204,102 estimated submission to CDLAC on 3/15/2024 - current need - $91,400,000) ***
	Up to $44,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may include recycled bonds) assuming current need is $40,000,000) ***
	$70,550,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan MIP**

*Approval amount includes 10% cushion rounded up to nearest $1M.

DEVELOPMENT/PROJECT TEAM

Developer:	ROEM Development Corporation	**Borrower:**	Meridian Family Apartments, LP
Permanent Lender:	CalHFA	**Construction Lender:**	Citibank, N.A.
Equity Investor:	Hudson Housing Capital	**Management Company:**	FPI Management Inc.
Contractor:	ROEM Builders, Inc.	**Architect**	Withee Malcom Architects
Loan Officer:	Jennifer Beardwood	**Loan Specialist:**	N/A
Asset Manager:	Cristina Green	**Loan Administration:**	Kong Lor
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick, Herrington & Sutcliffe
Concept Meeting Date:	8/15/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** Citi Bank **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	$91,400,000 (Tax-Exempt) $40,000,000 (Taxable)	$70,550,000	$4,000,000 ($17,316/restricted unit)
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during	40 year –partially amortizing due in year 17; 1st Lien	17 year - Residual Receipts; 2nd Lien Position during permanent loan term

		construction (including one 6-month extension)	Position during permanent loan term	
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Variable rate equal to 1-Month Term SOFR plus a spread of 1.90% Underwritten at 4.45% fixed ***	Underwritten at 6.22% that includes a 0.50% cushion* 15 yr MMD + 2.78% 15 yr MMD Index Date 2/8/24 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
	Loan to Value (LTV)	LTV is 67% of investment value	LTV is 69% of restricted value**	N/A
	Loan to Cost	72%	38.83%	N/A

**CalHFA spreads locked on 3/6/2024 (subsequent to CalHFA Final Commitment Approval). Cushion is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*

*** Loan to Value based on appraisal dated 3/1/2024 prepared by Burger Valuation Consultants. An updated appraisal excluding the commercial/retail development is required prior to construction closing.*

****As of 3/5/2024, the one-month SOFR rate was at 5.31% which results in an all-in rate of 7.21%. Construction interest reserve may be re-sized based on the final locked rate at construction closing. Any resulting funding gaps will be covered by the Developer until permanent loan closing. The Citi's commitment letter requires the Developer to obtain an acceptable hedging product to mitigate the construction interest rate risk.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☒	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders. The Tax Credit Investor was changed from R4 Capital LLC to Hudson Housing Capital for more favorable pricing to keep the project financially feasible in an increasing rate environment.
☐	Changes in Project Scope (for example, addition of non-residential component)
☐	Changes in CalHFA loan amount (>10%) or changes in loan terms
☐	Changes in construction schedule and rent-up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.

☒ Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions

- The Gross Potential Income ("GPI") has increased by $264,629 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.
- The total operating expenses have decreased by $13,961. This is primarily attributed to the reduction of the costs for the supportive services, the replacement reserve from $300 per unit per year to $250 per unit per year based on the Investor requirement and the inclusion of Specialty Locality Taxes that was not included at Initial Commitment and included in the appraiser's operating budget estimate.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $265,359 and increase in the debt service of $243,026 (based on an increase to the final permanent loan amount of $3,580,488, which decreases the surplus cash after debt service by $22,333 and results in a decrease of the DSCR by .01 to the 1st year DSCR, as shown in the chart below.

	Initial	**Final**	**Difference**	**% Increase/Decrease**
Gross Potential Income (GPI)	$7,464,211	$7,728,840	$264,629	3.5%
Vacancy	$373,211	$386,442	$13,231	3.5%
Total Income (EGI)	**$7,091,000**	**$7,342,398**	**$251,398**	**3.5%**
Admin Exp	$291,561	$291,561	$0	0.0%
Mgmt Fee	$233,352	$233,352	$0	0.0%
Utilities	$275,986	$275,986	$0	0.0%
Payroll/PR Taxes	$447,092	$447,092	$0	0.0%
Insurance	$175,305	$175,305	$0	0.0%
Maintenance	$259,099	$259,099	$0	0.0%
Other OpEx*	$157,612	$143,651	-$3,961	-2.5%
Total OpEx	**$1,840,007**	**$1,826,046**	**-$13,961**	**-0.8%**
NOI	**$5,250,993**	**$5,516,352**	**$265,359**	**5.1%**
Debt Service	$4,545,565	$ 4,788,591	$243,026	5.3%
Surplus Cash	$705,428	$727,761	$22,333	3.2%
DSCR	1.16	1.15	-0.01	
*Other OpEx				
Supportive Services	$45,600	$35,600	-$10,000	-21.9%
Replacement Reserve	$69,900	$58,250	-$11,650	-16.7%
CalHFA Monitoring Fee	$7,500	$7,500	$0	0.0%
Electronics/computers/printers	$34,612	$34,612	$0	0.0%
Specialty Locality Taxes	$0	$7,689	$7,689	100%
Total Other Expenses	$157,612	$ 143,651	-$13,961	-8.9%

	Initial	**Final**	**Difference**	**% Increase/Decrease**
CalHFA – Perm Loan	$66,969,512	$70,550,000	$3,580,488	5.35%

☒ Changes in CalHFA required reserves

- The required operating expense reserve has increased by $67,301 which is attributed to the increase in the debt service payment of the increased CalHFA permanent loan as described below.

	Initial	Final	Difference	% Increase/Decrease
Total Operating Expenses/Reserves	$1,840,007	$1,826,046	-$13,961	.08%
Debt Service Payment	$4,545,565	$4,788,591	$243,026	5.3%
Required Operating Reserve (3mo)	$1,596,393	$1,653,659	$57,266	3.6%

☒ Changes in Affordability Restrictions including Unit distribution for regulated units:

The Developer will be requesting a change to the TCAC restricted units by increasing the units restricted at 60% AMI from 56 to 65 and reducing the units restricted at 70% AMI from 84 to 78. This change to restricting more units at 60% AMI will be updated in the CDLAC Resolution when the supplemental bonds are awarded. In order for the project to qualify for an allocation of $91,400,000 in T/E volume cap, additional units needed to be restricted at 60% AMI or below. The CDLAC allocation limits are determined on a per regulated unit amount by unit size. By restricting an additional six 1-bedroom units at 60% AMI, the project is eligible to receive up to $4,352,000 of additional bond allocation.

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#16 Anna G Eshoo	**Assembly:**	#26 Evan Low	**State Senate:**	#15 Dave Cortese
	Brief Project Description	Meridian Family Apartments (the "Project") is a new construction, large-family, mixed-income, mixed-use project. It consists of one 6-story (5 stories over podium - one underground level and one ground level parking garage) residential elevator-served building with 1,795 square feet of retail space. There will be 233 total units, of which 231 will be restricted between 30% and 70% of the Santa Clara County Area Median Income (AMI). There will be 67 one-bedroom units (585 sq ft), 90 two-bedroom units (832 sq ft), and 76 three-bedroom units (1,006 sq ft). Two of the three-bedroom units will serve as the manager units. Seventy-three (73) units will be subsidized by HUD's Project-Based vouchers under PBV. Thirty-five (35) PBV units are for chronically homeless veterans through HUD-VASH, and thirty-eight (38) are for large families. The site is currently improved with two single-family residences and an accessory structure. The single-family homes are currently vacant, and the accessory structure is occupied by a landscaping business, which will be relocated permanently before the start of construction. There is $50,000 included in the development budget for relocation costs. **Financing Structure:** The Project's financing includes financing from tax-exempt bonds, taxable or recycled bonds, 4% Federal Tax Credit equity, state housing tax credits, Agency's tax-exempt loan program and the Mixed-Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% tax credits and bond cap from CTCAC and CDLAC on 08/23/2023 and will submit a supplemental bond cap allocation application on 3/15/2024. The bond cap requested is approximately 52% aggregate basis requirement (the "50% test") **Ground Lease:** Not applicable. **Density Bonus Agreement:** The City approved two density bonus incentives in exchange for the project's units to meet income restrictions: 1) Reduction of total parking required from 389 vehicle spaces to 113 based on the development being 100% affordable and located within 0. 5 miles of a major transit stop; and 2) Reduction of the front Setback on Meridian Avenue from 10 feet to 7 feet. The Regulatory Agreement -Density Bonus Rental Restriction will be recorded in first position but it will not have foreclosure rights. **Project Amenities:** The Project includes a business center, club room, central laundry, courtyard, fitness center, intercom/buzzer, limited access, playground, video surveillance, common area wifi, and 290 off-street parking spaces. The Developer intends to lease the 1,795 square feet of nonresidential space to an eligible retail tenant which is anticipated to be a coffee shop. The cash flow from the retail space is not included in operating income for underwriting purposes. Unit amenities include a patio/balcony, ceiling fans, central heating, central air conditioning, microwave, dishwasher, garbage disposal, and free internet service.					

		Local Resources and Services: 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: • Grocery stores – 0.2 miles • Schools – 0.6 miles • Public Library – 0.9 miles • Public transit – 0.1 miles • Park and recreation – 0.2 miles • Hospitals – 1.09 miles • Fire Station - 0.6 miles • Pharmacy - 0.6 miles • Post Office - 0.7 miles • Bank - 0.7 miles **Non-displacement and No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e., Parking) Space:** The Project site development will include 1,782 sq. ft of commercial space located on the ground floor of the building. During the construction process, the developer will work with the City on creating a retail condo. The commercial site is not part of the subject financing of affordable housing collateral package. It will be financed separately by ROEM Development Corporation outside of the subject financing. When the retail condo is complete, it will be owned separately by ROEM Development Corporation, and the commercial space is not included in the residential net operating income for the Project

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 231 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.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	05/2024	Est. Construction Loan Closing:	5/2024
	Estimated Construction Start:	06/2024	Est. Construction Completion:	10/2026
	Estimated Stabilization and Conversion to Perm Loan(s):		4/2027	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
Citi Construction Loan-Tax Exempt (Loan) – 1st lien position, underwritten at 4.45% rate, interest only, 30-month term, with the option for one 6-month extension	$91,400,000	50.60%
Citi Construction Loan - Taxable Tail (Loan) – 1st lien position, underwritten at 4.45% rate, interest only, 30-month term, with the option for one 6-month extension	$40,000,000	22.14%
Tax Credit Proceeds (Equity, LIHTC Investor) ((Federal Tax Credits: $82,155,070/ State Tax Credits: $24,841,586)	$24,793,251	13.73%
Deferred Cost (Developer Fee, Deferral)*	$19,545,405	10.82%
GP Loan from ROEM West LLC (Loan)**	$4,000,000	2.21%
Operating Income (Net Operating Income) *	$898,687	.50%
TOTAL CONSTRUCTION SOURCES	**$180,637,343**	
TOTAL PER UNIT	**$775,268**	
Uses	**Amount**	**% of Total**
Total Acquisition costs	$15,948,500	8.83%
Construction/Rehab Costs	$100,475,261	55.62%
Soft Costs	$10,960,216	6.07%
Hard Cost contingency (7.47%)	$6,544,391	3.62%
Soft Cost contingency (2.03%)	$1,467,424	0.81%
Financing Costs	$14,839,283	8.21%
Local Impact Fees	$4,613,400	2.55%
Deferred Developer Fee	$16,519,462	9.15%
Cash Portion Developer Fee (Paid After Completion)	$4,095,771	2.27%
Other Costs	$5,173,635	2.86%
TOTAL CONSTRUCTION USES	**$180,637,343**	
TOTAL PER UNIT	**$775,268**	
Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA Perm Bond Proceeds (Loan) - – 1st lien position, underwritten at 6.22% rate, interest only, 40-year amortization and 17-year term	$70,550,000	38.6%
CalHFA MIP (Loan) - – 2nd lien position, underwritten at 3.00% rate, residual receipts, 17-year term	$4,000,000	2.2%
Operating Income (Net Operating Income) *	$898,687	0.5%
Deferred Developer Fee (Developer Fee, Deferral)	$16,519,462	9.0%
GP Loan from ROEM West LLC (Loan)**	$2,000,000	1.1%

Tax Credit Equity (Equity, LIHTC Investor) (Federal Tax Credits: $82,155,070/ State Tax Credits: $24,841,586)	$88,871,978	48.6%
TOTAL PERMANENT SOURCES	**$182,840,127**	**100.0%**
TOTAL PER UNIT	**$784,722**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$160,022,110	87.5%
Financing costs	$549,125	0.3%
Operating Reserves	$1,653,659	0.9%
Cash Developer Fee paid at Perm Conversion	$4,095,771	2.2%
Deferred Developer Fees paid from cashflow	$16,519,462	9.0%
TOTAL PERMANENT USES	**$182,840,127**	**100.0%**
TOTAL PER UNIT	**$784,722**	

**Deferred Cost Breakdown:*
Deferred Developer Fee - $19,545,405

***The estimated NOI During Construction is based on approximately 2 months of full occupancy. The Borrower will be required to cover any shortfalls by contributing a portion of cash Developer Fee in the event this source of funds does not materialize.*

*****GP Loan**: CalHFA underwriting policy requires any sponsor loan to be repaid from the Borrower's 50% share of surplus cash. Accordingly, any repayment of the sponsor loan is not considered separately in the Financial Analysis and Underwriting as it is expected to be repaid from the Borrower's share of the 50% surplus cash.

Subsidy Efficiency: *$4,000,000 ($17,316 per MIP restricted units).*

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

- *4% Federal Tax Credits: $82,155,070 ($355,650 per TCAC restricted unit) - Equity pricing $0.81*
- *State Tax Credits: $24,841,586 ($107,540 per TCAC restricted unit) - Equity pricing $0.90*

* The project includes Certificated State Tax Credits, which will be contributed to the project as a capital contribution from Pacific Housing, Inc., the non-profit sponsor, through the sale of state tax credits certificates to Hudson Housing Capital (State Tax Credit purchaser), in the estimated amount of $24,841,586. This will be documented in the Limited Partnership Agreement.

Rental Subsidies: Project-based vouchers (PBV) will subsidize the Project. Seventy-three (73) units will be subsidized by HUD's Project-Based vouchers under PBV. Thirty-five (35) PBV units are for chronically homeless veterans through HUD-VASH, and thirty-eight (38) are for large families. Services for the veteran tenants will be provided through the Department of Veterans Affairs. The contracts are for an initial term of 20 years with an option to renew for an additional term of 20 years. Santa Clara County Housing Authority (SCCHA) will administer both rental subsidy contracts.

- HUD-VASH units - 15 units @ 30% AMI, 15 units @ 40% AMI, 5 units @ 50% AMI
- Section 8 units – 38 units @ 30% AMI.

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

Other Locality Subsidies: *The Project will not be funded by locality funds.*

	Cost Containment Strategy: Cost Containment Strategy: The ROEM Construction Cost Containment Certificate dated 3/10/23 states: 1. Engage project team early (during the project conceptual design process), through building permit issuance. Establish specific/clear roles and responsibilities. 2. Hire a third-party construction professional to conduct a feasibility/ cost analysis. Any concerns raised in this report should be addressed prior to commencement. 3. Require the GC to establish a detailed critical path schedule ("CMP") to manage and mitigate potential schedule delays and time extension request. 4. Evaluate Exclusions and Exceptions within general contractor ("GC") contract for potential cost impact. Resolve these impacts prior to construction commencement. 5. Establish clear expectations and protocols for the request for information "RFI" management during the construction, which may avoid compensable time delays and disputes during the construction period. 6. Utilize GMP as the preferred form of GC contract, with cost savings returned to Owner. GC should be required to provide a minimum of 3 bids for each trade, with an emphasis on all major trades. 7. Minimize allowances and reserve only for value engineering items (which may be added back to contract if hard cost contingency appears sufficient). 8. Establish and document a formal lessons-learned process after construction completion in the effort to mitigate future construction issues. **High-Cost Explanation*:*** The total development cost per unit is $784,722. The Project is in a HUD high cost-designated area of the San Francisco Bay Area, which ranks as one of the most expensive places in the nation to develop and operate real estate. Other contributing factors are as follows: • Land purchase $15,700,000. • Demolition costs are $248,500. • The City of San Jose permit and impact fees are $8,388,000 (impact fees $4,613,400). • Due to the building design and size, Type III construction is being utilized and the Project will have a podium garage, which adds $13,507,698 in construction costs. • The project is subject to state prevailing wages, which adds an estimated $22,512,829 to the cost. Deducting these costs results in an adjusted total development cost of approximately $525,679 per unit.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths

- The Project anticipates receiving 4% federal and state tax credits which is projected to generate equity representing 48.6% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and experience with CalHFA as listed in section 30. In addition, the locality is familiar with developer/sponsor.
- The Project will serve low-income families ranging between 30% to 70% of AMI. On average, the rents are between 16% to 66% below market rents based on current appraisal.
- The locality has invested in the success of the Project as demonstrated by providing seventy-three (73) units supplemented by Project-Based vouchers under the Section 8 program administered by Santa Clara County Housing Authority for a term of 20 years with an option to renew for 20 years.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $4,539,771 which could be available to cover cost overruns at permanent loan conversion.
- The locality has invested in the success of the Project as demonstrated by its approval of a density bonus and waiver of development standards pertaining to reductions to parking and setback. In exchange for the density bonus, 231 units will be subject to a Regulatory Agreement (Density Bonus Rental Restriction).

8.	Project Weaknesses with Mitigants:

- Overall crime in the Primary Market Area is higher than in the Metropolitan Statistical Area and the national average. The Project will offer intercom (buzzer), limited access, and video surveillance as security features.
- Phase I dated 03/13/2023 identified environmental issues that include elevated levels of arsenic and lead above the Regional Water Quality Control Board's Environmental Screening Levels for direct human exposure in surface soil throughout most of the site. This will need to be addressed during construction. The development budget includes an estimated amount of $900K, which is the anticipated costs associated with addressing these environmental issues. Remediation of all environmental findings is a part of the construction plan and budget. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans.
- 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 2% increase to the appraisal cap rate (resulting in 7.25%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.22%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan at maturity. A refinance would be sufficient to repay a portion ($1,829,083) of the remaining MIP subsidy debt leaving an outstanding balance of $470,748 (principal and accrued interest) in year 17. To the extent such a refinance is insufficient to fully repay the MIP loan, any remaining unpaid balance will be paid from General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. This shall be as such documented in the CalHFA MIP loan agreement.
- The City is requiring a Regulatory Agreement-Density Bonus Rental Restriction to be recorded senior to all debt and restrictions for the density bonus. This is not uncommon and is mitigated by CalHFA's requirement that the City sign a Standstill Agreement at permanent loan closing. The Regulatory Agreement-Density Bonus Rental Restriction will not have foreclosure rights.
- The project is located in Zone D, which according to FEMA falls under the category of areas with a "possible" risk of flooding, but the probability has not been determined. CalHFA has made the determination to waive flood insurance based on there being no mandatory flood insurance requirements or minimum building requirements established by FEMA for Zone D. Flood risk is also mitigated by the residential units being built over one floor of at-grade parking.

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). The Tax Credit Investor LOI requires a higher than 50% share of surplus cash is to be distributed to the borrower (for the DDF payment) during the tax credit compliance period of

15 years in consideration for the eligible basis so as not to negatively impact the tax credit amount available to the project. This may reduce the percentage of surplus cash available for repayment of residual receipts loans below 50%, which would result in a higher unpaid MIP balance at Year 17 (loan maturity). To achieve full payment of the Deferred Developer Fee, 93% of cash flow will be needed through year 13 of the LIHTC compliance period. This leaves 7% of cash flow used for the Residual Receipt lender (CalHFA MIP). Thereafter, the surplus cash split shall be 50% to Borrower and 50% to CalHFA MIP which will be paid by loan maturity based on the projected cashflow.

- The City is requiring the Borrower to encumber the Property by recording a Regulatory Agreement - Density Bonus Rental Restriction, in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement. Prior to construction loan closing and closing of the CalHFA loans, the City Regulatory Agreement - Density Bonus Rental Restriction is subject to CalHFA review and approval in accordance with agency underwriting standards which require the City to execute a Standstill Agreement prior to perm loan closing. The Regulatory Agreement -Density Bonus Rental Restriction will not have foreclosure rights.
- The current valuation and the cap rate in the Appraisal are for “mixed-use development” which includes commercial/retail development for the income-approach, cost approach and sales comp approach. However, the commercial/retail development is no longer included in the subject financing as is not the project collateral (to be condo-ized and recorded separately). An updated appraisal reflecting the project as residential-only with no commercial/retail income included will be required prior to closing to ensure the LTV requirements are met per the Agency’s underwriting standards.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Closing on construction financing will be subject to final Limited Partnership Agreement (LPA) being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA, in its sole discretion.
- Receipt of an updated Phase I Environmental Site Assessment (ESA) Report acceptable to CalHFA. The current Phase I ESA dated March 2023 exceeds the 180-days validity for construction closing.
- An updated Appraisal acceptable to CalHFA excluding the commercial/retail development.
- 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.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- Final subdivision/condo structure for the commercial space will be subject to Agency's approval prior to perm loan closing.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the locality is requiring their Regulatory Agreement (Density Bonus Rental Restriction) to be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreements as indicated in Section 9. Allowance of the City's first lien position is subject to CalHFA receiving a Stand Still Agreement from the City in form and content acceptable to CalHFA in its sole discretion that includes but is not limited to (1) acknowledgement that the affordability restrictions are not foreclosable, and enforcement is limited to specific performance or injunction; and (2) the standstill of certain reporting, penalty, and other non-affordability provisions in the event CalHFA acquires the project.
- 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.
- All MIP Loan principal and interest will be due and payable at maturity.
- Subject to receipt of supplemental bond allocation from CDLAC.
- The Borrower has requested that 93% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 15 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
- Final environmental remediation and plan must be provided and approved by CalHFA prior to construction loan closing. In addition, evidence of environmental clearance must be provided and approved by CalHFA prior to permanent loan closing.
- Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the parking spaces, commercial or offsite improvement construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.
- The project has undergone peer review and is in compliance with the advice given. Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Prior to Permanent Loan closing, Borrower shall enter into any Reciprocal Easement Agreement and/or Covenants, Conditions & Restrictions or any other agreement necessary to set forth the respective rights and obligations of the Borrower, as owner of the Development and the owner of the Commercial Parcel.
- The Borrower has included operating income of approximately $898,687 (2 months NOI assuming full occupancy) as a permanent financing source. The Borrower will be required to cover any shortfalls by contributing a portion of cash Developer Fee in the event this source of funds does not materialize.

AFFORDABILITY

11. CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (70 units) at or below 60% AMI and 10% of the total units (24 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%		
CalHFA Bond	2nd			24	70				94	41%
CalHFA MIP	3rd			47		24		160	231	100%
CTCAC	4th	53	15	23	64	76			231	100%
Density Bonus or CUP	1st						231		231	100%
TOTALS		53	15	23	64	76	231	160	231	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (47 units) be restricted at or below 50% of AMI and 10% of total units (24 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 160 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	4-bdrm	5-bdrm	Total	% Total
30%	0	15	0	38	0	0	53	23%
40%	0	15	0	0	0	0	15	6%
50%	0	5	18	0	0	0	23	10%
60%	0	18	18	28	0	0	64	27%
70%	0	14	54	8	0	0	76	33%
Manager	0	0	0	2	0	0	2	1%
Total	0	67	90	76	0	0	233	
AMI Avg		50.1%	64.0%	45.7%			54.1%	

The average affordability restriction is 54.1% of AMI based on 231 TCAC-restricted units.

12. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	11.85%
Minority Census Tract:	59.59%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A Beginning in Year 1 of operations annual Replacement Reserve deposits will be required in the amount of $250/unit (inflated 1% annually). CalHFA will hold reserves throughout the life of the loan.
	Operating Expense Reserve (OER):	$1,653,659 OER amount is typically sized based on a minimum 3 months of operating expenses, first lien debt service, and annual replacement reserves deposits. 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.
	Transitional Operating Reserve (TOR):	Transitional Operating Reserve is not applicable since the initial term of the Project Based Voucher Section 8 HAP Contracts 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.

14.	**Cash Flow Analysis**			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	20 years with the option to renew for 20 years.
	End Year DSCR:	1.54	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% 5 %	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% 1.5%
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

15.	**Loan Security**

- The CalHFA Perm loan will be secured by a first lien Deed of Trust and MIP Subsidy loan by a 2nd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower's interest in the above-described Project site and improvements, project revenues and escrows. The CalHFA Regulatory Agreement shall be recorded in a senior position to the CalHFA Deed of Trust. A locality Regulatory Agreement-Density Bonus Rental

Restriction will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust. The Regulatory Agreement-Density Bonus Rental Restriction will not have foreclosure rights.

16.	Balloon Exit Analysis	Applicable: Yes ☒ No ☐

The exit analysis scenario assumes 2% increase to the appraisal cap rate (resulting in 7.25%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.22%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan at maturity. A refinance would be sufficient to repay a significant portion ($1,829,083) of the total remaining MIP subsidy debt leaving an outstanding balance of $470,748 (principal and accrued interest).

APPRAISAL AND MARKET ANALYSIS

17.	Appraisal Review	Dated: 3/1/2024

- The Appraisal dated 3/1/2024, prepared by Burger Valuation Consultants, values the land at $15,940,000.
- The cap rate of 5.25% and projected $5,410,421 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $5,548,653 which is approximately $138,232 (~2.5%) higher than the estimated NOI on the appraisal report and is due to the following reasons:
  - The Borrower is using the latest Income and Rent limits, which are higher than those used by the Appraisal, resulting in $314K in higher rental revenue than the Appraisal. However, the Appraisal also includes $69,498 of commercial income, which is not included in the Borrower proforma since this space is separately developed, financed, and to be owned ROEM Development Corporation outside the subject financing.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The as-restricted stabilized value is $103,100,000, which results in the Agency's permanent first lien loan to value (LTV)of 69%. The combined LTV, including MIP subsidy loan is 73%.
- The capture rate is 33%. The Appraisal assumes that 227 units will be pre-leased by construction completion, and the absorption rate for the 147 remaining units is 7.4 months (20 units/month), which is higher than the market study.
- Updated Appraisal excluding the commercial/retail development is required prior to construction closing.

	Market Study:	Novogradac	Dated: May 9, 2023

Regional Market Overview

- The Primary Market Area is a southern portion of the city of San Jose (population of 86,465 as of 2022). The Secondary Market Area ("SMA") is San Jose-Sunnyvale-Santa Clara and Metropolitan Statistical Area (MSA) is San Benito and Santa Clara (population of 2,023,898 as of 2022).
- The general population in the PMA is projected to slightly decreased by 0.1% per year; however, the market study projects enough demand for the subject since 55.7% of households in the PMA are renter-occupied, with the number of renters projected to increase slightly through market entry and 2027.
- Unemployment in the MSA is 2.4%, which evidences a strong employment area. Per the appraisal, the unemployment rate in September 2023 was 3.2% in the county. The PMA has generally experienced a lower unemployment rate compared to other areas of California and is expected to return to a more normal level in 2023.
- Median home value in the PMA is $958,928.

	Local Market Area Analysis • **Supply:** ○ There are currently 14 family projects in San Jose, and the vast majority reported 100% occupancy. Nearly all the affordable properties surveyed report waiting lists, which indicates a strong need for affordable housing. ○ There are two affordable projects under construction which is anticipated to complete between 2023 and 2025. ○ There are nine affordable projects with 2,256 total of estimated units that have been approved by the locality that have yet to start construction. • **Demand/Absorption:** ○ The project will need to capture 10.9% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 40 units per month and reach full occupancy within 6 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located at 961-971 Meridian Avenue, in the City of San Jose, Santa Clara County.
- The site consists of three parcels with three existing buildings, a 2,194 SF residence, a 2,277 SF residence, and an 8,000 SF warehouse. The parcels will be merged before the start of construction, and the current structures will be demolished as part of the development.
- The total site combined measures approximately 2.22 acres and is generally square in shape with a level at street grade topography.
- The site is zoned R-M, with permitted multifamily residential use.
- Per the appraisal, the property is in Zone D, indicating an undetermined risk area of flooding. The Project will not be subject to flood insurance.

19.	**Form of Site Control & Expiration Date**

There are three parcels with separate “Option and Agreement to Purchase” contracts. The current owners, **Parcel 1** Michael T. LaBarbera, Trustee of the Michael T. LaBarbera Legacy Trust, dated October 20, 2016; Christopher LaBarbera, Trustee of the Christopher LaBarbera Legacy Trust, dated October 20, 2016; Michael T. LaBarbera, Trustee of the Marie Hedges GST Trust, created under the Santina M. LaBarbera Revocable Trust, and Marie Hedges; **Parcel 2** Stella LaBarbera, Trustee under the 1991 Marion LaBarbera Living Trust, dated January 29, 1991 and Stella LaBarbera, Trustee under the 1991 Stella LaBarbera Living Trust, dated January 29, 1991; **Parcel 3** Marie Hedges, a single woman, Sal J. LaBarbera, as Trustee under The Sal J. LaBarbera 1988 Revocable Trust dated December 21, 1988, Marie T. Porfido, as Trustee under The Marie J. Porfido 2010 Family Trust dated March 12, 2010, Stella LaBarbera, Trustee under The 1991 Marion LaBarbera Living Trust dated 1-29-91, and Stella LaBarbera, Trustee of The 1991 Stella LaBarbera Living Trust dated 1-29-91 , of the sites and the Project owner, Meridian Family Apartments, L.P., entered into Option and Agreement to Purchase contracts dated March 15, 2023 for a total amount of $14,750,000 ($2,343,997, $4,998,228, $7,407,775). The developer exercised the immediate consideration for option on the contracts at an additional cost of $950,000 for total land costs of $15,700,000. The original option expired on November 30, 2023, and was extended to 2/29/2024 and on 2/21/2024 was extended again to May 5, 2024.

20.	**Current Ownership Entity of Record**

Title is currently vested in as the fee owners the following individuals and entities:

- Parcel One: Michael T. LaBarbera, Trustee of the Michael T. LaBarbera Legacy Trust, dated October 20, 2016, a twenty five percent 25%); Christopher LaBarbera, Trustee of the Christopher LaBarbera Legacy Trust, dated October 20, 2016, a twenty five percent (25%) interest; and Michael T. LaBarbera, Trustee of the Marie Hedges GST Trust, created under the Santina M. LaBarbera Revocable Trust, a fifty percent (50%) interest as tenants in common, as to an 80% undivided interest; AND Michael T. LaBarbera, Trustee of the Michael T. LaBarbera Legacy

Trust, dated October 20, 2016; Christopher LaBarbera, Trustee of the Christopher LaBarbera Legacy Trust, dated October 20, 2016; and Marie Hedges, as to an undivided 20% interest.

- Parcel Two: Stella LaBarbera, Trustee under the 1991 Marion LaBarbera Living Trust, dated January 29, 1991, as to an undivided 1/2 interest; and Stella LaBarbera, Trustee under the 1991 Stella LaBarbera Living Trust, dated January 29, 1991, as to an undivided 1/2 interest.
- Parcel Three: Marie Hedges, a single woman as to an undivided 33.3300 percent interest; Sal J. LaBarbera, as Trustee under The Sal J. Parcel Three: LaBarbera 1988 Revocable Trust dated December 21, 1988, as to an undivided 12.5385 percent interest; Marie T. Porfido, as Trustee under The Marie J. Porfido 2010 Family Trust dated March 12, 2010, as to an undivided 12.5385 percent interest; Stella LaBarbera, Trustee under The 1991 Marion LaBarbera Living Trust dated 1-29-91, as to an undivided 20.7965 percent interest; and Stella LaBarbera, Trustee of The 1991 Stella LaBarbera Living Trust dated 1-29-91, as to an undivided 20.7965 percent interest, all as Tenants in Common.

21. Environmental Review Findings **Dated: 03/13/2023**

- An updated Phase I Environmental Site Assessment was performed by Earth Systems on 03/13/2023, indicating no other Recognized Environmental Conditions (RECs) were present at the site besides those already identified by the 2018 Phase I and II reports. The 2018 Assessment identified agricultural activity since the site was partly used to grow orchard crops between 1939 and 1973 and the possible presence of an underground storage tank (UST). Concerning the possible UST, a geophysical survey was performed at the site afterward, revealing no tank presence.
- A Phase II Environmental Report identified elevated levels of arsenic and lead above the Regional Water Quality Control Board's Environmental Screening Levels (ESLs) for direct human exposure in surface soil throughout most of the site. Other compounds locally detected at the site exceeding their ESL included PCBs, an organochlorine pesticide, and a semi-volatile organic compound.
- The site redevelopment plans include an underground parking level requiring excavation and off-haul of soil across the site. The recommendations for this soil management plan were to segregate that soil to minimize the soil volume that will likely require off-haul to a special facility qualified to accept contaminated soil. Additional soil samples should be taken from depths greater than 2 feet. They should be tested for lead and arsenic, incorporating TTLC (total) and STLC (soluble) procedures as part of the segregation plan.
- The final environmental remediation plan will be subject to CalHFA's approval prior to construction loan closing and a certification/documentation that evidence all environmental issues have been addressed during construction will be subject to CalHFA's approval prior to permanent loan closing.
- A NEPA review was performed based on a February 2021 Environmental Assessment report prepared by the City of San Jose Planning Division (in consultation with David J. Powers & Associates, Inc.) and adopted on July 24, 2023.
- The development budget includes the cost for environmental remediation and testing, refer to section 28 for more information.
- An updated Phase I is required per CalHFA underwriting standards and HUD Risk Share. The current Phase I ESA dated 3/13/2023 exceeds the 180 days validity and an updated Phase I ESA will be required prior to closing.

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

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

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

- The site is currently occupied with a landscaping business that is on a month-to-month lease. Per the developer, the business will be permanently relocated prior to start of construction. There is $50,000 in the development budget for relocation costs.

PROJECT DETAILS

24.	**Residential Areas:**				
		Residential Square Footage:	188,519	**Residential Units per Acre:**	214.0
		Community and Common Area Sq. Ftg:	10,974	**Total Parking Spaces:** **Parking Sq Ftg:**	290 102,322
		Supportive Service Areas:		**Total Building Sq. Footage:**	301,815
25.	**Mixed-Use Project:** ☐ Yes ☒ No				
		Non-Residential Sq. Footage:	1,782	**Number of Lease Spaces:**	1
		Master Lease:	☐ Yes ☒ No	**Number of Parking Spaces:**	9
26.	**Construction Type:**	A Fiber cement siding over wood frame, with some concrete and/or steel at ground floor of the 7-story building. The subject will feature garage parking spaces.			
27.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ Yes ☐ No			

- The subject project is new construction; however, the current parcels include two single-story, single-family houses, one single-story warehouse, two single-story accessory structures, 41 trees, and paved areas for parking. All the existing structures will be demolished as part of the construction scope.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a 12.49% for builder overhead, profit, and general requirements, which aligns with CTCAC's allowable limit (14%).
- Environmental remediation of contaminants outlined on section 22 above is included in the development budget in the estimated amount of $900,000 as Import and Export/Hazardous - Allowance and Soil testing.
- The site is currently occupied with a landscaping business that is on a month-to-month lease. The business will need to be permanently relocated prior to start of construction. The development budget includes $50K in reallocation costs for this.
- The City approved two density bonus incentives in exchange for the project's units to meet income restrictions: 1) Reduction of total parking required from 389 vehicle spaces to 113 based on the development being 100% affordable and located within 0. 5 miles of a major transit stop; and 2) Reduction of the front Setback on Meridian Avenue from 10 feet to 7 feet.

28. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing. Agency may commission its own cost review report, if determined necessary, in its sole discretion.
- The developer has established cost containment strategies, which are outlined in Section 5 above.
- The cost of the offsite improvements, which includes wet/dry utilities, walkways, sidewalks, stairs, curb & gutter, asphalt, demo, grading, and rough striping will be paid by tax credit equity and a general partner loan.

	Construction	**Permanent**
Add, if applicable: Offsite improvements	**$4,008,897**	**$4,008,897**
Commercial Space Cost	**$196,020**	**$196,020**
General Partner	$196,020	$196,020
Tax Credit Equity	$4,008,897	$4,008,897
Total Sources	**$4,204,917**	**$4,204,917**

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29. Borrower Affiliated Entities

- Managing General Partner: PACH San Jose Holdings, LLC, a California limited liability company; 0.001% interest
  - Sole Member: Pacific Housing, Inc., a California nonprofit public benefit corporation
- Administrative General Partner: Meridian Family Apartments, LLC, a California limited liability company; 0.009% interest
  - Sole Member: ROEM West, LLC, a California limited liability company, 100% interest.
  - Manager: Stephen Emami

Investor Limited Partner: Hudson Housing Capital LLC; 99.99%

30. Developer/Sponsor

- ROEM Development Corporation is (ROEM Development) is a California S-Corporation established in 1988 and wholly owned by Robert Emami.
- The developer has completed a total of 32 affordable projects totaling 3,904 units, and 2 projects are currently under development.
- The Developer has experience with CalHFA. The Developer is the managing general partner for 1 portfolio project. The Developer also has 3 projects where CalHFA is the contract administrator for the HUD 811 contract. All projects are operating as expected.

Project In CalHFA Portfolio	Total Units	Original Perm Loan Amount	Origination Date	Current Perm Loan Balance Amount	Current MIP/Other Subsidy Loan Amount	Maturity Date	Regulatory Restriction Exp. Date	Operating as Expected?	RR Balance	OER Balance	DSCR
Corde Terra Family Apartments	300	$24,235,000	4/4/2006	$20,112,719	$0	2/1/2048	9/1/2048	Yes	$335,372	$32.11	2.99

Developer Name	Project Name	Program Type(s)	Comments
ROEM Development Corporation	Charlotte Park	HUD PRA 811	No issues
ROEM Development Corporation	Grand & Linden Family Apartments	HUD PRA 811	No issues
ROEM Development Corporation	Oak Grove	HUD PRA 811	No issues

31. Management Agent

FPI Management will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages many projects in the CalHFA's portfolio.

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

Pacific Housing Inc. (a related entity) will provide the services for all tenants. An MOU has been executed committing 10 hours a week for a service coordinator to assist residents with accessing community services, 4 hours per week for adult education, health and wellness or skill building classes (financial literacy, computer training, home-buyer education, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation) and 10 hours a week for after school programs for school-aged children. The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite.

The Housing Authority will appoint the property with a Housing Programs Supervisor who provides oversight of the VASH program. Additionally, the property will have an appointed Supervisory Social Worker from the HUD-VASH Team from the Department of Veterans Affairs.
The Department of Veterans Affairs will provide case management services to the veteran tenants. These services may include:

- Providing appropriate services as needed based on Veterans' needs, acuity level, and preferences for care and accessing, no less than quarterly, for changes in their needs, acuity level, and preferences for care.
- Developing a Housing Stability Plan, or treatment plan, with each Veteran served by the team. The Housing Stability
- Plan provides a case management and supportive services framework for the Veteran's sustainability in HUD-VASH and
- identifies the Veteran's goals with steps to achieve those goals.
- Reviewing changes and updates in Veteran care with the entire case management team and documenting
- appropriately in the Veteran's record.
- Facilitating and providing access to appropriate treatment and supportive case management services to Veterans in
- by coordinating Veteran-centered care across service providers, including VA and non-VA providers.
- Providing the appropriate level of case management and supportive services.
- Providing groups based on need or specific areas of focus, tenancy rights and responsibilities, developing interpersonal skills, budgeting, and maintaining sobriety and/or harm reduction strategies.
- Assisting Veterans with pursuing employment to increase their income and integrate into the community.
- Assisting Veterans in determining eligibility and applying for non-service-connected pension, service-connected
- compensation, applying for mainstream entitlement benefits.
- Working with Veterans to develop structure and a meaningful purpose to their day. This may include but not limited to working, volunteering, being involved in a civic organization, or participating in religious or cultural activities.
- Making regular home visits, based on the acuity level of the Veteran, to assess Veterans' housing stability, social and
- community integration, and recovery process. Additionally, home visits help ensure the residences are safe environments and in compliance with Housing Quality Standards.
- Promoting housing retention and stability. This includes reviewing lease obligations, developing money management and budgeting strategies, helping Veterans develop healthy boundaries with others, skills and approaches to support housing retention, and assisting with the recertification process as needed.

33.	Contractor	Experienced with CalHFA? ☐ Yes ☒ No

The general contractor (GC) is ROEM Builders, Inc, an affiliated entity to the Developer, which has extensive experience in constructing similar affordable housing projects in California (27) but does not have experience with CalHFA. The GC and the developer have worked on 32 project(s) that has been completed and is working on 2 projects that are in development stage.

34.	Architect	Experienced with CalHFA? ☐ Yes ☒ No
The architect is Withee Malcom Architects, a BSB design, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process. CalHFA is not familiar with this architect. The architect and the developer have worked on 6 project(s) that has been completed and is working on 4 projects that are in development stage.		
35.	**Local Review via Locality Contribution Letter**	
The locality, the City of San Jose, returned the local contribution letter stating they have "No Position" on the project. Per the explanation received from the City Staff, the planning staff does not take positions on projects except to recommend approval or denial to decision-making bodies based on adherence to local or state laws and other city requirements. City Council approved this project on April 28, 2020. This project will benefit the area and community by providing 231 deed-restricted affordable housing within 1/3 of a mile of the VTA light rail station.		

36	Approval Recommendation
36a	Staff Recommendation and Final Commitment Approval

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

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.

36b	Senior Loan Committee Recommendation

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.

Erwin Tam ______________________ Date: 3/7/2024

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

C Shultz Digitally signed by Chris Shultz
Foxit PDF Editor
Version: 12.1.3
______________________ Date: 3/7/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheet

Project Summary

Project Full Name:	Meridian Family Apartments	**Borrower Name:**	Meridian Family Apartments, LP
Project Address:	961-971 Merididan Avenue	**Managing GP:**	PACH San Jose Holdings, LLC
Project City:	San Jose	**Developer Name:**	ROEM Development Corporation
Project County:	Santa Clara	**Investor Name:**	R4 Capital LLC
Project Zip Code:	95126	**Prop Management:**	FPI Management Inc
		Tax Credits:	4%
Project Type:	Other (Specify below)	**Total Land Area (acres):**	2.22
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	188,519
Total Residential Units:	233	**Residential Units Per Acre (Density):**	105
Total Number of Buildings:	1	**Common Area Square Footage:**	8,251
Number of Stories:	7	**Commercial Square Footage:**	1,782
Unit Style:	Flat	**Covered Parking Spaces:**	290
Elevators:	2	**Uncovered Parking Spaces:**	0
Construction Type:	**New Construction**	**Total Parking Spaces:**	290
		Year Built	N/A

Acq/Construction/Rehab Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Mo.)**	**Interest Rate**
C. Citi Construction Loan-Tax Exempt	1	Int. Only, Fixed, Simple	$91,400,000	30	4.45%
C. Citi Construction Loan - Taxable Tail	1	Int. Only, Fixed, Simple	$40,000,000	30	4.45%
C. Tax Credit Proceeds	N/A	Equity, LIHTC Investor	$24,793,251	N/A	N/A
C. Deferred Cost	N/A	Developer Fee, Deferral	$19,545,405	N/A	N/A
C. GP Loan	2	Other, Fixed, Simple	$4,000,000	36	5.00%
			$180,637,343		

Permanent Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Yr.)**	**Amort. Period (Yr.)**	**Interest Rate**
P. CalHFA Perm Bond Proceeds	1	Fixed, Compounding, Amort.	$70,550,000	17	40	6.22%
P. CalHFA MIP	2	Fixed, Simple, R.R	$4,000,000	17	40	3.00%
P. Operating Income	N/A	Net Operating Income	$898,687	N/A	N/A	N/A
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	$16,519,462	N/A	N/A	N/A
P. GP Loan	3	Fixed, Simple, Other	$2,000,000	55	55	5.00%
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$88,871,978	N/A	N/A	N/A
			182,840,127			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	11/15/2023	**Capitalization Rate (%):**	5.25%	
Investment Value ($):	$196,342,000	**Restricted Value ($):**	$103,100,000	USRM Req
Construct/Rehab Loan To Cost (%):	72%	**CalHFA Permanent Loan to Cost (%):**	38.59%	80.00%
Construct/Rehab Loan To Value (%):	67%	**CalHFA Permanent Loan to Value (%):**	68%	90.00%
Land Value	$15,940,000	**Combined All CalHFA Loan to Value (%):**	72%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)			
Payment/Performance Bond:		**Construction Period (Months):**	28
Completion Guarantee Letter of Credit:		**Lease-up period (Months)**	4
		Perm Loan Foward Period (Months):	36
Permanent Loan			
Operating Expense Reserve Deposit	$1,653,659.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
	SRO/Studio				0
Flat	1 Bedroom	1	585	67	101
Flat	2 Bedrooms	2	832	90	270
Flat	3 Bedrooms	3	1,006	76	342
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	190,531	233	713

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
CalHFA Bond	1st			24	70				**94**	41%
CalHFA MIP	2nd			47		24		160	**231**	100%
CTCAC	3rd	53	15	23	64	76			**231**	100%
Density Bonus or CUP	4th						231		**231**	100%
TOTALS		53	15	23	64	76	0	0	**231**	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios							
1 Bedroom					$2,700		
	CTCAC	30%	15	912		$1,788	34%
	CTCAC	40%	15	$1,247.00		$1,453	46%
	CTCAC	50%	5	$1,582.00		$1,118	59%
	CTCAC	60%	18	$1,946.00		$754	72%
	CTCAC	70%	14	$2,281.00		$419	84%
2 Bedroom					$3,250		
	CTCAC	0.5	18	1922		$1,328	59%
	CTCAC	60%	18	$2,324		$926	72%
	CTCAC	70%	54	$2,725		$525	84%
3 Bedrooms					$3,975		
	CTCAC	0.3	38	1391		$2,584	35%
	CTCAC	60%	28	$2,676		$1,299	67%
	CTCAC	70%	8	$3,140		$835	79%
4 Bedrooms							

Total Number of Units Per Above	**231**	**Average AMI**	**53.65%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**233**		

Sources and Uses of Funds						
	23007-A/X/N					
SOURCES OF FUNDS	Const/Rehab	Permanent	Total Project Sources of Funds			
	$	$	Sources ($)	Per Unit ($)	% of Total	% of Category
C. Citi Construction Loan-Tax Exempt	91,400,000				50.60%	50.60%
C. Citi Construction Loan - Taxable Tail	40,000,000				22.14%	22.14%
C. Tax Credit Proceeds	24,793,251				13.73%	13.73%
C. Deferred Cost	19,545,405				10.82%	10.82%
C. GP Loan	4,000,000				2.21%	2.21%
C. Operating Income	898,687				0.50%	0.50%
P. CalHFA Perm Bond Proceeds		70,550,000	70,550,000	302,790	38.59%	38.6%
P. CalHFA MIP		4,000,000	4,000,000	17,167	2.19%	2.2%
P. Operating Income		898,687	898,687	3,857	0.49%	0.5%
P. Deferred Developer Fee		16,519,462	16,519,462	70,899	9.03%	9.0%
P. GP Loan		2,000,000	2,000,000	8,584	1.09%	1.1%
P. Tax Credit Equity		88,871,978	88,871,978	381,425	48.61%	48.6%
TOTAL SOURCES OF FUNDS	**180,637,343**	**182,840,127**	**182,840,127**	**784,722**		
TOTAL USES OF FUNDS (BELOW)	**180,637,343**	**182,840,127**	**182,840,127**	**784,722**		
FUNDING SURPLUS (DEFICIT)	-	-	-			

USES OF FUNDS	Const/Rehab	Permanent	Total Project Uses of Funds			
	$	$	Uses ($)	Per Unit ($)	%TDC	% of Category
TOTAL EQUITY AND LOAN PAYOFF		**180,637,343**				
LAND COST/ACQUISITION						
Land Cost or Value	15,700,000		15,700,000	67,382	8.59%	98.4%
Demolition	248,500		248,500	1,067	0.14%	1.6%
Legal	-		-	-		0.0%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	-		-	-		0.0%
Predevelopment Interest/Holding Costs	-		-	-		0.0%
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%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**15,948,500**	-	**15,948,500**	68,448	8.72%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		0%
Structures (Hard Cost)	-		-	-		0%
General Requirements	-		-	-		0%
Contractor Overhead	-		-	-		0%
Contractor Profit	-		-	-		0%
Prevailing Wages	-		-	-		0%
Contractor/General Liability Insurance	-		-	-		0%
Third-Party Construction Management	-		-	-		0%
Relocation Expenses	50,000		50,000	215	0.03%	100%
Other: (Specify)	-		-	-		0%
	-			-		0%
TOTAL REHAB COSTS	**50,000**	**-**	**50,000**	215	0.03%	100.0%
CONSTRUCTION COSTS						
Site Work	9,110,781		*9,110,781*	39,102	4.98%	9.1%
Structures	78,445,255		78,445,255	336,675	42.90%	78.1%
General Requirements	5,333,656		5,333,656	22,891	2.92%	5.3%
Contractor Overhead	3,281,581		3,281,581	14,084	1.79%	3.3%
Contractor Profit	3,886,581		3,886,581	16,681	2.13%	3.9%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	367,407		367,407	1,577	0.20%	0.4%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**100,425,261**	**-**	**100,425,261**	**431,010**	54.93%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	1,454,000		1,454,000	6,240	0.80%	50.8%
Survey/Engineering	1,214,000		1,214,000	5,210	0.66%	42.4%
Supervision	196,000		196,000	841	0.11%	6.8%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	2,864,000	-	2,864,000	12,292	1.57%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	13,264,658		13,264,658	56,930	7.25%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	13,264,658					100.0%
Construction Origination/Loan Fees	985,500		985,500	4,230	0.54%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	985,500					100.0%
Credit Enhancement/Application Fee	2,500		2,500	11	0.00%	0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	391,934		391,934	1,682	0.21%	5.1%
Title & Recording	75,000		75,000	322	0.04%	1.0%
Taxes	-		-	-		0.0%
Insurance	2,704,477		2,704,477	11,607	1.48%	35.4%
31,990 - CDLAC Fee	-			-		0.0%
93,200 - CalHFA Issuer Fee	-			-		0.0%
15,000 - CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Rate Cap Fee	4,467,600		4,467,600	19,174	2.44%	58.5%
Subtotal:	**$ 7,641,511**					100.0%
TOTAL CONSTRUCTION COST	21,891,669	-	21,891,669		12.0%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		549,125	549,125	1,098,250	4,714	0.60%	100.0%
1,0528,250 - CalHFA Perm		-					0.0%
40,000 - CalHFA MIP		-					0.0%
1,098,250 - TOTAL		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 549,125.00**	**$ 549,125.00**	**$ 1,098,250.00**			100.0%
Credit Enhancement & Application Fees		15,000		15,000	64	0.01%	100.00%
							0.00%
							0.00%
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ 15,000.00**	**$ -**	**15,000**			100.0%
Title & Recording (closing costs)		25,000		25,000	107	0.01%	2.2%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Other: (Specify)		-		$ -	-		0.0%
TOTAL PERMANENT FINANCING COSTS		**589,125**	**549,125**	**1,138,250**	488519.31%	0.6%	2.2%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		254,705		254,705	109315.45%	0.1%	56.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		200,000		200,000	858	0.11%	44.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (Specify)		-		$ -	-		0.0%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**454,705**	**-**	**454,705**	**1,952**	0.25%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		-	1,653,659	1,653,659	7,097	0.90%	100.0%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Other: (Specify)		-		$ -	-		0.0%
TOTAL RESERVES		**-**	**1,653,659**	**1,653,659**	**7,097**	0.9%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	7.47%	6,544,391		*6,544,391*	28,088	3.58%	81.7%
Soft Cost Contingency	2.02%	1,467,424		*1,467,424*	6,298	0.80%	18.3%
TOTAL CONTINGENCY COSTS		**8,011,815**	**-**	**8,011,815**	**34,385**	4.38%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 178,835		$ 178,835	768	0.10%	1.8%
Environmental Audit	$ 214,000		$ 214,000	918	0.12%	2.2%
Local Development Impact Fees	$ 4,613,400		$ 4,613,400	19,800	2.52%	47.1%
Permit Processing Fees	$ 3,774,600		$ 3,774,600	16,200	2.06%	38.6%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 100,000		$ 100,000	429	0.05%	1.0%
Furnishings	$ 444,000		$ 444,000	1,906	0.24%	4.5%
Market Study	$ 15,000		$ 15,000	64	0.01%	0.2%
Accounting/Reimbursables	$ 75,000		$ 75,000	322	0.04%	0.8%
Appraisal Costs	$ 10,000		$ 10,000	43	0.01%	0.1%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Construction Inspections	$ 67,200		$ 67,200	288	0.04%	0.7%
Broker Fees	$ 295,000		$ 295,000	1,266	0.16%	3.0%
Other: HC Contingency	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**9,787,035**	**-**	**9,787,035**	**42,004**	5.35%	100.0%
SUBTOTAL PROJECT COSTS	**160,022,110**	**2,202,784**	**162,224,894**	**602,289**	88.72%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	20,615,233		20,615,233	88,477	11.3%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**20,615,233.00**	**-**	**20,615,233**	**88,477**	11.3%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**180,637,343.00**	**182,840,127**	**182,840,127**	**784,722**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 5,804,892	$ 24,914	75.11%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ 1,885,824	$ 8,094	24.40%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 38,124	$ 164	0.49%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 7,728,840**	**33,171**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 290,245	$ 1,246	75.11%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ 94,291	$ 405	24.40%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 1,906	$ 8	0.49%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 386,442**	**1,659**	
EFFECTIVE GROSS INCOME (EGI)		**$ 7,342,398**	**31,512**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 16,706	72	0.9%
Legal	3.50%	$ 65,459	281	3.6%
Accounting/Audit	3.50%	$ 54,398	233	3.0%
Security	3.50%	$ 71,052	305	3.9%
Supplies and Replacements	3.50%	$ 83,946	360	4.6%
Total Administrative Expenses:	3.50%	$ 291,561	1,251	16.0%
Management Fee	**3.50%**	$ 233,352	1,002	12.8%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ 58,900	253	3.2%
Gas	3.50%	$ 104,602	449	5.7%
Electricity	3.50%	$ 112,484	483	6.2%
Water/Sewer	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 275,986	1,184	15.1%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 195,322	838	10.7%
Number of Staff:	2			
Maintenance Personnel	3.50%	$ 162,938	699	8.9%
Number of Rent-Free Units:	2			
Benefits	3.50%	$ 88,832	381	4.9%
Total Payroll/Payroll Taxes:		$ 447,092	1,919	24.5%
Insurance	**3.50%**	$ 175,305	752	9.6%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 15,533	67	0.9%
Repairs	3.50%	$ 46,028	198	2.5%
Trash Removal	3.50%	$ 43,734	188	2.4%
Exterminating	3.50%	$ 20,328	87	1.1%
Grounds	3.50%	$ 73,892	317	4.0%
Elevator	3.50%	$ 7,454	32	0.4%
Contract	3.50%	$ 52,130	224	2.9%
Total Maintenance:	3.50%	$ 259,099	1,112	14.2%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Small Electronics, computers, printers	3.50%	$ 34,612	149	1.9%
(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%
Total Other Expenses:	3.50%	$ 34,612	149	1.9%
Total Annual Residential Operating Expenses		**$ 1,717,007**	**7,369**	94.0%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	3.00%	$ 35,600	153	1.9%
Total Annual Reserve for Replacement	1.00%	$ 58,250	250	3.2%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ -	0	0.0%
Specialty Locality Taxes (community facilities district, mello	2.00%	$ 7,689	33	0.4%
Other (Specify):	3.50%	$ -	0	0.0%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 1,826,046**	**7,837**	100%
NET OPERATING INCOME (NOI)		**$ 5,516,352**		

DEBT SERVICE PAYMENTS		Amount	Per Unit	
P. CalHFA Perm Bond Proceeds		$ 4,788,591	$ 20,552	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 4,788,591**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 727,761**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**		

Operating Proforma Summary

					Comments
Total Units	233		Construction Start Date	6/1/2024	
Regulated Units	231		Construction Completion Date	10/1/2026	
Manager Units (Market Rate)	2		Construction Period (months)	28	
Total Residential Square Feet	188,519		Lease-up Commencement Date:	10/1/2026	
Avg Sq Ft/Unit	190,531		Lease-up Completion Date	2/1/2027	
Rental Subsidies?	1,885,824		Lease-up Period (months)	4	
No. of Units with Rental Subsidies	73		Perm Conversion Date	4/1/2027	
Rental Subsidy Contract Term (Initial)	20		Lease-up Completion to Perm (months)	6	

Project Unit Mix	Average	Number of	30%	40%	50%	60%	70%	80%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	585	67	15	15	5	18	14	0	
2 Bedrooms	832	90	0	0	18	18	54	0	
3 Bedrooms	1,006	74	38	0	0	28	8	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	61,166	231							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	17	
Adjusted Gross Income	5,804,892	6,407,515	7,249,515	8,202,160	8,617,395	
Other Income/Subsidies	1,923,948	2,043,627	2,203,844	2,376,743	2,449,679	
Projected Vacancy and Discount Loss	386,442	422,557	472,668	528,945	553,354	
Effective Gross Income (EGI)	7,342,398	8,028,584	8,980,691	10,049,958	10,513,720	
Total Operating Expenses	1,826,046	2,086,569	2,466,360	2,916,764	3,119,576	
Reserve For Replacement	58,250	60,615	63,707	66,957	68,303	
Net Operating Income (NOI)	5,516,352	5,942,015	6,514,331	7,133,194	7,394,144	
Total Debt Service & Other Payments	4,788,591	4,788,591	4,788,591	4,788,591	4,788,591	
Cash Flow After Debt Service	727,761	1,153,424	1,725,739	2,344,602	2,605,552	
Debt Service Coverage Ratio	1.15	1.24	1.36	1.49	1.54	
Income/Expense Ratio	4.02	3.85	3.64	3.45	3.37	
Less:						
LP Management Fee	0	0	0	0	0	
GP Partnership Management Fee	25,000	28,138	32,619	37,815	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	93%	103%	108%	60%	63%	
Cumulative Developer Distribution	653,567	4,242,188	11,042,303	18,680,634	21,220,465	
Residual Receipts %	7%	-3%	-8%	40%	37%	
Cumulative Residual Repts Repayment	49,193	319,304	831,141	3,480,748	6,020,579	
Unpaid CalHFA loan Balance						
Perm Loan	70,138,005	68,208,906	65,016,371	60,662,733	58,506,216	
MIP Subordinate (RR) Loan	4,000,000	4,239,466	4,367,377	3,352,645	1,131,772	
Reserves Balances:						
Operating Reserve	1,653,659	1,653,659	1,653,659	1,653,659	1,653,659	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections											
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 5,804,892	$ 5,950,014	$ 6,098,765	$ 6,251,234	$ 6,407,515	$ 6,567,702	$ 6,731,895	$ 6,900,192	$ 7,072,697	$ 7,249,515
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	1,885,824	1,914,111	1,942,823	1,971,965	2,001,545	2,031,568	2,062,042	2,092,972	2,124,367	2,156,232
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	38,124	39,077	40,054	41,055	42,082	43,134	44,212	45,317	46,450	47,612
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 7,728,840**	**$ 7,903,203**	**$ 8,081,642**	**$ 8,264,255**	**$ 8,451,141**	**$ 8,642,404**	**$ 8,838,149**	**$ 9,038,482**	**$ 9,243,514**	**$ 9,453,359**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 290,245	$ 297,501	$ 304,938	$ 312,562	$ 320,376	$ 328,385	$ 336,595	$ 345,010	$ 353,635	$ 362,476
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	94,291	95,706	97,141	98,598	100,077	101,578	103,102	104,649	106,218	107,812
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,906	1,954	2,003	2,053	2,104	2,157	2,211	2,266	2,323	2,381
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 386,442**	**$ 395,160**	**$ 404,082**	**$ 413,213**	**$ 422,557**	**$ 432,120**	**$ 441,907**	**$ 451,924**	**$ 462,176**	**$ 472,668**
EFFECTIVE GROSS INCOME (EGI)		**$ 7,342,398**	**$ 7,508,043**	**$ 7,677,560**	**$ 7,851,042**	**$ 8,028,584**	**$ 8,210,284**	**$ 8,396,241**	**$ 8,586,558**	**$ 8,781,339**	**$ 8,980,691**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 291,561	$ 301,766	$ 312,327	$ 323,259	$ 334,573	$ 346,283	$ 358,403	$ 370,947	$ 383,930	$ 397,368
Management Fee	3.50%	233,352	241,519	249,972	258,722	267,777	277,149	286,849	296,889	307,280	318,035
Utilities	3.50%	275,986	285,646	295,643	305,991	316,700	327,785	339,257	351,131	363,421	376,141
Payroll/Payroll Taxes	3.50%	447,092	462,740	478,936	495,699	513,048	531,005	549,590	568,826	588,735	609,341
Insurance	3.50%	175,305	181,441	187,791	194,364	201,167	208,207	215,495	223,037	230,843	238,923
Maintenance	3.50%	259,099	268,167	277,553	287,268	297,322	307,728	318,499	329,646	341,184	353,125
Other Operating Expenses	3.50%	34,612	35,823	37,077	38,375	39,718	41,108	42,547	44,036	45,577	47,173
Services & Amenities	3.00%	35,600	36,668	37,768	38,901	40,068	41,270	42,508	43,784	45,097	46,450
Reserve for Replacement	1.00%	58,250	58,833	59,421	60,015	60,615	61,221	61,834	62,452	63,076	63,707
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%	7,689	7,785	7,882	7,981	8,081	8,182	8,284	8,388	8,492	8,599
TOTAL OPERATING EXPENSES		**$ 1,826,046**	**$ 1,887,888**	**$ 1,951,872**	**$ 2,018,073**	**$ 2,086,569**	**$ 2,157,439**	**$ 2,230,766**	**$ 2,306,635**	**$ 2,385,136**	**$ 2,466,360**
NET OPERATING INCOME (NOI)		**$ 5,516,352**	**$ 5,620,155**	**$ 5,725,688**	**$ 5,832,968**	**$ 5,942,015**	**$ 6,052,845**	**$ 6,165,476**	**$ 6,279,923**	**$ 6,396,203**	**$ 6,514,331**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Perm Bond Proceeds	1	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591
TOTAL DEBT SERVICE		**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**
CASH FLOW AFTER DEBT SERVICE		**$ 727,761**	**$ 831,563**	**$ 937,096**	**$ 1,044,377**	**$ 1,153,424**	**$ 1,264,254**	**$ 1,376,884**	**$ 1,491,331**	**$ 1,607,611**	**$ 1,725,739**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**	**1.17**	**1.20**	**1.22**	**1.24**	**1.26**	**1.29**	**1.31**	**1.34**	**1.36**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	3.0%		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ 25,000	$ 25,750	$ 26,523	$ 27,318	$ 28,138	$ 28,982	$ 29,851	$ 30,747	$ 31,669	$ 32,619
Cashflow available for distribution		**$ 702,761**	**$ 805,813**	**$ 910,574**	**$ 1,017,059**	**$ 1,125,286**	**$ 1,235,272**	**$ 1,347,033**	**$ 1,460,584**	**$ 1,575,942**	**$ 1,693,120**

		93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
Developer Distribution	*93%*	**$ 653,567**	**$ 749,406**	**$ 846,834**	**$ 945,865**	**$ 1,046,516**	**$ 1,148,803**	**$ 1,252,741**	**$ 1,358,344**	**$ 1,465,626**	**$ 1,574,602**
Deferred developer fee start balance	**16,519,462**	16,519,462	15,865,895	15,116,488	14,269,655	13,323,790	12,277,274	11,128,471	9,875,730	8,517,387	7,051,761
Deferred Developer fee payment	**15**	653,567	749,406	846,834	945,865	1,046,516	1,148,803	1,252,741	1,358,344	1,465,626	1,574,602
Deferred Developer fee end balance		$ 15,865,895	$ 15,116,488	$ 14,269,655	$ 13,323,790	$ 12,277,274	$ 11,128,471	$ 9,875,730	$ 8,517,387	$ 7,051,761	$ 5,477,159
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
	Payment %	49,193	56,407	63,740	71,194	78,770	86,469	94,292	102,241	110,316	118,518
P. CalHFA MIP	*100.00%*	49,193	56,407	63,740	71,194	78,770	86,469	94,292	102,241	110,316	118,518
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**49,193**	**56,407**	**63,740**	**71,194**	**78,770**	**86,469**	**94,292**	**102,241**	**110,316**	**118,518**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA MIP	*3.00%*	$ 4,000,000	$ 4,070,807	$ 4,134,400	$ 4,190,660	$ 4,239,466	$ 4,280,696	$ 4,314,226	$ 4,339,934	$ 4,357,693	$ 4,367,377
0											
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0											
Total Residual Receipts Payments		**$ 4,000,000**	**$ 4,070,807**	**$ 4,134,400**	**$ 4,190,660**	**$ 4,239,466**	**$ 4,280,696**	**$ 4,314,226**	**$ 4,339,934**	**$ 4,357,693**	**$ 4,367,377**

Cashflow Projections											
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 7,430,753	$ 7,616,521	$ 7,806,934	$ 8,002,108	$ 8,202,160	$ 8,407,214	$ 8,617,395	$ 8,832,830	$ 9,053,650	$ 9,279,992
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	2,188,576	2,221,404	2,254,725	2,288,546	2,322,875	2,357,718	2,393,083	2,428,980	2,465,414	2,502,396
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	48,802	50,022	51,273	52,554	53,868	55,215	56,595	58,010	59,460	60,947
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 9,668,130**	**$ 9,887,948**	**$ 10,112,932**	**$ 10,343,208**	**$ 10,578,903**	**$ 10,820,147**	**$ 11,067,073**	**$ 11,319,819**	**$ 11,578,525**	**$ 11,843,334**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 371,538	$ 380,826	$ 390,347	$ 400,105	$ 410,108	$ 420,361	$ 430,870	$ 441,641	$ 452,683	$ 464,000
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	109,429	111,070	112,736	114,427	116,144	117,886	119,654	121,449	123,271	125,120
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,440	2,501	2,564	2,628	2,693	2,761	2,830	2,901	2,973	3,047
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 483,407**	**$ 494,397**	**$ 505,647**	**$ 517,160**	**$ 528,945**	**$ 541,007**	**$ 553,354**	**$ 565,991**	**$ 578,926**	**$ 592,167**
EFFECTIVE GROSS INCOME (EGI)		**$ 9,184,724**	**$ 9,393,550**	**$ 9,607,286**	**$ 9,826,048**	**$ 10,049,958**	**$ 10,279,140**	**$ 10,513,720**	**$ 10,753,829**	**$ 10,999,599**	**$ 11,251,167**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 411,276	$ 425,670	$ 440,569	$ 455,989	$ 471,948	$ 488,466	$ 505,563	$ 523,257	$ 541,571	$ 560,526
Management Fee	3.50%	329,166	340,687	352,611	364,952	377,726	390,946	404,629	418,791	433,449	448,620
Utilities	3.50%	389,306	402,931	417,034	431,630	446,737	462,373	478,556	495,305	512,641	530,583
Payroll/Payroll Taxes	3.50%	630,667	652,741	675,587	699,232	723,705	749,035	775,251	802,385	830,469	859,535
Insurance	3.50%	247,285	255,940	264,898	274,169	283,765	293,697	303,976	314,616	325,627	337,024
Maintenance	3.50%	365,485	378,277	391,516	405,219	419,402	434,081	449,274	464,999	481,274	498,118
Other Operating Expenses	3.50%	48,824	50,532	52,301	54,132	56,026	57,987	60,017	62,117	64,291	66,542
Services & Amenities	3.00%	47,843	49,279	50,757	52,280	53,848	55,464	57,128	58,841	60,607	62,425
Reserve for Replacement	1.00%	64,344	64,988	65,638	66,294	66,957	67,626	68,303	68,986	69,676	70,372
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%	8,706	8,815	8,925	9,037	9,150	9,264	9,380	9,497	9,616	9,736
TOTAL OPERATING EXPENSES		**$ 2,550,402**	**$ 2,637,359**	**$ 2,727,335**	**$ 2,820,434**	**$ 2,916,764**	**$ 3,016,440**	**$ 3,119,576**	**$ 3,226,295**	**$ 3,336,720**	**$ 3,450,981**
NET OPERATING INCOME (NOI)		**$ 6,634,322**	**$ 6,756,191**	**$ 6,879,951**	**$ 7,005,614**	**$ 7,133,194**	**$ 7,262,700**	**$ 7,394,144**	**$ 7,527,534**	**$ 7,662,879**	**$ 7,800,186**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Perm Bond Proceeds	1	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591			
TOTAL DEBT SERVICE		**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ -**	**$ -**	**$ -**
CASH FLOW AFTER DEBT SERVICE		**$ 1,845,731**	**$ 1,967,600**	**$ 2,091,359**	**$ 2,217,023**	**$ 2,344,602**	**$ 2,474,109**	**$ 2,605,552**			
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.39**	**1.41**	**1.44**	**1.46**	**1.49**	**1.52**	**1.54**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**			

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ 33,598	$ 34,606	$ 35,644	$ 36,713	$ 37,815	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,812,133**	**$ 1,932,994**	**$ 2,055,715**	**$ 2,180,309**	**$ 2,306,787**	**$ 2,474,109**	**$ 2,605,552**	**$ -**	**$ -**	**$ -**

		93%	93%	93%	50%	50%	50%	50%			
Developer Distribution	*93%*	**$ 1,685,284**	**$ 1,797,684**	**$ 1,911,815**	**$ 1,090,155**	**$ 1,153,394**	**$ 1,237,054**	**$ 1,302,776**	**$ -**	**$ -**	**$ -**
Deferred developer fee start balance	**16,519,462**	5,477,159	3,791,876	1,994,192	82,376	-	-	-	-	-	-
Deferred Developer fee payment	**15**	1,685,284	1,797,684	1,911,815	82,376	-	-	-	-	-	-
Deferred Developer fee end balance		$ 3,791,876	$ 1,994,192	$ 82,376	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ 1,007,778	$ 1,153,394	$ 1,237,054	$ 1,302,776	$ -	$ -	$ -

Residual Receipt Payments	*50%*	7%	7%	7%	50%	50%	50%	50%			
	Payment %	126,849	135,310	143,900	1,090,155	1,153,394	1,237,054	1,302,776	-	-	-
P. CalHFA MIP	*100.00%*	126,849	135,310	143,900	1,090,155	1,153,394	1,237,054	1,131,772	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**126,849**	**135,310**	**143,900**	**1,090,155**	**1,153,394**	**1,237,054**	**1,131,772**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA MIP	*3.00%*	$ 4,368,859	$ 4,362,010	$ 4,346,700	$ 4,322,800	$ 3,352,645	$ 2,299,831	$ 1,131,772	$ 33,953	$ 34,972	$ 36,021
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Total Residual Receipts Payments		**$ 4,368,859**	**$ 4,362,010**	**$ 4,346,700**	**$ 4,322,800**	**$ 3,352,645**	**$ 2,299,831**	**$ 1,131,772**	**$ 33,953**	**$ 34,972**	**$ 36,021**

Cashflow Projections											
	YEAR	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 9,511,991	$ 9,749,791	$ 9,993,536	$ 10,243,374	$ 10,499,459	$ 10,761,945	$ 11,030,994	$ 11,306,769	$ 11,589,438	$ 11,879,174
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	2,539,931	2,578,030	2,616,701	2,655,951	2,695,791	2,736,228	2,777,271	2,818,930	2,861,214	2,904,132
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	62,471	64,032	65,633	67,274	68,956	70,680	72,447	74,258	76,114	78,017
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 12,114,394**	**$ 12,391,854**	**$ 12,675,870**	**$ 12,966,600**	**$ 13,264,205**	**$ 13,568,853**	**$ 13,880,712**	**$ 14,199,957**	**$ 14,526,766**	**$ 14,861,323**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 475,600	$ 487,490	$ 499,677	$ 512,169	$ 524,973	$ 538,097	$ 551,550	$ 565,338	$ 579,472	$ 593,959
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	126,997	128,902	130,835	132,798	134,790	136,811	138,864	140,947	143,061	145,207
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	3,124	3,202	3,282	3,364	3,448	3,534	3,622	3,713	3,806	3,901
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 605,720**	**$ 619,593**	**$ 633,794**	**$ 648,330**	**$ 663,210**	**$ 678,443**	**$ 694,036**	**$ 709,998**	**$ 726,338**	**$ 743,066**
EFFECTIVE GROSS INCOME (EGI)		**$ 11,508,674**	**$ 11,772,261**	**$ 12,042,077**	**$ 12,318,270**	**$ 12,600,995**	**$ 12,890,410**	**$ 13,186,676**	**$ 13,489,959**	**$ 13,800,428**	**$ 14,118,257**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 580,145	$ 600,450	$ 621,466	$ 643,217	$ 665,730	$ 689,030	$ 713,146	$ 738,106	$ 763,940	$ 790,678
Management Fee	3.50%	464,321	480,572	497,392	514,801	532,819	551,468	570,769	590,746	611,422	632,822
Utilities	3.50%	549,154	568,374	588,267	608,857	630,167	652,223	675,050	698,677	723,131	748,440
Payroll/Payroll Taxes	3.50%	889,619	920,755	952,982	986,336	1,020,858	1,056,588	1,093,569	1,131,843	1,171,458	1,212,459
Insurance	3.50%	348,820	361,029	373,665	386,743	400,279	414,289	428,789	443,796	459,329	475,406
Maintenance	3.50%	515,552	533,597	552,273	571,602	591,608	612,314	633,745	655,927	678,884	702,645
Other Operating Expenses	3.50%	68,871	71,281	73,776	76,358	79,031	81,797	84,660	87,623	90,689	93,864
Services & Amenities	3.00%	64,298	66,226	68,213	70,260	72,367	74,538	76,775	79,078	81,450	83,894
Reserve for Replacement	1.00%	71,076	71,787	72,505	73,230	73,962	74,702	75,449	76,203	76,965	77,735
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%	9,858	9,981	10,106	10,232	10,360	10,489	10,620	10,753	10,888	11,024
TOTAL OPERATING EXPENSES		**$ 3,569,213**	**$ 3,691,552**	**$ 3,818,144**	**$ 3,949,135**	**$ 4,084,680**	**$ 4,224,938**	**$ 4,370,072**	**$ 4,520,253**	**$ 4,675,657**	**$ 4,836,466**
NET OPERATING INCOME (NOI)		**$ 7,939,461**	**$ 8,080,709**	**$ 8,223,933**	**$ 8,369,135**	**$ 8,516,315**	**$ 8,665,472**	**$ 8,816,604**	**$ 8,969,706**	**$ 9,124,771**	**$ 9,281,791**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Perm Bond Proceeds	1										
TOTAL DEBT SERVICE		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
CASH FLOW AFTER DEBT SERVICE											
DEBT SERVICE COVERAGE RATIO (DSCR)		**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)											

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Developer Distribution	***93%***	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Deferred developer fee start balance	**16,519,462**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**15**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*										
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP	*100.00%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA MIP	*3.00%*	$ 37,102	$ 38,215	$ 39,361	$ 40,542	$ 41,758	$ 43,011	$ 44,301	$ 45,630	$ 46,999	$ 48,409
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Total Residual Receipts Payments		**$ 37,102**	**$ 38,215**	**$ 39,361**	**$ 40,542**	**$ 41,758**	**$ 43,011**	**$ 44,301**	**$ 45,630**	**$ 46,999**	**$ 48,409**

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 12,176,153	$ 12,480,557	$ 12,792,571	$ 13,112,385	$ 13,440,195	$ 13,776,200	$ 14,120,605	$ 14,473,620	$ 14,835,460	$ 15,206,347
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	2,947,694	2,991,910	3,036,788	3,082,340	3,128,575	3,175,504	3,223,136	3,271,483	3,320,556	3,370,364
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	79,968	81,967	84,016	86,116	88,269	90,476	92,738	95,056	97,433	99,869
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 15,203,815**	**$ 15,554,434**	**$ 15,913,375**	**$ 16,280,842**	**$ 16,657,039**	**$ 17,042,180**	**$ 17,436,479**	**$ 17,840,160**	**$ 18,253,449**	**$ 18,676,580**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 608,808	$ 624,028	$ 639,629	$ 655,619	$ 672,010	$ 688,810	$ 706,030	$ 723,681	$ 741,773	$ 760,317
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	147,385	149,595	151,839	154,117	156,429	158,775	161,157	163,574	166,028	168,518
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	3,998	4,098	4,201	4,306	4,413	4,524	4,637	4,753	4,872	4,993
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 760,191**	**$ 777,722**	**$ 795,669**	**$ 814,042**	**$ 832,852**	**$ 852,109**	**$ 871,824**	**$ 892,008**	**$ 912,672**	**$ 933,829**
EFFECTIVE GROSS INCOME (EGI)		**$ 14,443,624**	**$ 14,776,712**	**$ 15,117,707**	**$ 15,466,800**	**$ 15,824,187**	**$ 16,190,071**	**$ 16,564,655**	**$ 16,948,152**	**$ 17,340,776**	**$ 17,742,751**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 818,352	$ 846,994	$ 876,639	$ 907,321	$ 939,077	$ 971,945	$ 1,005,963	$ 1,041,172	$ 1,077,613	$ 1,115,329
Management Fee	3.50%	654,971	677,895	701,621	726,178	751,594	777,900	805,126	833,306	862,472	892,658
Utilities	3.50%	774,636	801,748	829,809	858,853	888,912	920,024	952,225	985,553	1,020,047	1,055,749
Payroll/Payroll Taxes	3.50%	1,254,895	1,298,816	1,344,275	1,391,325	1,440,021	1,490,422	1,542,586	1,596,577	1,652,457	1,710,293
Insurance	3.50%	492,045	509,267	527,091	545,539	564,633	584,395	604,849	626,019	647,929	670,607
Maintenance	3.50%	727,237	752,691	779,035	806,301	834,522	863,730	893,960	925,249	957,633	991,150
Other Operating Expenses	3.50%	97,149	100,549	104,068	107,711	111,480	115,382	119,421	123,600	127,926	132,404
Services & Amenities	3.00%	86,411	89,003	91,673	94,423	97,256	100,174	103,179	106,274	109,462	112,746
Reserve for Replacement	1.00%	78,512	79,297	80,090	80,891	81,700	82,517	83,342	84,176	85,017	85,868
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%	11,161	11,301	11,442	11,585	11,730	11,877	12,025	12,175	12,328	12,482
TOTAL OPERATING EXPENSES		**$ 5,002,869**	**$ 5,175,061**	**$ 5,353,243**	**$ 5,537,626**	**$ 5,728,426**	**$ 5,925,865**	**$ 6,130,177**	**$ 6,341,601**	**$ 6,560,385**	**$ 6,786,786**
NET OPERATING INCOME (NOI)		**$ 9,440,756**	**$ 9,601,651**	**$ 9,764,463**	**$ 9,929,173**	**$ 10,095,762**	**$ 10,264,205**	**$ 10,434,478**	**$ 10,606,551**	**$ 10,780,392**	**$ 10,955,965**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Perm Bond Proceeds	1										
TOTAL DEBT SERVICE		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE											
DEBT SERVICE COVERAGE RATIO (DSCR)		**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)											

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Developer Distribution	*93%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred developer fee start balance	**16,519,462**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**15**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*										
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP	*100.00%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	31	32	33	34	35	36	37	38	39	40
P. CalHFA MIP	*3.00%*	$ 49,861	$ 51,357	$ 52,898	$ 54,485	$ 56,119	$ 57,803	$ 59,537	$ 61,323	$ 63,163	$ 65,058
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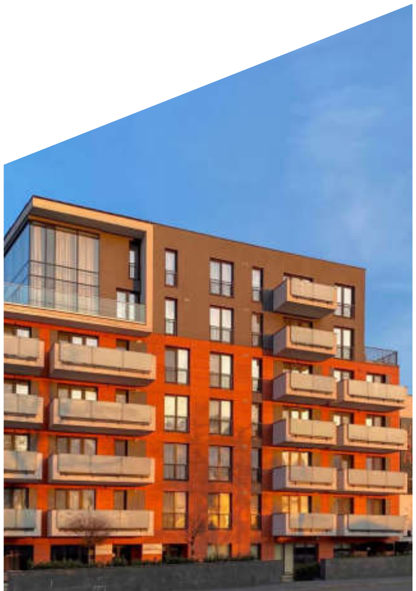
Total Residual Receipts Payments		**$ 49,861**	**$ 51,357**	**$ 52,898**	**$ 54,485**	**$ 56,119**	**$ 57,803**	**$ 59,537**	**$ 61,323**	**$ 63,163**	**$ 65,058**



Multifamily Subordinate Loans

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. 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

CalHFA

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

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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.

- 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.[1]
   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 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. ■

Multifamily First-Lien Loans

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**.

CalHFA

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

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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.[1]
- **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.

- 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.

[1] *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

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.**

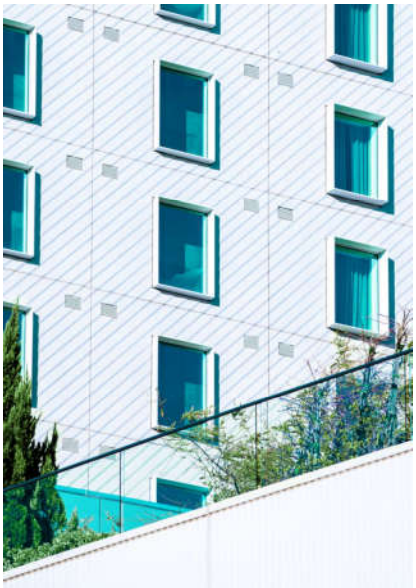
Due Diligence continued

- **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).



Multifamily Housing Bonds

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.

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

Last revised: 02/2023

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.

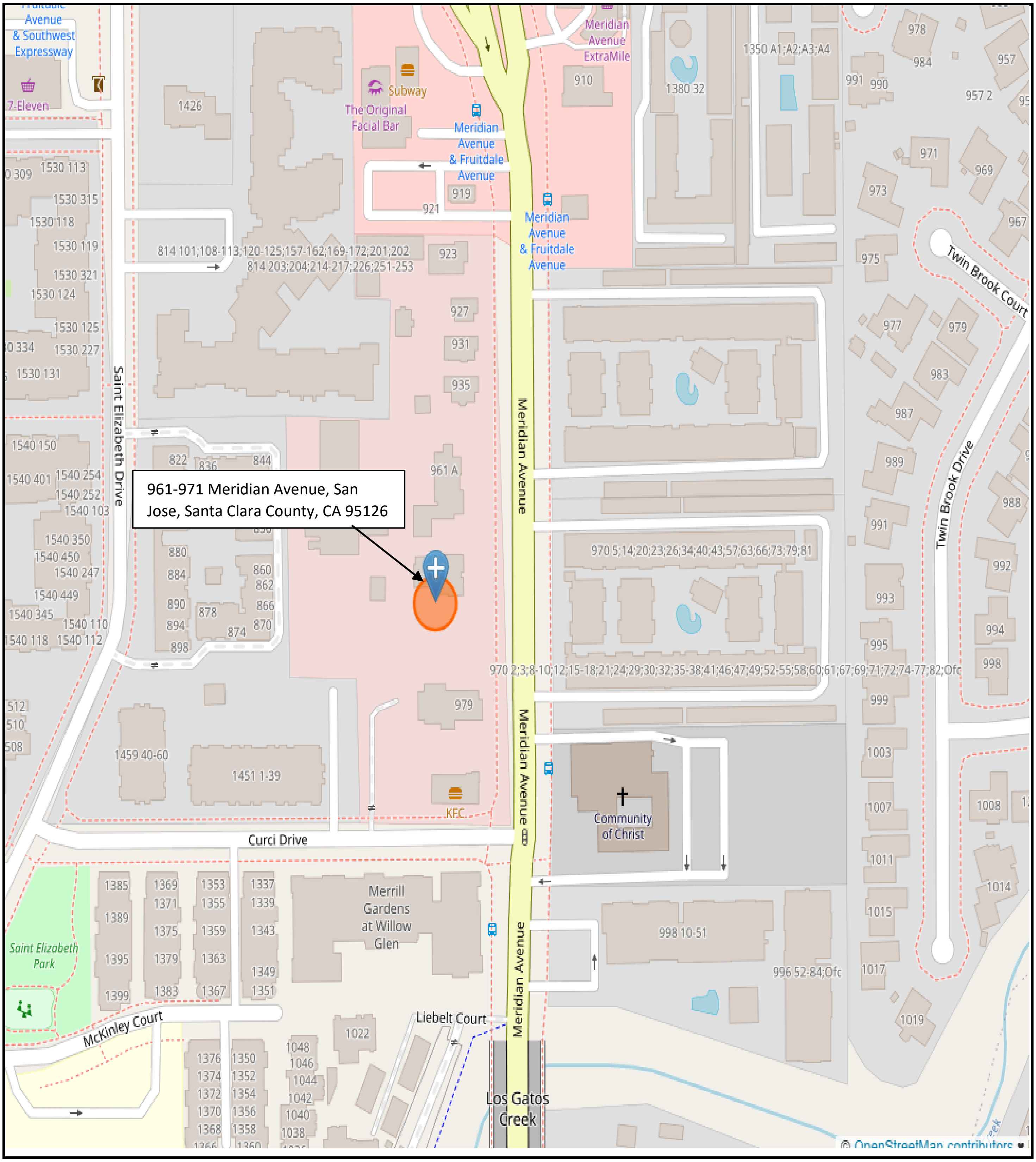
CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC.

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.

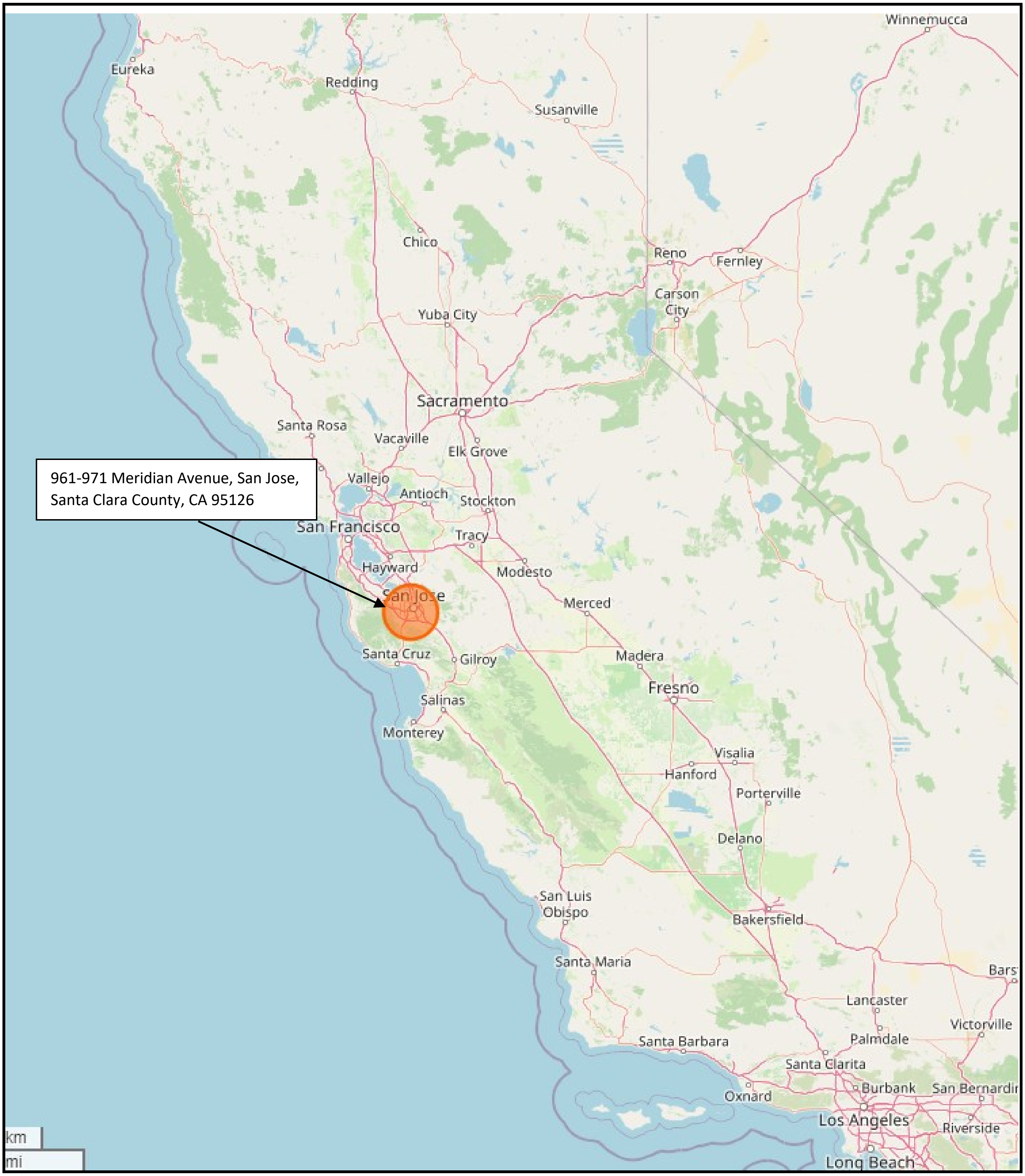
Occupancy Requirements

- 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.

Meridian Family Apartments Near



Meridian Family Apartments Far



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-08

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Meridian Family Apartments, LP, a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of San Jose, County of Santa Clara, California, to be known as Meridian Family Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Agency staff has determined or expects to determine prior to making a binding commitment to fund the loan for which the application has been made, that (i) the Agency can effectively and prudently raise capital to fund the loan for which the application has been made, by direct access to the capital markets, by private placement, or other means and (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 23-02 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 16, 2023, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

1. The Executive Director, or in her absence, the Chief Deputy Director, is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
23-007-A/X/N	MERIDIAN FAMILY APARTMENTS San Jose, Santa Clara County California	$70,550,000.00	Tax-Exempt or FFB Permanent Loan w/HUD Risk Sharing
		$ 4,000,000.00	Mixed-Income Subsidy Loan

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Development. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loan or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in her absence, the Chief Deputy Director of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-08 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of March, 2024, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of March, 2024.

ATTEST: ______________________________
CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

CalHFA

MEMORANDUM

To: Board of Directors **Date:** March 21, 2024

From: Kate Ferguson, Director of Multifamily Programs
California Housing Finance Agency

Subject: Agenda Item 5 – Amendment to Final Loan Commitment for Brand Haven Senior Apartments, Project No. 19-076

Action: CalHFA Senior Loan Committee has recommended that Executive Director, Tiena Johnson-Hall, seek Board approval and an amendment to the final loan commitment for the Brand Haven Senior Apartments Development by approving Resolution Number 24-09.

Development Information:

- On July 9, 2020, the CalHFA Board of Directors ("Board") approved the final commitment under Resolution 20-14 for a $10,459,902 permanent tax-exempt loan (1st lien, 35 year-partially amortizing due in year 17) ("Permanent Loan") and a $4,500,000 CalHFA Mixed-Income Program ("MIP") 2nd lien residual receipts loan to finance the Project.
- The Brand Haven Senior Apartments Development is in Fresno, Fresno County. The Development has been developed by Dominus Consortium, LLC. The Project is a new construction, four-story, 180-unit senior residential apartment complex. The construction financing closed on October 13, 2020 and construction was completed on May 16, 2023. The property achieved stabilized occupancy on December 15, 2023 and is currently 100% occupied.
- The Project is expected to convert by the April 9, 2024 deadline, however, there has been a significant increase in the total development costs, by 8.65% over the original total development cost, resulting in a 31.45% increase to the CalHFA permanent loan amount. Any increase above 7% of the loan amount approved by the Board requires re-approval by the CalHFA Board.
- The current request is for the Board to approve the increase in Permanent Loan amount from $10,459,902 to $13,750,000 and to lock the permanent loan interest

rate at 4.65%. Despite the loan amount being below the Executive Director's approval authority of $15,000,000, this item requires Board approval because the loan was originally approved by the CalHFA Board of Directors.

CALHFA LOAN APPROVAL

This is to memorialize that on ______March 6, 2024________________ CalHFA approved the following action for the project described as follows:

_________Brand Haven Senior Apartments - CalHFA# 19-076-A/X/N_________________

_________$13,750,000 (Tax-Exempt Permanent Loan Program)_________________

☐ Initial Commitment approval; or

☒ Recommendation to the Board of Directors that it authorize the issuance of an amended final commitment; or

☐ Issue a final commitment pursuant to Board Resolution No. 20-16, authorizing Senior Staff to approve loan commitments under $15,000,000; or

☐ Issue a modified final commitment for an increase of less than 7% pursuant to Board Resolution No. 20-16;

☐ Issue a final commitment under the guidelines of the Non-Profit Predevelopment Loan Program pursuant to Board Resolution No. 13-13; or

☐ Issue an approval for bond Issuance under the guidelines of the Conduit Issuer Program pursuant to Board Resolution No. 23-02.

☐ Issue a final commitment under the guidelines of the CalHFA Mixed Income Program pursuant to Board Resolution No. 19-02.

C Shultz
____
Chris Shultz for Tiena Johnson Hall
Executive Director

SOURCE OF HAT OR NON-HAT FUNDS:

☐ FAF Dollar Amount:________________________

☐ Earned Surplus (Pre-80) Dollar Amount:________________________

☐ Earned Surplus (Post-80) Dollar Amount:________________________

☐ Agency Funds Dollar Amount:________________________

☐ Other:_________ Dollar Amount:________________________

State of California

M E M O R A N D U M

To: **Senior Loan Committee** **Date: March 6, 2024**

From: **Kevin Brown, Housing Finance Officer**
Torin Heenan, Attorney

Subject: **Post-approval modifications to Final Commitment issued for CalHFA Perm loan and MIP Subordinate loan financing approved by Senior Loan Committee and CalHFA Board of Directors.**

Project: Brand Haven Senior Apartments (fka Fancher Creek Senior Apartments)
Borrower: FCTC Senior, LP
Total Units: 180 /senior (55+) New Construction
City/County: Fresno, Fresno County
Developer: Dominus Consortium, LLC
Managing General Partner ("MGP"): Community Revitalization and Development Corporation
Administrative General Partner ("AGP"): Dominus Consortium, LLC - Negocios De Familia LLC (sole member of Dominus Consortium, LLC) - Lance-Kashian & Company (sole member of Negocios De Familia, LLC)
Construction Lender: BMO Harris (formerly Bank of the West)
Investor: RSEP Holding, LLC (an affiliate of Red Stone Equity Partners)
CalHFA Project #: 19076-A/X/N

Project Background

The Project is a new construction, four-story, 180-unit senior residential apartment complex. On July 9, 2020, the CalHFA Board of Directors ("Board") approved the final commitment under Resolution 20-14 for a $10,459,902 permanent tax-exempt loan (1st lien, 35 year-partially amortizing due in year 17) ("Permanent Loan") and a $4,500,000 CalHFA Mixed-Income Program ("MIP") 2nd lien residual receipts loan to finance the Project. On September 9, 2020, the CalHFA Executive Director used their authority to approve changing the split of surplus cash distribution from 50% applied to repayment of Deferred Developer Fee ("DDF") and 50% split amongst residual receipt lenders, to 100% surplus cash applied to repayment of DDF until fully repaid or year 15, after such time, the surplus cash would revert to 50% applied to the borrower and 50% split amongst residual receipt lenders on a pro-rata basis. This change was required to ensure repayment of the deferred developer fee before year 15, as required by the tax credit investor.

CalHFA secured a tax-exempt bond allocation for the construction financing of the Project in the amount of $18,526,332 from the California Debt Limit Allocation Committee ("CDLAC") on April 14, 2020. The Project also received an award of $9,275,220 of 4% Federal tax credits and $6,220,121 of State tax credits on April 14, 2020, from the California Tax Credit Allocation Committee ("CTCAC").

The Final Commitment Letter ("FCL") was issued by the Agency on August 12, 2020 with a perm loan closing deadline of February 28, 2023. The interest rate on the CalHFA 1st lien loan was locked at 4.11% on October 7, 2020.

The FCL was amended on September 25, 2020 (first amendment) to align with the CalHFA forward rate lock period with the construction loan term to October 11, 2023. The FCL was amended a second time on October 11, 2023 (second amendment) to extend the CalHFA commitment expiration and perm loan closing deadline by 6 months to April 9, 2024 (first extension), due to delays caused by an increase to water flow requirements imposed by the fire department to receive permit sign-off which required the developer to negotiate additional water resources from the utility district. This first extension was approved by the Director of Multifamily under the allowable extension term of one 6-month extension per the FCL. The construction lender, BMO Harris, and the Tax Credit Investor Red Stone Equity, also approved the extension of the construction loan to April 9, 2024.

Current Status and Request Summary

The construction financing closed on October 13, 2020. Construction was completed on May 16, 2023, and the property achieved stabilized occupancy on December 15, 2023. The property is currently 100% occupied. The Project is expected to convert by the April 9, 2024 deadline, however, there has been a significant increase in the total development costs by 8.65% over the original total development costs, resulting in a 31.45% increase to the original CalHFA permanent loan of $10,459,902 approved in the FCL, requiring the CalHFA Board to approve the increase in Permanent Loan amount. Any increase above 7% of the loan amount approved by the Board requires re-approval by the CalHFA Board.

CalHFA Permanent Loan Increase and new rate lock

During construction, the Project experienced construction delays and increased development costs. The hard and soft cost contingencies have been fully expended. The delays and increased costs are attributed to the impacts of COVID-19, which caused supply and labor shortages, and while working through permit signoffs for final Certificate of Occupancy, the fire department required higher water flow to meet fire suppression standards, even though they approved the original flow level when they signed off on the plans before construction. This required the developer to negotiate with the city water district to increase the infrastructure and water usage, which cost additional money and time. All these issues have been resolved and the final Certificate of Occupancy has been issued. The budget has also experienced increases in the variable interest rate of the construction loan. The variable interest rate on the BMO Harris construction loan is tied to the 1-month Secured Overnight Financing Rate (SOFR). As the Federal Reserve increased the fed funds rate, the SOFR followed closely behind which increased the expected interest carry significantly from construction close through expected permanent loan conversion. The project was underwritten with a rate of 4.25% (for the T/E Construction loan) and 5.42% (for the Taxable construction loan) and the most current rate is 7.33% (for the T/E Construction loan) and 7.33% (for the Taxable Construction loan). As a result, the project currently is facing a permanent period financing gap of $2,801,669, which the Borrower is requesting to mitigate by requesting an increase in CalHFA perm loan amount.

CalHFA Financing issued a blended rate of 4.65% on 2/15/2024 for the increased loan amount of $13,750,000. This rate will be locked for permanent loan closing. If the loan amount changes or the project fails to close by April 9, 2024, the rate lock will expire and the new rate, if issued, will be at the sole discretion of the Agency.

Multifamily has completed the updated underwriting for the requested loan increase and determined that the Project can support a $3,290,098 (31.45%) increase to the permanent loan at current project rental rates and the estimated 4.65% interest and DSCR of 1.15x for the permanent loan. Per the updated Appraisal dated 2/23/2024, the LTV is expected to be 90% and CLTV of 120%. The increase to the CalHFA permanent loan will cover the entirety of the funding gap and result in cost savings which will be applied 50% ($318,785) towards reducing the MIP loan and 50% ($318,785) towards reducing the deferred developer fee, as dictated in the FCL, and MIP Term Sheet.

An analysis of changes of the sources and uses between Final Commitment Approval vs. current proposed Permanent Conversion is outlined below:

Permanent Financing Sources	Final Commitment Approval	Proposed Amount	Difference	Percent Change
CalHFA Perm Loan	$10,459,902	$13,750,000	$3,290,098	31.45%
CalHFA MIP Subsidy Loan	$4,500,000	$4,181,215	($318,785)	-7.08%
City of Fresno CDBG	$2,259,784	$2,251,515	($8,269)	-0.37%
City of Fresno HOME	$1,420,500	$1,420,500	$0	0.00%
Deferred Developer Fee	$885,437	$566,652	($318,785)	-36.00%
Tax Credit Equity	$12,868,205	$13,025,615	$157,410	1.22%
Total Permanent Sources	**$32,393,828**	**$35,195,497**	**$2,801,669**	8.65%

Permanent Financing Uses	Final Commitment Approval	Proposed Amount	Difference	Percent Change
Acquisition Costs	$2,250,000	$2,626,262	$376,262	16.72%
Construction Costs	$20,081,921	$21,967,077	$1,885,156	9.39%
Architectural Fees	$550,000	$651,988	$101,988	18.54%
Engineering Fees	$75,000	$90,653	$15,653	20.87%
Contingency	$1,313,083	$0	($1,313,083)	-100.00%
Construction Period Costs	$1,553,634	$2,683,760	$1,130,126	72.74%
Permanent and Other Loan Costs	$268,866	$672,579	$403,713	150.15%
Legal Fees	$245,000	$384,738	$139,738	57.04%
Operating Reserves	$704,879	$838,061	$133,182	18.89%
Third Party Reports	$36,500	$304,836	$268,336	735.17%
Other Construction/Rehab Costs	$1,911,945	$1,572,544	($339,401)	-17.75%
Developer Fee	$3,403,000	$3,403,000	$0	0.00%
Total Permanent Uses	**$32,393,828**	**$35,195,498**	$2,801,670	8.65%

The underwriting assumptions have been updated based on actual rents and operating expenses provided by the property management company, which have been verified by a recent appraisal dated February 23, 2024, prepared by Cressner & Associates, Inc. The chart below shows the changes in the key underwriting and operating budget line-items with the above indicated changes incorporated:

Underwriting/Operating Assumptions	Final Commitment Approval	Revised	Difference	Percent Change
Permanent Loan Interest Rate	Rate Lock 4.11%	4.65%	0.54%	0.54%
Effective Gross Income	$1,506,788	$1,793,608	$286,820	19.04%
Total Operating Expense	$807,935	$825,851	$17,916	2.22%
Net Operating Income	$698,853	$913,757	$214,904	30.75%
Operating Expense Reserves (6-months)	$704,879	$838,061	$133,182	18.89%
Initial DSCR at Year 1	1.16	1.15	-0.01	-0.86%
DSCR at Year 30	1.49	1.51	0.02	1.34%
Unpaid MIP Loan Principal Balance (UBP) at Refi	$4,352,076	$3,540,964	($811,112)	-18.64%
Restricted Value	$12,310,000	$15,230,000	$2,920,000	23.72%
Capitalization Rate	6%	6%	0%	0.00%
Permanent Loan-to-Value	85%	90%	5%	5.88%
Combined Loan-to-Value	122%	120%	-2%	-1.64%

Developer Relationship Background

The Developer, Dominus Consortium, LLC, is a for-profit entity with a range of experience including construction of multifamily and rental housing. The Developer currently has 2 projects in the CalHFA development pipeline, including the subject Project which is being presented for a loan modification approval. The Developer does not have any projects in CalHFA's Asset Management Portfolio.

Status of CalHFA Construction Pipeline Projects:

Projects In CalHFA Pipeline	Total Units	CalHFA Perm Loan Amount	MIP/Other Subsidy Loan Amount	Actual Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
Subject property Brand Haven	180	$13,750,000	$4,181,215 (MIP 2019)	10/13/2020	4/1/2024	Complete	Yes	Project currently 100% occupied
Sarah's Court	120	$6,364,866	$3,450,000 (MIP 2022)	12/16/2022	3/3/2025	44% Complete	Yes	
2 Projects								
Total:	300	$20,114,866	$7,631,215					

Recommendation:

The purpose of this request is to approve the following changes to the Project's financing and issue a third amendment to the CalHFA Final Commitment:

1) Allow the increase of the CalHFA permanent first lien loan from $10,459,902 to $13,750,000.
2) Lock the permanent loan interest rate at 4.65% through April 9, 2024.

Recommended for approval by Senior Loan Committee:

Erwin Tam
____
Erwin Tam
SLC Chair & Director of Financing

Approved By:

Tiena Johnson Hall
____
Tiena Johnson Hall, Executive Director

Attachments: Permanent Conversion Financial Analysis
Final Commitment Approval Staff Report dated 6/16/2020
Approval of Surplus Cash Flow Split Modification dated 9/9/2020

PROJECT SUMMARY — Modification

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 19-076-A/X

Project Full Name	Fancer Creek Senior Apartments	**Borrower Name:**	FCTC Senior, LP
Project Address	Northeast Corner of East Tulare and Argyle	**Managing GP:**	Community Revitalization and development
Project City	Fresno	**Developer Name:**	Dominus Consortium, LLC
Project County	Fresno	**Investor Name:**	Red Stone Equity Partners
Project Zip Code	93727	**Prop Management:**	GSF Properties, Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.00
Tenancy/Occupancy:	Senior	**Residential Square Footage:**	108,936
Total Residential Units:	180	**Residential Units Per Acre:**	90.00
Total Number of Buildings:	3		
Number of Stories:	3	**Covered Parking Spaces:**	180
Unit Style:	Flat	**Total Parking Spaces:**	180
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit / Bank of the West	18,525,000	0.750%	24	--	4.250%
CalHFA Conduit / Bank of the West	3,975,000	0.750%	24	--	5.420%
City of Fresno HOME	1,420,500	--	--	--	--
City of Fresno CDBG	2,251,515	--	--	--	--
Deferred Developer Fee	3,276,100	--	--	--	--
Investor Equity Contribution	2,240,535	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	13,750,000	1.000%	17	35	4.650%
MIP	4,181,215	1.000%	17	55	2.750%
City of Fresno CDBG	2,251,515	--	55	55	2.000%
City of Fresno HOME	1,420,500	--	55	55	3.000%
Deferred Developer Fees	566,652	NA	NA	NA	NA
Investor Equity Contributions	13,025,615	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	2./23/24	**Capitalization Rate:**	6.00%
Investment Value ($)	TBD	**Restricted Value ($)**	15,230,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	39%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	90%
		Combined CalHFA Perm Loan to Value	118%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

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

Permanent Loan

Operating Expense Reserve Deposit	$838,061	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 2/29/24 — Senior Staff Date: 3/6/24

UNIT MIX AND RENT SUMMARY **Modification**

Fancer Creek Senior Apartments **Project Number 19-076-A/X**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	1	1	545	144	216
Flat	2	1	846	36	108
				180	324

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**70%**	**80%**	**<=120%**
CalHFA Bond/RiskShare			18	54			
CalHFA MIP			18		18		142
Tax Credit			54	106	18		
City of Fresno - HOME			3			8	
City of Fresno - CDBG				92			

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents**		**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
			Number of Units	**Unit Rent**			
1 Bedroom	**CTCAC**	**50%**	43	$718	$1,025	$307	70%
	CTCAC	**60%**	87	$874		$151	85%
	CTCAC	**70%**	14	$1,025		$0	100%
	CTCAC	**70%**	-	-		-	-
2 Bedrooms	**CTCAC**	**50%**	11	$855	$1,200	$345	71%
	CTCAC	**60%**	19	$1,041		$159	87%
	CTCAC	**70%**	4	$1,227		($27)	102%
Date Prepared:	2/29/24					Senior Staff Date:	3/6/24

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Modification
Fancer Creek Senior Apartments	**Project Number**		**19-076-A/X**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,864,248	$ 10,357	103.94%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Vending Machines)	-	-	0.00%
Other Income			
Laundry Income	23,760	132	1.32%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,888,008**	**$ 10,489**	**105.26%**
Less: Vacancy Loss	**$ 94,400**	**$ 524**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,793,608**	**$ 11,013**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 204,900	$ 1,138	$ 0
Management Fee	102,900	572	5.74%
Social Programs & Services	24,000	133	1.34%
Utilities	170,800	949	9.52%
Operating & Maintenance	226,751	1,260	12.64%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	42	0.42%
Other Monitoring Fees	14,600	81	0.81%
Real Estate Taxes	-	-	0.00%
Other Taxes & Insurance	74,400	413	4.15%
SUBTOTAL OPERATING EXPENSES	**$ 825,851**	**$ 4,588**	**46.04%**
Operating Reserves	$ 54,000	$ 300	3.01%
TOTAL OPERATING EXPENSES	**$ 879,851**	**$ 4,888**	**49.05%**
NET OPERATING INCOME (NOI)	**$ 913,757**	**$ 5,076**	**50.95%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 796,271	$ 4,424	44.39%
-	$ -	-	0.00%
-	$ -	-	0.00%
City of Fresno CDBG	$ -	-	0.00%
City of Fresno HOME	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 796,271**	**$ 4,424**	**44.39%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 117,486**	**$ 653**	**6.55%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 2/29/24		Senior Staff Date:	03/06/24

SOURCES & USES OF FUNDS					Modification
Fancer Creek Senior Apartments			Project Number	19-076-A/X	
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
CalHFA Conduit / Bank of the West	18,525,000				0.0%
City of Fresno CDBG	2,251,515				0.0%
City of Fresno HOME	1,420,500				0.0%
Deferred Developer Fee	3,276,100				0.0%
Developer Equity Contribution	2,127,103				0.0%
Investor Equity Contribution	2,240,535				0.0%
Perm		13,750,000	13,750,000	76,389	39.1%
MIP		4,181,215	4,181,215	23,229	11.9%
City of Fresno CDBG		2,251,515	2,251,515	12,508	6.4%
City of Fresno HOME		1,420,500	1,420,500	7,892	4.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		566,652	566,652	3,148	1.6%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		13,025,615	13,025,615	72,365	37.0%
TOTAL SOURCES OF FUNDS	**34,604,601**	**35,195,497**	**35,195,497**	**195,531**	**61.4%**
TOTAL USES OF FUNDS (BELOW)	**34,604,601**	**35,195,498**	**35,195,498**	**195,531**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**(1)**	**(1)**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**34,604,601**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	2,626,262	-	2,626,262	14,590	7.5%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**2,626,262**	**-**	**2,626,262**	**14,590**	**7.5%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	1,963,415	-	1,963,415	10,908	5.6%
Structures (Hard Cost)	17,019,640	-	17,378,429	96,547	49.4%
General Requirements	1,272,045	-	1,272,045	7,067	3.6%
Contractor Overhead	228,760	-	228,760	1,271	0.6%
Contractor Profit	870,942	-	870,942	4,839	2.5%
Contractor Bond	105,656	-	105,656	587	0.3%
Contractor Liability Insurance	147,830	-	147,830	821	0.4%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**21,608,288**	**-**	**21,967,077**	**122,039**	**62.4%**

SOURCES & USES OF FUNDS — **Modification**

Fancer Creek Senior Apartments — **Project Number 19-076-A/X**

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	651,988	-	651,988	3,622	1.9%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**651,988**	**-**	**651,988**	**3,622**	**1.9%**
SURVEY & ENGINEERING FEES					
Engineering	90,653	-	90,653	504	0.3%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	90,653	-	90,653	504	0.3%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	-	-	-	-	0.0%
Soft Cost Contingency Reserve	-	-	-	-	0.0%
TOTAL CONTINGENCY RESERVES	-	-	-	-	0.0%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit / Bank of the West	1,988,253	-	1,988,253	11,046	5.6%
-	-	-	-	-	0.0%
City of Fresno CDBG	-	-	-	-	0.0%
City of Fresno HOME	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit / Bank of the West	168,750	-	168,750	938	0.5%
CalHFA Conduit / Bank of the West	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Fresno CDBG	-	-	-	-	0.0%
City of Fresno HOME	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Income)	-	-	-	-	0.0%
Credit Enhancement & Application Fees (citi underwriting/App Fees)	4,805	-	4,805	27	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	12,000	-	12,000	67	0.0%
Real Estate Taxes During Rehab	1,954	-	1,954	11	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevailing, etc.)	-	-	-	-	0.0%
Insurance During Construction	240,746	-	240,746	1,337	0.7%
Title & Recording Fees	41,515	-	41,515	231	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Extension Fees (Construction)	123,750	-	123,750	688	0.4%
Bond Issuer Fee	42,500	-	42,500	236	0.1%
Construction Lender Inspections / Closing Fees	59,487	-	59,487	330	0.2%
TOTAL CONST/REHAB PERIOD COSTS	**2,683,760**	**-**	**2,683,760**	**14,910**	**7.6%**

SOURCES & USES OF FUNDS Fancer Creek Senior Apartments		Project Number	Modification 19-076-A/X		
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	-	137,500	137,500	764	0.4%
MIP	-	41,812	41,812	232	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Fresno CDBG	-	-	-	-	0.0%
City of Fresno HOME	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	110,000	-	110,000	611	0.3%
CalHFA Extension Fees	-	374,000	374,000	2,078	1.1%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insurance	6,682	-	6,682	37	0.0%
CalHFA Fees	-	2,585	2,585	14	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
CalHFA Fees (Proforma)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**116,682**	**555,897**	**672,579**	**3,737**	**1.9%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	194	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	65,000	-	65,000	361	0.2%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	221,238	-	221,238	1,229	0.6%
CalHFA Bond Counsel	63,500	-	63,500	353	0.2%
TOTAL LEGAL FEES	**349,738**	**35,000**	**384,738**	**2,137**	**1.1%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	838,061	-	838,061	4,656	2.4%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**838,061**	**-**	**838,061**	**4,656**	**2.4%**
REPORTS & STUDIES					
Appraisal Fee	9,840	-	9,840	55	0.0%
Market Study Fee	12,300	-	12,300	68	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	18,514	-	18,514	103	0.1%
HUD Risk Share Environmental / NEPA Review Fee	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	264,182	-	264,182	1,468	0.8%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**304,836**	**-**	**304,836**	**1,694**	**0.9%**

SOURCES & USES OF FUNDS					Modification
Fancer Creek Senior Apartments			Project Number	19-076-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	60,804	-	60,804	338	0.2%
CDLAC Allocation Fees	6,484	-	6,484	36	0.0%
Local Permits & Fees	261,987	-	261,987	1,455	0.7%
Local Impact Fees	411,311	-	411,311	2,285	1.2%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	655,342	-	655,342	3,641	1.9%
Accounting & Audits	2,000	-	2,000	11	0.0%
Advertising & Marketing Expenses	-	-	-	-	0.0%
Financial Consulting	-	-	-	-	0.0%
Disbursement Escrow Fees	35,425	-	35,425	197	0.1%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Capitalized MGP Fee	25,000	-	25,000	139	0.1%
Predevelopment Costs	114,191	-	114,191	634	0.3%
TOTAL OTHER COSTS	**1,572,544**	**-**	**1,572,544**	**8,736**	**4.5%**
SUBTOTAL PROJECT COSTS	**30,842,812**	**35,195,498**	**31,792,498**	**176,625**	**90.3%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	3,403,000	-	3,403,000	18,906	9.7%
Consultant Processing Agent	358,789	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**3,761,789**	**-**	**3,403,000**	**18,906**	**9.7%**
TOTAL PROJECT COSTS	**34,604,601**	**35,195,498**	**35,195,498**	**195,531**	**100.0%**

PROJECTED PERMANENT LOAN CASH FL0WS										Fancer Creek Senior Apartments				
Modification										Project Number	19-076-A/X			
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13
RENTAL INCOME	CPI													
GROSS POTENTIAL INCOME (GPI)		1,888,008	1,934,614	1,982,386	2,031,351	2,081,541	2,132,985	2,185,716	2,239,765	2,295,165	2,351,950	2,410,155	2,469,815	2,530,966
VACANCY ASSUMPTIONS	Vacancy													
Restricted Unit Rents	5.00%	93,212	95,543	97,931	100,380	102,889	105,461	108,098	110,800	113,570	116,410	119,320	122,303	125,360
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Vending Machines)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		94,400	96,731	99,119	101,568	104,077	106,649	109,286	111,988	114,758	117,598	120,508	123,491	126,548
EFFECTIVE GROSS INCOME (EGI)		1,793,608	1,837,883	1,883,266	1,929,784	1,977,464	2,026,336	2,076,430	2,127,777	2,180,407	2,234,353	2,289,647	2,346,324	2,404,418
OPERATING EXPENSES	CPI / Fee													
Administrative Expenses	3.50%	228,900	236,912	245,203	253,786	262,668	271,861	281,377	291,225	301,418	311,967	322,886	334,187	345,884
Management Fee	5.74%	102,900	105,440	108,044	110,712	113,448	116,252	119,126	122,071	125,091	128,186	131,358	134,610	137,942
Utilities	3.50%	170,800	176,778	182,965	189,369	195,997	202,857	209,957	217,305	224,911	232,783	240,930	249,363	258,091
Operating & Maintenance	3.50%	226,751	234,687	242,901	251,403	260,202	269,309	278,735	288,491	298,588	309,038	319,855	331,050	342,636
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600
Real Estate Taxes	1.25%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	74,400	77,004	79,699	82,489	85,376	88,364	91,457	94,658	97,971	101,400	104,949	108,622	112,424
Required Reserve Payments	1.00%	54,000	54,540	55,085	55,636	56,193	56,755	57,322	57,895	58,474	59,059	59,650	60,246	60,849
TOTAL OPERATING EXPENSES		879,851	907,461	935,998	965,495	995,983	1,027,497	1,060,073	1,093,745	1,128,552	1,164,533	1,201,727	1,240,177	1,279,925
NET OPERATING INCOME (NOI)		913,757	930,423	947,268	964,289	981,481	998,839	1,016,358	1,034,032	1,051,855	1,069,820	1,087,920	1,106,147	1,124,493
DEBT SERVICE PAYMENTS	Lien #													
Perm	1	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271
City of Fresno CDBG	3	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Fresno HOME	4	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271	796,271
CASH FLOW AFTER DEBT SERVICE		117,485	134,151	150,997	168,018	185,209	202,568	220,086	237,761	255,584	273,549	291,649	309,876	328,222
DEBT SERVICE COVERAGE RATIO		1.15	1.17	1.19	1.21	1.23	1.25	1.28	1.30	1.32	1.34	1.37	1.39	1.41
Date Prepared:	02/29/24									Senior Staff Date:	3/6/24			
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382	10,693
LESS: Partnership Management Fee	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258
net CF available for distribution		99,985	116,126	132,431	148,895	165,513	182,280	199,191	216,238	233,415	250,715	268,130	285,652	303,271
Deferred developer fee repayment	566,652	566,652	466,667	350,540	218,109	69,215	(96,299)	(278,579)	(477,769)	(585,888)	(702,596)	(827,953)	(962,019)	(1,104,845)
	100%	99,985	116,126	132,431	148,895	165,513	182,280	199,191	108,119	116,708	125,358	134,065	142,826	151,635
		466,667	350,540	218,109	69,215	(96,299)	(278,579)	(477,769)	(585,888)	(702,596)	(827,953)	(962,019)	(1,104,845)	(1,256,480)
	49992.64626													
Payments for Residual Receipt Payments		50%							1	1	1	1	1	1
RESIDUAL RECEIPTS LOANS	Payment %	-	-	-	-	-	-	-	54,059	58,354	62,679	67,033	71,413	75,818
MIP	53.24%	-	-	-	-	-	-	-	28,782	31,069	33,371	35,689	38,022	40,367
City of Fresno CDBG	28.67%	-	-	-	-	-	-	-	15,499	16,730	17,970	19,218	20,474	21,737
City of Fresno HOME	18.09%	-	-	-	-	-	-	-	9,778	10,555	11,337	12,125	12,917	13,714
Total Residual Receipts Payments	100.00%	-	-	-	-	-	-	-	54,059	58,354	62,679	67,033	71,413	75,818
Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS	Interest Rate													
MIP---Simple	2.75%	4,181,215	4,296,198	4,411,182	4,526,165	4,641,149	4,756,132	4,871,115	4,986,099	5,072,300	5,156,215	5,237,827	5,317,121	5,394,082
City of Fresno CDBG---Simple	2.00%	2,251,515	2,296,545	2,341,576	2,386,606	2,431,636	2,476,667	2,521,697	2,566,727	2,596,259	2,624,559	2,651,619	2,677,431	2,701,988
City of Fresno HOME---Simple	3.00%	1,420,500	1,463,115	1,505,730	1,548,345	1,590,960	1,633,575	1,676,190	1,718,805	1,751,642	1,783,702	1,814,979	1,845,469	1,875,167
Total Residual Receipts Payments		7,853,230	8,055,859	8,258,487	8,461,116	8,663,745	8,866,374	9,069,002	9,271,631	9,420,200	9,564,475	9,704,425	9,840,021	9,971,237

PROJECTED PERMANENT LOAN CASH FL0WS					
Modification					
	YEAR	**14**	**15**	**16**	**17**
RENTAL INCOME	**CPI**				
GROSS POTENTIAL INCOME (GPI)		**2,593,646**	**2,657,894**	**2,723,747**	**2,791,247**
VACANCY ASSUMPTIONS	**Vacancy**				
Restricted Unit Rents	5.00%	128,494	131,707	134,999	138,374
Unrestricted Unit Rents	7.00%	-	-	-	-
Commercial Rents	50.00%	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-
Income during renovations	20.00%	-	-	-	-
Other Subsidy (Vending Machines)	0.00%	-	-	-	-
Laundry Income	5.00%	1,188	1,188	1,188	1,188
Parking & Storage Income	50.00%	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**129,682**	**132,895**	**136,187**	**139,562**
EFFECTIVE GROSS INCOME (EGI)		**2,463,964**	**2,524,999**	**2,587,560**	**2,651,684**
OPERATING EXPENSES	**CPI / Fee**				
Administrative Expenses	3.50%	357,990	370,519	383,487	396,909
Management Fee	5.74%	141,359	144,860	148,449	152,128
Utilities	3.50%	267,124	276,473	286,150	296,165
Operating & Maintenance	3.50%	354,629	367,041	379,887	393,183
Ground Lease Payments	3.50%	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	14,600	14,600	14,600	14,600
Real Estate Taxes	1.25%	-	-	-	-
Other Taxes & Insurance	3.50%	116,358	120,431	124,646	129,009
Required Reserve Payments	1.00%	61,457	62,072	62,692	63,319
TOTAL OPERATING EXPENSES		**1,321,016**	**1,363,495**	**1,407,412**	**1,452,813**
NET OPERATING INCOME (NOI)		**1,142,948**	**1,161,503**	**1,180,148**	**1,198,871**
DEBT SERVICE PAYMENTS	**Lien #**				
Perm	1	796,271	796,271	796,271	796,271
City of Fresno CDBG	3	-	-	-	-
City of Fresno HOME	4	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**796,271**	**796,271**	**796,271**	**796,271**
CASH FLOW AFTER DEBT SERVICE		**346,677**	**365,232**	**383,877**	**402,600**
DEBT SERVICE COVERAGE RATIO		**1.44**	**1.46**	**1.48**	**1.51**
Date Prepared:	02/29/24				

LESS: Asset Management Fee	3%	11,014	11,344	11,685	12,035
LESS: Partnership Management Fee	3%	14,685	15,126	15,580	16,047
net CF available for distribution		**320,978**	**338,762**	**356,612**	**374,517**
Deferred developer fee repayment	566,652				
	100%	160,489	169,381	178,306	
		(160,489)	(169,381)	(178,306)	-
	49992.64626				
Payments for Residual Receipt Payments		**1**	**1**	**1**	**1**
RESIDUAL RECEIPTS LOANS	*Payment %*	80,244	84,690	44,577	93,629
MIP	*53.24%*	42,724	45,091	23,733	49,850
City of Fresno CDBG	*28.67%*	23,006	24,281	12,780	26,843
City of Fresno HOME	*18.09%*	14,515	15,319	8,063	16,936
Total Residual Receipts Payments	**100.00%**	80,244	84,690	44,577	93,629
Balances for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Interest Rate*				
MIP---Simple	*2.75%*	5,468,699	5,540,959	5,610,851	5,702,101
City of Fresno CDBG---Simple	*2.00%*	2,725,281	2,747,305	2,768,055	2,800,305
City of Fresno HOME---Simple	*3.00%*	1,904,068	1,932,168	1,959,464	1,994,016
Total Residual Receipts Payments		10,098,048	10,220,432	10,338,370	10,496,423

CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": June 16, 2020 for Board Meeting on: July 9, 2020

Project Name, County:	Fancher Creek Senior Apartments	
Address:	Northeast Corner E. Tulare Ave, East of N. Argyle Ave, Fresno, Fresno County	
CalHFA Project Number:	19-076-A/X/N	
Requested Financing by Loan Program:	$18,526,332	Tax-Exempt Bond – Conduit Issuance Amount
	$3,163,675	Taxable Bond – Conduit Issuance Amount
	$10,459,902	Tax-exempt Permanent Loan – CalHFA
	$4,500,000	Subsidy GAP Loan funded by MIP funds – CalHFA

DEVELOPMENT/PROJECT TEAM

Developer:	Dominus Consortium, LLC	**Borrower:**	FCTC Senior, LP
Construction Lender:	Bank of the West	**Equity Investor:**	Red Stone Equity Partners
Permanent Lender:	CalHFA	**Management Company:**	GSF Properties, Inc.
Loan Officer:	Steve Beckman	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Bahiyah Hillary
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	TBD	**Approval Expiration Date:**	6 months from Approval

CALHFA LOAN TERMS

1.		CONDUIT ISSUANCE	PERMANENT LOAN	MIP (GAP) LOAN
	Total Loan Amount	$18,500,000 (T/E) $3,163,675 (T)	$10,459,902 (T/E)	$4,500,000
	Loan Term & Lien Position	24 months- interest only; 1st Lien Position during construction. 1 six-month extension option. Fee is 0.75% of full commitment amount.	35 years due in 17 1st Lien Position	17 year - Residual Receipts; 2nd Lien Position after permanent loan conversion
	Interest Rate	Tax – Exempt is underwritten at LIBOR + 2.00% (T/E) or 2.5% (T) + 1.25% for interest reserve underwriting. 4.25% (T/E) 5.42% (Taxable)	15-year MMD + estimated spread of 2.87% (with a 30-month forward) Underwritten at 4.60% including a 0.47% cushion	2.75% Simple Interest
	Loan to Value (LTV)	97% of investment Value	85% of Stabilized Restricted Value	N/A

	Loan to Cost	67%	38%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	9/14/2020	Est. Construction Loan Closing:	8/2020
	Estimated Construction Start:	8/2020	Est. Construction Completion:	5/2022
	Estimated Stabilization and Conversion to Perm Loan(s):	8/2022		

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
Bank of the West Construction Loan (T/E)	$18,500,000	1	Interest Only
Bank of the West Construction Loan (T)	3,163,675	1	Interest Only
City of Fresno CDBG	$2,259,784	2	Residual Receipt
City of Fresno HOME	$1,420,500	3	Residual Receipt
Tax Credit Equity	$2,652,319	N/A	N/A
TOTAL	**$27,996,278**	**$155,535**	**Per Unit**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
CalHFA Permanent Loan	$10,459,902	1	35/17, Balloon
CalHFA MIP Loan	$4,500,000	2	Residual Receipt Loan
City of Fresno CDBG	$2,259,784	3	Residual Receipt Loan
City of Fresno HOME	$1,420,500	4	Residual Receipt Loan
Tax Credit Equity	$12,868,205	N/A	N/A
Deferred Developer Fee	$885,437	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$32,393,828**	**$179,965**	**Per Unit**

Subsidy Efficiency: CalHFA MIP $4,500,000 ($25,281 per MIP restricted units).

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

- 4% Federal Tax Credits: $9,229,819 assuming estimated pricing of $0.90 ($51,277 per TCAC restricted units).
- 4% State Tax Credits: $5,773,886 assuming estimated pricing of $0.79 ($32,077 per TCAC restricted units).

Rental Subsidies: The Project will not include any operating or rental subsidies.

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

Other Locality Subsidies: The Project will be funded by the City of Fresno HOME in the amount of $1,420,500 and CDBG in the amount of $2,259,784.

Cost Containment Strategy:
The Fancher Creek Seniors project is projecting hard cost of $98,636 per unit which is one of the most cost-efficient projects compared to similar projects in California. The developer is aware that CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency. The developer has already bid out the project

	but agrees to revisit the bids from major subs and to engage in value engineering should this be deemed necessary to keep the construction budget at the level projected.
4.	Equity – Cash Out (estimate): Not applicable.

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#21 TJ Cox	**Assembly:**	#31 Joaquin Arambula	**State Senate:**	#8 Andreas Borgeas
	Brief Project Description	**Fancher Creek Senior Apartments** (the "Project") is a senior (62+), new construction project, consisting of two 3-story, garden-style, elevator serviced buildings and one community building. There will be 180 total units, of which 178 will be restricted between 50% and 70% AMI. Units will include 144 1-bedroom units (545 SF) and 36 2-bedroom units (846 SF). Two of the 2-bedroom units will be reserved for on-site property managers. The property is not in a State or Federal disaster area. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% federal tax credits, 4% state tax credits, City of Fresno HOME & CDBG, a CalHFA permanent loan, and MIP financing. The project qualifies as Mixed-Income pursuant to income averaging and TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer has applied for and received CDLAC bond allocation and TCAC 4% federal and state tax credits reservations on April 14, 2020. As a matter of background, the developer previously applied for 9% tax credits and State tax credits, and to CalHFA for permanent and subsidy financing but did not receive the State tax credits; thus, the project did not work. The 9% tax credits were returned and the CalHFA loan application was withdrawn. **Ground Lease:** Not applicable. **Amenities:** The Project amenities will include a community room, exercise room, central laundry facilities, and common space for café, library, and other social uses. Unit amenities will include central heating and air conditioning, blinds, dishwasher, garbage disposal, microwave, and patios/balconies.					

TRANSACTION OVERVIEW

6.	**Proposal and Project Strengths**

- The Project anticipates receiving 4% tax credits which is projected to generate equity representing 41% of total financing sources.
- The Project will serve low-income seniors ranging between 50% to 70% of AMI. The proposed rents are 148-16% below market rate rents.
- There is significant current demand for the Project in the Primary Market Area (PMA), the senior population is expected to increase every year through 2024, and vacancies for both the affordable and market rate senior apartment projects in the PMA is 1%.
- The Loan-to-Value will be 85%, which meets the Agency's minimum requirements, providing less risk to the Agency.
- The locality has invested in the success of the Project as demonstrated by a $2,259,784 City of Fresno CDBG loan, and a $1,420,500 City of Fresno HOME loan.
- The developer is providing a personal guaranty to the City of Fresno for the construction, completion and occupancy of the project as set forth in the HOME agreement.

- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,517,563, which could be available to cover cost overruns and/or unforeseen issues during construction

7. Project Weaknesses with Mitigants:

- In accordance to the market study dated December 4, 2019 by Kinetic Valuation Group, Inc, the Project only supports the market rent at 84-86% of AMI, therefore the Project rents are underwritten at 50-70% of AMI.
- The exit analysis assumes an 8% cap rate and a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but is able to repay a $1,579,702 portion of the Agency's subsidy MIP loan, leaving an outstanding balance of $4,108,535. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

8. Underwriting Standards or Term Sheet Variations

None.

9. Project Specific Conditions of Approval

Approval is conditioned upon:

- Subject to a final appraisal acceptable to CalHFA.
- Subject to subordination of the City of Fresno HOME and CDBG loans to the CalHFA MIP and Bond Regulatory Agreement.
- CalHFA requires that MIP affordability covenants be recorded in first position.
- The MIP loan amount is capped at $4,500,000 and shall not be increased.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The total deferred developer's fee of $121,625 will not be fully repaid by year 15 per project cashflow, therefore the owner must provide evidence of investor of the total deferred developer's fee structure.

10. Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11. CalHFA Mission/Goals

This Project and financing proposal provide 178 units of affordable housing with a range of restricted rents between 50% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12. CalHFA Affordability & Occupancy Restrictions

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

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total (18) units at or below 50% of AMI and 10% of total (18) units between 60% to 80% of AMI with average of 70% AMI or greater. The remaining 142 of restricted units will be restricted at or below 120% of AMI.
The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per a market study dated December 4, 2019 the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 10% between 60% to 80% of AMI with an average of 70% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

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

- The City of Fresno HOME will restrict 3 units at or below 50% AMI at initial occupancy and 8 units at or below 80% AMI for a total of 11 income-restricted units for a term of 55 years. Units are floating.
- The City of Fresno CDBG will restrict 92 units at or below 65% of AMI for a term of 55 years.

Rent Limit Summary Table

Restrictions @ AMI	Total	1-bdrm	2-bdrm	% of Total
50%	54	43	11	**30.0%**
60%	106	87	19	**58.9%**
70%	18	14	4	**10.0%**
Manager's Unit	2		2	**1.1%**
Total	**180**	**144**	**36**	**98.9%**

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Lien Priority if Recorded Document	Term of Agrmt (years)	50%	60%	70%	80%	<=120%	Total Restricted Units
CalHFA Perm	1st	**55**	18	54				72
CalHFA MIP	2nd	**55**	18		18*		142	178
City Fresno HOME	4th	**55**	3			8		11
City Fresno CDBG	3rd	**55**		92				92
TCAC		**55**	54	106	18			

*Note: For MIP purposes, 10% (18 units) will be restricted at or below 50% of AMI, 10% (18 units) will be restricted between 60% to 80% of AMI, and the remaining 80% (142) units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	28.46%
Minority Census Tract:	72.57%	Rural Area:	No
TCAC Opportunity Area:	Highest Resource		

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**				
	Replacement Reserves (RR):	N/A			
	Operating Expense Reserve (OER):	$704,879 OER amount is size based on 6 operating expenses, debt service, and annual replacement reserves deposits. Any release of funds that results in a balance below $660,214 requires consent from Red Stone.			
	Transitional Operating Reserve (TOR):	N/A			
15.	**Cash Flow Analysis**				
	1st Year DSCR:	1.16		**Project-Based Subsidy Term:**	N/A
	End Year DSCR (Y17):	1.49		**Annual Replacement Reserve Per Unit:**	$300/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A		**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A		**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

16.	**Loan Security**

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

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

- The exit analysis assumes an 8% cap rate and a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but is able to repay a $1,579,702 portion of the Agency's subsidy MIP loan, leaving an outstanding balance of $4,108,535. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18.	**Appraisal Review**

- The Appraisal dated June 5, 2020, prepared by Cressner & Associates, values the land at $3,000,000.
- The capitalization rate of 6.00% was used to determine the appraised value of the subject site.
- The as-restricted stabilized value is $12,310,000, which results in the Agency's loan(s) to value of 85%.
- There is sufficient market demand to support stabilized occupancy of the project at 97%. The project will need to capture between 3% and 23% of eligible income- and age-restricted households across unit types.
- The project's operating expenses while low, is slightly higher (13%) than the expense comparable in the appraisal.
- The City of Fresno had a population of approximately 530,829 in 2019 and is expected to grow by approximately 4% from 2019 to 2024.
- The unemployment rate for Fresno was 15.5% in April 2020, an increase from 7.2% in March a result of the major downturn in the local economy as a result of job losses due to COVID-19. In 2019, the average unemployment rate was approximately 5.7%.

- By 2024 the population at 55+ years of age within a 1-mile radius of the project is expected to increase 5% to 2,647. This is one of the fastest growing segments of the population in the area. However, the appraisal made further adjustments to address renter demand of those at 62 years and above for the subject site.

Market Study:	Kinetic Valuation Group	Dated: 12/4/2019 Effective Date: 11/26/2019

Regional Market Overview

- The Primary Market Area is part of the City of Fresno, east of highways CA 99 and 41. The population of the PMA as of 2019 was 197,415. The Secondary Market Area ("SMA") is Fresno County. Its population as of 2019 was 1,004,546
- The PMA reflects a slightly higher rate of violent crime than the statewide average (5.51 vs 4.49 incidents per 1,000 residents, 22.7% higher) as well as an elevated rate of property crime (47.4 vs 25.0 incidents per 1,000 residents, 89.6% higher). The market study concludes that crime is not expected to impede the marketing of the Project.
- The Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market.

Local Market Area Analysis

- **Supply:**
  - There are currently four affordable projects in the PMA, including only one other age-restricted property. All are fully occupied (vacancy <1%) with waiting lists ranging from 15 to over 250 households. The waiting list at the one LIHTC senior property in the PMA is 5 years long.
  - The market study identified only one other upcoming LIHTC reservation in the PMA; the Housing Authority has a planned project that is believed to be designated for a population with special needs.
- **Demand/Absorption:**
  - The affordable units are anticipated to lease up at a rate of 30-36 units per month and reach stabilized occupancy within 5-6 months of opening, assuming marketing and pre-leasing activities begin three months prior to completion.

DEVELOPMENT SUMMARY

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

- The property is located on the north east corner of Marion Avenue and Fancher Creek Drive, in the City of Fresno, Fresno County.
- The site is currently vacant, with level topography at street grade, measuring approximately two (2) acres and is generally rectangular in shape.
- The site consists of 5 contiguous parcels within the Fancher Creek Master Plan Community that will be merged prior to start of construction.
- The site is zoned CR+OS/AE/cz, with permitted multifamily residential use.
- The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The site was conveyed between related parties, from Fancher Creek Properties, LLC to the current owner and project owner, FCTC Senior, LP, on April 18, 2019 in the amount of $2.26M The transaction conforms to the USRM's acquisition provisions because the sale price was less than the appraised value and the seller (Fancher Creek Properties, LLC) purchased the site more than 10 years ago.

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

21.	**Current Ownership Entity of Record**
Title is currently vested in FCTC Senior, LP as the fee owner.	
22.	**Environmental Review Findings**
• A Phase I Environmental Site Assessment performed by Technicon Engineering Services, Inc., dated May 8, 2020 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.	
23.	**Seismic** **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**
• This new Project will be built to State and City of Fresno Building Codes so no seismic review is required.	
24.	**Relocation** **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**
• The Project is new construction; therefore, relocation is not applicable.	

PROJECT DETAILS

25.	**Residential Areas:**					
		Residential Square Footage:	94,243	**Residential Units per Acre:**	90	
		Community Area Sq. Ftg:	4,000	**Total Parking Spaces:**	180 (off-site)	
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	139,761	
26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**					
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A	
		Master Lease:	☐ **Yes** ☒ **No**	**Number of Parking Spaces:**	N/A	
27.	**Construction Type:**	New construction consisting of 3 connecting buildings, 2 residential connecting to 1 central community building that includes an on-site rental office. The residential buildings will be 3-stories and serviced by an elevator. The central building will be 1-story. Exteriors will be standard stucco and the roof will have Spanish tiles. Parking will be provided by an off-site parking podium across from the development with spaces on the second floor dedicated to the project. The parking podium is owned by another entity and the podium was constructed to primarily provide free parking to future tenants as well as users of a future phase II development next to the project.				
28.	**Construction/Rehab Scope** **Requires Demolition:** ☐ **Yes** ☒ **No**					
• The subject site is new construction.						
29.	**Construction Budget Comments:**					
• CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.						

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	**Borrower Affiliated Entities**

- Managing General Partner: Community Revitalization and Development Corporation (CRDC), a California nonprofit public benefit corporation; 0.0044% interest
  - Sole Member: CRDC, a California nonprofit public benefit corporation
- Administrative General Partner: Dominus Consortium, LLC, a California limited liability company; 0.0046% interest
  - Member: ESSAYONS, A LIMITED PARTNERSHIP, a California limited partnership, 50% interest
    - General Partner: PENTORI, a California corporation

- Member: NEGOCIOS DE FAMILIA, LLC, a California limited liability company, 50% interest
  - Manager: LANCE-KASHIAN & COMPANY, a California corporation

Investor Limited Partner: RSEP Holding, LLC, or its designee; 99.99% interest
Special Limited Partner: Red Stone Equity Manager, LLC, or its designee; 0.001%

31.	**Developer/Sponsor**

Dominus Consortium ("AGP") and Community Revitalization and Development Corporation (CRDC) ("MGP") together serve as the GP of this project.

CRDC has extensive experience developing affordable housing through mixed-financing including LIHTC. They have developed or assisted in the development of over 4,000 affordable housing units. They served as general partner on 5 LIHTC projects between 2003 to 2008, totaling 711 units. CalHFA has experienced no issues with the one CRDC-developed project that is currently in CalHFA's asset management portfolio.

Dominus Consortium consist of 2 members with a range of development experience including construction of senior rental housing. Lance-Kashian & Company is the Managing Member of one of the members and will serve as the developer of the project and is an affiliate of Dominus Consortium. Review of a 2018 REO schedule indicates that Lance-Kashian & Co has been involved with 19 properties across different property types.

An individual in Lance-Kashian & Company that will be actively involved in the project intends to execute with the City of Fresno a personal guaranty for construction completion and occupancy of the project as a condition of the HOME loan. This individual has direct experience developing at least two similarly-sized multi-family projects to completion. Compiled personal financials for the individual and his owned entities were reviewed and demonstrate that the individual has historically been able to carry contingent liabilities at the amount expected after the addition of the Fresno guarantee, suggesting that there are sufficient assets backing the personal guaranty.

32.	**Management Agent**

The Project will be managed by GSF Properties Inc., which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio. A letter has been provided by GSF affirming that they have reviewed and approve the proposed operating costs.

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

- LifeSTEPS will provide supportive services for all the tenant population through the life of the property ownership and for no less than 15 years. No agency funding is attached to the services. Services will include adult educational classes (e.g. financial literacy, computer training, ESL, etc) and health and wellness services and programs (e.g. crisis intervention, practical counseling and emotional support, eviction prevention, government and insurance entitlements, and physical and mental health assessments).

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

The general contractor is West Coast Community Builders, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA.

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

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

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

The locality, City of Fresno, returned the local contribution letter stating they strongly support the project.

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Board Approval

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 19-076-A/X

Project Full Name	Fancer Creek Senior Apartments	**Borrower Name:**	FCTC Senior, LP
Project Address	Northeast Corner of East Tulare and Argyle	**Managing GP:**	Community Revitalization and development
Project City	Fresno	**Developer Name:**	Dominus Consortium, LLC
Project County	Fresno	**Investor Name:**	Red Stone Equity Partners
Project Zip Code	93727	**Prop Management:**	GSF Properties, Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.00
Tenancy/Occupancy:	Senior	**Residential Square Footage:**	108,936
Total Residential Units:	180	**Residential Units Per Acre:**	90.00
Total Number of Buildings:	3		
Number of Stories:	3	**Covered Parking Spaces:**	180
Unit Style:	Flat	**Total Parking Spaces:**	180
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit / Bank of the West	18,500,000	0.750%	24	--	4.250%
CalHFA Conduit / Bank of the West	3,163,675	0.750%	24	--	5.420%
City of Fresno HOME	1,420,500	--	--	--	--
City of Fresno CDBG	2,259,784	--	--	--	--
--	--	--	--	--	--
Investor Equity Contribution	2,652,319	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	10,459,902	1.000%	17	35	4.600%
MIP	4,500,000	1.000%	17	55	2.750%
City of Fresno CDBG	2,259,784	--	55	55	2.000%
City of Fresno HOME	1,420,500	--	55	55	3.000%
Deferred Developer Fees	885,437	NA	NA	NA	NA
Investor Equity Contributions	12,868,205	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	6/5/20	**Capitalization Rate:**	6.00%
Investment Value ($)	19,000,000	**Restricted Value ($)**	12,310,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	32%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	85%
		Combined CalHFA Perm Loan to Value	122%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

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

Permanent Loan

Operating Expense Reserve Deposit	$704,879	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 6/4/20 — Senior Staff Date: 6/16/20

UNIT MIX AND RENT SUMMARY **Board Approval**

Fancer Creek Senior Apartments **Project Number 19-076-A/X**

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	1	545	144	216
Flat	2	1	846	36	108
				180	324

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	70%	80%	<=120%
d/RiskShare			18	54			
CalHFA MIP			18		18		142
Tax Credit			54	106	18		
y of Fresno - HOME			3			8	
y of Fresno - CDBG				92			

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
1 Bedroom	CTCAC	50%	43	$601	$1,025	$424	59%
	CTCAC	60%	87	$732		$293	71%
	CTCAC	70%	14	$863		$162	84%
	CTCAC	70%	-	-		-	-
2 Bedrooms	CTCAC	50%	11	$714	$1,200	$486	60%
	CTCAC	60%	19	$872		$328	73%
	CTCAC	70%	4	$1,029		$171	86%
Date Prepared:	6/4/20					Senior Staff Date:	6/16/20

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Board Approval
Fancer Creek Senior Apartments	Project Number		19-076-A/X
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,561,764	$ 8,676	103.65%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Vending Machines)	10,800	60	0.72%
Other Income			
Laundry Income	12,960	72	0.86%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,585,524**	**$ 8,808**	**105.23%**
Less: Vacancy Loss	**$ 78,736**	**$ 437**	**5.23%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,506,788**	**$ 9,246**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 133,000	$ 739	$ 0
Management Fee	106,435	591	7.06%
Social Programs & Services	24,000	133	1.59%
Utilities	142,000	789	9.42%
Operating & Maintenance	257,000	1,428	17.06%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	42	0.50%
Other Monitoring Fees	15,000	83	1.00%
Real Estate Taxes	-	-	0.00%
Other Taxes & Insurance	69,000	383	4.58%
SUBTOTAL OPERATING EXPENSES	**$ 753,935**	**$ 4,189**	**50.04%**
Operating Reserves	$ 54,000	$ 300	3.58%
TOTAL OPERATING EXPENSES	**$ 807,935**	**$ 4,489**	**53.62%**
NET OPERATING INCOME (NOI)	**$ 698,853**	**$ 3,883**	**46.38%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 601,823	$ 3,343	39.94%
-	$ -	-	0.00%
-	$ -	-	0.00%
City of Fresno CDBG	$ -	-	0.00%
City of Fresno HOME	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 601,823**	**$ 3,343**	**39.94%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 97,030**	**$ 539**	**6.44%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 6/4/20		Senior Staff Date:	06/16/20

SOURCES & USES OF FUNDS					Board Approval
Fancer Creek Senior Apartments			Project Number		19-076-A/X
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
CalHFA Conduit / Bank of the West	18,500,000				0.0%
City of Fresno CDBG	2,259,784				0.0%
City of Fresno HOME	1,420,500				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	2,652,319				0.0%
Perm		10,459,902	10,459,902	58,111	32.3%
MIP		4,500,000	4,500,000	25,000	13.9%
City of Fresno CDBG		2,259,784	2,259,784	12,554	7.0%
City of Fresno HOME		1,420,500	1,420,500	7,892	4.4%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		885,437	885,437	4,919	2.7%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		12,868,205	12,868,205	71,490	39.7%
TOTAL SOURCES OF FUNDS	**27,996,278**	**32,393,828**	**32,393,828**	**179,966**	**57.5%**
TOTAL USES OF FUNDS (BELOW)	**27,996,278**	**32,393,828**	**32,393,828**	**179,966**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**0**	**-**	**0**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**27,996,278**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	2,250,000	-	2,250,000	12,500	6.9%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**2,250,000**	**-**	**2,250,000**	**12,500**	**6.9%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	739,095	-	739,095	4,106	2.3%
Structures (Hard Cost)	17,019,640	-	17,019,640	94,554	52.5%
General Requirements	1,272,144	-	1,272,144	7,067	3.9%
Contractor Overhead	-	-	-	-	0.0%
Contractor Profit	903,914	-	903,914	5,022	2.8%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	147,128	-	147,128	817	0.5%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**20,081,921**	**-**	**20,081,921**	**111,566**	**62.0%**

SOURCES & USES OF FUNDS					Board Approval
Fancer Creek Senior Apartments			Project Number		19-076-A/X
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	500,000	-	500,000	2,778	1.5%
Supervision	50,000	-	50,000	278	0.2%
TOTAL ARCHITECTURAL FEES	**550,000**	**-**	**550,000**	**3,056**	**1.7%**
SURVEY & ENGINEERING FEES					
Engineering	60,000	-	60,000	333	0.2%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	15,000	-	15,000	83	0.0%
TOTAL SURVEY & ENGINEERING FEES	75,000	-	75,000	417	0.2%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,006,535	-	1,006,535	5,592	3.1%
Soft Cost Contingency Reserve	304,158	-	304,158	1,690	0.9%
TOTAL CONTINGENCY RESERVES	1,310,693	-	1,310,693	7,282	4.0%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit / Bank of the West	965,708	-	965,708	5,365	3.0%
-	-	-	-	-	0.0%
City of Fresno CDBG	-	-	-	-	0.0%
City of Fresno HOME	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit / Bank of the West	138,750	-	138,750	771	0.4%
CalHFA Conduit / Bank of the West	23,728	-	23,728	132	0.1%
-	-	-	-	-	0.0%
City of Fresno CDBG	-	-	-	-	0.0%
City of Fresno HOME	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees (c	25,000	-	25,000	139	0.1%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	12,000	-	12,000	67	0.0%
Real Estate Taxes During Rehab	235,000	-	235,000	1,306	0.7%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Construction	50,000	-	50,000	278	0.2%
Title & Recording Fees	49,784	-	49,784	277	0.2%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	41,664	-	41,664	231	0.1%
Construction Lender Inspections	12,000	-	12,000	67	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**1,553,634**	**-**	**1,553,634**	**8,631**	**4.8%**

SOURCES & USES OF FUNDS					Board Approval
Fancer Creek Senior Apartments			Project Number		19-076-A/X
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	-	104,599	104,599	581	0.3%
MIP	-	45,000	45,000	250	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Fresno CDBG	-	-	-	-	0.0%
City of Fresno HOME	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	110,000	-	110,000	611	0.3%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insura	6,682	-	6,682	37	0.0%
CalHFA Fees	-	2,585	2,585	14	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**116,682**	**152,184**	**268,866**	**1,494**	**0.8%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	30,000	-	30,000	167	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	194	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	120,000	-	120,000	667	0.4%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	60,000	-	60,000	333	0.2%
TOTAL LEGAL FEES	**210,000**	**35,000**	**245,000**	**1,361**	**0.8%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	704,879	-	704,879	3,916	2.2%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	161,436	-	161,436	897	0.5%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**866,315**	**-**	**866,315**	**4,813**	**2.7%**
REPORTS & STUDIES					
Appraisal Fee	15,000	-	15,000	83	0.0%
Market Study Fee	6,500	-	6,500	36	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	15,000	-	15,000	83	0.0%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**36,500**	**-**	**36,500**	**203**	**0.1%**

SOURCES & USES OF FUNDS					Board Approval
Fancer Creek Senior Apartments			Project Number	19-076-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	84,255	-	84,255	468	0.3%
CDLAC Allocation Fees	8,874	-	8,874	49	0.0%
Local Permits & Fees	450,000	-	450,000	2,500	1.4%
Local Impact Fees	-	981,567	981,567	5,453	3.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	50,000	-	50,000	278	0.2%
Accounting & Audits	25,000	-	25,000	139	0.1%
Advertising & Marketing Expenses	153,203	-	153,203	851	0.5%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**771,332**	**981,567**	**1,752,899**	**9,738**	**5.4%**
SUBTOTAL PROJECT COSTS	**27,822,077**	**29,165,029**	**28,990,828**	**161,060**	**89.5%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	174,201	3,228,799	3,403,000	18,906	10.5%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**174,201**	**3,228,799**	**3,403,000**	**18,906**	**10.5%**
TOTAL PROJECT COSTS	**27,996,278**	**32,393,828**	**32,393,828**	**179,966**	**100.0%**

PROJECTED PERMANENT LOAN CASH FL0WS

Board Approval

	YEAR	1	2	3	4	5	6	7	8
RENTAL INCOME	CPI								
GROSS POTENTIAL INCOME (GPI)		**1,585,524**	**1,624,568**	**1,664,588**	**1,705,609**	**1,747,655**	**1,790,753**	**1,834,927**	**1,880,207**
VACANCY ASSUMPTIONS	**Vacancy**								
Restricted Unit Rents	5.00%	78,088	80,040	82,041	84,092	86,195	88,350	90,558	92,822
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-
Other Subsidy (Vending Machines)	0.00%	-	-	-	-	-	-	-	-
Laundry Income	5.00%	648	648	648	648	648	648	648	648
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**78,736**	**80,688**	**82,689**	**84,740**	**86,843**	**88,998**	**91,206**	**93,470**
EFFECTIVE GROSS INCOME (EGI)		**1,506,788**	**1,543,880**	**1,581,899**	**1,620,869**	**1,660,812**	**1,701,755**	**1,743,721**	**1,786,736**
OPERATING EXPENSES	**CPI / Fee**								
Administrative Expenses	3.50%	157,000	162,495	168,182	174,069	180,161	186,467	192,993	199,748
Management Fee	7.06%	106,435	109,055	111,741	114,493	117,315	120,207	123,171	126,210
Utilities	3.50%	142,000	146,970	152,114	157,438	162,948	168,651	174,554	180,664
Operating & Maintenance	3.50%	257,000	265,995	275,305	284,940	294,913	305,235	315,919	326,976
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Real Estate Taxes	1.25%	-	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	69,000	71,415	73,915	76,502	79,179	81,950	84,819	87,787
Required Reserve Payments	1.00%	54,000	54,540	55,085	55,636	56,193	56,755	57,322	57,895
TOTAL OPERATING EXPENSES		**807,935**	**832,970**	**858,842**	**885,578**	**913,209**	**941,765**	**971,278**	**1,001,780**
NET OPERATING INCOME (NOI)		**698,853**	**710,910**	**723,057**	**735,290**	**747,603**	**759,990**	**772,443**	**784,957**
DEBT SERVICE PAYMENTS	**Lien #**								
Perm	1	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823
City of Fresno CDBG	3	-	-	-	-	-	-	-	-
City of Fresno HOME	4	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**
CASH FLOW AFTER DEBT SERVICE		**97,029**	**109,086**	**121,234**	**133,467**	**145,780**	**158,166**	**170,620**	**183,133**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.18**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**	**1.30**
Date Prepared:	06/04/20								

		1	2	3	4	5	6	7	8
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224
LESS: Partnership Management Fee	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299
net CF available for distribution		**79,529**	**91,061**	**102,668**	**114,344**	**126,083**	**137,879**	**149,724**	**161,611**
Deferred developer fee repayment	885,437	885,437	887,956	884,547	874,873	858,586	835,322	804,701	766,331
	5.00%	39,765	45,531	51,334	57,172	63,042	68,939	74,862	80,805
		845,672	842,425	833,212	817,701	795,544	766,382	729,839	685,526
	39764.71462								
Payments for Residual Receipt Payments		*100%*							
RESIDUAL RECEIPTS LOANS	*Payment %*	39,765	45,531	51,334	57,172	63,042	68,939	74,862	80,805
MIP	*55.01%*	21,875	25,047	28,239	31,451	34,679	37,924	41,182	44,451
City of Fresno CDBG	*27.62%*	10,985	12,578	14,181	15,794	17,415	19,044	20,680	22,322
City of Fresno HOME	*17.36%*	6,905	7,906	8,914	9,928	10,947	11,971	13,000	14,032
Total Residual Receipts Payments	**100.00%**	**39,765**	45,531	51,334	57,172	63,042	68,939	74,862	80,805
Balances for Residual Receipt Payments									
RESIDUAL RECEIPTS LOANS	*Interest Rate*								
MIP---Simple	*2.75%*	4,500,000	4,601,875	4,700,579	4,796,090	4,888,389	4,977,460	5,063,286	5,145,854
City of Fresno CDBG---Simple	*2.00%*	2,259,784	2,293,995	2,326,613	2,357,627	2,387,030	2,414,810	2,440,961	2,465,477
City of Fresno HOME---Simple	*3.00%*	1,420,500	1,456,210	1,490,919	1,524,619	1,557,307	1,588,974	1,619,618	1,649,233
Total Residual Receipts Payments		**8,180,284**	8,352,080	8,518,110	8,678,337	8,832,725	8,981,244	9,123,865	9,260,564

PROJECTED PERMANENT LOAN CASH FL0WS		Fancer Creek Senior Apartments								
Board Approval		Project Number	19-076-A/X							
	YEAR	9	10	11	12	13	14	15	16	17
RENTAL INCOME	CPI									
GROSS POTENTIAL INCOME (GPI)		1,926,618	1,974,189	2,022,950	2,072,930	2,124,159	2,176,669	2,230,492	2,285,660	2,342,207
VACANCY ASSUMPTIONS	Vacancy									
Restricted Unit Rents	5.00%	95,143	97,521	99,959	102,458	105,020	107,645	110,337	113,095	115,922
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-
Other Subsidy (Vending Machines)	0.00%	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	648	648	648	648	648	648	648	648	648
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		95,791	98,169	100,607	103,106	105,668	108,293	110,985	113,743	116,570
EFFECTIVE GROSS INCOME (EGI)		1,830,827	1,876,020	1,922,342	1,969,823	2,018,491	2,068,375	2,119,507	2,171,917	2,225,637
OPERATING EXPENSES	CPI / Fee									
Administrative Expenses	3.50%	206,739	213,975	221,464	229,215	237,238	245,541	254,135	263,030	272,236
Management Fee	7.06%	129,324	132,516	135,789	139,142	142,580	146,104	149,716	153,418	157,212
Utilities	3.50%	186,987	193,531	200,305	207,316	214,572	222,082	229,855	237,900	246,226
Operating & Maintenance	3.50%	338,420	350,265	362,524	375,212	388,345	401,937	416,004	430,565	445,634
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Real Estate Taxes	1.25%	-	-	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	90,860	94,040	97,331	100,738	104,264	107,913	111,690	115,599	119,645
Required Reserve Payments	1.00%	58,474	59,059	59,650	60,246	60,849	61,457	62,072	62,692	63,319
TOTAL OPERATING EXPENSES		1,033,304	1,065,886	1,099,562	1,134,370	1,170,347	1,207,533	1,245,971	1,285,703	1,326,773
NET OPERATING INCOME (NOI)		797,523	810,133	822,780	835,454	848,144	860,842	873,536	886,214	898,864
DEBT SERVICE PAYMENTS	Lien #									
Perm	1	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823
City of Fresno CDBG	3	-	-	-	-	-	-	-	-	-
City of Fresno HOME	4	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823
CASH FLOW AFTER DEBT SERVICE		195,699	208,310	220,957	233,630	246,321	259,019	271,712	284,391	297,041
DEBT SERVICE COVERAGE RATIO		1.33	1.35	1.37	1.39	1.41	1.43	1.45	1.47	1.49
Date Prepared:	06/04/20	Senior Staff Date:	6/16/20							

		9	10	11	12	13	14	15	16	17
LESS: Asset Management Fee	3%	9,501	9,786	10,079	10,382	10,693	11,014	11,344	11,685	12,035
LESS: Partnership Management Fee	3%	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047
net CF available for distribution		**173,531**	**185,477**	**197,438**	**209,406**	**221,370**	**233,319**	**245,242**	**257,126**	**268,958**
Deferred developer fee repayment	885,437	719,802	664,689	600,548	526,920	443,328	349,275	244,246	-	-
	5.00%	86,765	92,738	98,719	104,703	110,685	116,660	122,621	-	-
		633,037	571,950	501,829	422,217	332,643	232,615	121,625	-	-
	39764.71462									
Payments for Residual Receipt Payments										
RESIDUAL RECEIPTS LOANS	*Payment %*	86,765	92,738	98,719	104,703	110,685	116,660	122,621	128,563	134,479
MIP	*55.01%*	47,730	51,016	54,306	57,597	60,888	64,175	67,454	70,723	73,977
City of Fresno CDBG	*27.62%*	23,969	25,619	27,271	28,924	30,576	32,227	33,874	35,515	37,150
City of Fresno HOME	*17.36%*	15,067	16,104	17,142	18,182	19,220	20,258	21,293	22,325	23,352
Total Residual Receipts Payments	**100.00%**	86,765	92,738	98,719	104,703	110,685	116,660	122,621	128,563	134,479
Balances for Residual Receipt Payments										
RESIDUAL RECEIPTS LOANS	*Interest Rate*									
MIP---Simple	*2.75%*	5,225,153	5,301,173	5,373,907	5,443,352	5,509,504	5,572,366	5,631,941	5,688,237	5,741,264
City of Fresno CDBG---Simple	*2.00%*	2,488,350	2,509,577	2,529,154	2,547,079	2,563,350	2,577,970	2,590,938	2,602,260	2,611,941
City of Fresno HOME---Simple	*3.00%*	1,677,817	1,705,365	1,731,876	1,757,348	1,781,782	1,805,176	1,827,534	1,848,856	1,869,146
Total Residual Receipts Payments		9,391,320	9,516,115	9,634,937	9,747,779	9,854,636	9,955,512	10,050,413	10,139,353	10,222,350

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for debt service coverage ratio (include any financing with amortizing debt). • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Loan Fee. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Administrative Fee:: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 - $1,000 per month (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000 due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee See Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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

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

TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17 Year Balloon: 15 Year "AAA" MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 35 Year Amortization[1] • Term: Fully Amortizing, and 17 or 30 Year Balloons available[2] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.

TAX-EXEMPT PERMANENT LOAN PROGRAM

Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI"). CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense: • Appraisal (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • Market Study satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects, with annual deposits between • $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve: 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:

Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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

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

Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
   a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
   b. An executed construction contract,
   c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
   d. Binding commitments for any other financing required to complete project construction,
   e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
   f. Payment of all construction lender fees,
   g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
   h. Copy of the notice to proceed delivered to the contractor,
   i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
   j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

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

EVIDENCE OF COST CONTAINMENT:

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

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY:
	
	A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following:
	
	• A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary;
	• A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio;
	• A separate project cash flow that supports any commercial component of the project;
	• A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation;
	• Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM");
	• Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation.
	• Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA);
	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
	    · An increase in tax credit equity;
	    · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;
	• Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.

CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

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

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 11/2019

Cal HFA
California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

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

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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

Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019

State of California

M E M O R A N D U M

To: **Tia Boatman Patterson**
Executive Director **Date:** September 9, 2020

From: **Kevin Brown, Housing Finance Specialist**
Sheena Kho, Multifamily Credit Officer

Subject: **SURPLUS CASH FLOW SPLIT MODIFICATION REQUEST**
Brand Haven (fka Fancher Creek "Project")

Borrower: FCTC Senior, LP, a California limited partnership
CalHFA # 19-076-A/X

On June 16, 2020, the CalHFA Senior Loan Committee ("SLC") approved a CalHFA permanent loan in the amount of $10,459,902 and a CalHFA MIP loan in the amount of $4,500,000 for the subject Project. On July 9, 2020 the CalHFA Board of Directors approved the loans pursuant to Resolution 20-14.

The financial analysis at time of final commitment approval reflects a Deferred Developer Fee ("DDF") of $855,437 and surplus cash flow split of 50% to borrower or DDF and 50% to repayment of soft loans, on a pro-rata share basis, which include CalHFA's MIP, City of Fresno CDBG, and City of Fresno HOME loans. The residual receipt split between CalHFA MIP, City of Fresno CDBG, and HOME loans are 55%, 28% and 17%, respectively. Based on the original 50/50 surplus cash flow split, the total DDF is not anticipated to be fully repaid by Year 15 with $121,625 projected to remain outstanding. The loans were approved with the condition that the tax credit investor (Red Stone Equity Partners) approve the deferred developer fee structure. Red Stone Equity Partners recently advised the developer that they require the DDF to be fully repaid by year 14 or the General Partner will be required to contribute the outstanding amount to the partnership.

In order to meet the tax credit investor's requirement, the developer is requesting and Staff recommends that 100% of the initial surplus cash flow be applied to paying off the DDF of $855,437. Upon the earlier of repayment of DDF or year 15, the surplus cash flow split will revert back to 50% to borrower and 50% to repayment of soft loans on a pro-rata basis.

The projected total MIP loan repayment over the permanent first lien loan (17 years) based on the original surplus cash flow 50/50 split is $812,714. The projected total MIP loan repayment over the permanent first lien loan (17 years) based on the proposed surplus cash flow 100/0 split is $496,823. If approved, the DDF will be fully repaid by year 8 and the surplus cash flow split is anticipated to revert back to 50/50 by year 9. The current and proposed cash flows are enclosed.

Summary of Surplus Cash Split Modification

Surplus Cash Flow % to DDF	DDF Repayment (By Year)	Total MIP Repayment over Perm Loan Term (17 Years)
50% to DDF	Year 16	$ 812,714
100% to DDF	Year 8	$ 496,823

This approval will be conditioned upon approvals by all soft lenders.

Recommendation:

Recommendation is made to modify the surplus cash flow split from 50/50 to 100% towards DDF until the earlier of repayment of DDF or Year 15, at such time the surplus cash flow split will revert back to 50/50.

Approved By:

Tia Boatman Patterson

Tia Boatman Patterson
Executive Director

cc: Don Cavier, Chief Deputy Director
Kate Ferguson, Director of Multifamily Programs

PROJECTED PERMANENT LOAN CASH FL0WS										Fancer Creek Senior Apartments	
Current Cash Flow as Approved by SLC & Board										Project Number	19-076-A/X
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	CPI										
GROSS POTENTIAL INCOME (GPI)		**1,585,524**	**1,624,568**	**1,664,588**	**1,705,609**	**1,747,655**	**1,790,753**	**1,834,927**	**1,880,207**	**1,926,618**	**1,974,189**
VACANCY ASSUMPTIONS	Vacancy										
Restricted Unit Rents	5.00%	78,088	80,040	82,041	84,092	86,195	88,350	90,558	92,822	95,143	97,521
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Vending Machines)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	648	648	648	648	648	648	648	648	648	648
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**78,736**	**80,688**	**82,689**	**84,740**	**86,843**	**88,998**	**91,206**	**93,470**	**95,791**	**98,169**
EFFECTIVE GROSS INCOME (EGI)		**1,506,788**	**1,543,880**	**1,581,899**	**1,620,869**	**1,660,812**	**1,701,755**	**1,743,721**	**1,786,736**	**1,830,827**	**1,876,020**
OPERATING EXPENSES	CPI / Fee										
Administrative Expenses	3.50%	157,000	162,495	168,182	174,069	180,161	186,467	192,993	199,748	206,739	213,975
Management Fee	7.06%	106,435	109,055	111,741	114,493	117,315	120,207	123,171	126,210	129,324	132,516
Utilities	3.50%	142,000	146,970	152,114	157,438	162,948	168,651	174,554	180,664	186,987	193,531
Operating & Maintenance	3.50%	257,000	265,995	275,305	284,940	294,913	305,235	315,919	326,976	338,420	350,265
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Real Estate Taxes	1.25%	-	-	-	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	69,000	71,415	73,915	76,502	79,179	81,950	84,819	87,787	90,860	94,040
Required Reserve Payments	1.00%	54,000	54,540	55,085	55,636	56,193	56,755	57,322	57,895	58,474	59,059
TOTAL OPERATING EXPENSES		**807,935**	**832,970**	**858,842**	**885,578**	**913,209**	**941,765**	**971,278**	**1,001,780**	**1,033,304**	**1,065,886**
NET OPERATING INCOME (NOI)		**698,853**	**710,910**	**723,057**	**735,290**	**747,603**	**759,990**	**772,443**	**784,957**	**797,523**	**810,133**
DEBT SERVICE PAYMENTS	Lien #										
Perm	1	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823
City of Fresno CDBG	3	-	-	-	-	-	-	-	-	-	-
City of Fresno HOME	4	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**
CASH FLOW AFTER DEBT SERVICE		**97,029**	**109,086**	**121,234**	**133,467**	**145,780**	**158,166**	**170,620**	**183,133**	**195,699**	**208,310**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.18**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**	**1.30**	**1.33**	**1.35**
Date Prepared:	06/04/20									Senior Staff Date:	6/16/20

LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786
LESS: Partnership Management Fee	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
net CF available for distribution		**79,529**	**91,061**	**102,668**	**114,344**	**126,083**	**137,879**	**149,724**	**161,611**	**173,531**	**185,477**
Deferred developer fee repayment	885,437	885,437	887,956	884,547	874,873	858,586	835,322	804,701	766,331	719,802	664,689
	5.00%	39,765	45,531	51,334	57,172	63,042	68,939	74,862	80,805	86,765	92,738
		845,672	842,425	833,212	817,701	795,544	766,382	729,839	685,526	633,037	571,950
	39764.71462										
Payments for Residual Receipt Payments		*100%*									
RESIDUAL RECEIPTS LOANS	*Payment %*	39,765	45,531	51,334	57,172	63,042	68,939	74,862	80,805	86,765	92,738
MIP	*55.01%*	21,875	25,047	28,239	31,451	34,679	37,924	41,182	44,451	47,730	51,016
City of Fresno CDBG	*27.62%*	10,985	12,578	14,181	15,794	17,415	19,044	20,680	22,322	23,969	25,619
City of Fresno HOME	*17.36%*	6,905	7,906	8,914	9,928	10,947	11,971	13,000	14,032	15,067	16,104
Total Residual Receipts Payments	**100.00%**	**39,765**	45,531	51,334	57,172	63,042	68,939	74,862	80,805	86,765	92,738
Balances for Residual Receipt Payments											
RESIDUAL RECEIPTS LOANS	*Interest Rate*										
MIP---Simple	*2.75%*	4,500,000	4,601,875	4,700,579	4,796,090	4,888,389	4,977,460	5,063,286	5,145,854	5,225,153	5,301,173
City of Fresno CDBG---Simple	*2.00%*	2,259,784	2,293,995	2,326,613	2,357,627	2,387,030	2,414,810	2,440,961	2,465,477	2,488,350	2,509,577
City of Fresno HOME---Simple	*3.00%*	1,420,500	1,456,210	1,490,919	1,524,619	1,557,307	1,588,974	1,619,618	1,649,233	1,677,817	1,705,365
Total Residual Receipts Payments		**8,180,284**	8,352,080	8,518,110	8,678,337	8,832,725	8,981,244	9,123,865	9,260,564	9,391,320	9,516,115

PROJECTED PERMANENT LOAN CASH FLOWS								
Current Cash Flow as Approved by SLC & Board								
	YEAR	11	12	13	14	15	16	17
RENTAL INCOME	CPI							
GROSS POTENTIAL INCOME (GPI)		2,022,950	2,072,930	2,124,159	2,176,669	2,230,492	2,285,660	2,342,207
VACANCY ASSUMPTIONS	Vacancy							
Restricted Unit Rents	5.00%	99,959	102,458	105,020	107,645	110,337	113,095	115,922
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Vending Machines)	0.00%	-	-	-	-	-	-	-
Laundry Income	5.00%	648	648	648	648	648	648	648
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		100,607	103,106	105,668	108,293	110,985	113,743	116,570
EFFECTIVE GROSS INCOME (EGI)		1,922,342	1,969,823	2,018,491	2,068,375	2,119,507	2,171,917	2,225,637
OPERATING EXPENSES	CPI / Fee							
Administrative Expenses	3.50%	221,464	229,215	237,238	245,541	254,135	263,030	272,236
Management Fee	7.06%	135,789	139,142	142,580	146,104	149,716	153,418	157,212
Utilities	3.50%	200,305	207,316	214,572	222,082	229,855	237,900	246,226
Operating & Maintenance	3.50%	362,524	375,212	388,345	401,937	416,004	430,565	445,634
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Real Estate Taxes	1.25%	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	97,331	100,738	104,264	107,913	111,690	115,599	119,645
Required Reserve Payments	1.00%	59,650	60,246	60,849	61,457	62,072	62,692	63,319
TOTAL OPERATING EXPENSES		1,099,562	1,134,370	1,170,347	1,207,533	1,245,971	1,285,703	1,326,773
NET OPERATING INCOME (NOI)		822,780	835,454	848,144	860,842	873,536	886,214	898,864
DEBT SERVICE PAYMENTS	Lien #							
Perm	1	601,823	601,823	601,823	601,823	601,823	601,823	601,823
City of Fresno CDBG	3	-	-	-	-	-	-	-
City of Fresno HOME	4	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		601,823	601,823	601,823	601,823	601,823	601,823	601,823
CASH FLOW AFTER DEBT SERVICE		220,957	233,630	246,321	259,019	271,712	284,391	297,041
DEBT SERVICE COVERAGE RATIO		1.37	1.39	1.41	1.43	1.45	1.47	1.49
Date Prepared:	06/04/20							

LESS: Asset Management Fee	3%	10,079	10,382	10,693	11,014	11,344	11,685	12,035
LESS: Partnership Management Fee	3%	13,439	13,842	14,258	14,685	15,126	15,580	16,047
net CF available for distribution		**197,438**	**209,406**	**221,370**	**233,319**	**245,242**	**257,126**	**268,958**
Deferred developer fee repayment	885,437	600,548	526,920	443,328	349,275	244,246	-	-
	5.00%	98,719	104,703	110,685	116,660	122,621	-	-
		501,829	422,217	332,643	232,615	121,625	-	-
	39764.71462							
Payments for Residual Receipt Payments								
RESIDUAL RECEIPTS LOANS	*Payment %*	98,719	104,703	110,685	116,660	122,621	128,563	134,479
MIP	*55.01%*	54,306	57,597	60,888	64,175	67,454	70,723	73,977
City of Fresno CDBG	*27.62%*	27,271	28,924	30,576	32,227	33,874	35,515	37,150
City of Fresno HOME	*17.36%*	17,142	18,182	19,220	20,258	21,293	22,325	23,352
Total Residual Receipts Payments	**100.00%**	98,719	104,703	110,685	116,660	122,621	128,563	134,479
Balances for Residual Receipt Payments								
RESIDUAL RECEIPTS LOANS	*Interest Rate*							
MIP---Simple	*2.75%*	5,373,907	5,443,352	5,509,504	5,572,366	5,631,941	5,688,237	5,741,264
City of Fresno CDBG---Simple	*2.00%*	2,529,154	2,547,079	2,563,350	2,577,970	2,590,938	2,602,260	2,611,941
City of Fresno HOME---Simple	*3.00%*	1,731,876	1,757,348	1,781,782	1,805,176	1,827,534	1,848,856	1,869,146
Total Residual Receipts Payments		9,634,937	9,747,779	9,854,636	9,955,512	10,050,413	10,139,353	10,222,350

PROJECTED PERMANENT LOAN CASH FL0WS										Fancer Creek Senior Apartments				
Proposed Cash Flow as of 9/9/20										Project Number	19-076-A/X			
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13
RENTAL INCOME	CPI													
GROSS POTENTIAL INCOME (GPI)		**1,585,524**	**1,624,568**	**1,664,588**	**1,705,609**	**1,747,655**	**1,790,753**	**1,834,927**	**1,880,207**	**1,926,618**	**1,974,189**	**2,022,950**	**2,072,930**	**2,124,159**
VACANCY ASSUMPTIONS	Vacancy													
Restricted Unit Rents	5.00%	78,088	80,040	82,041	84,092	86,195	88,350	90,558	92,822	95,143	97,521	99,959	102,458	105,020
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Vending Machines)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	648	648	648	648	648	648	648	648	648	648	648	648	648
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**78,736**	**80,688**	**82,689**	**84,740**	**86,843**	**88,998**	**91,206**	**93,470**	**95,791**	**98,169**	**100,607**	**103,106**	**105,668**
EFFECTIVE GROSS INCOME (EGI)		**1,506,788**	**1,543,880**	**1,581,899**	**1,620,869**	**1,660,812**	**1,701,755**	**1,743,721**	**1,786,736**	**1,830,827**	**1,876,020**	**1,922,342**	**1,969,823**	**2,018,491**
OPERATING EXPENSES	CPI / Fee													
Administrative Expenses	3.50%	157,000	162,495	168,182	174,069	180,161	186,467	192,993	199,748	206,739	213,975	221,464	229,215	237,238
Management Fee	7.06%	106,435	109,055	111,741	114,493	117,315	120,207	123,171	126,210	129,324	132,516	135,789	139,142	142,580
Utilities	3.50%	142,000	146,970	152,114	157,438	162,948	168,651	174,554	180,664	186,987	193,531	200,305	207,316	214,572
Operating & Maintenance	3.50%	257,000	265,995	275,305	284,940	294,913	305,235	315,919	326,976	338,420	350,265	362,524	375,212	388,345
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Real Estate Taxes	1.25%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	69,000	71,415	73,915	76,502	79,179	81,950	84,819	87,787	90,860	94,040	97,331	100,738	104,264
Required Reserve Payments	1.00%	54,000	54,540	55,085	55,636	56,193	56,755	57,322	57,895	58,474	59,059	59,650	60,246	60,849
TOTAL OPERATING EXPENSES		**807,935**	**832,970**	**858,842**	**885,578**	**913,209**	**941,765**	**971,278**	**1,001,780**	**1,033,304**	**1,065,886**	**1,099,562**	**1,134,370**	**1,170,347**
NET OPERATING INCOME (NOI)		**698,853**	**710,910**	**723,057**	**735,290**	**747,603**	**759,990**	**772,443**	**784,957**	**797,523**	**810,133**	**822,780**	**835,454**	**848,144**
DEBT SERVICE PAYMENTS	Lien #													
Perm	1	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823	601,823
City of Fresno CDBG	3	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Fresno HOME	4	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**	**601,823**
CASH FLOW AFTER DEBT SERVICE		**97,029**	**109,086**	**121,234**	**133,467**	**145,780**	**158,166**	**170,620**	**183,133**	**195,699**	**208,310**	**220,957**	**233,630**	**246,321**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.18**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**	**1.30**	**1.33**	**1.35**	**1.37**	**1.39**	**1.41**
Date Prepared:	06/04/20									Senior Staff Date:	6/16/20			
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382	10,693
LESS: Partnership Management Fee	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258
net CF available for distribution		**79,529**	**91,061**	**102,668**	**114,344**	**126,083**	**137,879**	**149,724**	**161,611**	**173,531**	**185,477**	**197,438**	**209,406**	**221,370**
Deferred developer fee repayment	885,437	885,437	805,908	714,846	612,178	497,834	371,751	233,872	84,148	-	-	-	-	-
	0.00%	79,529	91,061	102,668	114,344	126,083	137,879	149,724	84,148	-	-	-	-	-
		805,908	714,846	612,178	497,834	371,751	233,872	84,148	-	-	-	-	-	-
	39764.71462													
Payments for Residual Receipt Payments		50%												
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	38,731	86,765	92,738	98,719	104,703	110,685
MIP	55.01%	-	-	-	-	-	-	-	21,306	47,730	51,016	54,306	57,597	60,888
City of Fresno CDBG	27.62%	-	-	-	-	-	-	-	10,699	23,969	25,619	27,271	28,924	30,576
City of Fresno HOME	17.36%	-	-	-	-	-	-	-	6,726	15,067	16,104	17,142	18,182	19,220
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	38,731	86,765	92,738	98,719	104,703	110,685
Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS	*Interest Rate*													
MIP---Simple	2.75%	4,500,000	4,623,750	4,747,500	4,871,250	4,995,000	5,118,750	5,242,500	5,366,250	5,468,694	5,544,714	5,617,448	5,686,892	5,753,045
City of Fresno CDBG---Simple	2.00%	2,259,784	2,304,980	2,350,175	2,395,371	2,440,567	2,485,762	2,530,958	2,576,154	2,610,650	2,631,877	2,651,454	2,669,379	2,685,650
City of Fresno HOME---Simple	3.00%	1,420,500	1,463,115	1,505,730	1,548,345	1,590,960	1,633,575	1,676,190	1,718,805	1,754,694	1,782,243	1,808,754	1,834,226	1,858,660
Total Residual Receipts Payments		**8,180,284**	8,391,845	8,603,405	8,814,966	9,026,527	9,238,087	9,449,648	9,661,209	9,834,038	9,958,833	10,077,656	10,190,497	10,297,355

PROJECTED PERMANENT LOAN CASH FL0WS

Proposed Cash Flow as of 9/9/20

	YEAR	14	15	16	17
RENTAL INCOME	CPI				
GROSS POTENTIAL INCOME (GPI)		2,176,669	2,230,492	2,285,660	2,342,207
VACANCY ASSUMPTIONS	Vacancy				
Restricted Unit Rents	5.00%	107,645	110,337	113,095	115,922
Unrestricted Unit Rents	7.00%	-	-	-	-
Commercial Rents	50.00%	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-
Income during renovations	20.00%	-	-	-	-
Other Subsidy (Vending Machines)	0.00%	-	-	-	-
Laundry Income	5.00%	648	648	648	648
Parking & Storage Income	50.00%	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		108,293	110,985	113,743	116,570
EFFECTIVE GROSS INCOME (EGI)		2,068,375	2,119,507	2,171,917	2,225,637
OPERATING EXPENSES	CPI / Fee				
Administrative Expenses	3.50%	245,541	254,135	263,030	272,236
Management Fee	7.06%	146,104	149,716	153,418	157,212
Utilities	3.50%	222,082	229,855	237,900	246,226
Operating & Maintenance	3.50%	401,937	416,004	430,565	445,634
Ground Lease Payments	3.50%	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	15,000	15,000	15,000	15,000
Real Estate Taxes	1.25%	-	-	-	-
Other Taxes & Insurance	3.50%	107,913	111,690	115,599	119,645
Required Reserve Payments	1.00%	61,457	62,072	62,692	63,319
TOTAL OPERATING EXPENSES		1,207,533	1,245,971	1,285,703	1,326,773
NET OPERATING INCOME (NOI)		860,842	873,536	886,214	898,864
DEBT SERVICE PAYMENTS	Lien #				
Perm	1	601,823	601,823	601,823	601,823
City of Fresno CDBG	3	-	-	-	-
City of Fresno HOME	4	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		601,823	601,823	601,823	601,823
CASH FLOW AFTER DEBT SERVICE		259,019	271,712	284,391	297,041
DEBT SERVICE COVERAGE RATIO		1.43	1.45	1.47	1.49
Date Prepared:	06/04/20				

		14	15	16	17
LESS: Asset Management Fee	3%	11,014	11,344	11,685	12,035
LESS: Partnership Management Fee	3%	14,685	15,126	15,580	16,047
net CF available for distribution		233,319	245,242	257,126	268,958
Deferred developer fee repayment	885,437	-	-	-	-
	0.00%	-	-	-	-
		-	-	-	-
	39764.71462				
Payments for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Payment %*	116,660	122,621	64,282	67,240
MIP	*55.01%*	64,175	67,454	35,361	36,989
City of Fresno CDBG	*27.62%*	32,227	33,874	17,758	18,575
City of Fresno HOME	*17.36%*	20,258	21,293	11,162	11,676
Total Residual Receipts Payments	**100.00%**	116,660	122,621	64,282	67,240
Balances for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Interest Rate*				
MIP---Simple	*2.75%*	5,815,907	5,875,482	5,931,778	6,020,166
City of Fresno CDBG---Simple	*2.00%*	2,700,269	2,713,238	2,724,560	2,751,998
City of Fresno HOME---Simple	*3.00%*	1,882,054	1,904,411	1,925,733	1,957,186
Total Residual Receipts Payments		10,398,230	10,493,131	10,582,071	10,729,350

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-09

RESOLUTION AUTHORIZING AN AMENDMENT TO A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") received a loan application on behalf of FCTC Senior, LP, a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Fresno, County of Fresno, California, to be known as Fancher Creek Senior Apartments (the "Development"); and

WHEREAS, at the Board meeting held on July 9, 2020, the Board approved Resolution 20-14 authorizing Agency staff to enter into a loan commitment for the Development and a Final Commitment Letter was issued by the Agency on August 12, 2020 and was subsequently extended by amendments dated September 25, 2020 and October 11, 2023 (collectively the "***Commitment***").

WHEREAS, the construction financing closed on October 13, 2020 and the Development subsequently experienced construction delays and increased development costs and an increase in the Agency's permanent loan, more than 7% above what was approved in Resolution 20-14, has been requested.

WHEREAS, the amount of the Mixed-Income Program loan conditionally approved for the Development by the Agency remains unchanged.

WHEREAS, a modification of the Commitment has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Agency staff has determined or expects to determine prior to making any modification of the Commitment to fund the loan for which this request has been made, that (i) the Agency can effectively and prudently raise capital to fund the loan as increased, by direct access to the capital markets, by private placement, or other means and (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a modification of the Commitment be made for the Development and the Board wishes to grant the staff the authority to amend the Commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the “Board”) of the California Housing Finance Agency as follows:

1. The Executive Director, or in her absence, the Chief Deputy Director, is hereby authorized to modify and execute the Commitment, subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
19-076-A/X/N	BRAND HAVEN SENIOR APARTMENTS (FKA FANCHER CREEK SENIOR APARTMENTS) City of Fresno, Fresno County California	$13,750,000.00	Tax Exempt Permanent 1st Mortgage
		$4,500,000.00	Mixed Income Program Subsidy Loan

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not modify the Commitment to finance the Development. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff’s judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loan or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in her absence, the Chief Deputy Director of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-09 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of March 2024, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of March 2024.

ATTEST: ____________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

MEMORANDUM

To: Board of Directors **Date:** March 6, 2024

From: Erwin Tam, Director of Financing
California Housing Finance Agency

Subject: Agenda Items 6 - 10 Annual Financial Operations Resolutions

Background

The purpose of this memorandum is to provide the background on Resolutions 24-10, 24-11, 24-12, 24-13, and 24-14. Traditionally, these resolutions are presented together annually by the Financing Division. These resolutions authorize the financing and funding for CalHFA's lending programs through the end of the upcoming fiscal year on June 30, 2025.

Four of the resolutions are divided between the program unit – Multifamily and Single Family, and then by the funding source – Bond and Non-Bond. The fifth resolution authorizes the application to CDLAC for volume cap to issue tax-exempt private activity bonds. The resolutions are as follows:

	Multifamily Program	Single Family Program
"Bond"	Resolution No. 24-10	Resolution No. 24-12
"Non-Bond"	Resolution No. 24-11	Resolution No. 24-13
"CDLAC"	Resolution No. 24-14	

The resolutions specifically empower the Executive Director, the Chief Deputy Director, the Director of Financing, and any other individual specifically authorized in writing by the Executive Director.

The effective date of all these resolutions has been changed from prior years. In the past, resolutions would expire 60 days after the first meeting of the Board of Directors after March 1 of the following year. For simplicity, this has been changed to June 30 of the following year.

Globally, cross references between the resolutions were eliminated regarding outstanding amounts of letters of credit. The resolutions authorize letters of credit on a stand-alone basis, rather than an aggregate basis for resolutions passed at the same meeting of the Board.

Resolution 24-10: Multifamily Bond Resolution

The Multifamily Bond Resolution authorizes the issuance of taxable and tax-exempt bonds for the Agency's Multifamily Program. Specifically, Resolution 24-10 allows the Agency to continue the Conduit Bond Program and establish one of the financial alternatives to fund its Permanent Loan Program.

The total dollar amount of the authorization is defined as the volume cap allocated to CalHFA by the California Debt Limit Allocation Committee (CDLAC) for the Agency's programs, plus $500 million of qualified 501(c)3 bonds, governmental purpose bonds, or federally taxable bonds. The Agency is also authorized to issue up to $2.5 billion in taxable or tax-exempt conduit bonds.

The Board approved the issuance of bonds under the Affordable Housing Revenue Bond ("AHRB") Indenture in 2023. CalHFA issued its first series of bonds under the AHRB Indenture in August 2023. The Agency is also authorized to refinance existing bonds either through AHRB or its standalone financings.

The issuance of bonds is also governed by the Agency's Investment and Debt Management Policy which was presented to the Board as recently as 2023. The Board is presented a semi-annual bond and swap report as of February 1 and August 1 of each year per the policy.

The resolution authorizes lines of credit up to $1 billion in total amount. CalHFA currently uses a line of credit for its bond recycling program. Additionally, the Agency is allowed to enter interest rate hedges for permanent loan commitments. Such hedges will be made in accordance with the Agency's Financial Risk Management Policy, as amended. The Financial Risk Management Policy was last presented to the board in 2023.

A **YES** vote means that the Agency will continue its conduit bond program and bond recycling program, have access to the capital markets to fund permanent loans, and be able to refinance outstanding multifamily bonds, subject to the principal amounts as described above.

A **NO** vote means that the Agency's conduit bond program will end on or about May 20, 2024. In addition, the Agency's authority to refinance existing bonds or issue new bonds for the purposes of financing multifamily developments will also end on or about May 20, 2024.

Resolution 24-11: Multifamily Non-Bond Resolution

The Multifamily Non-Bond Resolution authorizes the use of "externally-sourced non-bond funds" to finance its multifamily program. These funds include, but are not limited to, lines of credit, general fund appropriations (e.g. AB 101 and SB2), and restricted and unrestricted Agency funds.

This resolution also allows CalHFA to access the Federal Financing Bank ("FFB") as a financing alternative for multifamily permanent loans. FFB was recently extended indefinitely by the Biden Administration to allow HFAs more flexibility in funding affordable housing. The resolution authorizes lines of credit up to $1 billion in total amount. CalHFA currently uses a line of credit to warehouse multifamily loans prior to the public offering of tax-exempt bonds.

A **YES** vote means that the Agency will be able to fund subsidy loan commitments under MIP and have access to lines of credit from which to warehouse multifamily permanent loans, subject to the total amount as described above.

A **NO** vote means that the Agency's authority to fund MIP loans will end on or about May 20, 2024. In addition, the Agency's authority warehouse multifamily permanent loans, or to finance permanent loans or subsidy loans through non-bond sources will also end on or about May 20, 2024.

Resolution 24-12: Single Family Bond Resolution

The Single Family Bond Resolution authorizes the issuance of taxable and tax-exempt bonds for the Agency's Single Family Program.

The total dollar amount of the authorization is defined as the volume cap allocated to CalHFA by the California Debt Limit Allocation Committee (CDLAC) for the Agency's Single Family Programs, plus up to $1 billion of federally taxable bonds. The Agency is also authorized to refinance existing bonds.

The resolution only authorizes the issuance of bonds that use MBS as the collateral asset. The MBS is a security created when the Agency's financed mortgages are pooled together on a scheduled basis guaranteed by one of the Government Sponsored Enterprises (GSE), such as Fannie Mae or Ginnie Mae. The expected ratings on any bonds that are collateralized by the GSE MBS would generally carry the same rating as the Federal Government of Aaa/AA+. The resolution does not permit the financing of whole loans through the issuance of bonds.

In 2022, CalHFA redeemed the remaining bonds under the prior single family indenture. The Board approved the form of a new indenture in 2023 (the Homeownership Mortgage Bond Indenture, or "HOMB"). The Agency has not been an active issuer of Single Family Bonds but is routinely evaluating the markets for potential opportunities to achieve lower rates for its borrowers.

The issuance of bonds is also governed by the Agency's Investment and Debt Management Policy which was presented to the Board as recently as 2023. The Board is presented a semi-annual bond and swap report as of February 1 and August 1 of each year per the policy.

A **YES** vote means that the Agency is authorized to issue and refund MBS bonds, subject to the amounts described above.

A **NO** vote means that the Agency's authority to issue and refund MBS bonds will end on or about May 20, 2024.

Resolution 24-13: Single Family Non-Bond Resolution

Resolution 24-13 authorizes the Agency's primary method of funding single family loans, through the MBS securitization model / TBA market. Since 2014, this has been the primary source of funding for the Agency's 1st lien mortgage loans for the Single Family Program.

This resolution also authorizes contracts for service in support of the TBA execution, including with a loan servicer and agreements required for GSE loan programs.

In addition to this, the resolution allows the Agency to fund up to $12 million in whole loans related to the SR-710 Affordable Sales Program and $25 million in subordinate loans. The Agency's MyHome and ZIP programs are not directly authorized by this resolution but are separately authorized.

A **YES** vote means that the Agency is authorized to continue its current single family programs, including a master servicer contract and GSE securitization.

A **NO** vote means that the Agency's authority to use the TBA market to fund mortgages will end on or about May 20, 2024.

Resolution 24-14: California Debt Limit Advisory Committee (CDLAC) Resolution

Resolution 24-14 authorizes the Agency to apply for volume cap as established by CDLAC. CalHFA has used volume cap for its multifamily programs, including the conduit bond and permanent loan program.

Volume cap allocated for new multifamily developments with certain minimum affordability levels are eligible for Federal LIHTC (low-income housing tax credits). CalHFA supports the primary usage of the State's volume cap for multifamily developments that can receive Federal LIHTC.

In December 2023, CDLAC was presented a single-family volume cap alternative that was used by the State in prior years to assist homebuyers. In response to this, CDLAC acknowledged that single family may be allocated a pool later in calendar 2024. CalHFA is uniquely positioned as the State's affordable housing lender to deliver lower cost mortgages to first-time homebuyers should a single family pool be established. This resolution authorizes, but does not obligate, CalHFA to make an application for volume cap for its single family program.

The resolution authorizes the application of up to $2.5 billion in total volume cap for the Agency's programs.

A **YES** vote means that the Agency is authorized to continue to apply for volume cap for its multifamily program and will be authorized to apply for volume cap for its single family program should a pool be created.

A **NO** vote means that the Agency's existing authority to apply for volume cap for its multifamily program will end on or about May 20, 2024.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-10

RESOLUTION AUTHORIZING THE FINANCING OF THE AGENCY'S MULTIFAMILY HOUSING PROGRAM, THE ISSUANCE OF MULTIFAMILY BONDS, THE AGENCY'S MULTIFAMILY BOND INDENTURES, CREDIT FACILITIES FOR MULTIFAMILY PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for the financing of mortgage loans for the acquisition, construction, rehabilitation, refinancing or development of multi-unit rental housing developments for the purpose of providing housing for persons and families of low or moderate income (each a "Development");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of an ongoing program to make or acquire, or to make loans to lenders to make or acquire, mortgage loans (the "Loans"), or to act as a conduit issuer, or otherwise to enter into such financial agreements and arrangements as may reasonably be required for the purpose of financing Developments (the "Multifamily Program");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to issue bonds to provide sufficient funds for the Multifamily Program, including the making of loans to finance Developments, the payment of capitalized interest on bonds, the establishment of reserves to secure bonds, and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of bonds (the "Multifamily Program Purposes"); and

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities and certain other agreements in connection with the Multifamily Program;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

ARTICLE I
AUTHORIZATION AND TERMS OF REFUNDING BONDS

Section 1. **<u>Determination of Need and Amount of Refunding Bonds</u>**. The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds ("Refunding Bonds") in an aggregate amount not to exceed the aggregate principal amount of prior multifamily bonds to be redeemed or maturing in connection with such issuance (the related "Refunded Bonds"), plus if applicable, accrued interest, premium, and cost of issuance, is necessary to provide sufficient funds for the management of the Agency's existing debt related to the Multifamily Program, or to provide sufficient funds for Board-authorized, Agency financing of Developments (including permanent financing for Developments which may originally be financed in part by Conduit Bonds, as defined herein), or financing, refinancing or carrying existing Loans, and for related Multifamily Program Purposes.

Section 2. **<u>Authorization and Timing of Refunding Bonds</u>**. The Refunding Bonds described in Article I, Section 1 are hereby authorized to be issued for the purposes described in Article I, Section 1. Refunding Bonds may be issued at such time or times on or before June 30, 2025, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance, upon specified terms and conditions, such Refunding Bonds may be issued on or before Dec 31, 2025.

Section 3. **<u>Approval of Refunding Bond Indentures</u>**. Refunding Bonds may be issued under and pursuant to any new indenture or similar form of document (each a "Refunding Bond New Indenture"), in one or more forms similar to one or more of the following (collectively, the "Refunding Bond Prior Indentures" and, together with the Refunding Bond New Indentures, the "Refunding Bond Indentures"):

(i) the Affordable Housing Revenue Bonds indenture, Dated as of August 1, 2023; or

(ii) any indenture authorizing Special Obligation Multifamily Housing Revenue Bonds

The Executive Director and the Secretary of the Board (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of Refunding Bonds a Refunding Bond Indenture with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Multifamily Program those matters required to be determined under the applicable Refunding Bond Indenture in connection with the issuance of each such series of Refunding Bonds.

ARTICLE II
AUTHORIZATION AND TERMS OF NEW MONEY BONDS

Section 1. **<u>Determination of Need and Amount of New Money Bonds</u>**. The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds ("New Money Bonds") in an aggregate amount not to exceed the sum of the following amounts is necessary to provide sufficient funds for new lending under the Multifamily Program:

(i) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose (including pursuant to 26 U.S.C. 146(i)(6)), plus the preservation of allocations made available to other bond issuers pursuant to 26 U.S.C. 146(i)(6); and

(ii) if and to the extent the New Money Bonds are "qualified 501(c)(3) bonds" under federal tax law, are not "private activity bonds" under federal tax law, or are determined by the Executive Director to be intended not to be tax-exempt for federal income tax purposes, $500,000,000.

Section 2. **Authorization and Timing of New Money Bonds**. The New Money Bonds described in Article II, Section 1, are hereby authorized to be issued for the purpose of financing the acquisition, construction, rehabilitation, refinancing or development of Developments and for other Multifamily Program Purposes. New Money Bonds may be issued at such time or times on or before June 30, 2025, as the Executive Director deems appropriate, upon consultation with the Treasurer as to the timing of each such issuance; *provided*, *however*, that if the New Money Bonds are sold pursuant to a forward purchase agreement providing for the issuance of such New Money Bonds on a later date on or before December 31, 2025, upon specified terms and conditions, such New Money Bonds may be issued on such later date.

Section 3. **Approval of New Money Bond Indentures**. New Money Bonds may be issued under and pursuant to any new indenture or similar form of document (each a "New Money Bond New Indenture"), in one or more forms similar to one or more of the following (collectively, the "New Money Bond Prior Indentures" and, together with the New Money Bond New Indentures, the "New Money Bond Indentures"):

(i) the Affordable Housing Revenue Bonds indenture, dated August 1, 2023; or

(ii) any indenture authorizing Special Obligation Multifamily Housing Revenue Bonds.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of New Money Bonds a New Money Bond Indenture with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Multifamily Program those matters required to be determined under the applicable New Money Bond Indenture in connection with the issuance of each such series of New Money Bonds.

ARTICLE III
AUTHORIZATION AND TERMS OF CONDUIT BONDS

Section 4. **Determination of Need and Amount of Conduit Bonds**. The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds on a "conduit" basis, meaning that (a) the Agency is not liable for payment of the principal of, premium or interest on such bonds, except from revenues received from loans made or purchased with the proceeds of such bonds and related or ancillary collateral, (b) the Agency has not contributed or pledged any funds or assets to such bonds other than the collateral described in the immediately preceding clause, and (c) there is otherwise no obligation of or material financial risk to the General Fund of the Agency under the terms of such bonds (the "Conduit Bonds"), in an aggregate amount not to exceed the sum of the following amounts, is necessary to provide sufficient funds for the Multifamily Program:

(i) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose (including pursuant to 26 U.S.C. 146(i)(6), or in connection with a refunding bond for which an allocation was made to another bond issuer), plus the preservation of allocations made available to other bond issuers pursuant to 26 U.S.C. 146(i)(6); and

(ii) if and to the extent the Conduit Bonds are (A) refunding bonds, in an aggregate amount not to exceed the aggregate amount of bonds to be redeemed or maturing in connection with such issuance, (B) "qualified 501(c)(3) bonds" under federal tax law, (C) are otherwise not "private activity bonds" under federal tax law, or (D) are determined by the Executive Director not to be intended to be tax-exempt for federal income tax purposes, $2,500,000,000.

Section 5. **Authorization and Timing of Conduit Bonds**. The Conduit Bonds described in Article III, Section 1 are hereby authorized to be issued for the purpose of providing funding for the Multifamily Program, and for other Multifamily Program Purposes. Conduit Bonds may be issued at such time or times on or before June 30, 2025, as the Executive Director deems appropriate, upon consultation with the Treasurer as to the timing of each such issuance; *provided, however,* that if Conduit Bonds are sold pursuant to a forward purchase agreement, upon specified terms and conditions, such Conduit Bonds may be issued on or before December 31, 2025.

Section 6. **Approval of Conduit Bond Indentures**. Conduit Bonds may be issued under and pursuant to any indenture or similar form of document (each a "Conduit Bond Indenture") meeting the requirements for Conduit Bonds described in Article III, Section 1.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of Conduit Bonds a Conduit Bond Indenture with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Multifamily Program those matters required to be determined under the applicable Conduit Bond Indenture in connection with the issuance of each such series of Conduit Bonds.

ARTICLE IV
PROVISIONS APPLICABLE TO ALL BONDS ISSUED UNDER THIS RESOLUTION

Section 1. **Approval of Forms and Terms of Bonds**. Refunding Bonds, New Money Bonds and Conduit Bonds (collectively, "Bonds") shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or outside of the State of California, be subject to such terms of prepayment or redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each Refunding Bond Indenture, New Money Bond Indenture or Conduit Bond Indenture (each a "Bond Indenture") shall provide. Bonds shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Multifamily Program.

Bonds and the related Bond Indenture(s) may contain such provisions as may be necessary to accommodate an option to put or tender such Bonds prior to maturity for purchase by or on behalf of the Agency or a person other than the Agency, to accommodate the requirements of any provider of bond insurance or other credit enhancement or liquidity support or to accommodate the requirements of purchasers of indexed floating-rate bonds.

Bonds may be issued on a drawdown basis comprised of one or more advances. The date of the initial draw (or advance) for any issue of drawdown Bond shall be considered the issue date of such issue.

Bonds may otherwise have such commercially reasonable terms as may be approved by the Executive Director, such approval to be evidenced by the execution and delivery of the documents relating to such Bonds in accordance with this resolution.

Section 2. **Authorization of Disclosure**. The Executive Director is hereby authorized to circulate one or more preliminary official statements relating to Bonds and to execute and circulate one or more official statements relating to Bonds, and the circulation of such preliminary official statement and such official statement to prospective and actual purchasers of Bonds is hereby approved. The Executive Director is further authorized to hold information meetings concerning Bonds and to distribute other information and material relating to Bonds, including by posting of such information on one or more websites maintained by or at the direction of the Agency.

Section 3. **Authorization of Sale of Bonds**. Bonds are hereby authorized to be sold at negotiated or competitive sale or sales, including but not limited to private placements and public offerings. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver one or more agreements, by and among the Agency, the Treasurer, if applicable, and such purchasers or underwriters as the Executive Director may select (the "Purchasers"), relating to the sale of the Bonds, in such form as the Executive Director may approve upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said agreements by the Executive Director.

The Treasurer is hereby authorized and requested, without further action of this Board and unless instructed otherwise by this Board, to sell the Bonds pursuant to the terms and conditions set forth in each such agreement as finally executed on behalf of the Agency. The Treasurer is hereby further authorized and requested to deposit the proceeds of any good faith deposit to be received by the Treasurer under the terms of such agreement in a special trust account for the benefit of the Agency, and the amount of such deposit shall be retained by the Agency, applied at the time of delivery of the applicable Bonds as part of the purchase price thereof, or returned to the Purchasers, as provided in such agreement.

Section 4. **Authorization of Execution of Bonds**. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount authorized hereby, in accordance with each Bond Indenture in one or more of the forms set forth in such indenture.

Section 5. **Authorization of Delivery of Bonds**. The Bonds when so executed shall be delivered to the trustee, fiscal agent or other authenticating agent ("Trustee") to be authenticated or caused to be duly and properly authenticated. The Trustee is hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by the execution of the certificate of authentication and registration appearing thereon, and to deliver or cause to be delivered the Bonds when duly executed and authenticated to the Purchasers in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver to the Trustee.

Section 6. **Authorization of Program Documents**. The Executive Director is hereby authorized and directed to execute all documents the Executive Director deems necessary or appropriate in connection with the Multifamily Program, including but not limited to (in each case with such other parties as the Executive Director may select in furtherance of the objectives of the Multifamily Program):

(a) regulatory agreements, loan agreements, origination and/or servicing agreements (or other loan-to-lender documents), developer agreements, financing agreements, investment agreements, intercreditor agreements, subordination agreements, agreements to enter into escrow and forward purchase agreements, escrow and forward purchase agreements, refunding agreements and continuing disclosure agreements;

(b) one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Multifamily Program (and any such sale of Loans may be on either a current or a forward purchase basis);

(c) contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Multifamily Program;

(d) contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Multifamily Program, which may be on an all-cash basis or may include financing by the Agency; and

(e) any other agreements, including but not limited to real estate brokerage agreements and construction contracts, necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

Section 7. **Authorization of Credit Facilities and Related Agreements.** The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, together with any extensions or other amendments thereto, including but not limited to repurchase agreements, for the purposes of (i) improving the credit and/or liquidity profile of Bonds of the Agency, (ii) making or financing the purchase of Loans and/or mortgage-backed securities on an interim basis, prior to the sale thereof to third parties and/or the financing thereof with Bonds, whether issued or to be issued, or other internal or external Agency sources, as authorized by the Board; (iii) financing expenditures of the Agency incident to, and necessary or convenient to, the issuance of Bonds and/or the preservation of private activity bond volume cap for subsequent recycling, including, but not limited to, Agency expenditures to pay costs of issuance, capitalized interest, redemption price of Prior Bonds (as defined below) of the Agency or bonds issued by another issuer for the purpose of preservation of private activity volume cap for subsequent recycling, costs relating to credit enhancement or liquidity support, costs relating to investment products, or net payments and expenses relating to interest rate hedges and other financial products; and (iv) enabling the Agency to restructure existing debt and related purposes, including, but not limited to, the redemption of existing bonds and the acquisition of bonds that have been put to liquidity providers as bank bonds. Any such credit facility may be secured by any Loans, mortgage-backed securities and/or other assets thereunder and/or the general obligation of the Agency. Any such credit facility may be from any appropriate source as determined by the Director of Financing and approved by the Executive Director; provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution , as amended from time to time, may not at any time exceed $1,000,000,000. For purposes of clarity, the above limitation applicable to credit facilities does not limit the amount of Bonds authorized by this resolution.

The Executive Director is hereby further authorized to enter into, for and in the name and on behalf of the Agency, one or more reimbursement agreements, letter of credit agreements, standby bond purchase agreements, or other arrangements with respect to credit enhancement or liquidity support, and any intercreditor agreements related thereto, together with any extensions or other amendments thereto.

Section 8. **Use of Agency Moneys for Debt Restructuring**. The Executive Director is hereby authorized to use available Agency moneys (other than and in addition to the proceeds of Bonds) (i) to make or purchase loans to be financed by Bonds (including Bonds authorized by prior resolutions of the Board) in anticipation of draws on a credit facility, the issuance of Bonds or the availability of Bond proceeds for such purposes and (ii) to purchase Agency Bonds to enable the Agency to restructure its debt and for related purposes as authorized under Resolution No. 08-42 and any future Board resolutions amendatory or supplemental thereto.

The Executive Director is hereby authorized to use available Agency moneys to purchase Agency Bonds to enable the Agency to restructure its debt and for related purposes. Any Agency Bonds so purchased shall remain outstanding for all purposes except to the extent that the Executive Director expressly provides for the retirement or redemption, and cancellation, of such Bonds. Any Agency Bonds so purchased may be purchased and resold, in each case on such terms as may be determined by the Executive Director to be in the best interests of the Agency. The Agency may establish any account or accounts as may be necessary or desirable in connection with the purchase of such Bonds.

Section 9. **Authorization of Other Financial Agreements Related to Bonds**. The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, any and all agreements and documents designed to amend, modify or replace existing agreements and documents related to Bonds to (i) reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk with respect to Bonds or related investments, (ii) result in a lower cost of borrowing when used in combination with the issuance or carrying of Bonds or related investments, or (iii) enhance the relationship between risk and return with respect to the existing debt of the Multifamily Program or any portion thereof. Such agreements and other documents are authorized to be entered into with parties selected by the Executive Director, after giving due consideration for the creditworthiness of the counterparties, when applicable, or any other criteria in furtherance of the objectives of the management of the debt of the Multifamily Program.

Section 10. **Ratification of Prior Actions; Not a Repeal of Prior Resolutions**. All actions previously taken by the officers of the Agency in connection with the implementation of the Multifamily Program, including but not limited to the issuance of the Bonds, the issuance of any prior bonds of the Agency (the "Prior Bonds"), the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above are hereby approved and ratified.

This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director in relation to Prior Bonds and related agreements, including but not limited to (i) the authority to determine in furtherance of the objectives of the Multifamily Program those matters required to be determined in relation to Prior Bonds, whether under indentures or other related agreements, and (ii) the authority to amend, modify or replace financial agreements of the types described in Article IV, Section 9 of this resolution.

Section 11. **Authorization of Related Actions and Agreements**. The Treasurer and any duly authorized deputy thereof, the Executive Director, and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they individually or collectively deem necessary or advisable in order to consummate the issuance, sale, delivery, remarketing, conversion and administration of Bonds and Prior Bonds and otherwise to effectuate the purposes of this resolution, including declaring the official intent of the Agency for purposes of U.S. Treasury Regulations Section 1.150-2, and including executing and delivering any amendment or supplement to any agreement or document, or executing and delivering any termination agreement or other document relating to Bonds or Prior Bonds in any manner. Such agreements may include, but are not limited to, remarketing agreements, tender agreements or similar agreements regarding any put option for Bonds or Prior Bonds, broker-dealer agreements, market agent agreements, auction agent agreements or other agreements necessary or desirable in connection with the issuance of Bonds in, or the conversion of Bonds or Prior Bonds to or from, an auction rate mode or an indexed rate mode, agreements for the investment of moneys relating to the Bonds or Prior Bonds, reimbursement agreements, letter of credit agreements, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support or put option provided for the Bonds or the Prior Bonds, continuing disclosure agreements and agreements for necessary services provided in the course of the issuance of the bonds, including but not limited to, agreements with bond underwriters, remarketing agents, placement agents, private placement purchasers, bond trustees, fiscal agents, escrow agents, bond counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services. The Executive Director, any persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to provide as necessary for payment of costs of issuance related to Bonds and to provide for the Agency to contribute capital as necessary to facilitate the issuance of Bonds.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

Section 12. **Certain Definitions**. For purposes of this resolution, the term "financing" shall include both "financing and "refinancing", the term "bonds" shall include, as set forth in Section 50058 of the Act, "bonds, notes (including bond anticipation notes and construction loan notes), debentures, interim or other certificates, or other evidences of financial indebtedness issued by the Agency, the term "indenture" shall include indentures, trust agreements, loan agreements, financing agreements and all comparable documents providing for the issuance of bonds, and the term "costs of issuance" shall include costs of refunding or other customary transaction costs as applicable.

Section 13. **Additional Delegation**. Any and all actions by the Executive Director approved or authorized by this resolution may be taken instead by the Chief Deputy Director of the Agency or the Director of Financing of the Agency, or by any other person specifically authorized in writing by the Executive Director, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period during which the office of the Executive Director is vacant; provided, however that reference title Executive Director, Chief Deputy Director, and Director of Financing shall include any persons servicing in such capacities, respectively on an acting or interim basis.

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-10 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of March, 2024 at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of March, 2024.

ATTEST: ____________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-11

RESOLUTION AUTHORIZING THE FINANCING OF THE AGENCY'S MULTIFAMILY HOUSING PROGRAM FROM NON-BOND SOURCES AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for the financing of mortgage loans for the acquisition, construction, rehabilitation, refinancing or development of multi-unit rental housing developments for the purpose of providing housing for persons and families of low or moderate income (the "Developments");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of an ongoing program (the "Multifamily Program") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, for the purpose of financing such Developments (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to borrow money and utilize its own funds as necessary to provide sufficient funds to finance the Multifamily Program, including the making of Loans, and the payment of other costs of the Agency incident to, and necessary or convenient to, the borrowing of money or use of the Agency's own funds; and

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities, certificates of participation, forward interest rate locks, forward purchase agreements, purchase and sale agreements, financing agreements, loan agreements and certain other agreements for the purpose of financing the Multifamily Program, including the making of Loans and the payment of other costs of the Agency incident to, and necessary or convenient to, the financing of the Multifamily Program from non-bond sources;

WHEREAS, the Agency has, by its Resolutions 19-02 related to SB2, 19-14, 20-17, and 21-16 related to AB101, the authority to utilize funds related to SB2 and AB101, respectively, for the implementation of a broader mixed-income strategy and shall deploy these funds as part of various CalHFA programs.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

ARTICLE I

AUTHORIZATION AND TERMS OF BORROWING TO FINANCE THE PROGRAM

Section 1. **Determination of Need and Amount of Borrowing to Finance Programs.** The Agency is of the opinion and hereby determines that the borrowing of funds from external non-bond sources ("Externally-Sourced Non-Bond Funds"), including but not limited to financing provided by the Federal Government, the selling or securitization of Loans within the Agency's portfolio ("Agency Loans"), the pledge of Agency Loans as collateral to secure financing, assigning or participations in Agency Loans is necessary to provide sufficient funds for new lending under the Multifamily Program.

Section 2. **Authorization.** The borrowing of Externally-Sourced Non-Bond Funds described in Section 1 is hereby authorized to be for the purpose of financing and/or refinancing Loans for the acquisition, construction, rehabilitation, refinancing or development of Developments and may be secured as to repayment by a general obligation pledge of the Agency.

Section 3. **Approval of Non-Bond Fund Financing Agreements and Certain Other Financing Documents.** The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, if appropriate, to execute and acknowledge and to deliver with respect to the borrowing of Externally-Sourced Non-Bond Funds, financing agreements, loan agreements, certificates of participation, investment agreements, purchase and sale agreements, forward purchase agreements, forward rate-lock agreements, and other agreements as may be necessary.

Section 4. **Approval of Forms and Terms of Externally-Sourced Non-Bond Funds.** Externally-Sourced Non-Bond Funds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California and contain such terms and conditions as each agreement for the provision of Externally-Sourced Non-Bond Funds, as finally approved, shall provide. Externally-Sourced Non-Bond Funds shall have the maturity or maturities and shall bear interest at fixed or convertible rates deemed appropriate by the Executive Director in furtherance of the objectives of the Multifamily Program.

Externally-Sourced Non-Bond Funds and the related agreements may contain such provisions as may be necessary to accommodate prepayment by or on behalf of the Agency or a person other than the Agency, and/or to accommodate the requirements of any provider of insurance or other credit enhancement.

No Externally-Sourced Non-Bond Funds shall be borrowed at a term in excess of fifty-five years or bear interest at a stated rate in excess of fifteen percent (15%) per annum.

ARTICLE II

AUTHORIZATION AND TERMS OF USE OF AGENCY NON-BOND FUNDS TO FINANCE THE PROGRAM

Section 1. **Determination of Need and Amount of Additional Funds to Finance Programs.** The Agency is of the opinion and hereby determines that the use of the funds of the Agency, from non-bond sources under Agency control, or from State of California funds administered by the Agency, including but not limited to SB2, AB101, and AB128 funds, (together "Agency Funds or Administered Funds") is necessary to provide sufficient funds for new lending under the Multifamily Program.

Section 2. **<u>Authorization.</u>** The use of Agency Funds or Administered Funds described in Section 5 is hereby authorized for the purpose of financing, including loan participations, carrying or warehousing, for future committed financing of the Agency by Externally-Sourced Non-Bond Funds or otherwise, or by other lenders, new Loans for the acquisition, construction, rehabilitation, refinancing or development of Developments, including providing subordinate or gap financing and to supplement interest rates or costs of the financing of Loans by the Agency as may be permitted under the statutes, regulations and/or agreements governing the use of such funds.

Security/Affordability Protection: Agency Funds or Administered Funds may also be used to provide supplemental financing for projects existing within the Agency's Loan portfolio that the Executive Director determines is necessary, reasonable and in the Agency's best interest for the purposes of (1) workouts to prevent defaults; (2) repairs for health and safety issues and related costs; (3) the preservation or enhancement of affordability; and (4) other purposes as determined by the Executive Director that advance the mission of the Agency.

ARTICLE III

PROVISIONS APPLICABLE TO THE USE OF EXTERNALLY SOURCED NON-BOND FUNDS AND AGENCY FUNDS OR ADMINISTERED FUNDS (COLLECTIVELY "NON-BOND FUNDS") AUTHORIZED UNDER THIS RESOLUTION

Section 1. **<u>Authorization of the use of Non-Bond Funds for Lending within the Program</u>.** The use of Non-Bond Funds is hereby authorized with regard to Multifamily Programs as determined by the Executive Director.

Section 2. **<u>Authorization of Program Documents.</u>** The Executive Director is hereby authorized and directed to execute all documents they deem necessary or appropriate in connection with the Multifamily Program, including, but not limited to, regulatory agreements, loan agreements, origination and servicing agreements (or other loan-to-lender documents), servicing agreements, developer agreements, financing agreements, investment agreements, intercreditor agreements, subordination agreements, agreements to enter into escrow and forward purchase agreements, escrow and forward purchase agreements, refunding agreements, continuing disclosure agreements, participation agreements and loan modification agreements, in each case with such other parties as the Executive Director may select in furtherance of the objectives of the Multifamily Program.

The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Multifamily Program. Any such sale of Loans may be on either a current or a forward purchase basis.

The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Multifamily Program.

The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Multifamily Program. Any such sale of foreclosed properties may be on an all cash basis or may include financing by the Agency. The Executive Director and the other Authorized Employees are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts, necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

Section 3. **<u>Authorization of Credit Facilities</u>**. The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, including but not limited to repurchase agreements, together with any extensions or other amendments thereto, for the purposes of making or financing the purchase of Loans and/or mortgage-backed securities on an interim basis. The Agency may pledge its General Obligation as a credit support for said Credit Facilities. Any such credit facility may be from any appropriate source as determined by the Director of Financing and approved by the Executive Director; provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution, as amended from time to time, may not at any time exceed $1,000,000,000.

Section 4. **<u>Ratification of Prior Actions; Not a Repeal of Prior Resolutions.</u>** All actions previously taken by the officers of the Agency in connection with the implementation of the Multifamily Program, the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above are hereby approved and ratified.

This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director in relation to the use of Non-Bond Funds and related agreements, including but not limited to (1) the authority to determine in furtherance of the objectives of the Multifamily Program those matters required to be determined in relation to Non-Bond Funds, whether under indentures or other related agreements, and (2) the authority to amend, modify or replace financial agreements of the types described in Section 3 of this Resolution.

Section 5. **<u>Authorization of Related Actions and Agreements</u>.** The Executive Director, any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the borrowing of Externally-Sourced Non-Bond Funds and otherwise to effectuate the purposes of this resolution including executing and delivering any amendment or supplement to any agreement or document relating to the Externally-Sourced Non-Bond Funds in any manner that would be authorized under this resolution if such agreement or document related to Externally-Sourced Non-Bond Funds authorized by this resolution. Subject in all cases to the express limitations set forth above in this resolution, such agreements, together with any extensions or other amendments thereto, may include, but are not limited to, reimbursement agreements, letter of credit agreements, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support, continuing disclosure agreements and agreements for necessary services provided in the course of the borrowing of the Externally-Sourced Non-Bond Funds, including but not limited to, agreements with counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services. The Executive Director, any persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to provide as necessary for payment of costs of borrowing related to Externally-Sourced Non-Bond Funds and to provide for the Agency to contribute capital as necessary to facilitate the borrowing of Externally-Sourced Non-Bond Funds.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency’s regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

Section 6. **Additional Delegation.** All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other person specifically authorized in writing by the Executive Director and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant; provided, however that reference title Executive Director, Chief Deputy Director, and Director of Financing shall include any persons servicing in such capacities, respectively on an acting or interim basis..

Section 7. **Duration of Authority.** The authority granted under this resolution shall remain in full force and effect until June 30, 2025.

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-11 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of March, 2024 at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of March, 2024.

ATTEST: ______________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-12
RESOLUTION AUTHORIZING THE AGENCY'S SINGLE FAMILY BOND INDENTURES, THE ISSUANCE OF SINGLE FAMILY BONDS, CREDIT FACILITIES FOR HOMEOWNERSHIP PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for providing financial assistance, directly or indirectly, to persons and families of low or moderate income to enable them to purchase or refinance moderately-priced single family residences ("Residences");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of various programs, including whole loan and mortgage-backed securities programs (collectively, the "Single Family Program") to make loans to such persons and families, or to developers, for the acquisition, development, construction and/or permanent financing of Residences (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to issue bonds to provide sufficient funds to finance the Program, including the purchase of mortgage-backed securities ("MBSs") secured by Loans, the payment of capitalized interest on the bonds, the establishment of reserves to secure the bonds, and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds;

WHEREAS, the Agency, pursuant to the Act, has from time to time issued various series of its mortgage revenue bonds and is authorized pursuant to the Act to issue additional bonds authorized under this resolution to be issued under prior or new indentures (the "Bonds") to provide funds to finance the Single Family Program;

WHEREAS, the Bonds may be issued for the primary purpose of purchasing MBSs ("MBS Bonds"); and

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities for the purpose of financing the Program, including the making of Loans and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

ARTICLE I
AUTHORIZATION AND TERMS OF MBS BONDS

Section 1. **Determination of Need and Amount of MBS Bonds**. The Agency is of the opinion and hereby determines that the issuance of one or more series of MBS Bonds, in an aggregate amount not to exceed the sum of the following amounts, is necessary to provide sufficient funds for the Single Family Program:

(i) the aggregate amount available for the retirement of Bonds and/or other qualified mortgage bonds and deemed replaced for federal tax law purposes with proceeds of such issuance,

(ii) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose, and

(iii) if and to the extent interest on one or more of such series of Bonds is determined by the Executive Director to be intended not to be excludable from gross income for federal income tax purposes, $1,000,000,000.

Section 2. **Authorization and Timing of MBS Bonds**. The MBS Bonds are hereby authorized to be issued in such aggregate amount at such time or times on or before June 30, 2025, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance; *provided, however,* that if the bonds are sold pursuant to a forward purchase or drawdown agreement entered into on or before June 30, 2025 providing for the issuance of such Bonds on or before December 31, 2025 upon specified terms and conditions, such Bonds may be issued on such later date. Bonds issued on a drawdown basis may be comprised of one or more advances. The date of the initial draw (or advance) for any issue of drawdown Bond shall be considered the issue date of such issue.

Section 3. **Approval of Forms of Indentures Related to MBS Bonds and Amendments**. The Executive Director and the Secretary of the Board of Directors of the Agency (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency in connection with the issuance of MBS Bonds, to execute and acknowledge and to deliver to the Trustees one or more new indentures, trust agreements or similar documents providing for the issuance of MBS Bonds (the "New MBS Indentures"), in one or more forms similar to one or more of the following (collectively, the "Prior Indentures"):

(i) that certain indenture pertaining to the HOMB Bonds, approved by the Board in Resolution 23-11 (the "HOMB Indenture")

(ii) that certain indenture pertaining to the AHRB Bonds, approved by the Board in Resolution 23-02 (the "AHRB Indenture").

Each such New MBS Indenture may be executed, acknowledged and delivered with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any New MBS Indenture may include provision for a supplemental pledge of Agency moneys or assets (including, but not limited to, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) to additionally secure the MBS Bonds if appropriate in furtherance of the objectives of the Single Family Program.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to any New MBS Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. **Approval of Forms of Series and Supplemental Indentures Related to MBS Bonds and Amendments**. The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of MBS Bonds, if and to the extent appropriate, series and/or supplemental indentures (each an "MBS Supplemental Indenture") under the HOMB Indenture or a new MBS Indenture upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any MBS Supplemental Indenture may include provision for a supplemental pledge of Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) to additionally secure the Bonds if appropriate in furtherance of the objectives of the Single Family Program.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Single Family Program those matters required to be determined under any New MBS Indenture, as appropriate, in connection with the issuance of each such series, including, without limitation, any reserve account requirement or requirements for such series.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to any series and/or supplemental indentures under any New MBS Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. **Approval of Forms and Terms of MBS Bonds**. The MBS Bonds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each MBS Supplemental Indenture as finally approved shall provide. The MBS Bonds shall have the maturity or maturities and shall bear interest at the fixed rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Single Family Program; *provided, however*, that no MBS Bond shall have a term in excess of thirty-five (35) years or bear interest at a stated rate in excess of fifteen percent (15%) per annum.

ARTICLE II
PROVISIONS APPLICABLE TO ALL BONDS OF THE AGENCY

Section 1. **Authorization of Disclosure**. The Executive Director is hereby authorized to circulate one or more Preliminary Official Statements relating to the Bonds and, after the sale of the Bonds, to execute and circulate one or more Official Statements relating to the Bonds, and the circulation of such Preliminary Official Statements and such Official Statements to prospective and actual purchasers of the Bonds is hereby approved. The Executive Director is further authorized to hold information meetings concerning the Bonds and to distribute other information and material relating to the Bonds. Circulation of Preliminary Official Statements and Official Statements and distribution of information and material as provided above in this Section may be accomplished through electronic means or by any other means approved therefor by the Executive Director, such approval to be conclusively evidenced by such circulation or distribution.

Section 2. **Authorization of Sale of Bonds**. The Bonds are hereby authorized to be sold at negotiated or competitive sale or sales, including but not limited to private placements and public offerings. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver one or more purchase contracts (including one or more forward purchase agreements) relating to the Bonds, by and among the Agency, the Treasurer and such underwriters or other purchasers as the Executive Director may select (the "Purchasers"), in the form or forms approved by the Executive Director upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said purchase contract by the Executive Director.

The Treasurer is hereby authorized and requested, without further action of the Board and unless instructed otherwise by the Board, to sell each series of Bonds at the time and place and pursuant to the terms and conditions set forth in each such purchase contract as finally executed. The Treasurer is hereby further authorized and requested to deposit the proceeds of any good faith deposit to be received by the Treasurer under the terms of a purchase contract in a special trust account for the benefit of the Agency, and the amount of said deposit shall be retained by the Agency, applied at the time of delivery of the applicable Bonds as part of the purchase price thereof, or returned to the Purchasers, as provided in such purchase contract.

Section 3. **Authorization of Execution of Bonds**. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount authorized hereby, in accordance with the New MBS Indenture(s) and in one or more of the forms set forth in the New MBS Indenture(s), as appropriate.

Section 4. **Authorization of Delivery of Bonds**. The Bonds, when so executed, shall be delivered to the Trustees to be authenticated by, or caused to be authenticated by, the Trustees. The Trustees are hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by executing the certificate of authentication and registration appearing thereon, and to deliver the Bonds when duly executed and authenticated to the Purchasers in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver. Such instructions shall provide for the delivery of the Bonds to the Purchasers upon payment of the purchase price or prices thereof.

Section 5. **Authorization of Program Documents**. The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, all documents they deem necessary or appropriate in connection with the Single Family Program, including, but not limited to, one or more mortgage purchase and servicing agreements (including mortgage-backed security pooling agreements) and one or more loan servicing agreements with such lender or lenders or such servicer or servicers as the Executive Director may select in accordance with the purposes of the Single Family Program, and any such selection of a lender or lenders or a servicer or servicers is to be deemed approved by this Board as if it had been made by this Board. The proceeds of MBS Bonds to be issued under the authority of this Resolution shall be used to purchase MBSs guaranteed by Fannie Mae, Freddie Mac, Ginnie Mae, or other appropriate guarantor and shall not be used to purchase whole loans. The MBSs to be purchased may be secured by loans that have terms of 30 years or less.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Single Family Program, including but not limited to such agreements with Fannie Mae, Freddie Mac or other government-sponsored enterprise or similar entity for such sales in bulk or otherwise. Any such sale of Loans may be on either a current or a forward purchase basis.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Single Family Program.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Single Family Program. Any such sale of foreclosed properties may be on either an all cash basis or may include financing by the Agency. The Executive Director and the other officers of the Agency are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, (i) contracts or agreements for the purchase or sale of mortgage-backed securities; (ii) servicing agreements, including master servicing agreements, in connection with the operation of a program of mortgage-backed securities; (iii) agreements with government-sponsored enterprises, or other secondary market issuers or guarantors of mortgage-backed securities; and (iv) such other program documents as are necessary or appropriate for the operation of a program of mortgage-backed securities; any of the foregoing may, as applicable, be secured by any Loans, mortgage-backed securities and/or other assets thereunder and/or the general obligation of the Agency.

Section 6. **Authorization of Credit Facilities**. The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, together with any extensions or other amendments thereto, including but not limited to repurchase agreements, for the purposes of (i) improving the credit and/or liquidity profile of Bonds of the Agency, (ii) financing the purchase of Loans and/or mortgage-backed securities on an interim basis, prior to the sale thereof to third parties and/or the financing thereof with Bonds, whether issued or to be issued; (iii) financing expenditures of the Agency incident to, and necessary or convenient to, the issuance of Bonds and/or the preservation of private activity volume cap for subsequent recycling, including, but not limited to, Agency expenditures to pay costs of issuance, capitalized interest, redemption price of prior bonds of the Agency or bonds issued by another issuer for the purpose of preservation for subsequent recycling, costs relating to credit enhancement or liquidity support, costs relating to investment products, or net payments and expenses relating to interest rate hedges and other financial products; and (iv) enabling the Agency to restructure existing debt and related purposes, including, but not limited to, the redemption of existing bonds and the acquisition of bonds that have been put to liquidity providers as bank bonds. Any such credit facility may be secured by any Loans, mortgage-backed securities and/or other assets thereunder and/or the general obligation of the Agency. Any such credit facility may be from any appropriate source as determined by the Director of Financing and approved by the Executive Director, provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution, as amended from time to time, may not at any time exceed $1,000,000,000. For purposes of clarity, the above limitation applicable to credit facilities does not limit the amount of Bonds authorized by this resolution.

The Executive Director is hereby authorized to use available Agency moneys (other than and in addition to the proceeds of bonds) (i) to make or purchase Loans and/or mortgage-backed securities to be financed by bonds (including bonds authorized by prior resolutions of this Board) in anticipation of draws on a credit facility, the issuance of Bonds or the availability of Bond or other Agency proceeds, as authorized by the Board, for such purposes and (ii) to purchase Agency bonds to enable the Agency to restructure its debt and for related purposes as authorized under Resolution No. 08-42 and any future Board resolutions thereto amendatory or supplemental.

Section 7. **Ratification of Prior Actions; Not a Repeal of Prior Resolutions**. All actions previously taken by the Agency relating to the implementation of the Single Family Program, the issuance of the Bonds, the issuance of any prior bonds (the “Prior Bonds”), the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above, including, but not limited to, such actions as the distribution of the Agency’s Lender Program Manual, Mortgage Purchase and

Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer's Guide, Program Bulletins and applications to originate and service loans, and the sale of any foreclosed property, are hereby ratified.

This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director and the other officers of the Agency in relation to prior bonds and related agreements, including but not limited to (i) the authority to determine in furtherance of the objectives of the Single Family Program those matters required to be determined in relation to prior bonds, whether under indentures or other related agreements, and (ii) the authority to amend, modify or replace financial agreements of the types described in Section 5 of this resolution.

Section 8. **Authorization of Related Actions and Agreements**. The Treasurer and any duly authorized deputy thereof and the Executive Director and the other officers of the Agency and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the issuance, sale, delivery, remarketing, conversion and administration of Bonds and Prior Bonds and otherwise to effectuate the purposes of this resolution, including declaring the official intent of the Agency for purposes of U.S. Treasury Regulations Section 1.150-2, and including executing and delivering any amendment or supplement to any agreement or document relating to Bonds or Prior Bonds in any manner that would be authorized under this resolution if such agreement or document related to Bonds is authorized by this resolution. Such agreements may include, but are not limited to, remarketing agreements, tender agreements or similar agreements regarding any put option for the Bonds or Prior Bonds, broker-dealer agreements, market agent agreements, auction agent agreements or other agreements necessary or desirable in connection with the issuance of Bonds in, or the conversion of Bonds or Prior Bonds to, an indexed rate mode, agreements for the investment of moneys relating to the Bonds or Prior Bonds, reimbursement agreements, letters of credit, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support or put option provided for the Bonds or Prior Bonds, continuing disclosure agreements and agreements for necessary services provided in the course of the issuance of the bonds, including but not limited to, agreements with bond underwriters and placement agents, private placement purchasers, bond trustees, bond counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

The Executive Director is hereby authorized and directed, in connection with the issuance of bonds authorized under this resolution, to use funds of the Agency to purchase MBSs, make a capital contribution with respect to such bonds, establish reserves to secure such bonds, and pay other costs of the Agency incident to, and necessary or convenient to, the issuance of such bonds.

Section 9. **Authorization of Other Financial Agreements Related to Bonds**. The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, any and all agreements and documents designed to amend, modify or replace existing agreements and documents related to Bonds to (i) reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk with respect to Bonds or related investments, (ii) result in a lower cost of borrowing when used in combination with the issuance or carrying of Bonds or related investments, or (iii) enhance the relationship between risk and return with respect to the existing debt of the Single Family Program or any portion thereof. Such agreements and other documents are authorized to be entered into with parties selected by the Executive Director, after giving due consideration for the creditworthiness of the counterparties, when applicable, or any other criteria in furtherance of the objectives of the management of the debt of the Single Family Program.

Section 10. **Additional Delegation**. All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other person specifically authorized by delegation in writing by the Executive Director to take such actions, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant; provided, however that reference title Executive Director, Chief Deputy Director, and Director of Financing shall include any persons servicing in such capacities, respectively on an acting or interim basis.

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-12 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of March, 2024 at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of March, 2024.

ATTEST: ___________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-13
RESOLUTION AUTHORIZING THE AGENCY'S SINGLE FAMILY NON-BOND FINANCING MECHANISMS FOR HOMEOWNERSHIP PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for providing financial assistance, directly or indirectly, to persons and families of low and moderate income to enable them to purchase or refinance moderately priced single family homes;

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of various programs, including whole loans and mortgage-backed securities programs (collectively, the "Single Family Program") to make or finance loans to such persons and families, to local public entities or to developers, for the acquisition, development, construction and/or permanent financing of homes (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency may invest in, purchase, or make commitments to purchase, and take assignments from qualified mortgage lenders of mortgage loans, and purchase mortgage-backed securities ("MBSs") underlain by Loans; and

WHEREAS, the MBS securitization model has been authorized as the Agency's non-bond single family lending platform and requires the Agency to engage a master servicer(s) (A subset of MBS securitization, the TBA model, is an example of non-bond lending, the use of which was previously authorized by the Board in Resolution 13-09).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

ARTICLE I
AUTHORIZATION OF MBS SECURITIZATION STRATEGIES
AND LOAN PRODUCTS

Section 1. The Agency's single family lending division is hereby authorized to utilize the MBS securitization model as the Agency's non-bond single family lending platform. The Agency's underwriting requirements shall conform to Fannie Mae, Freddie Mac, or Ginnie Mae ("GSE"), Federal Housing Administration ("FHA") products and programs, U.S. Department of Veterans Affairs ("VA"), and occasionally be combined with additional Agency overlays, such as those previously approved by the Board in Resolutions 13-18 and 14-08, which modified eligibility criteria and parameters for Conventional and FHA loan products, to determine loan product requirements. The Agency shall offer a variety of first loan options, consistent with GSE, VA, and FHA guidelines.

ARTICLE II
FUNDING AUTHORIZATION FOR LOAN PRODUCTS

Section 1. Funding of First-Lien Whole Loans. The Agency may purchase up to Twelve Million Dollars ($12,000,000) of whole loans using Agency funds allocated pursuant to the Budget Act of 2021, as amended by Senate Bill No. 129. Such loans shall be used to finance surplus residential property sales for the SR-710 Affordable Sales Program as authorized by the Board in Resolution No. 22-01. The Agency may not purchase additional first-lien whole loans using Agency funds.

Section 2. Funding of Subordinate Loans. The Agency may purchase a maximum of Twenty-Five Million Dollars ($25,000,000) of subordinate loans using Agency funds.

ARTICLE III
PROVISIONS APPLICABLE TO ALL SINGLE FAMILY LOAN PRODUCT ACTIVITIES

Section 1. Authorization of Program Documents. The Executive Director of the Agency (the "Executive Director") is hereby authorized to enter into, for and in the name and on behalf of the Agency, all documents they deem necessary or appropriate in connection with the Single Family Program, including, but not limited to, the following:

(i) One or more mortgage purchase and servicing agreements (including mortgage-backed security pooling agreements) and one or more loan servicing agreements with such lender or lenders or such servicer or servicers, as the Executive Director may select in accordance with the purposes of the Single Family Program, and any such selection of a lender or lenders or a servicer or servicers is to be deemed approved by this Board as if it had been made by this Board;

(ii) One or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Single Family Program, including but not limited to such agreements with GSEs or a similar entity for such sales in bulk or otherwise. Any such sale of Loans may be on either a current or a forward purchase basis;

(iii) Agreements required for CalHFA to participate in the GSE's loan programs;

(iv) Inter-Agency agreements, monitoring agreements, memoranda of understanding, and similar such agreements for the facilitation of cooperative partnerships with other public entities;

(v) Contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Single Family Program;

(vi) Contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Single Family Program. Any such sale of foreclosed properties may be on either an all cash basis or may include financing by the Agency. The Executive Director is also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties; and

(vii) Master trade confirmation or similar agreements with a hedge facilitator; contracts and agreements with broker-dealers to hedge the Agency's loan commitments and all related documents required to carry out the activities described in the Agency's Master Hedge Policy, as may be amended from time to time; and such other program documents as are necessary or appropriate for the operation of a program of mortgage-backed securities.

Section 2. Authorization of Credit Facilities. The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, including but not limited to repurchase agreements, together with any extensions or other amendments thereto, for the purposes of financing the purchase of Loans and/or mortgage-backed securities on an interim basis. The Agency may pledge its General Obligation as a credit support for said Credit Facilities. Any such credit facility may be from any appropriate source as determined by the Director of Financing and approved by the Executive Director, provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution, as amended from time to time, may not at any time exceed $1,000,000,000.

Section 3. Ratification of Prior Actions; Not a Repeal of Prior Resolutions. All actions previously taken by the Agency relating to the implementation of the Single Family Program, the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above, including, but not limited to, such actions as the distribution of the Agency's Lender Program Manual, Mortgage Purchase and Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer's Guide, Program Bulletins and applications to originate and service loans, and the sale of any foreclosed property, are hereby ratified.

This Resolution is not intended to repeal in whole or in part any prior Resolution of the Agency with respect to the authority granted to the Executive Director in relation to related agreements, including but not limited to the authority to determine in furtherance of the objectives of the Single Family Program those matters required to be determined.

Section 4. Authorization of Related Actions and Agreements. The Executive Director and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the purchase and sale of residential home loans and mortgage-backed securities.

This Resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this Resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this Resolution.

Section 5. Additional Delegation. Any and all actions by the Executive Director approved or authorized by this Resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency, or by any other person specifically authorized by delegation in writing by the Executive Director to take such actions, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant; provided, however that reference title Executive Director, Chief Deputy Director, and Director of Financing shall include any persons servicing in such capacities, respectively on an acting or interim basis.

Section 6. Duration of Authority. The authority granted under this Resolution shall remain in full force and effect until June 30, 2025.

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-13 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of March, 2024 at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of March, 2024.

ATTEST: ________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

RESOLUTION NO. 24-14

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY APPROVING APPLICATIONS TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR PRIVATE ACTIVITY BOND ALLOCATIONS FOR THE AGENCY'S PROGRAMS

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for the financing of mortgage loans for the acquisition, construction, rehabilitation, refinancing or development of multifamily rental housing developments (the "Developments") for the purpose of providing housing for persons and families of low or moderate income;

WHEREAS, the Agency has also determined that it is in the public interest for the Agency to assist in providing such financing by means of an ongoing program (the "Multifamily Program") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, for the purpose of financing such Developments;

WHEREAS, the Agency has also determined that there exists a need in California for providing financial assistance, directly or indirectly, to persons and families of low or moderate income to enable them to purchase or refinance moderately-priced single family residences ("Residences");

WHEREAS, the Agency has also determined that it is in the public interest for the Agency to assist in providing such financing by means of various programs, including whole loans and mortgage-backed securities programs (collectively, the "Single Family Program") to make loans to such persons and families, or to developers, for the acquisition, development, construction and/or permanent financing of Residences;

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act") , the Agency has the authority to issue bonds to provide sufficient funds to finance the Multifamily Program and the Single Family Program; and

WHEREAS, the Agency has by its Resolution No. 24-10 authorized the issuance of bonds for the Multifamily Program and has by its Resolution No. 24-12 authorized the issuance of bonds for the Single Family Program and desires to authorize application to the California Debt Limit Allocation Committee for private activity bond allocations to be used in connection with the issuance of all or a portion of such bonds in order for interest on such bonds to be excludable from gross income for federal income tax purposes.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

Section 1. **Authorization to Apply to CDLAC**. The Executive Director of the Agency (the "Executive Director") is hereby authorized to apply from time to time to CDLAC for private activity bond allocations in an aggregate amount of up to $2,500,000,000 per year to be used in connection with bonds (including supplemental allocation) issued under Resolution No. 24-10, Resolution No. 24-12 and any other resolution heretofore or hereafter adopted by the Agency for the Multifamily Program and the Single Family Program.

Section 2. **Authorization of Related Actions and Agreements**. The Executive Director is hereby authorized and directed to do any and all things and to execute and deliver any and all agreements and documents which they may deem necessary or advisable in order to effectuate the purposes of this resolution, including but not limited to satisfying in the best interests of the Agency such conditions as CDLAC may establish for private activity bond allocation applications. The Executive Director is also hereby expressly authorized to accept on behalf and in the best interests of the Agency any private activity bond allocations offered by CDLAC, including but not limited to carryforward allocations, over and above those which may be granted pursuant to any application authorized hereinabove or in any prior resolution of the Board.

Section 3. **Additional Delegation**. Any and all actions by the Executive Director approved or authorized by this resolution may be taken instead by the Chief Deputy Director of the Agency or the Director of Financing of the Agency, or by any other person specifically authorized by delegation in writing by the Executive Director to take such actions, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period during which the office of the Executive Director is vacant; provided, however that reference title Executive Director, Chief Deputy Director, and Director of Financing shall include any persons servicing in such capacities, respectively on an acting or interim basis

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-14 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of March, 2024 at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of March, 2024.

ATTEST: ___________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

CalHFA

MEMORANDUM

To: Board of Directors **Date:** February 21, 2024

From: Rebecca Franklin, Director of Enterprise Risk Management and Compliance
California Housing Finance Agency

Subject: Agenda Item 6 – FY 2023-24 Strategic Plan Q2 Update

Background

In May 2023, the Board of Directors adopted the CalHFA Strategic Plan for the fiscal year 2023-24 to 2025-26. The plan focused on CalHFA's goals, measures, and objectives for the next three years as well as the annual key initiatives. The plan was formed in alignment with CalHFA'S vision and mission and amplified the Agency's commitment and continuous efforts to serve the diverse communities of California.

With CalHFA's mission of **investing in diverse communities with financing programs that help more Californians have a place to call home**, CalHFA focus its strategies and business decisions with these four goals.

1. **Lending Impact** - Focus lending activities on broadening access to affordable housing opportunities for a diverse population.
2. **Financial Sustainability** - Leverage opportunities and create innovative products that ensure financial sustainability and continue to serve the affordable housing market.
3. **Trusted Advisor** - Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.
4. **Operational Excellence** - Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

Second Quarter Update

This item provides the Board of Directors with an update on the second quarter performance of the FY 2023-24 Strategic Plan. The item provides the progress status on the strategic measures. Furthermore, a dashboard is included to provide an overview of the performance, an update on the Single Family and Multifamily production, a high-level operating expense update, and a few notable highlights thus far.

STRATEGIC MEASURES – Q2

Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.	Volume ■ ≥ $1.525B ■ $1.5B - $1.524B ■ ≤ $1.499B					
	Loan Counts ■ ≥ 3,907 loans ■ 3,843 – 3,906 loans ■ ≤ 3,842 loans					
Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.	Conduit Issuer Volume ■ ≥ $1.174B ■ $1.155B – $1.173B ■ ≤ $1.154B					
	Volume ■ ≥ $518M ■ $509M – $517M ■ ≤ $508M					
	Units ■ ≥ 4,732 units ■ 4,654 – 4,731 units ■ ≤ 4,653 units					

Goal 2: Financial Sustainability

Leverage opportunities and create innovative products that ensure CalHFA's financial sustainability and continued ability to serve the affordable housing market.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Maintain risk-adjusted rate of return on restricted assets.	■ ≥ 5.3% ■ 4.5% – 5.2% ■ ≤ 4.4%					
Identify and implement new revenue generating strategies.	■ Yes ■ No ■ None Planned					
Grow the Agency's balance sheet, increasing total assets by 5% by 2026.	■ ≥ $2.75B ■ $2.70B - $2.74B ■ ≤ $2.69B					
Maintain financial liquidity with a minimum of 20% of net assets as short-term investments	■ Yes ■ No					

Goal 3: Trusted Advisor

Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase public presence and publications 10% by 2026.	≥ 64 appearances 55 – 63 appearances ≤ 54 appearances					
Partner, fund, and/or participate in housing finance data analytics reports.	Yes No None Planned					
Receive industry recognition and/or awards for CalHFA specific programs.	1 award No award No submission					Completed.

Goal 4: Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Implement informed decision-making tools and processes.	Tools in place No tools in place None planned					
Increase Great Place to Work certification score 5% by 2026.	≥ 69% 68% ≤ 67%					
Fill 80% of all key positions.	≥ 80% 75% – 79% ≤ 74%					

FY 2023–24 STRATEGIC PLAN STATUS UPDATE – Q2

OVERALL OBJECTIVES PERFORMANCE STATUS

12 Strategic Objectives

100%	**12** On-Target
0%	**0** At-Risk
0%	**0** Off-Target

SINGLE FAMILY PRODUCTION UPDATE

Assisted **3,734** homebuyers

$22M Revenue generated

$1.7B Lending volume activity

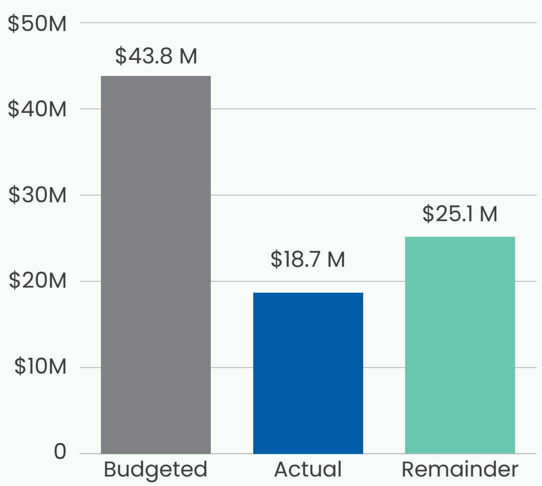
MULTIFAMILY PRODUCTION UPDATE

Financed **907** affordable housing units

$1.54M Revenue generated

$516M Lending volume activity

Operating Expense



Highlights

CalHFA received two *Awards for Program Excellence* for Homeownership and Financial Management Innovation at the National Council of State Housing Agencies (NCSHA) annual conference.

CalHFA Executive Director Tiena Johnson Hall elected by her peers to serve on the National Council of State Housing Agencies (NCSHA) Board of Directors for 2024.

Helped 722 homeowners add an accessory dwelling unit to their primary residence through Accessory Dwelling Unit Grant Program. *(as of 12/31/23)*

CalHFA

CALIFORNIA HOUSING FINANCE AGENCY

STRATEGIC **PLAN**

FISCAL YEARS 2023-24 TO 2025-26

FY 2023–24 Operating Revenues & Budget

Introduction

Greetings,

It is my pleasure to present the California Housing Finance Agency's (CalHFA) first three year Strategic Plan.

This is my ninth year in a leadership position at CalHFA, seven as a member of the Board of Directors before being appointed Executive Director by Governor Gavin Newsom in 2021, and I have always been pleased with the organization's culture of thoughtful and creative planning. I believe it has led CalHFA to successful outcomes in support of its mission to invest in diverse communities with financing programs that help more Californians have a place to call home, while maintaining fiscal prudence.

The 2023-26 Strategic Plan that is detailed on the following pages is meant to build on that success by providing overarching three-year goals and a blueprint to reach those goals through a progression of single-year initiatives and multiyear objectives.

My vision for this organization is to be a model affordable housing organization in the State of California and the most respected housing finance agency in the United States. While these are lofty goals, this Strategic Plan lays out a detailed roadmap to get there with trackable metrics along the way.

Sincerely,

TIENA JOHNSON HALL

Executive Director

California Housing Finance Agency

Guiding Principles

MISSION

Investing in diverse communities with financing programs that help more Californians have a place to call home.

VISION

All Californians living in homes they can afford.

GOAL 1

Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

Measures

1. Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.
2. Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.

OBJECTIVE 1

Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics.

FY 2023–24 INITIATIVES

1. Update Tribal Consultation Policy and review existing products and outreach, in coordination with tribes.
2. Continue to implement Affirmatively Furthering Fair Housing programmatic changes.
3. Evaluate new opportunities to engage and reach underserved communities.
4. Explore data collection methodologies to collect relevant demographic, geography, and affordability data to support program needs and advance equity.

OBJECTIVE 2

Expand Single Family program opportunities.

FY 2023–24 INITIATIVES

1. Research and implement 2-unit, owner-occupied property eligibility for all programs.
2. Evaluate opportunities to increase first mortgage lending by completing studies to identify total addressable market and competitiveness of CalHFA's program terms compared to competitors in each market segment.
3. Implement one-time federal and state funded housing programs.

Single Family Production Goals for Fiscal Year 2023–24

Finance $2.2 billion in single family lending, serving 5,660 homebuyers	Volume	Fee Income	Homeowners
First mortgage securitization	$2,148,500,000	$18,799,375	5,660
Zero Interest Program (ZIP) closing cost assistance	$2,200,000	-	-
MyHome down payment assistance	$78,200,000	$3,910,000	-
	$2,228,900,000	**$22,709,375**	**5,660**

OBJECTIVE 3

Build the Multifamily portfolio through preservation of existing projects and expansion of new lending and subsidy opportunities.

FY 2023–24 INITIATIVES

1. Explore a preservation product to support our portfolio and provide new opportunities for the market.
2. Maximize deployment of recycled bonds to increase the production of affordable multifamily housing in California.

Multifamily Production Goals for Fiscal Year 2023–24

Finance $2.1 billion in multifamily lending, investing in 4,458 units	Volume	Fee Income	Units
Conduit Issuance	$1,269,901,116	$3,269,594	1,668
Conduit Issuance (Recycled Bonds)	$329,395,335	$412,500	750
Permanent Loan Conversions	$121,411,000	$319,075	-
Permanent Loan Commitments	$252,000,000	-	-
Mixed-Income Program (MIP) Subsidy Loan Commitments	$50,000,000	$2,929,224	2,040
Mixed-Income Program (MIP) Subsidy Loan Conversions	$102,790,968	$2,239,082	-
	$2,125,498,419	**$9,169,475**	**4,458**

GOAL 2

Financial Sustainability

Leverage opportunities and create innovative products that ensure CalHFA's financial sustainability and continued ability to serve the affordable housing market.

Measures

1. Maintain risk-adjusted rate of return on restricted assets.
2. Identify and implement new revenue generating strategies.
3. Grow the Agency's balance sheet, increasing total assets by 5% by 2026.
4. Maintain financial liquidity with a minimum of 20% of net assets as short-term investments.

OBJECTIVE 1

Evaluate and establish new revenue generating business lines with targeted rates of return.

FY 2023–24 INITIATIVES

1. Explore opportunities to build, finance, operate and maintain affordable multifamily housing in California in partnership with local public agencies.
2. Establish third delivery method for Multifamily lending through Fannie Mae and Federal Home Loan Mortgage corporations.

OBJECTIVE 2

Grow the Agency's balance sheet, preserve liquidity, and fund operating and financial risk reserves.

FY 2023–24 INITIATIVES

1. Issue Broker-dealer Request for Quote (RFQ) and Letter of Credit / Direct Loan RFQ for liquidity needs.
2. Evaluate current funding levels for reserve funds including hedge reserve fund and emergency reserve account.
3. Evaluate funding additional reserves for economic uncertainty.

OBJECTIVE 3

Achieve and maintain CalHFA Issuer Ratings of "Aa2" rating from Moody's Investors Service and "AA" rating from S&P Global Ratings.

FY 2023–24 INITIATIVES

1. Achieve upgrade from Moody's by addressing termination of outstanding orphan swap portfolio, profitability margins, and loan losses.
2. Monitor and maintain key financial metrics including:
   - Return on total assets
   - Net interest margin
   - Equity to assets ratio
3. Conduct annual review for fees and pricing for all Single Family and Multifamily programs to ensure that each program is financially sustainable and meets net revenue targets.

GOAL 3

Trusted Advisor

Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

Measures

1. Increase public presence and publications 10% by 2026.
2. Partner, fund, and/or participate in housing finance data analytics reports.
3. Receive industry recognition and/or awards for CalHFA specific programs.

OBJECTIVE 1

Increase our understanding of community needs and systemic biases within our housing finance ecosystems and have findings inform program implementation.

FY 2023–24 INITIATIVES

1. Hire Director of Business Development and Stakeholder Relations.
2. Increase relationships and continuum of engagement with community leaders and Community Based Organizations (CBO) especially from communities that have been historically disadvantaged and underserved.

OBJECTIVE 2

Increase activities and partnerships to strengthen trust with external partners and general public.

FY 2023–24 INITIATIVES

1. Promote best practices and successes from CalHFA programs and across the affordable housing industries.
2. Enhance partnerships and participation in academic, non-profit and industry groups.
3. Work collaboratively with other State Housing Agencies to create and implement a MOU that will address how each agency can align and compliment compliance functions.
4. Identify risks associated with agency activities in compliance with the State Leadership Accountability Act (SLAA) report.

GOAL 4

Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

Measures

1. Implement informed decision-making tools and processes.
2. Increase CalHFA's Great Place to Work certification score 5% by 2026.
3. Fill 80% of all key positions.

OBJECTIVE 1

Embed diversity, equity, accessibility, and inclusion practices.

FY 2023–24 INITIATIVES

1. Develop and deploy diversity and inclusion education for all staff.
2. Establish and maintain multiple channels for employees to share and receive feedback that supports a healthy feedback culture.
3. Evaluate internal compliance with Americans with Disabilities Act guidelines and continuously monitor for needed improvements.

OBJECTIVE 2

Attract highly qualified talent.

FY 2023–24 INITIATIVES

1. Develop Career Development Plans.
2. Establish budget/benchmark (such as General Salary Increase) through salary surveys for salary ranges.

OBJECTIVE 3

Retain highly qualified talent.

FY 2023–24 INITIATIVES

1. Refresh Succession Planning and Workforce Plan.
2. Research and implement key drivers of employee engagement.

OBJECTIVE 4

Innovate and streamline business processes to increase operational efficiency and service delivery.

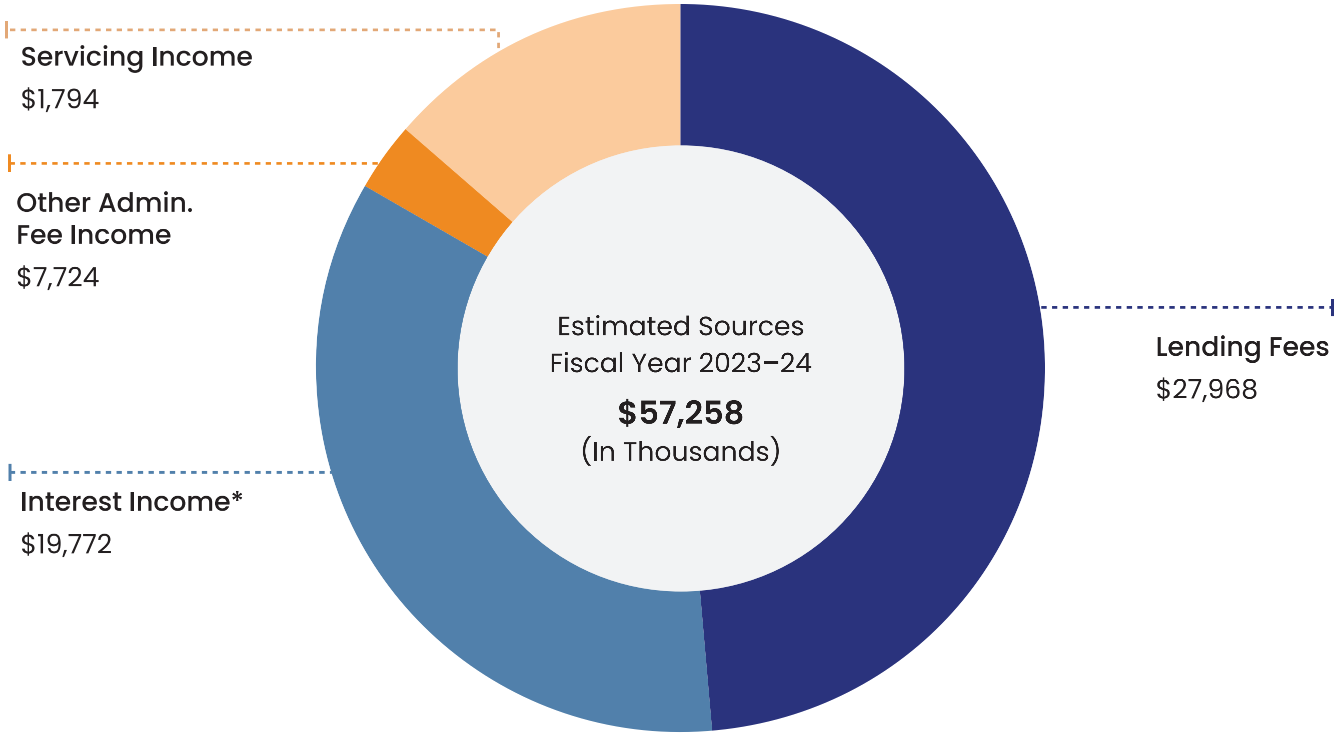
FY 2023–24 INITIATIVES

1. Research, develop and implement various automated and/or streamlined processes.
2. Develop enterprise data governance and reporting.
3. Evaluate and enhance lending and servicing platforms (Single Family & Multifamily).
4. Research and implement Single Family technology solutions and security enhancement .
5. Enhance Senior Loan Committee and Multifamily lending approval process.
6. Integrate Project Management Office in strategic business decisions and establish a standardized cost-benefit analysis methodology.

FY 2023–24 Operating Revenues & Budget

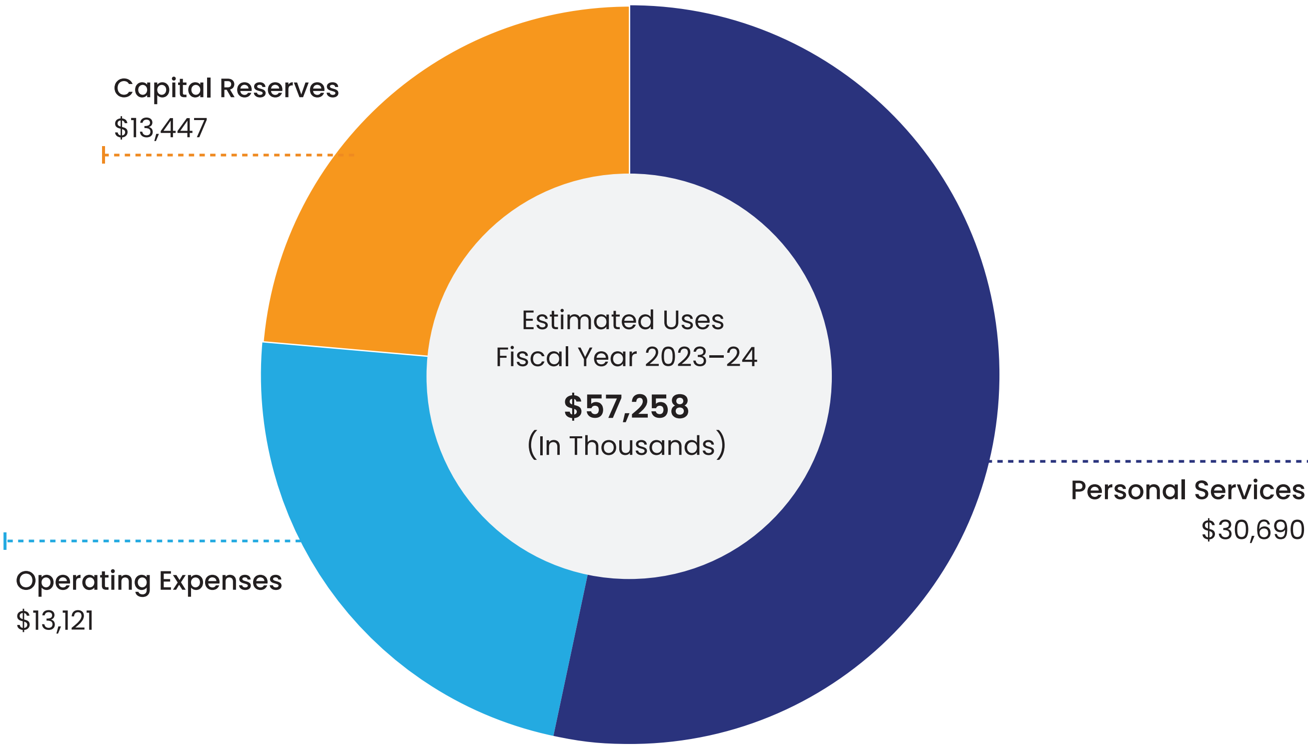
OPERATING REVENUES

CALIFORNIA HOUSING FINANCE AGENCY FISCAL YEAR 2023–24 REVENUE BUDGET (IN THOUSANDS)			
Single Family Lending		**Multifamily Lending**	
Lending Fees	$18,799	Lending Fees	$9,169
Interest Income*	6,970	Interest Income	12,802
Servicing Income	485	Servicing Income	1,309
Other Admin. Fee Income	3,910	Other Admin. Fee Income	3,814
TOTAL	**$30,164**	**TOTAL**	**$27,094**
		TOTAL EST. REVENUES	**$57,258**



** Includes investment income.*

OPERATING BUDGET



The Agency proposes an operating budget of $43.8 million, representing the appropriations required to support the operational initiatives for the fiscal year 2023-24. The proposed budget reflects an increase in appropriations compared with the prior year. This increase is attributable to the general increase in salaries and benefits for employees as well as funding existing vacant positions to build our team for current and future programs. The CalHFA Board and Leadership have made operational efficiency a top priority.

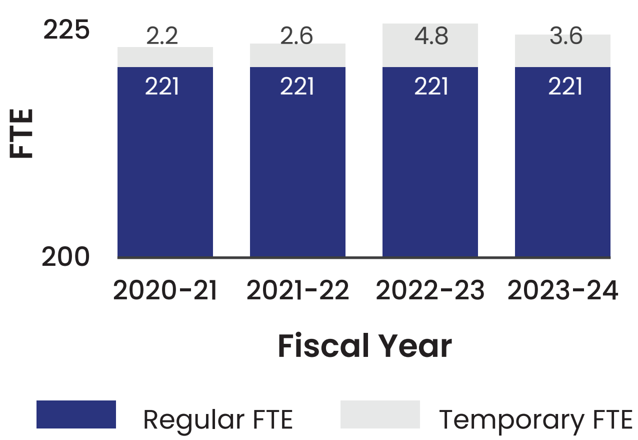
In alignment with the multi-year strategic plan, the 2023-24 operating budget seeks to deliver impactful results that also maintain CalHFA's financial sustainability.

As a self-funded State agency, CalHFA's management philosophy remains centered in accountability and efficiency. The Agency's business lines continue to effectively deliver our lending products throughout California. The agency's other operational divisions provide essential support to achieve CalHFA's mission.

Overall this 2023–24 budget provides CalHFA with the flexibility to address the current uncertainty in the affordable housing and financial markets.

CALIFORNIA HOUSING FINANCE AGENCY FISCAL YEAR 2023–24 OPERATING BUDGET (IN THOUSANDS)	Adopted Budget 2020–21	Adopted Budget 2021–22	Adopted Budget 2022–23	Proposed Budget 2023–24	Variance FY 22/23 to FY 23/24	
OPERATING EXPENSES						
Salaries and Benefits	$25,565	$25,601	$27,794	$30,364	$2,570	8%
Temp Services/Other	177	198	392	326	(66)	-20%
Personal Services	**$25,742**	**$25,799**	**$28,186**	**$30,690**	**$2,504**	**8%**
General Expense	$745	$951	$903	$722	$(181)	-25%
Communications	429	384	419	480	61	13%
Travel	498	363	456	528	72	14%
Training	256	242	223	251	28	11%
Facilities Operation	2,868	2,894	2,941	2,609	(332)	-13%
Consulting & Professional Services	5,634	4,311	4,584	4,358	(226)	-5%
Central Administrative Services	1,860	2,083	2,024	2,008	(16)	-1%
Information Technology	1,485	1,750	2,089	1,799	(290)	-16%
Equipment	170	220	155	366	211	58%
Operating Expenses	**$13,945**	**$13,199**	**$13,794**	**$13,121**	**$(673)**	**-5%**
TOTALS	**$39,687**	**$38,998**	**$41,980**	**$43,811**	**1,831**	**4%**

STAFFING



For the fiscal year 2023-24, the Agency proposes that authorized full-time equivalent positions of 224.6 FTEs (221 permanent positions and 3.6 temporary positions) represent a decrease of 1.2 FTEs in temporary positions.

CalHFA
CALIFORNIA HOUSING FINANCE AGENCY

500 Capitol Mall, Suite 1400
Sacramento, CA 95814
916.326.8000
www.CalHFA.ca.gov

MEMORANDUM

To: Board of Directors **Date:** March 21, 2024

From: Erwin Tam, Director of Financing
California Housing Finance Agency

Subject: Agenda Item 12A - Informational Report – Agency Bonds, Interest Rate Swaps and Financing Risk Factors Report

SUMMARY

Since our last report, CalHFA has issued $85 million in bonds, with $124 million in Bonds outstanding as of February 1, 2024. Additionally, the Agency's swap notional amount outstanding increased by $84 million, from $365 to $449 million.

The following report describes our bond and interest rate swap positions as well as the related risks associated with our financing strategies. The report is divided into sections as follows:

1) Outstanding Bonds
2) Interest Rate Swaps
3) Financing Risk Factors
    a) Termination Risk/Guarantor Risk
    b) Collateral Posting Risk

1) Outstanding Bonds

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which make up an additional $5.59 billion. For the purposes of this report, this conduit/pass-thru amount will not be included in the tables or calculations.

BONDS OUTSTANDING	
As of February 1, 2024	
	($ in millions)
Indenture	**Amount Outstanding**
Stand Alone (MF)	40
AHRB (MF)	84

BONDS OUTSTANDING	
As of February 1, 2024	
	($ in millions)
Indenture	**Amount Outstanding**
Total	**124**

2) Interest Rate Swaps

CalHFA's current hedging strategy includes new cash settled interest rate swaps to hedge multifamily loan commitments. Cash settled fixed-payer swaps involve one payment on the settlement date, at which time the swap then terminates. It is expected that the cash settlement would occur on the permanent loan conversion date, approximately 36 to 42 months after construction closing. As of the date of this report, CalHFA has 28 interest rate swaps under this strategy. The table below provides a summary of our swap notional amounts.

SWAPS	
	($ in millions)
Source	**Current Notional**
MF Loan Commitments	449
Total	**449**

3) Financing Risk Factors

A) Termination Risk / Guarantor Risk

Termination risk is the risk that CalHFA's interest rate swaps must be terminated prior to their scheduled maturity. CalHFA's swaps have a market value that is determined based on current interest rates. When current fixed rates are lower than the fixed rate of the swap, CalHFA's swaps have a negative mark-to-market, and termination would result in a payment from us to our counterparty. Conversely, when current fixed rates are higher than the fixed rate of the swap, CalHFA's swaps have a positive value to us, and termination would result in a payment from the provider of the swap to us.

It should be noted that, in a termination event, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

On a historical basis, the highest negative mark-to-market value of CalHFA's swaps was $380 million in January 2012. Since September 30, 2022, CalHFA would be a net recipient of funds if it terminated all its interest rate swaps. Below is the current termination value of CalHFA's swaps. The table has been updated from last report to include the new swaps hedging our multifamily commitments.

TERMINATION VALUE	
	Termination Value
Date	**$ in millions**
06/30/2022	(24.2)
09/30/2022	3.3
12/30/2022	24.9
03/30/2023	20.5
06/30/2023	26.3
09/30/2023	55.3
12/30/2023	48.7
02/01/2024	32.8

Additionally, the following table provides information on how much each counterparty would owe CalHFA in the event of a swap termination.

SWAP COUNTERPARTIES	
	Mark-To-Market
Counterparty	**$ in millions**
Wells Fargo N.A	0.48
Bank of New York Mellon	12.30
Bank of America, N.A.	20.04
Total*	**32.83**

Guarantor risk is a type of termination risk where the Agency's swap guarantor defaults or has a significant decline in its credit rating that would cause the termination of the swap. This is in part mitigated by having a diversified group of swap guarantors

CalHFA[SM]

The following table shows the diversification of our fixed payer swaps among the 3 firms acting as our swap guarantors.

SWAP GUARANTORS				
	Credit Ratings		Notional	Number
Swap Guarantor	**Moody**	**SP**	**$ in millions**	**of Swaps**
Bank of America, N.A.	Aa2	A+	333.1	24
Bank of New York Mellon	Aa2	AA-	107.9	3
Wells Fargo N. A	Aa2	A+	7.6	1
Total*			**448.6**	**28**

** 1 Swap counterparty's rating has triggered Additional Termination Event (ATE); Agency has right to terminate the associated swaps; additionally, the rating agencies no longer consider these swaps to be effective hedges see 'Termination Risk' section of report

B) Collateral Posting Risk

Some swap agreements have collateral posting requirements. Collateral posting requirements are a function of the mark-to-market, ratings, threshold amounts, independent amounts and any collateral already posted. Our swaps are valued weekly, and our collateral position is adjusted weekly based on those valuations. Failure to post the required collateral can result in a termination event. At its peak, CalHFA was required to post $132 million of collateral at the end of January 2012. Since February 2023, CalHFA has not held any swaps that require collateral posting.