



BOARD OF DIRECTORS

Thursday, September 9, 1999

Clarion Hotel
San Francisco International Airport
Millbrae, California
(650) 692-6363

9:30 a.m.

- 1. Roll Call.....
- 2. Approval of the minutes of the July 8, 1999 Board of Directors meeting..... .702
- 3. Chairman/Executive Director comments.....
- 4. Discussion, recommendation and possible action relative to a final commitment on the following project: (Dick Schermerhorn)

<u>Number</u>	<u>Development</u>	<u>Locality</u>	<u>Unit</u>
99-005-S	Northside Flats	Long Beach/ Los Angeles	47
Resolution 99-27..			.734

- 5. Discussion, recommendation and possible action relative to an initial commitment on the following project: (Dick Schemerhorn)

<u>Number</u>	<u>Development</u>	<u>Locality</u>	<u>Unit</u>
99-025-N	El Rancho Verde I & 11	San Jose/ Santa Clara	700
Resolution 99-28..			[under separate cover]

701

6. Discussion, recommendation and possible action relative to a ~~final~~ commitment on the following project: (Dick Schermerhorn)

Number	<u>Development</u>	<u>Locality</u>	<u>Unit</u>
93-006-S	Palos Verdes Villas	Palm Springs/ Riverside	98
Resolution 99-29.....			.756

7. Multifamily Preservation Status Report.
(Dick Schermerhorn/Margaret Alvarez) [under separate cover]
8. **HELP** (Housing Enabled by Local Partnerships) FY 98/99 Report.
(Dick Schermerhorn)..... (Report Section) 1002
9. Other Board matters.....
10. Public testimony: Discussion only of other matters to be brought to the Board's attention.

**** NOTE: Next CHFA Board of Director's Meeting will be November 4, 1999, at the Clarion Hotel, San Francisco Airport, Millbrae, California.**

STATE OF CALIFORNIA
CALIFORNIA HOUSING FINANCE AGENCY

ORIGINAL

BOARD OF DIRECTORS
PUBLIC MEETING

Host Airport Hotel
Camellia Room
Sacramento International Airport
Sacramento, California

Thursday, July 8, 1999
9:30 a.m. to 10:14 a.m.

"Minutes approved by the
Board of Directors at its
meeting held: Sept. 9, 1999

Attest: *duo* "

Reported and Transcribed by: Ramona Cota

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A P P E A R A N C E SDirectors Present:

CLARK WALLACE, Chairman

DONNA MAY CAMPBELL

EDWARD M. CZUKER

ANGELA L. EASTON

KRISTIN FAUST

RICHARD FRIEDMAN

CARRIE A. HAWKINS

ROBERT N. KLEIN, II

THERESA A. PARKER

Staff Present:

DAVID N. BEAVER, General Counsel

JOJO OJIMA

For the Staff of the Agency:

G. RICHARD SCHERMERHORN, Director of Programs

LINN G. WARREN, Chief, Multifamily Lending

Counsel to the Agency:

STANLEY J. DIRKS, Orrick, Herrington & Sutcliffe

Members of the Public:

NONE

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P R O C E E D I N G S

CHFA , JULY 8, 1999 SACRAMENTO, CALIFORNIA 9:40 A.M.

CHAIRMAN WALLACE: Good morning. I'd like to call this CHFA Board Meeting to order. And if I may, secretary, please call the roll.

ROLL CALL

MS. OJIMA: Thank you. Ms. Faust for Mr. Angelides?

MS. FAUST: Present.

MS. OJIMA: Ms. Campbell for Ms. Contreras-Sweet?

(No response).

MS. OJIMA: Mr. Czucker?

MR. CZUKER: Here.

CHAIRMAN WALLACE: Get yourself a microphone, JoJo, then everybody can hear you.

MS. OJIMA: Ms. Easton?

MS. EASTON: Here.

CHAIRMAN WALLACE: Or yell.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Here.

MS. OJIMA: Mr. Hobbs?

(No response).

MS. OJIMA: Mr. Klein?

MR. KLEIN: Here.

MS. OJIMA: Mr. Mozilo?

1 (No response) .

2 MS. OJIMA: Mr. Friedman for Ms. Nevis?

3 MR. FRIEDMAN: Here.

4 MS. OJIMA: Mr. Wallace?

5 CHAIRMAN WALLACE: Here.

6 MS. OJIMA: Mr. Gage?

7 (No response) .

8 MS. OJIMA: Ms. Lynch?

9 (No response) .

10 MS. OJIMA: Ms. Parker?

11 MS. PARKER: Here.

12 MS. OJIMA: We have a quorum.

13 CHAIRMAN WALLACE: We have a quorum. We're
14 expecting a few more members but I think we'll move on.

15 APPROVAL OF THE MINUTES OF THE MAY 26, 1999 MEETING

16 Item 2 on our agenda is approval of the minutes of
17 the May 26, 1999 Board Meeting.

18 MR. CZUKER: So moved.

19 CHAIRMAN WALLACE: Moved by Mr. Czucker, seconded
20 by?

21 MS. FAUST: Second.

22 CHAIRMAN WALLACE: Kristin. Any discussion? Any
23 corrections? Any additions? Anybody read something that
24 anybody else said they disagreed with? Or anyone in the
25 audience want to comment on the minutes of the last meeting?

1 Not hearing any I will ask the secretary to call the roll.

2 (Ms. Donna May Campbell entered
3 the meeting room.)

4 MS. OJIMA: Ms. Faust?

5 MS. FAUST: Aye.

6 MS. OJIMA: Ms. Campbell?

7 MS. PARKER: Minutes.

8 MS. CAMPBELL: Aye.

9 MS. OJIMA: Thank you. Mr. Czucker?

10 MR. CZUKER: Aye.

11 MS. OJIMA: Ms. Easton?

12 MS. EASTON: Abstain.

13 MS. OJIMA: Ms. Hawkins?

14 MS. HAWKINS: Aye.

15 MS? OJIMA: Mr. Klein?

16 MR. KLEIN: Aye.

17 MS. OJIMA: Mr. Friedman?

18 MR. FRIEDMAN: Aye.

19 MS. OJIMA: Mr. Wallace?

20 CHAIRMAN WALLACE: Aye.

21 MS. OJIMA: The minutes have been approved.

22 CHAIRMAN WALLACE: The minutes of our May 26 Board
23 Meeting have been approved.

24 **CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS**

25 Item 3, Chairman and Executive Director comments.

1 I have very few and I think Terri does too. Essentially,
2 mine deal with procedure for today. We have a comparatively
3 short Board agenda and I am anticipating that we'll be
4 through by about 10:30. Then as the Board knows, and anyone
5 else is welcome to stay, we have on the back of your agenda
6 an agenda for an Informational Workshop. That indicates five
7 items plus public comment. We may have some Board comment as
8 it relates to further items that ought to be considered so we
9 will take that up in the workshop session.

10 But I do need to have us out of here for, I know a
11 couple of reasons, by 1:30. So I'm anticipating that the
12 regular Board Meeting will probably be over at or near 10:30
13 this morning and we'll adjourn briefly, go into our workshop,
14 deal with the workshop items or agendize any for a potential
15 future workshop. In any case, I know Terri has to be in San
16 Francisco by three o'clock and we're going to be out of here
17 by 1:30 or sooner, and I have to be back in the Bay Area by
18 3:30.

19 So those are the time frames. If that means during
20 the break any of you have to revise your plane reservations
21 or what have you, you're so forewarned. Okay. With that,
22 Terri, you had a comment or two.

23 MS. PARKER: Mr. Chairman, I have three items I
24 want to just let the Board know about. The first of them is
25 to let the Board know about some actions the staff is

1 proposing to take on regarding the Homeowners Protection Act
2 that was passed in July regarding the mortgage insurance
3 cancellation at 80 percent loan-to-value. Both Fannie Mae
4 and Freddie Mac have published announcements to their lenders
5 making the provisions effective for all loans, regardless of
6 loan origination date.

7 CHFA is proposing to do the same for our loans, in
8 that sense following Fannie and Freddie. We expect the new
9 policy to have a potential savings to borrowers of over \$1
10 million annually; the average borrower at about \$500 a year.
11 We will be monitoring the situation to determine the impact
12 to the fund. With the PMI cancellation CaHLIF may have to
13 consider increasing policy premiums. But we are not
14 anticipating to do that as yet. But we believe that it's
15 important to follow -- This is discretionary on our part but
16 we think that this is a good policy.

17 The second issue is to let you know -- I know that
18 BT&H is going to be here and as part of their presentation
19 will talk about the impact of the new state budget on housing
20 but I did want to mention one area that is somewhat impacted,
21 and also which the Agency staff has been involved in, and
22 that is the implementation of the PRWORA federal law having
23 to do with verifications.

24 As you all remember, the Board passed a resolution
25 last fall to implement federal law consistent with what the

1 Governor's Executive Order had asked all state agencies to
2 do, then in January the Board also adopted those PRWORA
3 requirements for the new Prop 1A Program. Those regulations
4 were to have a final filing last month. But because the
5 Administration has asked state agencies really to pause and
6 not take further action, and that's been followed up with the
7 Governor's most recent language in the vetoes, of asking
8 state agencies to wait until the promulgation of relevant
9 federal regulations.

10 I wanted to let you all know that, one, we are in
11 that sense not implementing the PRWORA, not only on
12 multifamily but also in single-family. And also, because we
13 have been continuing to work on implementation in the
14 multifamily area we have as yet not implemented in following
15 along with those guidelines. We will also be pausing and
16 waiting for further instructions consistent with the
17 guidelines that have been given to us.

18 The third issue --

19 MS. FAUST: Can you give me a three sentence
20 further explanation of how that impacts multifamily and
21 single-family?

22 MS. PARKER: Well, maybe I should let Dave do this
23 since Dave is really probably -- He and Rich Friedman are
24 probably the most intimately involved in this.

25 CHAIRMAN WALLACE: Dave, you've got three

1 sentences, you understand.

2 MR. BEAVER: It's hopeless. PRWORA is federal
3 legislation that was passed in August of '96 that requires
4 that federal and state public benefits be limited to
5 qualified aliens and citizens. By Governor's Executive Order
6 all state departments and agencies were ordered to implement
7 that as expeditiously as reasonably practicable. That was an
8 Executive Order from the Wilson Administration. Following
9 that Executive Order we passed regulations to impose alien
10 verification requirements on CHFA single-family and
11 multifamily programs. That was done last year.

12 Coming into this year we were contracted to
13 administer the Prop 1A and so we extended that alien
14 verification requirement to the Prop 1A program by way of
15 emergency regulations. The way emergency regulations work,
16 however, in order for them to remain on the books you have to
17 do a final filing within 120 days. That 120 day final filing
18 date came up in June, and as Terri pointed out, we elected to
19 allow those emergency regulations to lapse in order to take a
20 pause in the further implementation of alien verification
21 pending further federal regulations.

22 MS. FAUST: Thank you, that was helpful.

23 MS. PARKER: Okay. The third item is just to give
24 you an update on where the Agency is in the bond cap
25 competition. I would report that at the last month's CDLAC

1 meeting the Agency received its final allocation for the year
2 so we are essentially in the -- Ken, \$229 million, I believe,
3 is where our allocation is for the current year. The
4 Treasurer did make the notation at the last CDLAC year that
5 if there was available allocation at the end of the year that
6 CHFA would be considered for additional allocation.

7 At the federal level the next ten days are going to
8 be very important because the tax committees, as soon as they
9 come back from the Fourth of July recess, will be involved in
10 writing the tax bills. We have really done our homework as
11 far as getting cosponsorship. In fact, I think that these
12 bills, the tax credit and the bond cap bills, may have the
13 distinction of being the bills in Congress with the largest
14 cosponsorship, whether they're a tax bill or not. The
15 cosponsorships exceed the numbers of cosponsorship last
16 year. On the bond cap bill there's 333 members of the House
17 and 62 members of the Senate; on the tax bill there's 335
18 members of the House and 66 members of the Senate.

19 So we are looking forward to seeing if Chairman
20 Archer comes through with the House tax bill. We will know
21 by the end of next week and then the Senate will follow. So
22 we will keep you all posted.

23 That concludes my remarks, Mr. Chairman.

24 CHAIRMAN WALLACE: We're going to make it.

25 Okay, let's move on to our two projects. Item 4,

1 starting with the Norwalk Senior Apartments, Dick. And
2 before that, I know Ed wanted to be recognized.

3 MR. CZUKER: Thank you, Mr. Chairman. I would like
4 to recuse myself from this item since I have a conflict of
5 interest with some of the parties involved in that
6 transaction.

7 CHAIRMAN WALLACE: Let the record note that
8 Mr. Czucker is recused from the discussion and vote on this
9 item. Okay, Dick.

10 RESOLUTION 99-25

11 MR. SCHERMERHORN: Yes, Mr. Chairman. Our first
12 transaction this morning is a final commitment request for a
13 first mortgage in the amount of \$11,200,000 at an interest
14 rate of 6.05 percent for a 35 year period, fixed, fully-
15 amortized tax-exempt financing. This project is Norwalk
16 Senior Apartments, a 240-unit new construction project
17 located in Norwalk in Los Angeles County. The financial
18 structuring on this includes our first mortgage, a residual
19 receipts second mortgage from the locality, tax credits and
20 developer equity.

21 The locality in this case, the redevelopment agency
22 in the city of Norwalk, is selling the property, but as part
23 of the transaction there is an agreement whereby the
24 developer of this project is going to develop the senior
25 center which will be on property adjacent to this seniors'

1 complex and will be there to service not only this complex
2 but there's also another -- There's a HUD 202 Project in the
3 area as well as other seniors that will take advantage of the
4 new senior center.

5 Los Angeles County is committing \$1,800,000 in a
6 residual receipts transaction and as a result of their
7 involvement they require that 40 percent of the units of this
8 project be regulated at 50 percent of median. That will be
9 an overlapping requirement on our very-low income requirement
10 on the project. For a look-see at the project and the
11 market, Linn Warren.

12 MR. WARREN: Thank you, Dick. Mr. Chairman.

13 (Video presentation of project begins.)

14 As Dick indicated, this is a 240-unit project. It
15 is being built on two sites. This is San Antonio Boulevard,
16 which is where the project kind of bisects between the two
17 parcels. In the rear is a Baptist Church and to your right
18 is one of the parcels. But let me give you an idea of how
19 the parcels are laid out.

20 The very first parcel is the Garden site and that
21 is ten, two-story walkup buildings in the traditional garden-
22 style apartment complex; that's on the northwesterly side of
23 San Antonio. To the south is the Courtyard site, and what
24 this is, is a one building, four-story building with a central
25 courtyard and elevators at each of the corners. The third

1 area is the Senior Center which is directly adjacent to the
2 Courtyard site, and as Dick indicated, the sponsor, K&B, will
3 be building this center for the neighborhood and surrounding
4 seniors.

5 Right directly behind Parcel 3 is the HUD 202
6 Building, and I'll show you a picture of that in a minute,
7 and then directly to the north is the church that you saw in
8 a prior slide. This gives you a better depiction of how the
9 sites will be laid out. Again, here is your Garden site with
10 your typical garden-style apartment configuration, here's
11 your Courtyard in a single building configuration, here is
12 your Senior Center, and again here is the church and the 202
13 Building behind that.

14 For those familiar with the neighborhood, this is
15 Rosecrans Boulevard. I'm sorry, Rosecrans is over here.
16 This is Pioneer and this is San Antonio. Here is the church
17 with the 202 Building directly behind it with the site to the
18 right. A better view of the 202 Building with the Senior
19 site graded in front of it. This is San Antonio. This is
20 the neighborhood across from the Senior Center. Most of the
21 neighborhood in this particular part of Norwalk is light
22 commercial retail, some light industrial, and San Antonio is
23 a fairly busy street.

24 This is looking across the Senior Center site
25 toward Rosecrans with the commercial and retail along in this

1 area. Again, San Antonio, you can get a sense here, here's
2 one parcel here and here's the other, of how San Antonio
3 splits the two. The Courtyard site with the residential
4 behind it. Most of the residential in this area is older, 30
5 to 40 years old, stable, middle income. The Garden site,
6 again behind. This is a Downey Savings building and some
7 other retail shops in here. The Garden site again. The
8 Garden site. Again, this retail will stay and this is
9 typical of the neighborhood with its light commercial and
10 retail.

11 You can see the Garden site is a smaller parcel,
12 hence the four-story configuration. This is the Norwalk
13 Center. This is at the intersection of Rosecrans, San
14 Antonio and Pioneer. There are a number of amenities in the
15 area. There are a number of medical offices and shopping
16 centers and other services plus public transit for the
17 seniors. A typical of the neighborhood and the area.

18 One of the issues that we had in looking at the
19 market was the large number of rental projects that exist in
20 the primary market area. We have defined the market area in
21 this case as being Norwalk, Cerritos and Bellflower. There
22 were approximately 15 market rate projects we looked at and
23 approximately 10 low-income tax credit projects. As you can
24 see from the chart here the market rate differentials are
25 fairly noticeable. In this case we have 64 and 73 percent

1 differentials for the one-bedrooms and equivalent percentages
2 for the two-bedrooms.

3 What is nice about this particular project is the
4 size of the units compare favorably not only with the tax
5 credits but also with the market rate projects. As far as
6 competing supply is concerned, there are seven new projects
7 that are coming on line, two of them are tax credit, the
8 balance are market. Even with the introduction of these
9 seven new projects in addition to all the other projects that
10 are in the primary market area there will still be a shortage
11 of senior affordable units in Norwalk or approximately 800
12 units.

13 The estimated lease-up time for this project was
14 about 11 months, my guess is it will probably be about half
15 that. So with that we think -- The staff is comfortable that
16 this will be fairly well-received.

17 (Videopresentation of project ends.)

18 MR. SCHERMERHORN: As I indicated, the occupancy
19 restrictions on the project include CHFA's 20 percent of 50
20 percent or less, the County of Los Angeles, 40 percent at 50
21 percent or less, and Tax Credits, 100 percent of the units at
22 50 percent or less of median. There is an environmental
23 issue on this project and commitment would be conditioned
24 upon satisfactory remediation of it. There apparently are a
25 couple of leaking gasoline storage tanks that were on former

1 gas station sites here. They can be remediated. We will
2 require that we have proof that is to be done satisfactory to
3 the Agency; it would be a condition of the commitment. We
4 will also need a satisfactory Article 34 opinion letter.

5 The development team for this project: Initially
6 the general partnership would have Kaufman and Broad Multi-
7 Housing Group as the managing general partner but at the
8 point in time in which the project converts to take out
9 financing or goes into operation a 501(c)(3) corporation, The
10 Foundation for Affordable Housing, will become the managing
11 general partner. It is an entity that we have satisfactory
12 prior experience with.

13 The managing agent for the project is AIMCO,
14 Apartment Investment and Management Company. They will
15 provide on-site property management services. They have a
16 group structure that is a decentralized management type of
17 structure. They have their own entity that works in the Los
18 Angeles area so they will be directly dealing with the
19 project. With that we're recommending approval, be glad to
20 answer any questions.

21 CHAIRMAN WALLACE: Dick, were the gas stations --
22 Apparently there were two gas etations and they were located
23 on portions of the property.

24 MR. WARREN: They are directly adjacent.

25 CHAIRMAN WALLACE: Off-site?

1 MR. WARREN: They are off-site.

2 CHAIRMAN WALLACE: So you're worried about --

3 MR. WARREN: They are off-site, Mr. Chairman, but
4 they are directly adjacent to the property so there is
5 potential for underwater contamination. That will need to be
6 remediated.

7 CHAIRMAN WALLACE: AIMCO is not a part of K&B?
8 That's a separate entity not related?

9 MR. WARREN: Yes, that's my understanding.

10 MR. SCHERMERHORN: Correct.

11 CHAIRMAN WALLACE: Okay. Any further questions?

12 MS. FAUST: I just want to understand a little bit
13 better about there's a number of other units coming on-line
14 but only two of which are tax-credits.

15 MR. WARREN: Of the seven that are in development
16 stage I believe only two are tax-credits.

17 MS. FAUST: The rent comps that you showed up
18 there. Were those just on other senior projects?

19 MR. WARREN: Other senior comparable market
20 projects, yes.

21 MS. FAUST: When you have a situation like this--I
22 just don't know the answer to this--do you have the developer
23 30 out and do a market study and present that to you?

24 MR. SCHERMERHORN: No, we do it.

25 MS. FAUST: You do it.

1 MR. SCHERMERHORN: We commission our own market
2 studies, depending on the character and the nature of the
3 projects and the issues that can surface. We specify the
4 scope to be done. And where we have an issue like this where
5 we know there's a potential market question we have a full
6 area market evaluation done that we contract for and we
7 specify the scope of.

8 MS. FAUST: And what I heard you say is, because
9 the rents are pretty substantially below market you're pretty
10 comfortable this one will lease up fast.

11 MR. WARREN: Yes, there are increasing rent
12 pressures in this part of Los Angeles.

13 MS. FAUST: My last question was: Is there a
14 traffic light where the larger senior residents will have to
15 cross over to use the community center? The bigger project
16 was on one side of the street and the community center was on
17 the other.

18 MR. WARREN: As I saw the diagram they would have
19 to go down to a crosswalk and come across from the Courtyard
20 site—I'm sorry, the Garden site. So they can't go directly
21 from their building across San Antonio, they have to go down
22 to an intersection and to the Senior Center.

23 MS. FAUST: And there's a stop light at the
24 intersection --

25 MR. WARREN: Yes, there is. Yes, there is.

1 MS. FAUST: -- so it's safe?
2 MR. WARREN: Yes.
3 MS. FAUST: Okay.
4 CHAIRMAN WALLACE: Further questions? Would
5 someone representing the sponsor here have any question or
6 comment? Anyone else in the audience have any comment? The
7 Chairman will entertain a motion. Hearing none this --
8 MR. FRIEDMAN: I'll move it.
9 CHAIRMAN WALLACE: Richard.
10 MS. HAWKINS: I'll second it.
11 CHAIRMAN WALLACE: And Carrie seconds. Any
12 discussion on the motion? Secretary, call the roll.
13 MS. OJIMA: Thank you. Ms. Faust?
14 MS. FAUST: Aye.
15 MS. OJIMA: Ms. Campbell?
16 MS. CAMPBELL: Aye.
17 MS. OJIMA: Ms. Easton?
18 MS. EASTON: Aye.
19 MS. OJIMA: Ms. Hawkins?
20 MS. HAWKINS: Aye.
21 MS. OJIMA: Mr. Klein?
22 MR. KLEIN: Aye.
23 MS. OJIMA: Mr. Friedman?
24 MR. FRIEDMAN: Aye.
25 MS. OJIMA: Mr. Wallace?

1 CHAIRMAN WALLACE: Aye.

2 MS. OJIMA: Resolution 99-25 has been approved.

3 CHAIRMAN WALLACE: The Board has approved
4 Resolution 99-25.

5 **RESOLUTION 99-26**

6 Moving on to our Casa Ramon project, Dick.

7 MR. SCHERMERHORN: Not to be confused with Villa
8 San Ramon.

9 CHAIRMAN WALLACE: Okay. Move approval.

10 MR. SCHERMERHORN: There is considerable
11 information in the Board binder about this particular project
12 which we are not going to go through and the reason why is,
13 we have no credit risk on this. We are not lending any money
14 on this, we have not done any underwriting on this particular
15 project. The only role that we have in this is as HUD's
16 contract administrator for the 236 IRP contract that will be
17 attached to the project and it's for a 13 year period. That
18 is the projected life of this particular transaction. This
19 is not dissimilar to a similar arrangement on a couple of
20 other projects where we accepted the 236 IRP contract role
21 about a year and a half ago. Also, those two projects were
22 in Southern California.

23 Basically what's happening is you've got an
24 existing affordable project that's under HUD's 236 Program.
25 Which for those of you who are not familiar with that,

1 essentially, let's say you have a mortgage outstanding on
2 the project of eight percent. HUD under the 236 Program
3 agreed to pay the interest difference on the debt service
4 between one percent and eight percent so they're paying
5 annually a seven percent interest in exchange for
6 affordability in the project.

7 What's happening is, this is what's referred to as
8 the older assisted in the at-risk category. These projects
9 are becoming eligible to prepay and leave the affordable
10 housing inventory. And there are some sponsors who are
11 attempting to intercede in these situations and in effect
12 acquire these projects to maintain the affordability on them.
13 And part of that acquisition in financial structuring, HUD
14 requires a public agency to be the administrator of their 236
15 Interest Rate Subsidy on the project if they're going to
16 continue with that. It is either going to be a locality or a
17 state agency.

18 The deal had been structured, as you see it here in
19 the Board package, but HUD is not apparently entirely
20 comfortable with the locality being the regulator here and
21 the Agency was asked if we would take on that role. We will
22 receive a fee for doing the monitoring on the project to make
23 sure that the affordability in the transaction stays in place
24 for the agreed upon term, which is 13 years.

25 We have done a, quote, due diligence. We have

1 looked at the underwriting to make sure that it is
2 appropriate, that the affordability is consistent with what
3 HUD would require on the 236. We're satisfied with all of
4 that. We do have some visual just so you know a little bit
5 about what the project looks like we're getting into. It is
6 located in the City of Orange in Orange County. Linn.

7 (Video presentation of project begins.)

8 MR. WARREN: This is Casa Ramon. A two-story
9 walkup, fairly straightforward project. The City of Orange,
10 as some of you may know, is a stable area but it also has
11 increasing rent pressures. This is typical of the interior
12 courtyard, very mature landscaping. Most of the buildings
13 have this kind of configuration, facing each other. To one
14 side of the project is open area. The project has been very
15 well maintained over the years. As a matter of fact the
16 current owner will probably continue on as the manager of the
17 particular property. So we're comfortable that the building
18 will be maintained and rehabbed to an appropriate standard.
19 This is the rear entry. Again, a stable, mature area.

20 (Video presentation of project ends.)

21 MR. SCHERMERHORN: Essentially that's the request
22 before you, for us to become a 236 contract administrator on
23 this project. With that we're recommending approval. If you
24 have any questions we'll be glad to get into the transaction
25 for you.

1 CHAIRMAN WALLACE: Any questions? Not a lot of
2 risk here. Something that we would --

3 MR. SCHERMERHORN: It's zero risk.

4 CHAIRMAN WALLACE: Yes.

5 MR. SCHERMERHORN: But we are supporting
6 affordability here by extending a project in which the
7 existing owner has the option of selling and/or converting to
8 market rate.

9 CHAIRMAN WALLACE: Right. And it's kind of a no-
10 brainer for us to monitor and manage this and service it.

11 MR. WARREN: Yes.

12 MR. SCHERMERHORN: It's just an add-on to what
13 we're already doing in this area, plus we have other projects
14 generally in the Orange County area which our asset
15 management operation would be just adding this to the
16 workload in there. It's not significant.

17 CHAIRMAN WALLACE: Does the asset manager agree
18 with that? She was smiling a moment ago.

19 MR. WARREN: She's thrilled to have it in her
20 portfolio.

21 CHAIRMAN WALLACE: Bob.

22 MR. KLEIN: Just as a question. The tax-exempt
23 charter Mac rate is 7.62 and then the taxable is 9.12?

24 MR. WARREN: Those were the interest rates that
25 were given to us.

1 MR. KLEIN: And they're being subsidized down to
2 one percent?

3 MR. WARREN: No, what will be happening is the
4 income stream from the IRP, which is an annual payment, that
5 has been capitalized into a bond to be purchased by Charter
6 Mac. So it's being used as additional financing for the
7 property. The way to view it probably is there's an income
8 stream and these loans are wrapping. The income stream from
9 HUD on that. So no, the rates themselves on the Charter Mac
10 loans are not being subsidized.

11 MR. KLEIN: Okay.

12 MR. SCHERMERHORN: But the end result is the rental
13 rates in the project stay in place.

14 MR. WARREN: Yes.

15 MR. KLEIN: Okay.

16 CHAIRMAN WALLACE: Richard.

17 MR. FRIEDMAN: Just a couple of curiosity-type
18 questions. I take it this is not part of CHFA's PAE role but
19 something similar to what you might be doing. How does this
20 relate to that?

21 MR. SCHERMERHORN: This is not a -- No, it is not a
22 PAE Mark-to-Market eligible project, it's a 236, not a
23 Section 8. And it is not similar to that role because in the
24 PAE role where we do a restructuring we do not have a
25 downstream responsibility on the project, that is still HUD's

1 project. This is different but it does fall under the
2 general preservation at-risk support that we're attempting to
3 provide on the street.

4 MR. FRIEDMAN: Okay. And this is going to continue
5 for another 13 years with the IRP subsidy. What happens
6 after year 13? You probably said it and I just was focusing
7 elsewhere.

8 MR. SCHERMERHORN: No, I didn't say it.

9 MR. WARREN: The affordability will maintain. It's
10 a bond tax-credit structure so the rents on there will stay
11 as they're set forth.

12 MR. FRIEDMAN: Okay. And the last question I had
13 was just the ownership structure. You've got one entity that
14 is going to be administering general partner, another one
15 being the managing general partner. Is that --

16 MR. SCHERMERHORN: That's their structure.

17 MR. FRIEDMAN: Okay.

18 MR. SCHERMERHORN: Since we are not underwriting it
19 we have not --

20 MR. FRIEDMAN: We really don't care.

21 MR. SCHERMERHORN: Our responsibility here is to
22 HUD.

23 MR. FRIEDMAN: Thanks.

24 CHAIRMAN WALLACE: Any further questions from the
25 Board? Any questions from the audience? If not, the Chair

1 will entertain a motion, Donna.

2 MS. CAMPBELL: So moved.

3 MS. EASTON: Second.

4 CHAIRMAN WALLACE: Second, Angela. Any questions
5 on the motion? Hearing none, secretary, call the roll.

6 MS. OJIMA: Thank you. Ms. Faust?

7 MS. FAUST: Aye.

8 MS. OJIMA: Ms. Campbell?

9 MS. CAMPBELL: Aye.

10 MS. OJIMA: Mr. Czucker?

11 MR. CZUKER: Aye.

12 MS. OJIMA: Ms. Easton?

13 MS. EASTON: Aye.

14 MS. OJIMA: Ms. Hawkins?

15 MS. HAWKINS: Aye.

16 MS. OJIMA: Mr. Klein?

17 MR. KLEIN: Aye.

18 MS. OJIMA: Mr. Friedman?

19 MR. FRIEDMAN: Aye.

20 MS. OJIMA: Mr. Wallace?

21 CHAIRMAN WALLACE: Aye.

22 MS. OJIMA: Resolution 99-26 has been approved.

23 CHAIRMAN WALLACE: Resolution 99-26 has been
24 approved.

25 So that's the projects.

OTHER BOARD MATTERS

1
2 Item 5 on our regular Board agenda is any other
3 Board matters that weren't agendized. Knowing we're going
4 into the workshop are there any other items from the Board
5 that we should talk about? Bob.

6 MR. KLEIN: Yes. There are a number of items that
7 would essentially appear within the discussion of at-risk
8 housing or would appear as a related item to some of these
9 other categories. I assume we can just bring them up in that
10 context.

11 CHAIRMAN WALLACE: When we get into the workshop
12 I'm going to ask the Board for additional items.

13 MR. KLEIN: Great.

14 CHAIRMAN WALLACE: And I understand you may have
15 some. That will be the time when I want to bring them out.

16 MR. KLEIN: I understand.

17 CHAIRMAN WALLACE: Okay. Any other items from the
18 Members of the Board that we should note at this time?
19 Realizing we're going to be doing that when we get to the
20 workshop.

PUBLIC TESTIMONY

21
22 Okay, hearing none I'll move to Item 6. Any
23 members of the public have any non-agendized items that
24 they'd like to share with the Board? Or any members of the
25 non-public that are members of CHFA out there, which is

1 pretty overwhelming again, that you want to talk to the Board
2 about because you couldn't talk to your superior about it and
3 you want to get in trouble here?

4 Okay, hearing none then I am going to adjourn the
5 Board Meeting officially and we will take about a five minute
6 break. There's some goodies over here to my right, coffee
7 and muffins and the like. We'll reconvene here in about,
8 well, let's give ourselves until -- I have 10:13, let's give
9 ourselves until 10:20, or seven minutes, and then come back
10 and prepare to get into the workshop, which agenda is on the
11 back of your Board agenda.

12 So we are officially adjourning the Board Meeting,
13 to reconvene in the workshop shortly.

14 (Thereupon the meeting was
15 adjourned at 10:14 a.m.)

16 --000--

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CERTIFICATION AND
DECLARATION OF TRANSCRIBER

1
2
3
4 I, Ramona Cota, a duly designated transcriber, do
5 hereby declare and certify under penalty of perjury that I
6 have transcribed one (1) tape in number and this covers a
7 total of pages 1 through 29, and which recording was duly
8 recorded at Sacramento, California, in the matter of the
9 Public Meeting of the Board of Directors of the California
10 Housing Finance Agency on the 8th day of July, 1999, and that
11 the foregoing pages constitute a true, complete and accurate
12 transcript of the aforementioned tapes to the best of my
13 ability.

14 Dated this 12th day of July, 1999, at Sacramento
15 County, California.

16 
17

18 Ramona Cota, Official Transcriber
19
20

21 ---oOo---
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23
24
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Executive Summary

734 Date: 5-Aug-99

Project Profile:

Project : Northside Flats
Location: 130 East Eighth Street
City: Long Beach
County: Los Angeles
Type: Family
Borrower: Long Beach Affordable Hsg
Program: 501(c)(3)
CHFA# : 99-005-S

Financing Summary

	Final	Per Unit
CHFA First Mortgage	\$1,500,000	\$31,915
Other Loans	\$0	\$0
Developer's Equity	\$0	\$0
Deferred Developer's Equity	\$0	\$0
CHFA Bridge	\$0	\$0
CHFA HAT	\$0	\$0

Loan to Value
75.6%

Loan to Cost
100.0%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	624	13	CHFA/FDIC -50%	\$480	\$20,525
1 BR	624	7	FDIC - 65%	\$537	\$26,683
1 BR	624	25	Market	\$537	\$32,840
2 BR	792	1	CHFA - 50%	\$514	\$23,075
2 BR	792	1	Manager	\$700	
		47			

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Unit Mix and Income	
Source and Uses of Funds	11
Operating Budget	12
Project Cash Flows	13
Location Maps (area and site)	14

Eight Street-30 Long Beach

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**Final Commitment
Northside Flats
CHFA # 99-005-S**

SUMMARY

This is a final commitment request for a first mortgage loan in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) to fully amortize over thirty (30) years at 5.9%. Loan proceeds will be used to refinance this project to repay two mortgage loans which are due and payable within one year, as well as to provide funds for project renovation, replacement reserves, and operating capital for the non-profit borrower. The subject property consists of an existing (circa 1987) four-story, forty-seven (47) unit apartment structure with subterranean parking. The borrowing entity will be the Long Beach Affordable Housing Coalition, a 501(c)(3) non-profit public benefit corporation.

The subject property was acquired through foreclosure in August 1992 by a Savings and Loan ("S & L"). The Resolution Trust Corporation ("RTC"), which subsequently merged with the Federal Deposit Insurance Corporation ("FDIC"), acquired the property when it took over the failed S & L. The Long Beach Affordable Housing Coalition ("LBAHC" or "Coalition") purchased the property from the FDIC in February 1998.

LOAN TERMS

First Mortgage	\$1,500,000
Interest Rate	5.9%
Term	30 year fixed, fully amortized
Financing	501(c)(3)

LOCALITY INVOLVEMENT

None

MARKET

Market Overview

The subject property is located in the City of Long Beach, which is approximately 22 miles south of downtown Los Angeles. Long Beach is a heavily developed urban area centering on the city of Los Angeles. Within a sixty- (60) mile radius is all of Los Angeles and Orange Counties, and portions of Riverside, San Bernardino and Ventura Counties. The Los Angeles Metropolitan area is the fourth largest in the world. There has been strong growth during the past forty- (40) years. As a gateway *city* with a strong migration population, the need for all types of housing will continue during the foreseeable future.

The Los Angeles area has a broad base of both industrial and service companies. The Long Beach and Los Angeles Harbors are the major ports for imports and exports to and from the Pacific Basin. During the early 1990's the aerospace and defense industries experienced extreme cutbacks. The loss in employment base affected the Los Angeles area severely and resulted in a large downturn in real estate prices. During the past few years' employment gains from other sectors have resulted in an improved economy. Combined with attractive interest rates, the real estate market has recovered and in many areas shown an upward price trend. Within the last year, home prices in Long Beach have increased an average of 3% to 6%.

The City of Long Beach has a population of approximately 430,000 covering an area of approximately 32,000 acres or 50 square miles.

Housing Supply

There are 171,000 residential units within the city of which approximately 77,000 are owner occupied and 94,000 rental units. Eighty percent of the housing has been constructed since 1940 with about 10% being developed within the last 15 years. There is less than 6% available vacant land in Long Beach that can be developed. Therefore, most new development requires the demolition of existing structures. The limited availability of land coupled with the high cost of development will limit future construction of residential units. The general prices and rent levels are not at a high enough level to produce financial viability within most areas of Long Beach at the present time.

PROJECT FEASIBILITY

Information provided by the City of Long Beach indicates that area rents, during the past several years, have increased anywhere from 10 - 15% for lesser or inferior properties, to 30% or greater for newer competitive projects. Rents for one bedroom units average between \$450 to \$800 for a one-bedroom unit; and \$525 to \$1,000 for a two-bedroom unit. Competitive market rents for the subject property are \$575 for a one-bedroom, and \$750 for a two-bedroom unit.

The subject rents range from \$480 to \$537 for a one-bedroom unit; and \$514 to \$700 for a two-bedroom unit

Rent Level	Subject	Mkt Rate Avg	Difference	Percentage
One Bedroom - 50%	\$480	\$575	\$95	83%
One Bedroom - Mkt	\$537	\$575	\$38	93%
Two Bedroom - 50%	\$514	\$750	\$236	69%
Two Bedroom - Mkt	\$700	\$750	\$ 50	93%

PROJECT DESCRIPTION

Project Location

The subject is located in the northerly boundary of the downtown Long Beach area. The immediate neighborhood is a mixture of commercial and residential uses. To the south, the area is predominately commercial. Eight blocks to the south is Ocean Boulevard, the primary office, financial, tourist and hospitality corridor in downtown Long Beach. Most of the major thoroughfares in the immediate area such as Pine Avenue, Long Beach Boulevard and 7th Street have a variety of commercial uses with scattered residential uses. Pine Avenue, one block to the west, is commercial in character with mostly retail on ground floor space while some of the upper floors include a mixture of office or residential. Pacific Avenue, two blocks to the west, and Long Beach Boulevard, two blocks to the east are predominately commercial in character. The MetroRail ("MTA") Blue Line, a light rail public transit system, runs from downtown Long Beach to downtown Los Angeles. It traverses south along Long Beach Boulevard to 1st Street in downtown Long Beach, where it "loops" north along Pacific Avenue and east along 8th Street to Long Beach Boulevard, where it turns and heads north toward Los Angeles.

To the immediate east across Locust Avenue is the International Elementary School. To the south along Locust Avenue are older residential structures and a vacant parcel, which is being used as a surface parking lot for employees of the school. To the immediate west of the subject are an older apartment building

and a neighborhood market. Pine Avenue, one block to the west, is comprised primarily of secondary, older commercial. Directly across 8th Street is a three-story older **commercial/office** facility currently under lease by the Long Beach Unified School District, and used for record storage. To the west is a vacant, historic, **commercial/medical** professional office building. A nonprofit organization is negotiating its purchase with plans to convert to low income senior housing.

Site

The subject is situated on the southwest corner of 8th Street and Locust Avenue in Long Beach. 8th Street is an existing 80-foot wide **east/west** public thoroughfare with one lane of traffic in each direction as well as a Blue Line rail track that runs down the middle. The street is fully dedicated and improved with asphalt paving, concrete curbs gutters and sidewalks. Street lighting is provided along both sides of the street. Locust Avenue, a fully improved and dedicated street, runs **north/south** with one lane of traffic in each direction. Unmetered street parking is available along both streets. The rectangular shaped parcel contains approximately **14,800** square feet, with **148** feet frontage along 8th Street and **100** feet along Locust Avenue. The site is level at street grade. There is a concrete alley adjacent to the site along the westerly boundary. This alley is **16** feet in width and is commonly known as Tribune Court. Primary building access is from 8th Street. Access to the subterranean parking is from Tribune court.

Improvements

Northside Flats is comprised of a four-story, stacked apartment structure, which was constructed in **1987**. There are forty-seven (47) units consisting of forty-five (**45**) one-bedroom units and two (2) two-bedroom units. The gross building area is approximately **33,284** square feet and the estimated rentable area is 29,664 square feet. The building is of wood frame and stucco construction over two levels of subterranean parking (**55** vehicles). It has a flat composition built-up roof with parapet walls. Two storage spaces are located on the east and west ends of each parking level. The first floor is comprised of a **secured** entrance lobby, office, recreation **room**, laundry **room**, two (**2**) two-bedroom units and six (6) one-bedroom units. The second, third and fourth floors consist of thirteen (**13**) one bedroom units each. There is a courtyard in the center of **the** building with an in-ground spa. The building is designed with exterior **corridors**, that overlook the courtyard, and is **serviced** by a six-stop elevator providing access to the four levels of apartments and the two levels of parking. Building condition and construction quality is rated average.

The interiors of the living units are improved with wall-to-wall carpeting in the living room and **bedroom(s)** and vinyl flooring in the kitchen and **bathroom(s)**. The interior walls are painted gypsum board. Each kitchen has laminate

countertops, stained and varnished wood laminate cabinets, double sink with disposal, a dishwasher, oven and range and an overhead exhaust hood. All the units have central heating and air conditioning (UHVAC) and a private balcony.

The one-bedroom units contain approximately 624 square feet and are comprised of a bedroom, a bathroom, a living room and a dining and kitchen area. The bedrooms and living rooms have a wardrobe closet. The two-bedroom units contain approximately 792 square feet comprising two bedrooms, two bathrooms, a living room and a dining and kitchen area. The bedrooms and the living rooms also have a wardrobe closet.

OCCUPANCY RESTRICTIONS

California Housing Finance Agency ("CHFA")

Thirty percent (30%) of the units will be restricted to 50% of median income

Federal Deposit Insurance Corporation ("FDIC")

Thirty-five percent (35%) of the units will be restricted; of which twenty percent (20%) will be restricted to 50% of median income; and ~~fifteen~~ percent (15%) restricted to 65% of median income

There is an overlay of the CHFA and FDIC units at 50% of median income. In total, thirty percent (30%) of the units will be restricted at **fifty** percent (50%) of median income.

The project Sponsor will voluntarily restrict the remaining units to the lesser of market rent or eighty percent (80%) of median income to facilitate ongoing qualification for exemption from property taxes (welfare exemption).

The FDIC regulatory constraints will be subordinated to the CHFA regulatory constraints and deed of trust.

PHYSICAL NEEDS ASSESSMENT

EMG, a professional architectural and engineering organization, inspected the property and prepared a Physical Needs Assessment ("PNA"). The survey concluded the property to be in good physical condition, and identified no immediate need for substantial renovation or repair. Recommendations were made with respect to routine maintenance over the projects remaining economic life.

The borrowing entity and CHFA are preparing a scope of work, consisting primarily of routine maintenance, component replacement, and cosmetic enhancements, pursuant to the findings of the PNA. In addition to the annual funding of a replacement reserve account from project operations, an initial reserve account will be funded at permanent loan funding.

SEIS ASSESSMENT

A Dames & Moore Seismic Assessment concludes that typical damage levels for this type of apartment building are less than CHFA acceptance criteria. The building requires no further review.

ENVIRONMENTAL

Dames & Moore prepared a Phase I Environmental Site Assessment ("ESA") report. The format and content of the Phase I ESA is in general accordance with ASTM Standard Practice for Environmental Site Assessments; Phase I Site Assessment Process E-1527.

The subject property was not identified on (environmental or regulatory) agency database lists of known or potential hazard waste sites, landfills or sites under investigation for known or potential environmental violations. At the time of the inspection, the buildings hydraulic elevator was being repaired and evidence of oil staining was observed in the elevator shaft. It is Dames and Moore's opinion that the presence of impacted soil at the subject property represents a Recognized Environmental Condition ("REC"). Assuming the impacted soils are removed, this would abate the REC. No other recognized environmental conditions were identified and Dames & Moore does not recommend additional investigation of the subject property at this time.

ARTICLE XXXIV

A satisfactory opinion letter will be required prior to loan closing.

MEM TEAM

Long Beach Affordable Housing Coalition

Long Beach Affordable Housing Coalition ("LBAHC" or "Coalition") was founded in May 1992 in the aftermath of the civil unrest the month before. The Coalition was incorporated in July 1993 and achieved an IRS 501(c)(3) Charitable Non-Profit Status the following month. Currently, the Coalition owns and manages a

portfolio of eleven projects containing **219** units and valued in excess of **\$10,000,0000**.

In **1994** the LBAHC acquired two (**2**) partially constructed condominium projects in Long Beach. The Coalition redesigned and developed them by applying for and receiving ~~tax~~ credits, forming limited partnerships, raising project equity and securing permanent financing. Today these developments, Beechwood Terrace and Cambridge place, are being maintained and operated for the benefit of low-income working families,

The City of Long Beach recognized the non-profit Coalition as a Community Housing Development Organization ("CHDO") in 1995. The designation provided operating assistance and access to HOME partnership funds for acquisition and rehabilitation of multifamily projects. Also in **1995**, LBAHC was one of only six non-profit organizations in Southern California selected by the Enterprise Foundation for technical assistance and operating support

In **1996**, the Coalition hired its first employee, Executive Director H. Kim Huntley. One of Kim Huntley's first activities was to participate in HUD's LIHPRIA program. The coalition sponsored and formed seven nonprofit sole asset corporations and acquired two projects containing ninety-seven (**97**) units of "at-risk" housing. Before acquisition, the properties were continually cited for health, safety and building code deficiencies. Under the Coalition's stewardship, HUD's June **17, 1997** letter of inspection classified their overall condition as "Superior" and without deficiencies or other comment.

In **1997** the Coalition began a first-time homebuyer's program and brought on board its second full-time employee, Chief Financial Officer Andrew Kincaid. The comprehensive program includes the acquisition, rehabilitation and resale of boarded and sub-standard properties. LBAHC upgrades the structures, eliminating functional and long-term maintenance problems, and provides amenities that lower income homeowners normally must do without. Prospective buyers must complete a first-time homebuyer's class. Income qualified first time homebuyer's are then assisted with financing and down payment requirements.

In **1998**, LBAHC acquired from the Federal Deposit Insurance Corporation ("FDIC") a forty-seven (**47**) unit residential building in the downtown area of Long Beach. **This ten-year-old** security building, with subterranean parking, was originally developed as a condominium project. Occupancy has been converted to affordable rental housing. LBAHC wishes to refinance this project to repay two mortgage loans which are due and payable within one year, as well as to provide funds for project renovation, replacement reserves, and organizational operating capital.

The Southern California cities of Bellflower, Downey, Long Beach and Paramount have selected LBAHC as a Community Development Housing

743

Organization (“CHDO”) for both single and multifamily projects. Currently in planning and development is a proposed fifty-three (53) unit, tax credit, family rental development in Arizona.

Property Management
AWFMEX, Inc.

AWFMEX, Inc., (“AWFMEX”) is a woman minority corporation. Since its inception in 1089 it has dedicated its services to the management of residential buildings for low and very low-income individuals. The organization is structured to permit close control over widespread properties while retaining the flexibility to respond quickly to specific project requirements or unique opportunities. AWFME X is cognizant that effective management of housing for lower income individuals will entail special considerations, particularly pertaining to social and economic problems of the residents, collection of rents, and proper physical maintenance of the facilities. It is the organizations philosophy and objective to provide decent, safe and sanitary housing for its residents, attain or improve economic viability and maintain good working relationships with project ownership and governmental agencies.

AWFMEX represent thirteen (13) non-profit clients with forty-eight (48) complexes at seventy-three (73) sites. The buildings are a combination of garden style apartments, mid-rise (4 - 5 stories), townhouses and scattered sites, and commercial/residential mixed-use developments. Ms Genny R. Alberts, its owner and president, has worked in the field of property management since 1975.

Project Summary

Date: 5-Aug-99

270

Project Description:

Project : Northside Flab
Location: 130 East Eighth Street
Long Beach
County/Zip: Los Angeles 90813
Borrower: Long Beach Affordable Hsg

Program: 501(c)3

CHFA# : 99-005-S

Appraiser: Bob Roos
 Highland Associates
Cap Rate: 9.00%
Market: \$ 1,950,000
Income: \$ 1,985,000
Final Value: \$ 1,985,000

LTC/LTV:
Loan/ Cost 100.0%
Loan/ Value 75.6%

Units 47
Handicap Units 0
Bldge Type Existing
Buildings 1
Stories 4
Gross Sq Ft 33,284
Land Sq Ft 14,800
Units/Acre 138
Total Parking 55
Covered Parking 55

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	\$1,500,000	\$31,915	5.904	30
Other Loans	\$0	\$0	0.00%	-
Other Loans	\$0	\$0	0.00%	-
Other Loans	\$0	\$0		
Other Loans	\$0	\$0		
Developer Equity	\$0	\$0		
Deferred Developer Fee	\$0	\$0		
CHFA Bridge	\$0	\$0	0.00%	-
CHFA HAT-	\$0	\$0	0.00%	-

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	624	13	CHFA/FDIC -504	\$480	\$20,525
1BR	624	7	FDIC - 65%	\$537	\$26,683
1 BR	624	25	Market	\$537	\$32,840
2BR	792	1	CHFA -50%	514	\$23,075
2BR	792	1	Manager	\$700	\$23,075
		47			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements	Amount	Security
Commitment Fee	1.50% of Loan Amount	\$22,500	Cash
Finance Fee	1.00% of Loan Amount	\$15,000	Cash
Bond Origination Guarantee	1.00% of Loan Amount	\$15,000	Cash or LOC
Rent Up Account	0.00% of Gross Income	\$0	Cash
Operating Expense Reserve	10.00% of Gross Income	\$29,933	Cash or LOC
Replacement Reserve - Initial Deposit		\$50,000	Cash
Annual Replacement Reserve Deposit		\$18,000	Operations

Sources and Uses

Northside Flats

5-Aug-99

SOURCES:

<i>Name of Lender / Source</i>	Amount	% of total	\$ per sq ft	\$ per unit
CHFA First Mortgage	1,500,000	100.00%	45.07	31,915
CHFA Bridge	0	0.00%	-	0
CHFA HAT	0	0.00%	-	0
Other Loans	0	0.00%	-	0
Other Loans	0	0.00%	-	0
Other Loans	0	0.00%	-	0
Total Institutional Financing	1,500,000	100.00%	45.07	31,915
Equity Financing				
Borrower Contribution	-			
Deferred Developer's Equity	-	0.00%	-	0
Developer's Equity	-	0.00%	-	0
Total Equity Financing	0	0.00%	-	0
TOTAL SOURCES	1,500,000	100.00%	45.07	31,915

USES:

Repayment of Existing Loans	975,000	65.00%	29.29	20,745
Rehabilitation	100,000	6.67%	3.00	2,128
New Construction	0	0.00%		0
Architectural Fees	0	0.00%	-	0
Survey and Engineering	0	0.00%	-	0
Const. Loan Interest & Fees	20,000	1.33%	0.60	426
Permanent Financing	37,500	2.50%	1.13	798
Legal Fees	0	0.00%	-	0
Reserves	50,000	3.33%	1.50	1,064
Contract Costs	15,000	1.00%	0.45	319
Construction Contingency	10,000	0.67%	0.30	213
Local Fees	0	0.00%	-	0
TCAC/Other Costs	0	0.00%	-	0
PROJECT COSTS	1,207,500	80.50%	36.28	25,691
Developer Overhead/ Profit	292,500	19.50%	8.79	6,223
Project Administration	0	0.00%	-	0
Other	0			
TOTAL USES	1,500,000	100.00%	45.07	31,915

Annual Operating Budget**Northside Flats**

5-Aug-99

INCOME:**% of total \$ per unit**

Total Rental Income	295,656	98.8%	6,291
Laundry	3,108	1.0%	66
Other Income	564	0.2%	12
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	299,328	100.0%	6,369

Less:

Vacancy Loss	21,405	7.2%	455
Total Net Revenue	277,923	92.8%	5,913

EXPENSES:

Payroll	22,400	9.8%	477
Administrative	26,000	11.4%	553
Utilities	22,800	10.0%	485
Operating and Maintenance	17,300	7.6%	368
Insurance and Business Taxes	11,396	5.0%	242
Taxes and Assessments	3,058	1.3%	65
Reserve for Replacement Deposits	18,000	7.9%	383
Subtotal Operating Expenses	120,954	53.1%	2,573
Financial Expenses			
Mortgage Payments (1st loan)	106,765	46.9%	2,272
Total Financial	106,765	46.9%	2,272
Total Project Expenses	227,719	100.0%	4,845

Cash Flow Northside Flats CHFA # 99-005-S

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
FDIC & Market Rent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
FDIC & Market Rents	214,608	218,900	223,278	227,744	232,299	236,945	241,684	246,518	251,448	256,477
Affordable Rent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Affordable Rents	81,048	82,669	84,322	86,008	87,728	89,483	91,273	93,098	94,960	96,859
TOTAL RENTAL INCOME	295,656	301,569	307,600	313,752	320,027	326,428	332,957	339,616	346,408	353,336

OTHER INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	3,108	3,186	3,266	3,348	3,432	3,518	3,606	3,696	3,788	3,883
Other Income	564	578	592	607	622	638	654	670	687	704
TOTAL OTHER INCOME	3,672	3,764	3,858	3,955	4,054	4,156	4,260	4,366	4,475	4,587

GROSS INCOME	299,328	305,333	311,458	317,707	324,081	330,584	337,217	343,962	350,883	357,923
Vacancy Rate : Market	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	21,405	21,834	22,271	22,718	23,173	23,638	24,111	24,596	25,088	25,590
EFFECTIVE GROSS INCOME	277,923	283,499	289,187	294,989	300,908	306,946	313,106	319,367	325,796	332,333

OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	100,146	104,152	108,318	112,651	117,157	121,843	126,717	131,786	137,057	142,539
Replacement Reserve	18,000	18,000	18,000	18,000	18,000	18,900	18,900	18,900	18,900	18,900
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	2,808	2,864	2,921	2,979	3,039	3,100	3,162	3,225	3,290	3,356
TOTAL EXPENSES	120,954	125,016	129,239	133,630	138,196	143,843	148,779	153,911	159,247	164,796

NET OPERATING INCOME	156,969	158,483	159,948	161,359	162,712	169,103	164,327	165,476	166,548	167,538
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DEBT SERVICE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CHFA - 1st Mortgage	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	50,204	51,718	53,183	54,594	55,947	56,338	57,562	58,711	59,783	60,773
DEBT COVERAGE RATIO	1.47	1.48	1.50	1.51	1.52	1.53	1.54	1.55	1.56	1.57

CASH FLOW

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RENTAL INCOME										
FDIC & Market Rent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
FDIC & Market Rents	261,607	266,839	272,176	277,620	283,172	288,835	294,612	300,504	306,514	312,644
Affordable Rent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Affordable Rents	98,796	100,772	102,787	104,843	106,940	109,079	111,261	113,486	115,756	118,071
TOTAL RENTAL INCOME	360,403	367,611	374,963	382,463	390,112	397,914	405,873	413,990	422,270	430,715
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	3,960	4,080	4,182	4,287	4,394	4,504	4,617	4,732	4,850	4,971
Other Income	722	740	759	778	797	817	837	858	879	901
TOTAL OTHER INCOME	4,702	4,820	4,941	5,065	5,191	5,321	5,454	5,590	5,729	5,872
GROSS INCOME	365,105	372,431	379,904	387,528	395,303	403,235	411,327	419,580	427,999	436,587
Vacancy Rate : Market	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Loss: Vacancy Loss	26,103	26,627	27,160	27,705	28,260	28,827	29,405	29,994	30,595	31,209
EFFECTIVE GROSS INCOME	339,002	345,804	352,744	359,823	367,043	374,408	381,922	389,586	397,404	405,378

OPERATING EXPENSES

Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	148,241	154,171	160,338	166,752	173,422	180,359	187,573	195,076	202,879	210,994
Replacement Reserve	19,845	19,845	19,845	19,845	19,845	20,837	20,837	20,837	20,837	20,837
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	3,423	3,491	3,561	3,632	3,705	3,779	3,855	3,932	4,011	4,091
TOTAL EXPENSES	171,509	177,507	183,744	190,229	196,972	204,975	212,265	219,845	227,727	235,922
NET OPERATING INCOME	167,493	168,297	169,000	169,594	170,071	169,433	169,657	169,741	169,677	169,456

DEBT SERVICE

CHFA - 1st Mortgage	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	60,728	61,532	62,235	62,829	63,306	62,668	62,992	62,976	62,912	62,691
DEBT COVERAGE RATIO	1.57	1.58	1.58	1.59						

CASH FLOW

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
<i>FDIC & Market Rent Increase</i>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
FDIC & Market Rents	318,897	325,275	331,781	338,417	345,185	352,089	359,131	366,314	373,640	381,113
<i>Affordable Rent Increase</i>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Affordable Rents	120,432	122,841	125,298	127,804	130,360	132,967	135,626	138,339	141,106	143,928
TOTAL RENTAL INCOME	439,329	448,116	457,079	466,221	475,545	485,056	494,757	504,653	514,746	525,041

OTHER INCOME

<i>Other Income Increase</i>	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	5,095	5,222	5,353	5,487	5,624	5,765	5,909	6,057	6,208	6,363
Other Income	924	947	971	995	1,020	1,046	1,072	1,099	1,126	1,154
TOTAL OTHER INCOME	6,019	6,169	6,324	6,482	6,644	6,811	6,981	7,156	7,334	7,517
GROSS INCOME	445,348	454,285	463,403	472,703	482,189	491,867	501,738	511,809	522,080	532,558
<i>Vacancy Rate : Market</i>	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
<i>Vacancy Rate : Affordable</i>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Leas: Vacancy Loss	31,834	32,473	33,124	33,788	34,465	35,156	35,861	36,580	37,313	38,061
EFFECTIVE GROSS INCOME	413,514	421,812	430,279	438,915	447,724	456,711	465,877	475,229	484,767	494,497

OPERATING EXPENSES

<i>Annual Expense Increase</i>	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	219,434	228,211	237,339	246,833	256,706	266,974	277,653	288,759	300,309	312,321
Replacement Reserve	21,879	21,879	21,879	21,879	21,879	22,973	22,973	22,973	22,973	22,973
<i>Annual Tax Increase</i>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	4,173	4,256	4,341	4,428	4,517	4,607	4,699	4,793	4,889	4,987
TOTAL EXPENSES	245,486	254,346	263,559	273,140	283,102	294,554	306,326	316,526	328,171	340,291

NET OPERATING INCOME

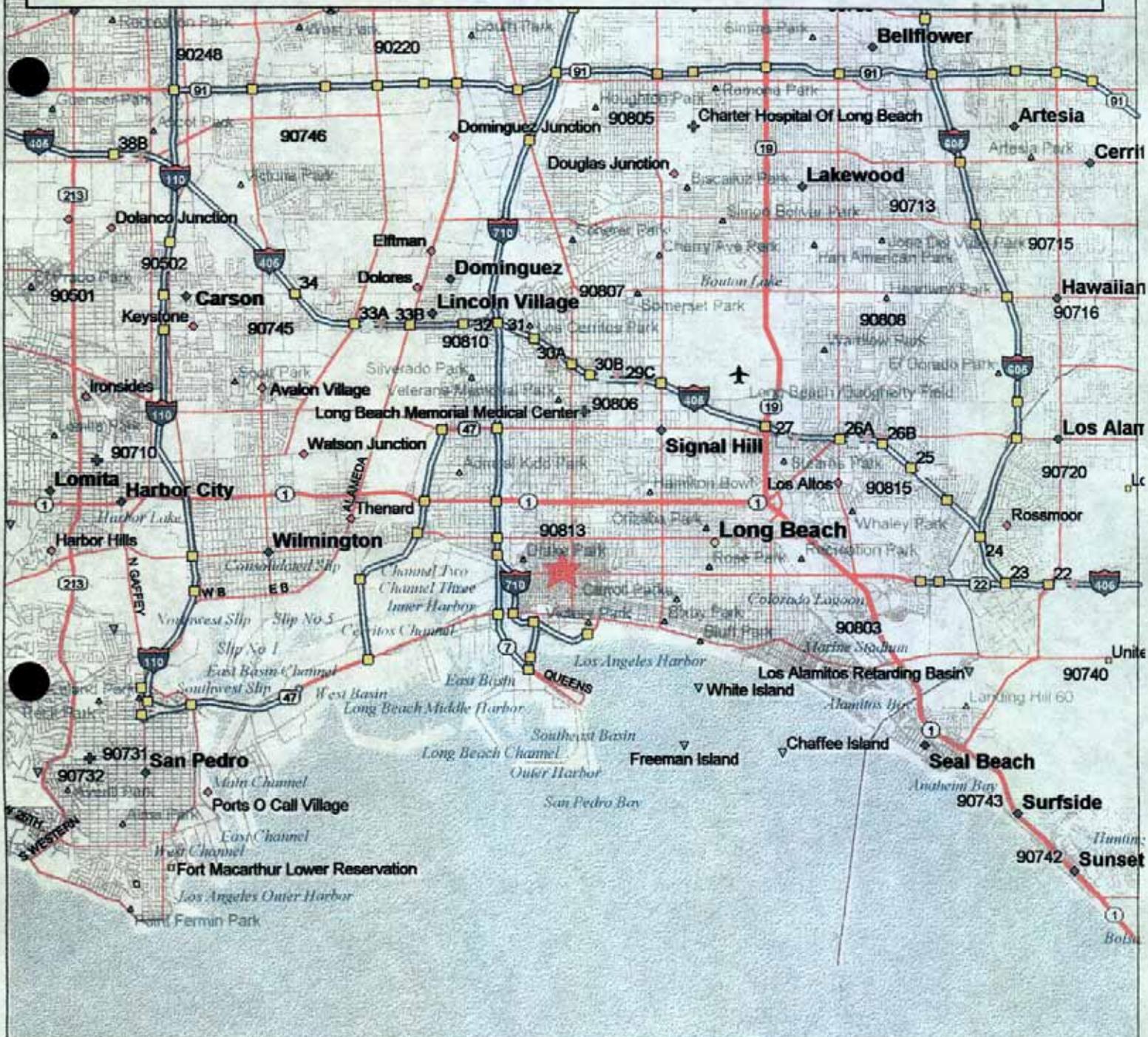
NET OPERATING INCOME	168,028	167,466	166,720	165,775	164,622	162,157	160,552	158,704	156,596	154,216
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DEBT SERVICE

CHFA - 1st Mortgage	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765	106,765
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	61,263	60,701	59,965	59,010	57,857	55,392	53,787	51,939	49,831	47,451
DEBT COVERAGE RATIO	1.57	1.57	1.56	1.55	1.54	1.52	1.50	1.49	1.47	1.44

Northside Flats

750



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Mag 12.00
 Wed Aug 25 13:00 1999
 Scale 1:125,000 (at center)

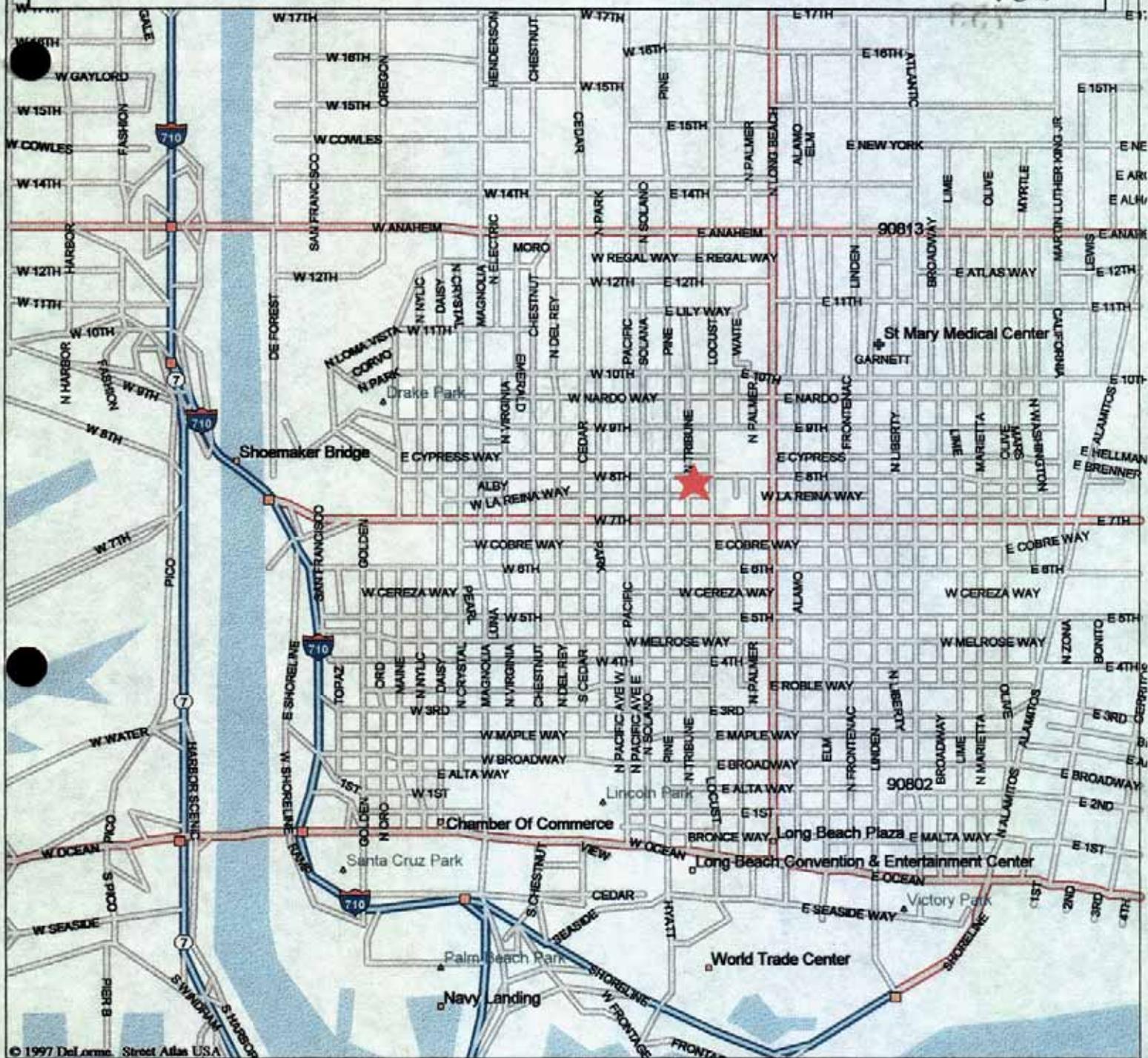
2 Miles

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|---------------------------|--------------------|
| Local Road | Point of Interest |
| Major Connector | Small Town |
| State Route | Large City |
| Primary State Route | Summit |
| Walkway/Stairway | Geographic Feature |
| Interstate/Limited Access | Hospital |
| Toll Highway | Park/Reservation |
| Exit | |

Northside Flats

752



Mag 15.00

Wed Aug 25 12:55 1999

Scale 1:15,625 (at center)

1000 Feet

500 Meters

- Local Road
- Major Connector
- State Route
- Primary State Route
- Interstate/Limited Access
- Exit
- Railroad
- Point of Interest
- Hospital
- Park/Reservation
- Water

RESOLUTION 99-27

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California **Housing Finance** Agency (the "Agency") has received a loan application from **Long Beach Affordable Housing Coalition** ("LBAHC" or "Coalition"), (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt **Loan** Program in the mortgage **amount** described herein, the proceeds of which are to be used to provide a mortgage loan on a 47-unit multifamily **housing** development located in the City of **Long Beach** to be known as **Northside Flats** (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency **staff** which has prepared its **report** dated August 5, 1999 (the "Staff Report") recommending Board approval subject to **certain** recommended terms and conditions; 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 August 17, 1998, the Executive Director exercised the authority delegated to her under Resolution **94-10** to declare the official intent of the Agency to reimburse such prior **expenditures** for the Development; and

WHEREAS, based upon the recommendation of **staff** and due deliberation by the **Board**, the **Board** has determined that a **final** loan commitment be made for the Development.

NOW, **THEREFORE, BE IT RESOLVED** by the Board:

1. The Executive Director, or in **his/her** absence, either the Chief Deputy **Director** or the **Director of Programs** of the Agency is hereby authorized to execute and deliver a **final** commitment letter, subject to the **recommended** terms and conditions set forth in the **CHFA Staff Report**, in relation to the Development described above and as follows:

<u>PROJECT NO.</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NO. UNITS</u>	<u>MORTGAGE AMOUNT</u>
99-005-S	Northside Flats Long Beach/Los Angeles	47	\$1,500,000

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2. ~~The~~ Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

3. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 99-27 adopted at a duly constituted meeting of the Board of the Agency held on September 9, 1999, at Millbrae, California.

ATTEST: _____
Secretary

Revised 9/3/99 756

CALIFORNIA HOUSING FINANCE AGENCY
Loan Modification
Palos Verdes villas
Palm springs, Riverside County
CHFA #93-006-S

I. PURPOSE:

This is a *request to modify* the terms and conditions of the *existing* permanent loan on Palos Verdes Villas, an existing 98 unit family apartment project located at 392 East Stevens Road, Palm Springs California.

II. A. LOAN TERMS:

	<u>Existing Terms</u>	<u>Modified Terms</u>
<u>1st CHFA Mortgage</u>		
Loan Amount	\$4,924,762.76	\$4,924,762.76
Arrearages and Advances	\$302,332	-0-
Interest Rate	6.85%	6.74% (stepped payment)
Term:	30 year fixed fully amortized (26 year remaining term)	35 year fully amortized from date of modification
<u>2nd CHFA Mortgage</u>		
Loan Amount	-0-	\$302,332
Interest Rate		6%
Term		Amortized from residual receipts due in 35 years

III. PROJECT BACKGROUND

Palos Verdes Villas is a 98 unit family development that was funded by CHFA on 4/1/95. The total bond financed loan amount was \$5,000,000 with a mortgage interest rate of 6.85%. The current loan balance is \$4,924,762. with net arrearages of \$302,332. The owners initial cash investment at closing was \$1,200,000.

Construction and design defects prevented timely rentup and performance of the asset, and

market/underwriting assumptions proved to be inaccurate. The property failed to provide adequate cashflows to meet basic operating expense and debt obligations by the end of its initial rentup period.

CHFA and the owner pursued the construction contractor to remediate the construction defects, but were unsuccessful. The Construction Surety Bond proved to be unenforceable and the Construction Contractor filed for bankruptcy protection and left California.

For approximately two years after initial occupancy, the owner, continued to fund the operating deficits, advancing \$780,621. After cooperating with CHFA to attempt a cure of the construction defects through the contractor, the owner approached the agency requesting work-out assistance. The construction defects were thoroughly evaluated by CHFA and an independent architectural firm was employed to complete a physical needs assessment (PNA). With the use of the PNA, management operations were closely coordinated and many of the defects were corrected. The most serious of these defects, failing stucco exteriors and other roof and water intrusion defects, have been temporarily repaired but require significant capital investment over time to permanently resolve. These problems can be remediated with capital investment from the current owner but will also require a restructuring of debt.

The operating deficit for 1999 is \$56,433, the average operating deficit for the next four years would be \$50,346 without restructuring.

In December of 1995, Pacific West Management (PWM) assumed management of the property. This action significantly improved supervision for resolution of many of the construction defects. Over time, PWM has reduced operating expenses and vacancy rates to lower levels. The management aggressively pursued maintenance and defect issues so that efficient remedies were implemented. Some of these remedies were temporary in nature and require a phased replacement of improvements over time.

LOCALITY INVOLVEMENT

The City of Palm Springs Redevelopment Agency contribution to the project was \$1,468,000 for water, sewer, school impact, other building fees, and construction costs. The City is unwilling, at this time to consider any additional on site investment. The Redevelopment Agency has a subordinate lien secured against the project. There is no payback requirement during the CHFA loan period.

Within the past two years the city, through acquisition and demolition, removed a dilapidated and abandoned hotel immediately adjacent to the project entry significantly improving "curb appeal".

LOAN HISTORY

1. PAYMENT/DELINQUENCY HISTORY:

The mortgage has been delinquent since September of 1996. A notice of default was filed in July of 1997. The owner signed a prenegotiation agreement with CHFA regarding the

loan workout in July of 1997. **Since this time** the owner has been **cooperating with CHFA** forwarding all NOI to the agency and actively attempting to resolve construction defect issues **and** adjusting management and **marketing to maximize NOI**. **There are currently an estimated \$302,332 in arrearages** and advances due on the project. This is inclusive of interest receivable, **insurance** and **tax** receivables, and **operating** expense advances.

IV LOAN MODIFICATION

The **restructure** would have the following principal features; **stepped increases** of payments of the mortgage to **match** proforma cashflow projections, **and reamortization** of the mortgage over the next 35 years (**utilizing a stepped rate mortgage structure**). The mortgage yield would be **approximately 6.74%**. The **existing** mortgage arrearages and advances will become a "residual receipts" second mortgage with a **6% interest** rate.

Any surplus cashflow (residual receipts) after debt service and **operating expense** will be divided with **20% going to the owner** and **80% going to CHFA** until the CHFA 2nd loan is paid off. Subsequently the CHFA residual receipts would be applied to any **accumulated** interest subsidy on the **1st mortgage**. **When the 2nd mortgage is paid off, and the 1st mortgage can be supported by the project at 6.74%** without any accumulated interest for two years, **CHFA will release its rights to the residual receipts back to the owner.**

As part of the loan modification, the **regulatory agreement will be modified** and extended to match the term of the **reamortized** first mortgage. **This would extend** regulation of controlled units approximately 9 years.

OWNER INVESTMENT

Since **initial** rent-up, the Owner has contributed \$780,621 to **fund operating deficits and construction defects**. His **initial** investment in the project was **\$1,200,000**. As a condition of loan modification, the **Owner will provide \$150,000 new money and assign a certificate** of deposit of \$146,994 (currently a project asset) to the replacement reserve to repair **construction** defects and replacements anticipated through the life of the project.

ALTERNATIVE TO MODIFICATION

The alternative to a loan modification is to **proceed under the existing loan terms** and foreclose on the property. CHFA would book an initial loss of approximately **\$1,700,000** on foreclosure. **The construction defects represent an appraised \$700,000 adjustment to the foreclosed value**. If the project was sold at "as-is" value that would become a **real cash loss**. If held by CHFA, there is the possibility of recovering the loss over **time** (with **appropriate management of the asset** and investment in **the correction of the project physical defects**).

CHFA believes the loan modification, as presented, **benefits** all parties and keeps the project viable, while **recovering** investment with **original** yield **expectations**.

V. PROPERTY DESCRIPTION/MARKET CONDITIONS

A. GENERAL INFORMATION

The property consists of 98 units in a complex containing a total of 83,755 square feet of rentable area. The complex consists of ten, one and two story apartment buildings, a managers office, clubhouse, 2 swimming pools, and storage building. The buildings are wood frame and stucco construction with Santa Fe architecture. There are 35 one bedroom units with 710 square feet and 63 two bedroom units with 935 square feet. Apartment amenities include dishwashers, in unit washers and dryers, landscaped open areas, air conditioning, patios and balconies. The site is irregular in shape with a gross area of 198,273 square feet or 4.55 acres. There are a total of 164 on site parking spaces, 98 of the spaces have carports. The property presents itself well from a design standpoint with significantly higher levels of amenities than comparable properties within the City. This is an important consideration because the project is located in an "improving area" that is less a desirable location, and the entry to the project site limits its visibility for marketing purposes.

B. PROPERTY DESCRIPTION

1. LOCATION: The property is located at 392 Stevens Road, Palm Springs. Freeway access to 1-10 is three and a half miles northeast at the Gene Autry Trail interchange. The site is located on the east side of Avenida Palos Verdes between E. Stevens Road and Camino Monte Vista close to services. Property uses and influences immediately surrounding the subject are as follows: older single family residences in average to good condition to the east, Small condominium projects in average condition and an older motel property in below average condition to the west, a vacant lot owned by Desert Hospital to the south, and Desert Hospital. It is located close to an older commercial area that the Redevelopment Agency is investing in its revitalization.

2. OCCUPANCY AND STABILITY OF INCOME

Pacific West Management was brought in to manage the project in December of 1995 as part of the owner's work-out strategy. Since that time, vacancy rates have steadily declined and a 12 month leasing strategy utilized to mitigate seasonal fluctuations in vacancies due to high rents. Since these changes were implemented, vacancies have remained below 8% (annual average) on market rate units and 4% for very low income rent units on a year around basis. The properties cashflow is very stable and has significantly increased in the past 36 months (average 3% per year). The property has been outperforming the market by 14% to 31% of the weighted average market rents of comparable properties in the area.

The Project was completed and partially occupied in 1995. The project **suffered** from construction defects- exterior stucco, **and inadequate** detailing of **wooden** outriggers (an **architectural** detail of the **Sante Fe** design) that **resulted** in water intrusion to the units. Not all buildings are showing immediate signs of these defects, only **three** of the buildings in need of attention within the **next 2** years. It is anticipated that over the **next ten to fifteen** years all buildings will **require replacement** of stucco exteriors. The property has other minor defects that may cause premature replacement if **not aggressively maintained**. A replacement schedule has been developed that phases **needed replacements** and anticipated costs. The CHFA managed reserve for replacement has been increased from **\$29,000** a year to **\$45,000** per year. The **increased amount retained** for replacement reserves, and the **owners cash contribution to augment reserves** will provide the **necessary resources** to fund replacement needs over the life of the project.

The property, in spite of the construction defects, presents itself well having a high degree of appeal to renters because of **general** appearance and high **amenity** levels.

4. MARKET CHARACTERISTICS

The City of **Palm Springs** rental housing Market is heavily influenced by **the** cyclical winter resort industry causing a fluctuation in rental vacancies **during** the hot months of **the** year. Rent levels are stable with **moderate** 3% average increases annually over the past **three** years. **The** overall vacancy rate fluctuates between 5% and 20% with vacancy averages in the 8% when adjusted for year **around** occupancy. Affordable housing in **Palm Springs** is in limited supply. **No new construction** of affordable family rental housing had occurred since this project was completed in 1995 and **CHFA's** market evaluation was completed in early 1998. The current supply information is supportive of a moderate 3% projected annual increase in rents over **the** next several years.

5. OCCUPANCY RESTRICTIONS

CHFA: 20% (7 one bedroom **and** 13 two bedroom units) are restricted at 50% of median income until the 35th year after **modification**. This **increases** the term of the project regulatory agreement by 9 years.

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to hazards exist on or near the

C. BORROWER

Palos Verdes Villas Inc. is the owner of the Project. **Mr. Thomas W. Tomlinson** is the principal shareholder and president. Mr. Tomlinson has developed and owned real estate in **California** and Idaho, including commercial and industrial facilities leased to major tenants including **Hewlett-Packard**, **Beverly Industries**, **Mercedes-Benz** and **Chrysler Corporation**. In addition he was co-founder and **director** of **Torrey Pines Bank**.

D. PROPERTY MANAGEMENT

Pacific West Management is the **current property manager** for this project. PWMs principal management office is located in Irvine, California. They assumed property management responsibilities in December of 1995, PWM has reduced the vacancy from 12.6% to an average of 6% over the past 4 years. Their marketing strategies have resulted in this property outperforming other projects in superior locations in the Palm Springs area.

This regional management firm oversees more than 6000 rental units in the south-western United States. Their active participation in the development of remedies for both marketing and operations problems the project has faced has been critical to the resolution of financial and physical deficits that Palos Verdes has encountered.

COMMITMENT SUMMARY

762

Project : Palms Verdes Villas
 392 East Stevens
 Palm Springs, CA
 93-006-S

Date: 03-Sep-99
 Borrower: Palms Verdes Villas, Inc.

FINANCING PROGRAM:

Project Profile:

Number of Units : 98
 Handicap Units 3
 Family/Elderly Fam
 New Const/Rehab New
 Units/Acre
 No. of Buildings 10
 No. of Stories 2
 Gross Bldg Sq Ft 83,755
 Land Sq Ft 198,273
 Total Parking 164
 Covered Parking 98

Project Valuation:

Cost: 4,268,000
 Market: 4,018,000
 Income: 3,984,063
 Final Value: 3,984,000
 Appraiser: Proboese

LTC/LTV:

Loan/Cost 115.4%
 Loan/Value 123.6%

Mortgage Terms:

Existing Mortgage \$4,924,868
 Interest Rate 6.85%
 Mortgage Loan Term 30
 Mortgage Recommended \$4,924,868
 Interest Rate 6.74%
 Mortgage Loan Term 35
 CHFA, Second Loan (residual receipts)
 Interest Rate 6.00%
 Loan \$302,332
 Total Loans \$5,227,200

Unit Mix and Income:

Income Level	Efficiency	Bed/Bath	1/1	Bed/Bath		Bed/Bath	2/2	Bed/Bath		Bed/Bath		Total
	Number	Sq. Feet	710	Sq Feet	Number	Sq Feet	935	Sq Feet	Number	Sq Feet	Units	Rents
50%			8	\$472			12	\$532	0	\$0	20	\$10,160
80%											0	\$0
Market	0	\$0	27	\$627			51	\$736	0	\$0	78	\$54,465
Subtotals	0	\$0	35	\$20,705	0	\$0	63	\$43,920	0	\$0	98	\$64,625

Other Income

Laundry Income \$0
 Other \$250
 Monthly \$250

Total Income

Rental Income \$64,625
 Other Income \$250
 Total Monthly Income \$64,875
 Annual Gross Income \$778,500

Fees, Escrows and Reserves: All normal fees waived

Escrows	Basis of Requirements	Amount	Security
Finance Fee	0.50% of Loan Amount	24,624	Cash
Commitment Fee	0.00% of Loan Amount	0	n/a
Origination Guarantee	0.00% of Loan Amount	0	n/a
Marketing Costs	0.00% of Gross Income	0	n/a
Operating Expense Reserve	10.00% of Gross Income	77,550	Cash
Rent-Up	3.00% of Gross Income	0	n/a

SOURCES AND USES.

	Amount (\$)	% of Total	\$ per/ sq. ft.	\$ per/ unit
SOURCES				
<i>Name of Lender / Source</i>				
CHFA Mortgage	4,924,868	92.74%	59	50,254
CHFA Second Mortgage	302,332	5.69%	4	3,085
Replacement Reserves	42,115	0.79%	1	430
Other Reserves	41,185	0.78%	0	420
Total Institutional Financing	5,310,500	94.70%	63	54,189
<i>Equity Financing</i>	0	0.00%	0	0
Net Proceeds / Tax Credits	0	0.00%	0	0
Other Equity Funds (Developer)	296,994	5.59%	4	3,031
Total Equity Financing	296,994	5.59%	4	3,031
				0
Total Required Equity Financing	0	0.00%	0	0
TOTAL REQUIRED PROJECT FUNDS	5,607,494	100.00%	67	57,219
USES				
Land Costs	0	0.00%	0	0
Acquisition Costs	0	0.00%	0	0
Existing Debt	4,924,868	92.74%	59	50,254
Deferred Maintenance	0	0.00%	0	0
Architectural/Engineering Costs	0	0.00%	0	0
Survey and Engineering Costs	0	0.00%	0	0
Interest Arrearage	184,152	3.47%	2	1,879
Permanent Financing Costs	24,624	0.46%	0	251
Attorney Costs	0	0.00%	0	0
Appraisal/Studies	14,350	0.27%	0	146
Reserves	427,522	8.05%	5	4,362
Insurance	31,978	0.60%	0	326
Local Fees	0	0.00%	0	0
Subtotal Residential Costs	5,607,494	100.00%	67	57,219
<i>Developer Costs</i>				
Developer Overhead/Profit	0	0.00%	0	0
Consultant Processing/Agent Fees	0	0.00%	0	0
Project Administration	0	0.00%	0	0
Other:	0	0.00%	0	0
Total Developer Fee	0	0.00%	0	0
TOTAL RESIDENTIAL COST BASIS	5,607,494	100.00%	67	57,219

ANNUAL OPERATING BUDGET

	Proposed (\$)	Approved (\$)	Variance	Pct. of Total	\$ per/ unit
INCOME					
Gross Potential Rents	775,500	375,500	0	100.0%	7,913
Interest	7,200	7,200	0	0.9%	73
Laundry	0	0	0	0.0%	0
Commercial/Retail	0	0	0	0.0%	0
Other Income	0	0	0	0.0%	0
Gross Potential Income (GPI)	782,700	782,700	0	100.9%	7,987
Less:					
Vacancy Loss	60,431	60,431	0	7.8%	617
Employee Apartment	0	0	0	0.0%	0
Total Net Revenue	722,269	722,269	0	93.1%	7,370
EXPENSES					
Payroll	68,754	68,754	0	8.9%	702
Administrative	60,909	60,909	0	7.9%	622
Utilities	70,026	70,026	0	9.0%	715
Operating and Maintenance	93,839	93,839	0	12.1%	958
Insurance and Taxes	82,012	82,012	0	10.6%	837
Subtotal Operating Expenses	375,540	375,540	0	48.4%	3,832
Financial Expenses:					
Mortgage Payments (1st loan)	282,049	282,049	0	36.4%	2,878
Other Mortgages	0	0	0	0.0%	0
Reserve for Replacement Deposits	45,000	45,000	0	5.8%	459
Other	0	0	0	0.0%	0
Total Financial	327,049	327,049	0	42.2%	3,337
TOTAL PROJECT EXPENSES	702,589	702,589	0	(7,169

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Market Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rent Increase	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Affordable	121,970	123,749	125,605	127,489	129,401	131,369	133,322	135,322	140,068	142,870	145,727	148,642	151,614	154,647	157,740
Market	653,580	669,920	686,667	703,834	721,430	739,466	757,952	776,901	796,266	820,218	842,774	865,951	889,764	914,233	939,379
TOTAL RENTAL INC.	775,508	793,669	812,273	831,333	850,832	871,455	892,582	914,223	936,334	963,088	986,501	1,014,592	1,041,379	1,068,880	1,097,110

OTHER INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Other Income Increase	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Laundry & Misc.	7,200	7,214	7,229	7,243	7,258	7,272	7,287	7,301	7,316	7,331	7,345	7,360	7,375	7,389	7,404
TOTAL OTHER INC.	7,200	7,214	7,229	7,243	7,258	7,272	7,287	7,301	7,316	7,331	7,345	7,360	7,375	7,389	7,404

GROSS INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Vacancy Rate : Affordable	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Vacancy Rate : Market	8.50%	8.50%	8.25%	8.25%	8.25%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Less: Vacancy Loss	60,431	61,893	61,674	63,166	64,694	66,437	68,021	69,464	71,332	71,246	71,251	75,222	77,246	79,324	81,460
EFFECTIVE GROSS INC.	712,369	731,776	750,601	775,401	793,138	814,291	833,847	853,880	876,186	899,066	923,296	946,731	971,508	996,945	1,023,650

OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Annual Expense Increase	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	311,671	323,514	336,455	349,913	363,910	378,466	393,605	409,349	425,723	442,752	460,462	478,880	498,036	517,957	538,675
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	63,869	64,887	65,926	66,985	68,065	69,168	70,292	71,438	72,608	73,801	75,018	76,259	77,525	78,816	80,133
TOTAL EXPENSES	375,540	388,401	402,381	416,898	431,975	447,634	463,897	480,787	498,331	516,553	535,480	555,139	575,560	596,773	618,808

NET OPER. INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	346,719	359,588	355,446	358,502	361,420	366,657	369,951	373,092	377,856	382,534	387,116	391,591	395,947	400,171	404,258

RESERVES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Replacement Reserve Deposit	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
CASH FLOW b/t Debt Service	301,719	305,588	310,446	313,502	316,420	321,657	324,951	328,092	332,856	337,534	342,116	346,591	350,947	355,171	359,258

DEBT SERVICE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
CHFA Interest Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total Debt Service	282,049	282,049	282,049	282,049	282,049	282,049	282,049	282,049	282,049	282,049	282,049	282,049	282,049	282,049	282,049
Residual Receipts	19,680	23,539	28,397	31,453	17,158	22,395	25,689	28,830	17,553	22,231	26,814	16,182	20,538	24,762	14,813
Owner Participation	3,936	4,708	5,679	6,291	3,432	4,479	5,138	5,766	3,511	4,446	5,363	3,236	4,108	4,952	2,963
CHFA Receipts Participation	15,744	18,831	22,718	25,162	13,726	17,916	20,551	23,064	14,043	17,785	21,451	12,945	16,430	19,809	11,850

FINAL CASH FLOW	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
DEBT SERVICE COVERAGE	1.07	1.08	1.10	1.11	1.06	1.07	1.09	1.10	1.06	1.07	1.09	1.05	1.06	1.07	1.04

Modified Loan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Beginning Principle Balance	4,924,868	4,864,438	4,801,288	4,735,297	4,666,335	4,600,390	4,531,148	4,458,443	4,382,103	4,307,817	4,229,444	4,146,761	4,065,157	3,978,657	3,886,966
Interest Rate	4.50%	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%	5.50%	6.00%	6.00%	6.00%	6.50%
Remaining Term	35	34	33	32	31	30	29	28	27	26	25	24	23	22	21
Payment	282,049	282,049	282,049	282,049	299,262	299,262	299,262	299,262	315,302	315,302	315,302	330,410	330,410	330,410	344,437
Principle	60,430	63,150	65,991	68,961	65,945	69,242	72,705	76,340	74,287	78,372	82,683	81,604	86,500	91,690	91,784
Interest	221,619	218,900	216,058	213,088	233,317	230,020	226,557	222,922	241,016	236,930	232,619	248,806	243,909	238,719	252,653
Ending Principle Balance	4,864,438	4,801,288	4,735,297	4,666,335	4,600,390	4,531,148	4,458,443	4,382,103	4,307,817	4,229,444	4,146,761	4,065,157	3,978,657	3,886,966	3,795,182

Subsidy Loan Calculation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Original Principle Balance	4,924,868														
Bond Payment Rate	6.85%														
Term (Years)	35														
Annual Payment	374,162	374,162	374,162	374,162	374,162	374,162	374,162	374,162	374,162	374,162	374,162	374,162	374,162	374,162	374,162
Net Loan Subsidy (Differential)	92,113	92,113	92,113	92,113	92,113	92,113	92,113	92,113	92,113	92,113	92,113	92,113	92,113	92,113	92,113
Cumulative Subsidy	92,113	184,226	276,339	368,451	460,564	552,677	644,790	736,903	829,016	921,129	1,013,242	1,105,355	1,197,468	1,289,581	1,381,694

RENTAL INCOME	Year 31	Year 32	Year 33	Year 34	Year 35
Market Rent Increase	2039	2039	2031	2032	2033
Affordable Rent Increase	3.00%	3.00%	3.00%	3.00%	3.00%
Allordable	2.00%	2.00%	2.00%	2.00%	2.00%
Market	216,543	220,874	225,291	229,797	234,393
Market	1,507,420	1,552,642	1,599,222	1,647,198	1,696,614
TOTAL RENTAL INC.	1,723,963	1,773,516	1,824,513	1,876,995	1,931,007

OTHER INCOME	Year 31	Year 32	Year 33	Year 34	Year 35
Other Income Increase	0.20%	0.20%	0.20%	0.20%	0.20%
Laundry & Misc.	7,645	7,660	7,675	7,691	7,706
TOTAL OTHER INC.	7,645	7,660	7,675	7,691	7,706

GROSS INCOME	Year 31	Year 32	Year 33	Year 34	Year 35
Vacancy Rate : Affordable	1,731,687	1,781,176	1,832,189	1,884,686	1,938,713
Vacancy Rate : Market	4.00%	4.00%	4.00%	4.00%	4.00%
Less: Vacancy Loss	8.00%	8.00%	8.00%	8.00%	8.00%
Less: Vacancy Loss	129,255	131,046	136,949	140,968	145,105
EFFECTIVE GROSS INC.	1,602,353	1,648,130	1,695,239	1,743,718	1,793,608

OPERATING EXPENSES	Year 31	Year 32	Year 33	Year 34	Year 35
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	1,008,929	1,049,286	1,091,258	1,134,908	1,180,304
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	105,174	107,018	108,899	110,818	112,775
TOTAL EXPENSES	1,114,103	1,156,304	1,200,157	1,245,726	1,293,079

NET OPER. INCOME	488,249	491,826	495,082	497,992	500,529
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RESERVES	Year 31	Year 32	Year 33	Year 34	Year 35
Replacement Reserve Deposit	45,000	45,000	45,000	45,000	45,000
CASH FLOW w/ debt service	443,249	446,826	450,082	452,992	455,529

DEBT SERVICE	Year 31	Year 32	Year 33	Year 34	Year 35
CHFA Interest Rate	8.50%	8.50%	8.50%	8.50%	8.50%
Total Debt Service	386,231	386,231	386,231	386,231	386,231
Residual Receipts	57,018	60,594	63,851	66,761	69,298
Owner Participation	11,404	12,119	12,770	13,352	13,860
CHFA Receipts Participation	45,614	48,475	51,081	53,409	55,438

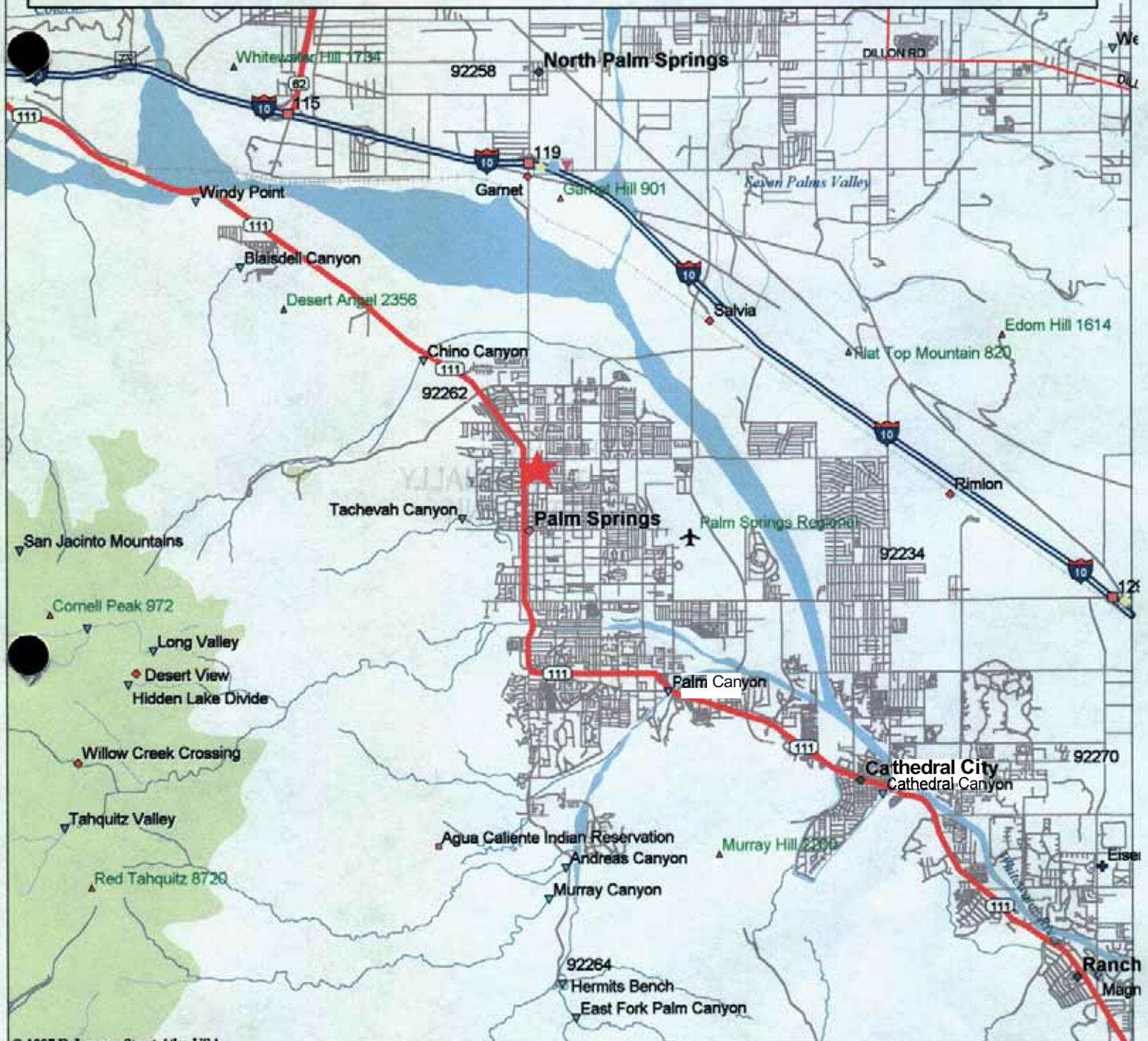
FINAL CASH FLOW	Year 31	Year 32	Year 33	Year 34	Year 35
DEBT SERVICE COVERAGE	57,018	60,594	63,851	66,761	69,298
	1.15	1.16	1.17	1.17	1.18

Modified Loan	Year 31	Year 32	Year 33	Year 34	Year 35
Beginning Principle Balance	1,522,000	1,265,138	986,444	684,060	355,974
Interest Rate	8.50%	8.50%	8.50%	8.50%	8.50%
Remaining Term	5	4	3	2	1
Payment	386,231	386,231	386,231	386,231	386,231
Principle	256,861	278,695	302,384	328,086	355,974
Interest	129,370	107,537	83,848	58,145	30,258
Ending Principle Balance	1,265,138	986,444	684,060	355,974	(0)

Subsidy Loan Calculation	Year 31	Year 32	Year 33	Year 34	Year 35
Original Principle Balance	374,162	0	0	0	0
Bond Payment Rate	5	4	3	2	1
Term (Years)	5	4	3	2	1
Annual Payment	(12,069)	(386,231)	(386,231)	(386,231)	(386,231)
Net Loan Subsidy (Differential)	1,059,772	673,541	287,309	(98,922)	(485,153)
Cumulative Subsidy					

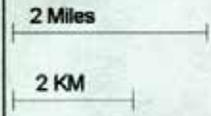
Palos Verdes Villas

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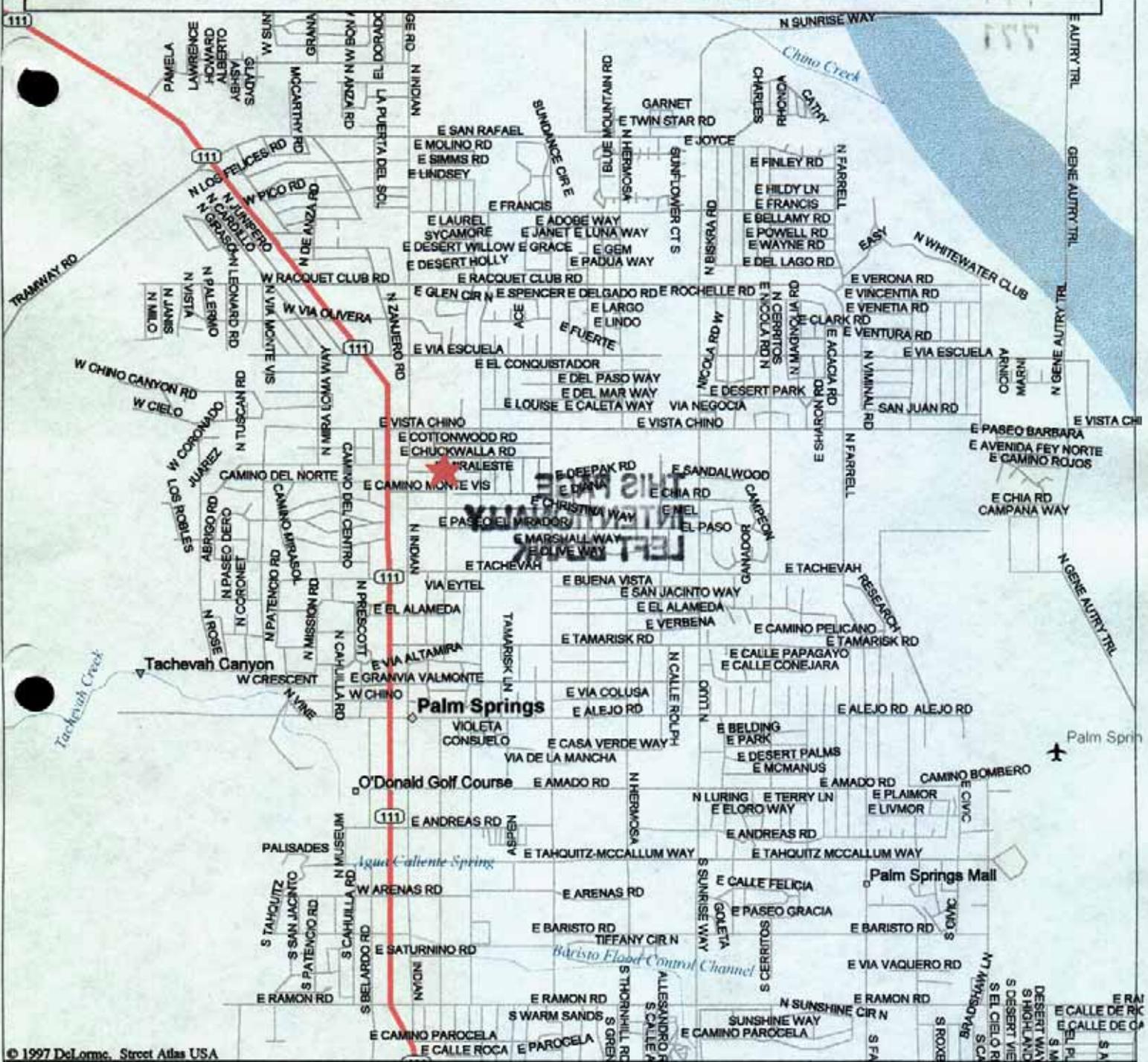
Mag 12.00
 Thu Aug 26 09:08 1999
 Scale 1:125,000 (at center)



- | | |
|---------------------------|-----------------------|
| Local Road | Point of Interest |
| Major Connector | Small Town |
| Primary State Route | Summit |
| Interstate/Limited Access | Geographic Feature |
| Rest Area with facilities | Hospital |
| Exit | Sched Service Airport |
| Utility/Pipe | Exit/Gas |
| Railroad | Exit/Lodging |

Palos Verdes Villas

770



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Mag 14.00
 Thu Aug 26 08:12 1999
 Scale 1:31,250 (at center)
 2000 Feet
 1000 Meters

-  Local Road
-  Primary State Route
-  Point of Interest
-  Geographic Feature
-  Sched Service Airport
-  City
-  Water
-  River/Canal

RESOLUTION 99-29

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California **Housing Finance** Agency (the "Agency") staff has reviewed a request for loan modification from **Palos Verdes Villas Inc.**, a California Corporation, for **Palos Verdes Villas Development** and has recommended to the Board of Directors (the "Board") that such loan be modified; and

WHEREAS, the Board of Directors has reviewed the loan modification and concurs in the recommendation of the staff; and

WHEREAS, based upon the recommendation of staff, the Board has determined that the loan modification be made to such project; and

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, the Deputy Director or Director of Programs of the Agency is hereby authorized to transmit a commitment letter for loan modification, subject to the recommended terms and conditions set forth in the CHFA staff report entitled "California Housing Finance Agency Loan Modification" and dated August 26, 1999 for:

<u>PROJECT NO.</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NO. UNITS</u>
93-006-S	Palos Verdes villas Palm Springs/Riverside	98

2. The Executive Director, or in his/her absence, the Deputy Director or Director of Programs of the Agency has the authority to modify the revised mortgage amount so stated in the staff report, referenced in paragraph 1 above, by an amount not to exceed seven percent (7%) of the modified loan amount without further Board approval. All material modifications to this commitment, including changes in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, in the discretion of the Executive

1 Resolution 99-29

2 Page 2

3 Director, or in his/her absence, *the* Deputy Director or Director of Programs of the
4 Agency, change the legal, financial or public purpose aspects of this commitment in a
5 substantial way.

6 I hereby certify that this is a true and correct copy of Resolution 99-29 adopted at a duly
7 constituted **meeting** of the Board of the Agency held on September 9, 1999, at Millbrae,
8 California.

9 ATTEST: _____
10 *secretary*

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RESOLUTION 99-29

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California **Housing Finance Agency** (the "Agency") staff has reviewed a **request** for loan **modification** from **Palos Verdes Villas Inc.**, a California Corporation, for **Palos Verdes Villas Development** and has **recommended** to the Board of Directors (the "Board") that such loan **be** modified; and

WHEREAS, the Board of Directors has reviewed the loan modification and concurs in **the** recommendation of the staff; and

WHEREAS, based upon **the** recommendation of **staff**, the Board has determined that the loan modification **be** made to such project; and

NOW, THEREFORE, **BE IT RESOLVED** by the Board:

1. The Executive Director, or in his/her absence, the Deputy Director or Director of Programs of **the** Agency is hereby authorized to transmit a commitment letter for loan modification, subject to **the** recommended terms and conditions set forth in **the** CHFA staff report entitled "California **Housing Finance** Agency Loan Modification" and dated August 26, 1999 for:

<u>PROJECT NO.</u>	<u>DEVELOPMENT NAME / LOCALITY</u>	<u>NO. UNITS</u>
93-006-S	Palos Verdes villas Palm Springs/Riverside	98

2. **The** Executive Director, or in **his/her** absence, **the** Deputy Director or Director of Programs of **the** Agency has **the** authority to **modify** **the** revised mortgage amount so stated in **the** staff report, referenced in paragraph 1 above, by an amount not to exceed seven percent (7%) of **the** modified loan amount without further Board approval. **All** material modifications to **this** commitment, including changes in mortgage amount of more **than** seven percent (7%), must **be** submitted to **this** Board for approval. "Material modifications" **as** used **herein** means modifications which, in the discretion of the Executive

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Director, or **in his/her** absence, the Deputy Director or Director of **Programs** of the Agency, **change** the legal, **financial** or public purpose aspects of this commitment in a substantial way.

I hereby **certify** that this is a **true and correct** copy of Resolution 99-29 adopted at a duly constituted meeting of the Board of *the Agency* held on September 9, 1999, at Millbrae, California.

ATTEST: _____
Secretary