

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Villa Springs Apartments
Hayward, Alameda County, CA
CalHFA # 07-015-A/N

SUMMARY

This is a Final Commitment request for acquisition/rehabilitation and permanent financing. Security for the acquisition/rehabilitation and permanent loans will be a 66-unit family apartment complex known as Villa Springs Apartments, located at 22328-22330 S. Garden Avenue, Hayward, California. Villa Springs Apartments, L.P., ("Borrower") whose managing general partner is Villa Springs LLC, and whose sole member is Eden Housing, Inc., a California nonprofit public benefit corporation, will own the project.

Villa Springs Apartments is an existing portfolio loan currently owned by Eden Housing, Inc., a California nonprofit public benefit corporation. The Villa Springs project was constructed in 1973 and is a 66-unit, garden/low-rise, two-story 6 building, family style apartment complex. Three Regulatory Agreements recorded against the property restrict the rental of the majority of the apartment units to tenant with Very Low to Low Income levels. The existing regulatory agreements need to be extended to be co-terminus or to exceed the term of the new 55-year, LIHTC Regulatory Agreement.

LOAN TERMS**Acquisition/Rehabilitation**

First Mortgage	\$5,700,000
Interest Rate	5.0%, variable
Term	12 Months, interest only
Financing	Tax-Exempt
Second Mortgage*	\$500,000
Interest Rate	3.0%
Term	30 years, residual receipts
Prepayment	After year 15
Financing	HAT (Asset Management)

*At the time of permanent loan funding, this loan will remain in place and will be subordinate to the CalHFA's Permanent First Mortgage.

Permanent

First Mortgage	\$3,100,000
Interest Rate	5.0%
Term	30 year fixed, fully amortized
Prepayment	After year 15
Financing	Tax-Exempt

CalHFA acquisition/rehabilitation financing is subject to the assignment by the borrower of tax credit equity and all rights under non-CalHFA financing commitments.

Existing Financing

The original bonds associated with Villa Springs were refunded in 2002. Consistent with the Agency's strategy for multifamily transactions, the new refunding variable rate bonds were hedged with an interest rate swap. This swap is intended to establish synthetic fixed rate debt by converting the variable rate payment obligation to fixed rate. By allowing Villa Springs to prepay its loan, a portion of the swap needs to be terminated and the associated cost is estimated to be around \$206,000 as of January 7, 2008.

In the case of Villa Springs and the bonds issued to finance the existing loan, we do not expect the swap termination payment to cause negative economic consequences to the Agency. We currently anticipate the need to make a future yield reduction payment to the US Treasury of an amount equal to or greater than the swap termination payment. The anticipated payment to the US Treasury is expected to be reduced in an amount approximately equal to the termination payment.

Other Financing

Currently, there are three existing subordinate loans to the CalHFA first mortgage. The first subordinate loan is evidenced by a note in the amount of \$1,981,676 from the Department of Housing and Community Development ("HCD") made under the California Housing Rehabilitation Program ("CHRP") at a 3% simple interest rate with deferred payments until July 30, 2042, upon which time the note and interest are all due and payable ("CHRP Loan"). In the spirit of preserving low income housing and restoring this project through rehabilitation, HCD has graciously agreed to extend the term of the CHRP loan to July 30, 2067. The second subordinate loan is evidenced by a note in the amount of \$927,000 from the County of Alameda ("County") at a 3% simple interest rate ("County Loan") which has accrued approximately \$1,000,000 of interest. The County, like HCD, is strongly committed to the rehabilitation and preservation of affordability on this project and has agreed to waive the \$1,000,000 of accrued interest and to extend the term of the \$927,000 County Loan to be coterminous with the new LIHTC regulatory agreement of 55 years. The third subordinate loan is evidenced by a note from the City of Hayward ("City") in the amount of \$250,000 at 3% simple interest for a period of 55 years, payable from residual receipts. The City, also equally committed to this project, has approved an extension of their note for a period to be coterminous with the LIHTC regulatory agreement.

To more accurately reflect the current value of the CHRP Loan and the County Loan for underwriting purposes, CalHFA staff has used the net present value the \$1,981,676 CHRP Loan, which is due on July 30, 2067, and is estimated at \$338,868. In other words, the attached proforma underwrites the CHRP Loan at a value today of \$338,868, not the current face value of the \$1,981,676 CHRP note. Similarly, the \$927,000 County Loan, which is due on or around 55 years from the Acquisition/Rehabilitation Loan closing date, has been present valued to \$48,775. Consequently, Eden Housing, Inc. will also be a subordinate lender and carry back a note of \$1,682,332 at a rate of 3% for a term of 55 years. Payments on these loans will be from residual receipts. The net present value calculations will help the project qualify for additional tax credits.

PROJECT DESCRIPTION

Project Locations

- The subject is situated in the northwestern portion of Hayward on the west side of Interstate 880. The area is known as the Longwood/Winter Grove neighborhood.
- The project boundaries are Interstate 880 to the east, City limits just north of West A Street to the north, Hesperian Boulevard to the west, and West Winton Avenue to the south.
- The City of Hayward is located in the East Bay region of the San Francisco Bay Area and is situated in the south central portion of Alameda County. Hayward is bound by the San Francisco Bay on the west, the City of San Leandro and the unincorporated communities of San Lorenzo and Castro Valley on the north, the City of Pleasanton on the east, and Union City and Fremont to the south.
- Improvements immediately adjacent to the subject property, as well as those along the subject block, are mostly two-story apartment developments. Most of the apartments were constructed between 1960 and 1980, and they are in fair to average condition.
- Proximate amenities include a bus stop on the main thoroughfare, A Street, shops and restaurants on A Street, an Amtrak station located one mile east on A Street and BART one-half mile further on A Street, an elementary school and high school within 0.3 miles, Southland Mall located just south of the neighborhood, and supporting commercial and social services are close by.

Site

- The 2.97 acre site is flat and slightly irregular.
- An Alameda County flood canal traverses through the southern portion of the subject property in a general east-west direction.
- This site is zoned RH-High Density Residential, which allows for development of no more than 34.85 units per acre. The site and its use are legally allowed non-conforming use with the non-compliance related to the on-site parking.

Improvements

- Villa Springs is a 66-unit project built in 1973 and consists of 6 two-story apartment buildings. The site has a leasing office and three laundry room areas and 121 open parking spaces.
- The buildings are conventional wood framed construction with painted T1-11 siding and wood trim. The foundations are continuous spread footings with concrete slabs on grade. The building roofs are built-up roof with slivered tar and gravel covering. Exterior walkways lead to each of the units. There are fences and gates along the frontage and the property is surrounded by fences on three sides.
- There are 3 three-bedroom, 62 two-bedroom, and 1 one-bedroom units.
- Each unit is equipped with a fully functional kitchen that includes a slide-in gas range stove/oven, frost-free refrigerator, dishwasher, and garbage disposal. Each unit also contains gas wall heaters. All units have either patios with wood decks or balconies with wood fences.

PHYSICAL NEEDS ASSESSMENT/SCOPE OF WORK

- Villa Springs is in average condition for a development of this type when compared to other developments of similar type and age in the subject's neighborhood of the City of Hayward.
- The scope of rehabilitation work totals \$2,573,830 (including \$190,754 in added alternates) or \$38,997 per unit and includes:
 - **Site work, \$243,489** – walkways/asphalt repair, seal coat, and concrete repairs, landscaping and playground upgrades, fencing and enclosures, sewer and irrigation (\$28,570).
 - **Building, \$2,136,965** – new roofs (\$250,000), replace exterior siding, windows and sliding doors, downspouts/gutters for all buildings, stair repair/replacement, balconies, and utility doors (\$1,886,965).
 - **Mechanical systems, \$193,376** – replace and install water heaters and plumbing angle stops, exhaust vents (\$52,866). Exterior lighting, hardwire smoke detectors, GFIs, electric motors (\$140,510).
- In addition there is \$250,000 in rehabilitation work that will be completed on the residential units by the Eden Maintenance Staff. This work will begin during the rehabilitation stage and be completed after the loan converts to a permanent loan. The scope of work includes flooring, sub-flooring, carpeting, new cabinets, kitchen/bathroom sinks, faucets, lights, and fixtures, doors, interior painting, appliances. The primary funding source for this work is the replacement reserve funded with the permanent loan.

Work is scheduled to commence in spring 2008 and is projected to be completed within 12 to 15 months.

Off-site improvements

- No off-site improvements and/or costs are required.

Relocation

- There is approximately \$150,000 in relocation expense allocated for this project. Most of the renovation will take place around the occupied units. The rehabilitation plan does not assume invasive construction activity which would result in the temporary displacement of tenants. Approximately 5 tenants are over qualified and \$30,000 per family is estimated for relocation under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Overland, Pacific & Cutler, Inc. (OPC), an experienced relocation firm, has been selected to prepare this Relocation Plan, and will provide all subsequently required relocation assistance for this project.
- The Borrower and OPC will conduct tenant orientation meetings prior to the purchase of the property and before and during the rehabilitation period regarding the scope of work and timelines, to address any tenant issue or concerns regarding these projects.

MARKET

Market Overview

The Primary Market Area (PMA) for Villa Springs consists of the Longwood/Winter Grove neighborhood area.

In the competitive Bay Area Housing market, Hayward stands out for its comparative affordability, convenient location, and combined City and County amenities. According to the Bay East Association of Realtors, the medium home price in Hayward for October 2006 was \$585,000, which represents a 2.6 percent increase over the 2005 medium sale price. The medium price for a condominium was \$425,000. However, like the rest of the Bay Area, home prices have declined this past year as the sales market has softened.

Based on an E-Housing rent survey of the Hayward market and the appraisal report, the asking monthly market rents for studio units in the subject market area are between \$725 to \$850, one-bedroom units range from \$800 to \$1,050, two-bedroom units range from \$900 to \$1,475, and three-bedroom units range from \$1,200 to \$1,500. Vacancy rates have remained low in both market and affordable projects. Rent concessions are non-existent.

In 1981, the City of Hayward enacted a rent control ordinance that has been amended several times, most recently in January 2003. Under the terms of this ordinance, residential units are covered if they are within the Hayward city limits, a certificate of occupancy was issued prior to July 1979 and the owner owns five or more units in the City of Hayward. If the apartment is under rent control, the rent can only be increased 5 percent a year unless they have not received an increase in the previous year, in which case the landlord can increase the rent by a maximum of 10 percent. With respect to the subject's 66-units, 50 units are rent restricted by regulatory agreement, 1-unit is the manager's unit and rent free. The appraiser's discussion with the Hayward Rent Review Department disclosed that the subject's development has not been exempted from the rent control ordinance. As such, the 15 market-rate units are restricted to annual rent increases of no more than 5.0 percent. However, rents on the units are allowed to be increased to market levels upon vacancy of the existing tenants. In reality, the project will be 100% LIHTC based upon the sale transaction currently in process.

An agreement with Alameda County recorded in July 1992 requires at least 32 two-bedroom and three, three-bedroom units within the subject project to be affordable to Very Low-income households (no greater than 50 percent of AMI) and Low-income households (no greater than 60% AMI). This agreement will expire in July 2051. The Regulatory agreement with the Department of Housing and Community Development (HCD) was signed in July 1992 and restricts 15 of the subject units to Very Low-income households (50% AMI) and another 35 units to Lower-income households (80% AMI). This agreement will terminate in July 2052. Lastly, the third agreement was signed in March 1994 and restricts 14 of the subject units to Very Low-income households (50% AMI). All three agreements are transferable with the title of the property and their terms extended. The County of Alameda will forgive accrued interest on their loan as well as CalHFA on our existing HAT loan. Based on the three agreements, 50 units out of the total 66-unit project are currently required to be set aside as affordable units.

Housing Supply and Demand

Housing Supply and Demand

- The demand for low-income housing in Alameda County, as well as the City of Hayward, is strong. In 2001, there were 3,500 households selected out of 12,700 applicants to be placed on the Section 8 waiting list in Alameda County, according to the Alameda County Housing Authority. Since then, the waiting list has been closed. According to the Housing Authority's website, as of October 2006, the Authority does not "anticipate opening the wait list for several years".
- In terms of below market rental units, there are currently 871 affordable units in Hayward according to Development of Community and Economic Development of the City of Hayward. Interviews with property managers of affordable housing projects indicate a waiting list of up to five years.
- Currently, most of the newer multi-family housing developments proposed, or in the planning process, in the City are for-sale housing. There is also an affordable family apartment complex developed by Eden Housing in Hayward. This project is the Sara Conner Court Apartments which recently completed construction in September 2006. This 57-unit complex is located at the corner of Mission Boulevard and Pulaski Drive. Coupling the limited supply of affordable housing units and the strong demand in the market area, this development is not considered to negatively impact the leasing and/or occupancy levels of the subject project.

PROJECT FEASIBILITY

Estimated Lease-up Period

- Villa Springs is currently 78% occupied. The units are purposely being kept off-line to provide temporary relocation during the rehabilitation stage.

ENVIRONMENTAL

Environmental Services completed a Phase I Environmental Assessment report for the project on November 19, 2007. The report concludes that there are no adverse environmental conditions that warrant further investigation or remedial action on this property.

SEISMIC

URS Corporation performed a preliminary seismic review assessment. The damage ratio met the Agency's seismic risk criteria and no further review is needed.

DEVELOPMENT TEAM**Borrower**Villa Springs Apartments, L.P.

- The non-profit Managing General Partner will be Eden Housing, Inc., located in Hayward, California. Linda Mandolini is the President and Executive Director. Eden Housing, Inc. has over 35 years of experience in affordable multifamily development.

Management AgentEden Housing Management, Inc.

- The Eden Housing Management, Inc. will manage the property. The Eden Housing Management, Inc. has over 35 years of experience and provides management, development and consulting services for non-profit and private sector clients throughout California. The Eden Housing Management, Inc. services units for low-income to extremely low-income persons. The Eden Housing Management, Inc. manages various types of properties including senior communities, tax credit projects, HUD, and Section 8 properties.

ArchitectAnne Phillips Architecture

- Anne Phillips Architecture, located in Berkeley, has provided planning and design services since 1995. Anne Phillips, the principal of the firm, has twenty-nine years of experience in the design and construction fields. Anne Phillips has been hired to assist them in project design, renovation, and construction management during the rehabilitation process.

ContractorD & H Construction

- D & H Construction is a corporation formed in 1981. Their work includes primarily multi-family, government assisted (LIHTC assisted) and commercial properties. They have extensive experience working with projects that have Prevailing Wage and Davis-Bacon wage standards, along with other local requirements.

PROJECT SUMMARY

PROJECT NUMBER: 17-015-A/N
Final Commitment

Project:	Villa Springs	Developer:	Eden Hsg.
Location:	22328-22330 S.Garden Ave.	Partner:	Same
City:	Hayward	Investor:	Enterprise
County:	Alameda		
Zip Code:	94544		
Project Type:	Existing	No. of Buildings:	6
Occupancy:	Family	No. of Stories:	2
Total Units:	66	Residential Space	54,468 sq. ft.
Style Units:	Flats	Office Space	200 sq. ft.
Elevators:	none	Commercial Space	0 sq. ft.
Total Parking	121	Gross Area	54,668 sq. ft.
Covered	0	Land Area	129,373 sq. ft.
		Units per acre	22

CalHFA Construction Financing	Amount	Rate	Term (Mths)
CalHFA Construction Financing	\$5,700,000	5.00%	12

Permanent Sources of Funds	Amount	Rate	Years
CalHFA First Mortgage	\$3,100,000	5.00%	30
CalHFA Bridge Loan	\$0	0.00%	0
CalHFA HAT Loan	\$500,000	3.00%	30
Recast HCD CHRP-R Loan	\$338,868	3.00%	30
Recast County of Alameda	\$48,775	3.00%	55
Existing Reserves	\$128,559	0.00%	0
City of Hayward	\$250,000	3.00%	55
Seller Takeback	\$1,682,332	0.00%	0
Accrued Interest during Const.	\$7,160	0.00%	0
Source 8	\$0	0.00%	0
Source 9	\$0	0.00%	0
Source 10	\$0	0.00%	0
Source 11	\$0	0.00%	0
Source 12	\$0	0.00%	0
Income from Operations	\$156,875		
Developer Contribution	\$380,793		
Deferred Dev. Fee	\$0		
Tax Credit Equity	\$3,410,000		

Construction Valuation	Appraisal	Value Upon Completion
Investment Value \$7,800,000	Appraisal Date: 11/28/2007	Restricted Value \$4,180,000
Loan / Cost 65%	Cap Rate: 5.50%	Perm. Loan / Cost 31%
Loan / Value 73%		Perm. Loan / Value 74%

CalHFA Fees and Reserve Requirements

<u>CalHFA Loan Fees</u>	<u>Amount</u>	<u>Required Reserves</u>	<u>Amount</u>
CalHFA Construction Loan Fee	\$28,500	Other Reserve	\$0
CalHFA Permanent Loan Fees	\$7,750	Replacement Resv. Initial Deposit	\$316,000
Other Fee	\$0	Repl. Reserve - Per Unit/ Per Yr	\$400
<u>Construction Loan - Guarantees and Fees</u>		CalHFA Operating Expense Reserve	\$0
Completion Guarantee Fee	\$0	Rent Up Reserve	\$0
Contractors Payment Bond	\$0	Capitalized Investor Req'd Reserve	\$137,282
Contractors Performance Bond	\$0	Tax-Exempt Bond Test (Min. 50%)	59.80%

Date: 1/3/2008

Senior Staff Date: 12/27/2007

UNIT MIX AND RENT SUMMARY

Villa Springs

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Total Unit Mix			
# of Units	Unit Type	# of Baths	Average Sq. Ft.
1	1 Bedroom Flat	1	700
62	2 Bedroom Flat	1	814
3	3 Bedroom Flat	1.5	1,100
	2 Bedroom Townhome	2	
	3 Bedroom Townhome	2	
	4 Bedroom Townhome	2.5	
66			

Number of Regulated Units By Agency							
Agency	35%	45%	50%	60%	80%	Unrestricted	Total
CalHFA			13				
Tax Credits				66			
Locality							
HCD			15		35		
Ala. Co.			35				
Zoning							
Other			14				

Restricted Rents Compared to Average Market Rents					
Median Income Rent Levels	Units Restricted	Restricted Rents	Avg. Market Rate Rents	Dollars Difference	% of Market
One Bedroom			\$740		
35%	0	\$0		\$0	0%
45%	0	\$0		\$0	0%
50%	1	\$666		\$74	90%
60%	0	\$0		\$0	0%
80%	0	\$0		\$0	0%
Two Bedroom			\$900		
35%	0	\$0		\$0	0%
45%	0	\$0		\$0	0%
50%	32	\$797		\$103	89%
60%	29	\$797		\$103	89%
80%	0	\$0		\$0	0%
Three Bedroom			\$1,050		
35%	0	\$0		\$0	0%
45%	0	\$0		\$0	0%
50%	3	\$925		\$125	88%
60%	0	\$0		\$0	0%
80%	0	\$0		\$0	0%
Four Bedroom			\$0		
35%	0	\$0		\$0	0%
45%	0	\$0		\$0	0%
50%	0	\$0		\$0	0%
60%	0	\$0		\$0	0%
80%	0	\$0		\$0	0%

Sources and Uses of Funds **Villa Springs**

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Final Commitment

SOURCES OF FUNDS:	Funds in during Construction (\$)	Funds in at Permanent (\$)	Total Development Sources		
			Total Sources of Funds (\$)	Sources per Unit	%
CalHFA Construction Financing	5,700,000				
Construction Only Source 2	-				
Construction Only Source 3	-				
CalHFA First Mortgage		3,100,000	3,100,000	46,970	31%
CalHFA HAT Loan	500,000	-	500,000	7,576	5%
Recast HCD CHRP-R Loan	338,868	-	338,868	5,134	3%
Recast County of Alameda	48,775	-	48,775	739	0%
Existing Reserves	-	128,559	128,559	1,948	1%
City of Hayward	250,000	-	250,000	3,788	2%
Seller Takeback	1,682,332	-	1,682,332	25,490	17%
Accrued Interest during Const.	-	7,160	7,160	108	0%
Source 8	-	-	-	-	0%
Source 9	-	-	-	-	0%
Source 10	-	-	-	-	0%
Source 11	-	-	-	-	0%
Source 12	-	-	-	-	0%
Income from Operations	156,875	-	156,875	2,377	2%
Developer Contribution	-	380,793	380,793	-	4%
Deferred Developer Fee	-	-	-	-	0%
Tax Credit Equity	50,000	3,360,000	3,410,000	51,667	34%
Total Sources	8,726,850	6,976,512	10,003,362	151,566	100%
(Gap)/Surplus	-	(0)	(0)		

USES OF FUNDS:	Construction (\$)	Permanent (\$)	Total Development Costs		
			Total Uses of Funds (\$)	Cost per Unit	%
<u>LOAN PAYOFFS & ROLLOVERS</u>					
Construction Loan payoffs		\$5,700,000			
<u>ACQUISITION</u>					
Pay-off CalHFA 1st Mtg.	1,820,727	-	1,820,727	27,587	18%
Pay-off CalHFA HAT Loan	289,298	-	289,298	4,383	3%
Roll-over HCD CHRP Loan	338,868	-	338,868	5,134	3%
Subtotal - Land Cost / Value	2,448,893	-	2,448,893		
Roll-over Co. of Alameda Loan	48,775	-	48,775	739	0%
Existing Replacement Reserve	128,559	-	128,559	1,948	1%
Seller take-back	1,682,332	-	1,682,332	25,490	17%
Total Acquisition	4,308,559	-	4,308,559	65,281	43%
<u>REHABILITATION</u>					
Site Work	15,000	-	15,000	227	0%
Rehab to Structures	2,573,830	-	2,573,830	38,997	26%
General Requirements	147,653	-	147,653	2,237	1%
Contractors Overhead	157,989	-	157,989	2,394	2%
Contractors Profit	-	-	-	#VALUE!	#VALUE!
Contractor's Bond	26,778	-	26,778	406	0%
General Liability Insurance	48,299	-	48,299	732	0%
Environmental Mitigation Expense	-	-	-	-	0%
Personal Property	25,000	-	25,000	379	0%
Other	-	-	-	-	0%
Total Rehabilitation	2,994,549	-	2,994,549	45,372	30%
<u>RELOCATION EXPENSES</u>					
Relocation Expense	150,000	-	150,000	2,273	1%
Relocation Compliance Monitoring	-	-	-	-	0%
Total Relocation	150,000	-	150,000	2,273	1%

(Continued on Next 2 Pages)

USES OF FUNDS (Cont'd):	Construction (\$)	Permanent (\$)	Total Development Costs		
			Total Uses of Funds (\$)	Cost per Unit per Unit	%
<u>NEW CONSTRUCTION</u>					
Site Work	-	-	-	-	0%
Structures (Hard Costs)	-	-	-	-	0%
General Requirements	-	-	-	-	0%
Contractors Overhead	-	-	-	-	0%
Contractors Profit	-	-	-	-	0%
Contractor's Perf. & Pymt Bond	-	-	-	-	0%
General Liability Insurance	-	-	-	-	0%
Other	-	-	-	-	0%
Other	-	-	-	-	0%
Total New Construction	-	-	-	-	0%
<u>ARCHITECTURAL & ENGINEERING</u>					
Architectural Design	208,800	-	208,800	3,164	2%
Architect's Supv during Construction	-	-	-	-	0%
Total Architectural	208,800	-	208,800	3,164	2%
Engineering Expense	-	-	-	-	0%
Engineers Supv. during Construction	-	-	-	-	0%
ALTA Survey	6,000	-	6,000	91	0%
Total Engineering & Survey	6,000	-	6,000	91	0%
<u>CONSTRUCTION LOAN COSTS</u>					
Construction Loan Interest	261,169	-	261,169	3,957	3%
CalHFA Construction Loan Fee	28,500	-	28,500	432	0%
Other Construction Loan Fees	-	-	-	-	0%
CalHFA Outside Legal Counsel Fees	-	-	-	-	0%
Other Lender Req'd Legal Fees	-	-	-	-	0%
Title and Recording fees	15,000	-	15,000	227	0%
CalHFA Req'd Inspection Fees	22,500	-	22,500	341	0%
Other Req'd Inspection Fees	-	-	-	-	0%
Prevailing Wage Monitoring Expense	-	-	-	-	0%
Taxes & Insurance during construction	50,000	-	50,000	758	0%
Predevelopment Interest	-	-	-	-	0%
Cost for Completion Guarantee	-	-	-	-	0%
Other	-	-	-	-	0%
Total Construction Loan Expense	377,169	-	377,169	5,715	4%
<u>PERMANENT LOAN COSTS</u>					
CalHFA Perm Loan Fees	-	7,750	7,750	117	0%
CalHFA Bridge Loan Fees	-	-	-	-	0%
CalHFA Loan Application Fee	500	-	500	8	0%
Other Lender Perm. Loan Fees	-	-	-	-	0%
Title and Recording	-	10,000	10,000	152	0%
Perm. Bridge Loan Interest Expense	-	-	-	-	0%
Bond Origination Guarantee Fee	-	-	-	-	0%
Tax Exempt Bond Allocation Fee	600	-	600	9	0%
Other	-	-	-	-	0%
Total Permanent Loan Expense	1,100	17,750	18,850	286	0%
<u>LEGAL FEES</u>					
Borrower Legal Fee	25,000	35,000	60,000	909	1%
Other	30,000	-	30,000	455	0%
Total Attorney Expense	55,000	35,000	90,000	1,364	1%

USES OF FUNDS (Cont'd):	Construction (\$)	Permanent (\$)	Total Development Costs		
			Permanent of Funds (\$)	Per Unit per Unit	%
<u>CONTRACT / REPORT COSTS</u>					
Appraisal	16,000	-	16,000	242	0%
Market Study	8,000	-	8,000	121	0%
Physical Needs Assessment	6,600	-	6,600	100	0%
HUD Risk Share Environ. Review	-	-	-	-	0%
CalHFA EQ Seismic Review Fee	3,200	-	3,200	48	0%
Environmental Phase I / II Reports	6,000	-	6,000	91	0%
Soils / Geotech Reports	-	-	-	-	0%
Asbestos / Lead-based Paint Report	-	-	-	-	0%
Noise/Acoustical/Traffic Study Report	-	-	-	-	0%
Termite	1,200	-	1,200	18	0%
Other	-	-	-	-	0%
Total Contract Costs	41,000	-	41,000	621	0%
<u>CONTINGENCY</u>					
Hard Cost Contingency	359,182	-	359,182	5,442	4%
Soft Cost Contingency	50,000	-	50,000	758	0%
Total Contingency	409,182	-	409,182	6,200	4%
<u>RESERVES</u>					
CalHFA Operating Expense Reserve	-	-	-	-	0%
Replacement Resv. Initial Deposit	-	316,000	316,000	4,788	3%
Rent-Up Reserve	-	-	-	-	0%
Capitalized Investor Req'd Reserve	-	137,282	137,282	2,080	1%
Other	-	-	-	-	0%
Total Reserves	-	453,282	453,282	6,868	5%
<u>OTHER</u>					
CTCAC App/Alloc/Monitor Fees	30,491	-	30,491	462	0%
Local Permit Fees	50,000	-	50,000	758	0%
Local Development Impact Fees	-	-	-	-	0%
Other Local Fees	-	-	-	-	0%
Advertising & Marketing Expenses	5,000	-	5,000	76	0%
1st Year Taxes & Insurance	-	-	-	-	0%
Furnishings	25,000	-	25,000	379	0%
Final Cost Audit Expense	-	10,000	10,000	152	0%
Miscellaneous Admin Fees	-	-	-	-	0%
Other	-	-	-	-	0%
Other	-	-	-	-	0%
Other	-	-	-	-	0%
Total Other Expenses	110,491	10,000	120,491	1,826	1%
SUBTOTAL PROJECT COSTS	8,661,850	6,216,032	9,177,882	139,059	92%
<u>DEVELOPER COSTS</u>					
Developer Overhead/Profit (5% Acq.)	-	760,480	760,480	11,522	8%
Developer Overhead/Profit (NC/Rehab)	-	-	-	-	0%
Consultant / Processing Agent	40,000	-	40,000	606	0%
Construction Manager	25,000	-	25,000	379	0%
Broker Fees to a related party	-	-	-	-	0%
Construction Mgmt. Oversight	-	-	-	-	0%
Other	-	-	-	-	0%
Total Developer Fee / Costs	65,000	760,480	825,480	12,507	8%
Total Costs	8,726,850	6,976,512	10,003,362	151,566	100%

Annual Operating Budget
Final Commitment

Villa Springs

INCOME:	\$ Amount	Per Unit	% of Total
Total Rental Income	\$624,696	\$9,465	98.25%
Laundry	\$11,154	\$169	1.75%
Other Income	\$0	\$0	0.00%
Gross Potential Income (GPI)	\$635,850	\$9,634	100.00%

Less:

Vacancy Loss	\$31,793	\$482	5.26%
Effective Gross Income	\$604,058	\$9,152	

EXPENSES:	Total Cost	Per Unit	% of Total
Payroll	\$104,600	\$1,585	27.32%
Administrative	\$23,091	\$350	6.03%
Management fee	\$30,888	\$468	8.07%
Utilities	\$53,000	\$803	13.84%
Operating and Maintenance	\$96,434	\$1,461	25.19%
Insurance and Business Taxes	\$33,836	\$513	8.84%
Locality Compliance Monitoring Fee	\$0	\$0	0.00%
Other	\$0	\$0	0.00%
Subtotal Expenses	\$341,849	\$5,180	89.28%
Replacement Reserves	\$26,400	\$400	6.90%
Taxes & Assessments	\$14,633	\$222	3.82%
Total Expenses	\$382,882	\$5,801	100.00%

Financial Expenses

CalHFA First Mortgage	\$199,698	\$3,026
CalHFA HAT Loan	\$0	\$0
Other Required Debt Service	\$0	\$0

NET OPERATING INCOME	\$21,478	\$325
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Cash Flow	Final Commitment										CalHFA Project Number: J7-015-A/N										Villa Springs										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
RENTAL INCOME																															
Affordable Rents	624,696	640,313	656,321	672,729	689,547	706,786	724,456	742,567	761,131	780,160																					
<i>Affordable Rent Increase</i>	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%																					
Rental Subsidies	0	0	0	0	0	0	0	0	0	0																					
<i>Rental Subsidy Increases</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%																					
Market Rate Units	0	0	0	0	0	0	0	0	0	0																					
<i>Unrestricted/Market Unit Increases</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%																					
TOTAL RENTAL INCOME	624,696	640,313	656,321	672,729	689,547	706,786	724,456	742,567	761,131	780,160																					
OTHER INCOME																															
Laundry	11,154	11,377	11,605	11,837	12,073	12,315	12,561	12,812	13,069	13,330																					
Other Income	0	0	0	0	0	0	0	0	0	0																					
<i>Other Income Increase</i>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%																					
TOTAL OTHER INCOME	11,154	11,377	11,605	11,837	12,073	12,315	12,561	12,812	13,069	13,330																					
GROSS POTENTIAL INCOME	635,850	651,690	667,926	684,566	701,621	719,101	737,017	755,380	774,200	793,490																					
VACANCY ASSUMPTIONS																															
<i>Affordable (Blended Average)</i>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%																					
<i>Rental Subsidy Income</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%																					
<i>Unrestricted Units / Market Rate Units</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%																					
<i>Laundry & Other Income</i>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%																					
LESS: VACANCY LOSS	31,793	32,585	33,396	34,228	35,081	35,955	36,851	37,769	38,710	39,674																					
EFFECTIVE GROSS INCOME	604,058	619,106	634,530	650,338	666,540	683,146	700,166	717,611	735,490	753,815																					
OPERATING EXPENSES																															
Expenses	341,585	353,540	365,914	378,721	391,977	405,696	419,895	434,592	449,802	465,545																					
<i>Annual Expense Increase</i>	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%																					
Taxes and Assessments	14,633	14,779	14,927	15,076	15,227	15,379	15,533	15,689	15,845	16,004																					
<i>Annual Tax Increase</i>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%																					
Replacement Reserve	26,664	26,931	27,200	27,472	27,747	28,024	28,304	28,587	28,873	29,162																					
<i>Percentage Increase Yearly</i>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%																					
TOTAL EXPENSES	382,882	395,250	408,041	421,270	434,950	449,099	463,733	478,867	494,521	510,711																					
NET OPERATING INCOME	221,176	223,856	226,488	229,068	231,589	234,047	236,433	238,743	240,969	243,104																					
DEBT SERVICE																															
CalHFA - 1st Mortgage	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698																					
CalHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0																					
CalHFA - 2nd Mortgage	0	0	0	0	0	0	0	0	0	0																					
Other	0	0	0	0	0	0	0	0	0	0																					
None	0	0	0	0	0	0	0	0	0	0																					
DEBT COVERAGE RATIO	1.11	1.12	1.13	1.15	1.16	1.17	1.18	1.20	1.21	1.22																					
Cash Available for distribution	21,478	24,158	26,790	29,370	31,892	34,349	36,736	39,046	41,272	43,406																					

Cash Flow

CalHFA Project Number: 07-015-A/N

Villa Springs

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RENTAL INCOME										
Affordable Rents	799,664	819,655	840,147	861,150	882,679	904,746	927,365	950,549	974,313	998,670
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Subsidies	0	0	0	0	0	0	0	0	0	0
Rental Subsidy Increases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Market Rate Units	0	0	0	0	0	0	0	0	0	0
Unrestricted/Market Unit Increases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL RENTAL INCOME	799,664	819,655	840,147	861,150	882,679	904,746	927,365	950,549	974,313	998,670
OTHER INCOME										
Laundry	13,597	13,869	14,146	14,429	14,717	15,012	15,312	15,618	15,931	16,249
Other Income	0	0	0	0	0	0	0	0	0	0
Other Income Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
TOTAL OTHER INCOME	13,597	13,869	14,146	14,429	14,717	15,012	15,312	15,618	15,931	16,249
GROSS POTENTIAL INCOME	813,260	833,524	854,293	875,579	897,397	919,758	942,677	966,167	990,243	1,014,920
VACANCY ASSUMPTIONS										
Affordable (Blended Average)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rental Subsidy Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unrestricted Units / Market Rate Units	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Laundry & Other Income	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
LESS: VACANCY LOSS	40,663	41,676	42,715	43,779	44,870	45,988	47,134	48,308	49,512	50,746
EFFECTIVE GROSS INCOME	772,597	791,848	811,578	831,800	852,527	873,770	895,543	917,859	940,731	964,174
OPERATING EXPENSES										
Expenses	481,839	498,704	516,158	534,224	552,922	572,274	592,304	613,034	634,490	656,698
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Taxes and Assessments	16,164	16,326	16,489	16,654	16,820	16,988	17,158	17,330	17,503	17,678
Annual Tax Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Replacement Reserve	29,454	29,748	30,046	30,346	30,650	30,956	31,266	31,578	31,894	32,213
Percentage Increase Yearly	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
TOTAL EXPENSES	527,457	544,778	562,693	581,224	600,392	620,219	640,728	661,942	683,888	706,589
NET OPERATING INCOME	245,140	247,070	248,885	250,576	252,135	253,551	254,815	255,916	256,843	257,585
DEBT SERVICE										
CalHFA - 1st Mortgage	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698
CalHFA - Bridge Loan										
CalHFA - 2nd Mortgage	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
None	0	0	0	0	0	0	0	0	0	0
DEBT COVERAGE RATIO	1.23	1.24	1.25	1.25	1.26	1.27	1.28	1.28	1.29	1.29
Cash Available for distribution	45,443	47,373	49,187	50,879	52,437	53,854	55,118	56,219	57,146	57,887

Cash Flow

CalHFA Project Number: 07-015-A/N

Villa Springs

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
RENTAL INCOME										
Affordable Rents	1,023,637	1,049,228	1,075,459	1,102,345	1,129,904	1,158,151	1,187,105	1,216,783	1,247,202	1,278,383
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Subsidies	0	0	0	0	0	0	0	0	0	0
Rental Subsidy Increases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Market Rate Units	0	0	0	0	0	0	0	0	0	0
Unrestricted/Market Unit Increases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL RENTAL INCOME	1,023,637	1,049,228	1,075,459	1,102,345	1,129,904	1,158,151	1,187,105	1,216,783	1,247,202	1,278,383
OTHER INCOME										
Laundry	16,574	16,906	17,244	17,589	17,941	18,299	18,665	19,039	19,419	19,808
Other Income	0	0	0	0	0	0	0	0	0	0
Other Income Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
TOTAL OTHER INCOME	16,574	16,906	17,244	17,589	17,941	18,299	18,665	19,039	19,419	19,808
GROSS POTENTIAL INCOME	1,040,211	1,066,134	1,092,703	1,119,934	1,147,844	1,176,451	1,205,771	1,235,821	1,266,622	1,298,190
VACANCY ASSUMPTIONS										
Affordable (Blended Average)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rental Subsidy Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unrestricted Units / Market Rate Units	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Laundry & Other Income	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
LESS: VACANCY LOSS	52,011	53,307	54,635	55,997	57,392	58,823	60,289	61,791	63,331	64,910
EFFECTIVE GROSS INCOME	988,201	1,012,827	1,038,067	1,063,937	1,090,452	1,117,628	1,145,482	1,174,030	1,203,291	1,233,281
OPERATING EXPENSES										
Expenses	679,682	703,471	728,092	753,576	779,951	807,249	835,503	864,745	895,011	926,337
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Taxes and Assessments	17,855	18,034	18,214	18,396	18,580	18,766	18,953	19,143	19,334	19,528
Annual Tax Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Replacement Reserve	32,535	32,860	33,189	33,521	33,856	34,195	34,537	34,882	35,231	35,583
Percentage Increase Yearly	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
TOTAL EXPENSES	730,072	754,365	779,495	805,493	832,387	860,210	888,993	918,770	949,577	981,448
NET OPERATING INCOME	258,129	258,462	258,572	258,445	258,065	257,419	256,489	255,260	253,714	251,833
DEBT SERVICE										
CalHFA - 1st Mortgage	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698	199,698
CalHFA - Bridge Loan										
CalHFA - 2nd Mortgage	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
None	0	0	0	0	0	0	0	0	0	0
DEBT COVERAGE RATIO	1.29	1.29	1.29	1.29	1.29	1.29	1.28	1.28	1.27	1.26
Cash Available for distribution	58,431	58,764	58,874	58,747	58,368	57,721	56,791	55,562	54,016	52,135

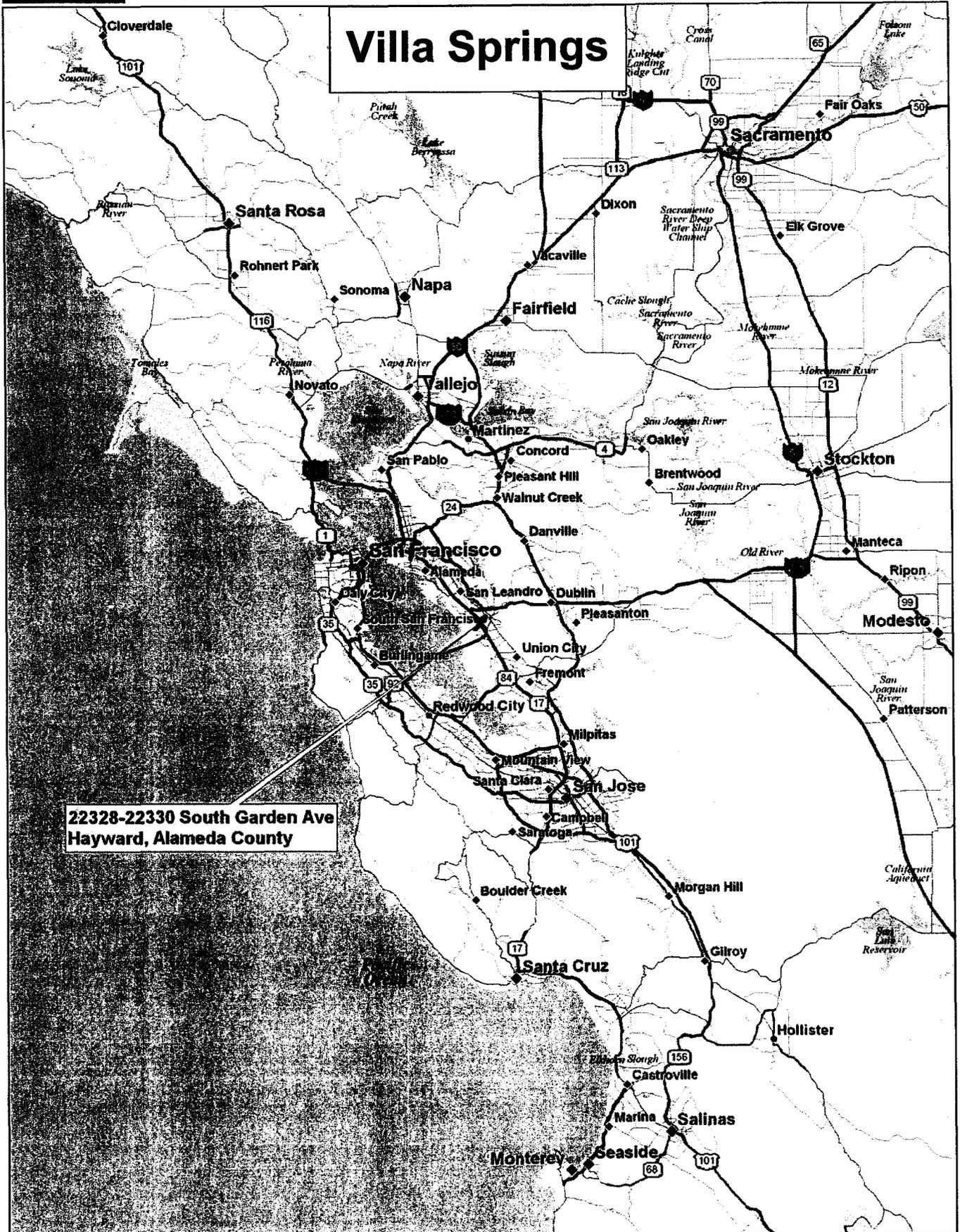
Cash Flow

CalHFA Project Number: 07-015-A/N

Villa Springs

	Year 31	Year 32	Year 33	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40
RENTAL INCOME										
Affordable Rents	1,310,342	1,343,101	1,376,678	1,411,095	1,446,372	1,482,532	1,519,595	1,557,585	1,596,525	1,636,438
<i>Affordable Rent Increase</i>	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Subsidies	0	0	0	0	0	0	0	0	0	0
<i>Rental Subsidy Increases</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Market Rate Units	0	0	0	0	0	0	0	0	0	0
<i>Unrestricted/Market Unit Increases</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL RENTAL INCOME	1,310,342	1,343,101	1,376,678	1,411,095	1,446,372	1,482,532	1,519,595	1,557,585	1,596,525	1,636,438
OTHER INCOME										
Laundry	20,204	20,608	21,020	21,441	21,869	22,307	22,753	23,208	23,672	24,146
Other Income	0	0	0	0	0	0	0	0	0	0
<i>Other Income Increase</i>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
TOTAL OTHER INCOME	20,204	20,608	21,020	21,441	21,869	22,307	22,753	23,208	23,672	24,146
GROSS POTENTIAL INCOME	1,330,546	1,363,709	1,397,698	1,432,536	1,468,242	1,504,839	1,542,348	1,580,793	1,620,197	1,660,583
VACANCY ASSUMPTIONS										
<i>Affordable (Blended Average)</i>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<i>Rental Subsidy Income</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<i>Unrestricted Units / Market Rate Units</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<i>Laundry & Other Income</i>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
LESS: VACANCY LOSS	66,527	68,185	69,885	71,627	73,412	75,242	77,117	79,040	81,010	83,029
EFFECTIVE GROSS INCOME	1,264,019	1,295,523	1,327,813	1,360,909	1,394,830	1,429,597	1,465,231	1,501,753	1,539,187	1,577,554
OPERATING EXPENSES										
Expenses	958,759	992,315	1,027,046	1,062,993	1,100,198	1,138,704	1,178,559	1,219,809	1,262,502	1,306,690
<i>Annual Expense Increase</i>	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Taxes and Assessments	19,723	19,920	20,120	20,321	20,524	20,729	20,936	21,146	21,357	21,571
<i>Annual Tax Increase</i>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Replacement Reserve	35,939	36,298	36,661	37,028	37,398	37,772	38,150	38,532	38,917	39,306
<i>Percentage Increase Yearly</i>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
TOTAL EXPENSES	1,014,421	1,048,534	1,083,827	1,120,342	1,158,120	1,197,206	1,237,646	1,279,486	1,322,776	1,367,566
NET OPERATING INCOME	249,598	246,989	243,986	240,567	236,710	232,391	227,585	222,267	216,411	209,988
DEBT SERVICE										
CalHFA - 1st Mortgage	0	0	0	0	0	0	0	0	0	0
CalHFA - Bridge Loan										
CalHFA - 2nd Mortgage	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
None	0	0	0	0	0	0	0	0	0	0
DEBT COVERAGE RATIO	0.00									
Cash Available for distribution	249,598	246,989	243,986	240,567	236,710	232,391	227,585	222,267	216,411	209,988

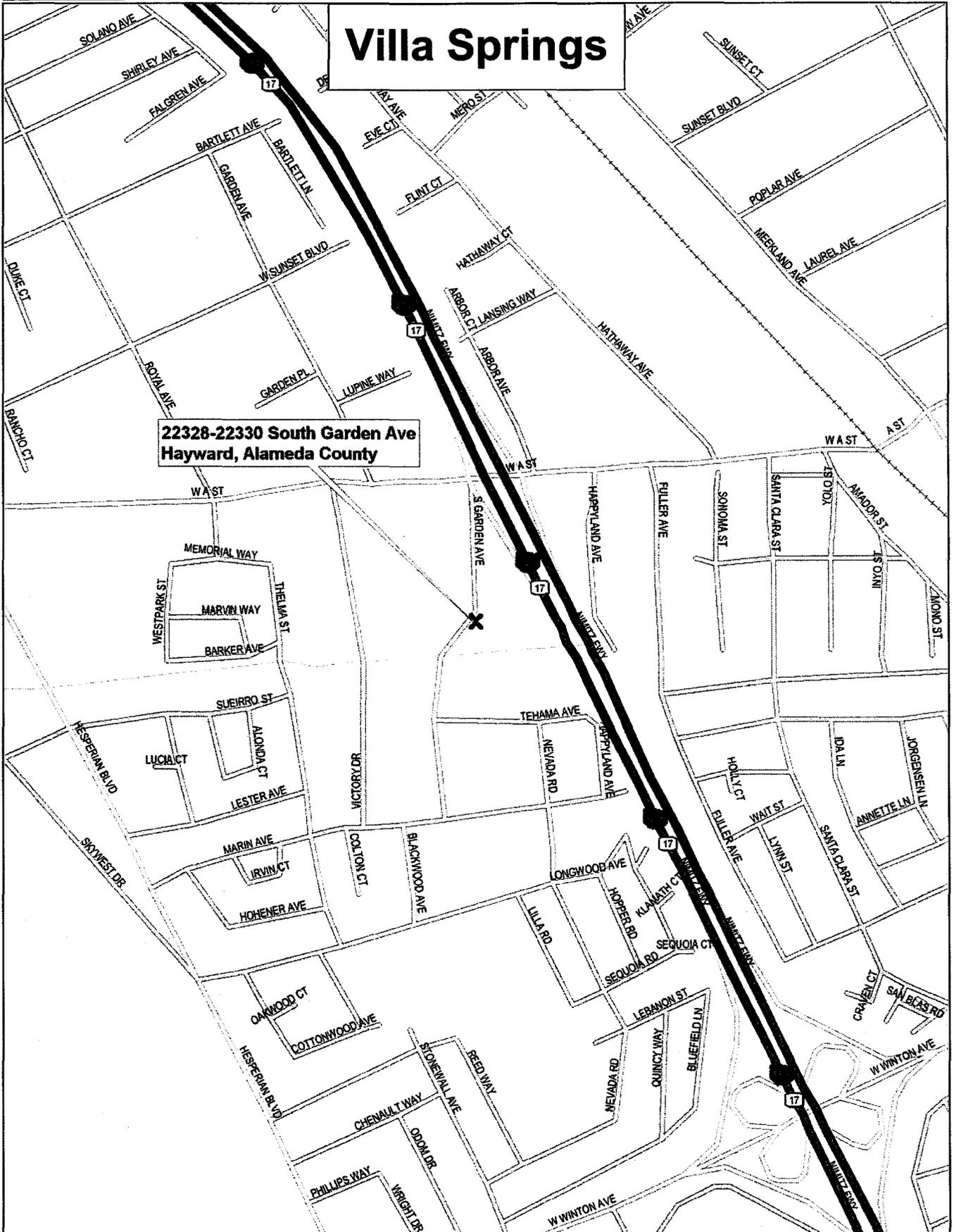
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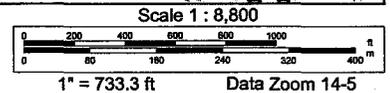
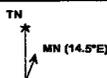
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Villa Springs

**22328-22330 South Garden Ave
Hayward, Alameda County**



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RESOLUTION 08-02

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

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WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Villa Springs apartments, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Hayward, Alameda County, California, to be known as Villa Springs Apartments (the "Development"); and

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

WHEREAS, 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 December 27, 2007, 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;

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

<u>PROJECT NUMBER</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>MORTGAGE AMOUNT</u>
07-015-A/N	Villa Springs Apartments Hayward, Alameda County, California	\$5,700,000.00 First Mortgage \$ 500,000.00 Second Mortgage

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

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14 I hereby certify that this is a true and correct copy of Resolution 08-02 adopted at a duly
15 constituted meeting of the Board of the Agency held on January 17, 2008 at Millbrae,
16 California.

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ATTEST: _____
Secretary

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State of California

MEMORANDUM

To: CalHFA Board of Directors

Date: 14 January 2008

From: Theresa A. Parker, Executive Director
CALIFORNIA HOUSING FINANCE AGENCY

TAP

Subject: Foreclosure Counseling Initiative

Background

On December 26, 2007, the President signed HR 2764 (Public Law No. 110-161) – The Department of State, Foreign Operations and Related Programs Appropriations Act, 2008. Among numerous other appropriations, that bill provides \$180 million for a mortgage foreclosure mitigation counseling grant program to be administered by NeighborWorks® America. At least \$167.8 million will be made available in grant funds to eligible agencies and organizations, and up to \$5 million for NeighborWorks® America to train foreclosure counselors across the country.

Specifically, the bill authorizes the NeighborWorks® to make grants to counseling intermediaries to provide mortgage foreclosure mitigation assistance in areas with high rates of defaults and foreclosures. The counseling is intended to assist homeowners of owner-occupied homes with mortgages either currently in default or in danger of default. Eligible applicants for those funds include NeighborWorks® affiliates, counseling intermediaries approved by the Department of Housing and Urban Development (HUD) or NeighborWorks®, and state Housing Finance Agencies that meet specific requirements.

NeighborWorks® is authorized to use up to 15% of the total funds available to its own charter members that have expertise in foreclosure prevention counseling. The balance must be made available to other HUD approved intermediaries and state HFA's. At the present time, there are only two HUD approved counseling intermediaries operating within California - the National Association of Real Estate Brokers – Investment Division, Inc, and the Rural Community Assistance Corporation. There are, however, other intermediaries that although not located in California, do operate here (e.g., National Council of LaRaza, located in Washington DC). As such, there is a desire for the California Housing Finance Agency (CalHFA) to submit an application in an effort to obtain the maximum amount of dollars for efforts in California.

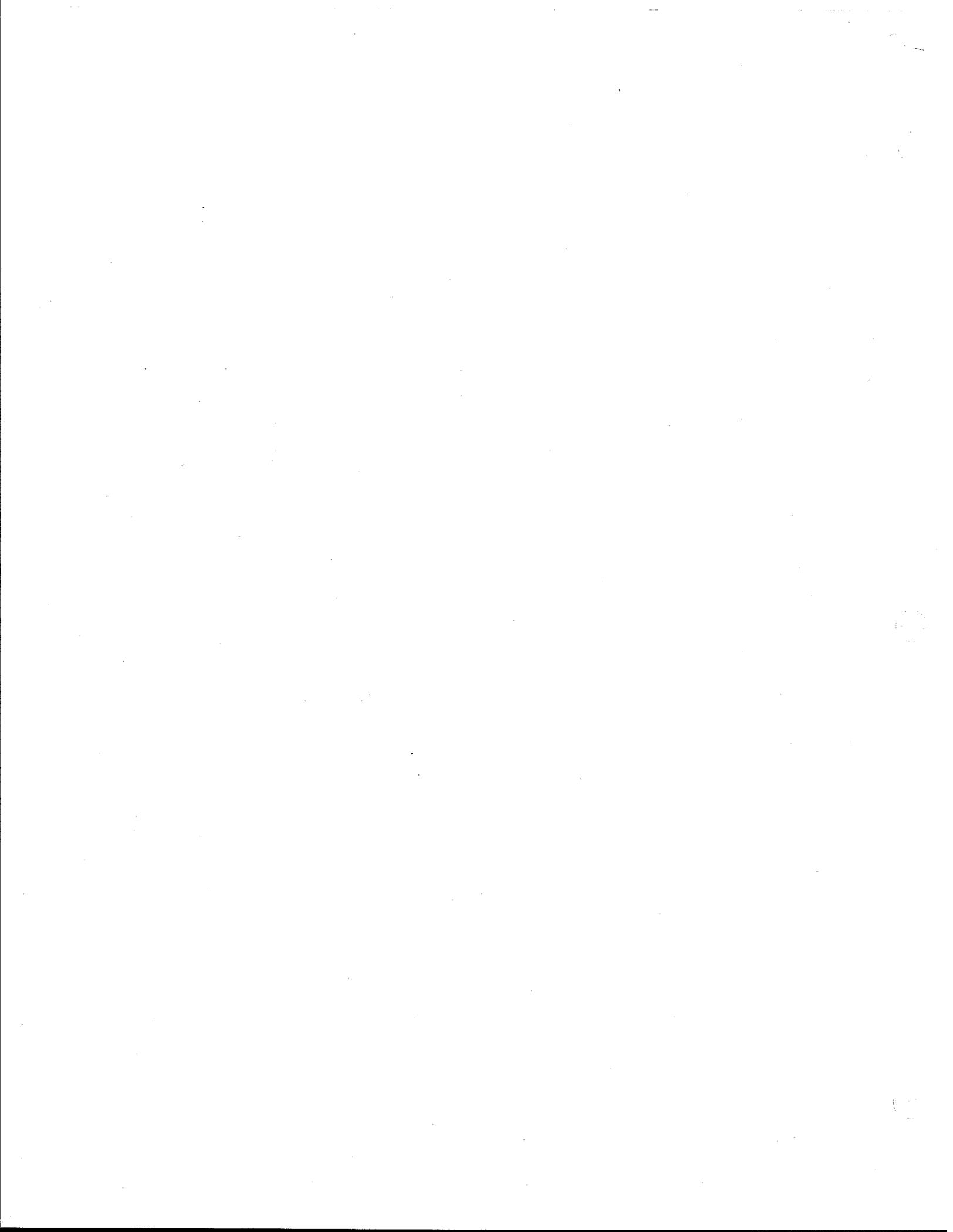


Proposal

The enactment of this bill provides a significant opportunity to respond to the growing home ownership crisis facing California. It also creates a unique opportunity for the financial services sector and nonprofit housing and financial services organizations to collaborate and deliver solutions that stem mortgage defaults and foreclosures.

- CalHFA would need to contract with an individual or individuals that have a significant level of subject matter expertise to adequately manage the program. CalHFA would additionally provide marketing and outreach support throughout the state.
- CalHFA would partner with the Rural Community Assistance Corporation for the monitoring, reporting, oversight of local recipient foreclosure counselors, and to provide training and technical support in rural areas of the state.
- CalHFA would also partner with the California Reinvestment Coalition for training and technical support in rural areas, matching funds, and assistance with preparation and disbursement of educational materials to the public.

Attached is a concept matrix of how this partnership might work for a funding palliation for California.



Funding Plan for California Through NeighborWorks® America's Federal Appropriation (Draft: January 17, 2008)

Summary Request:

California Housing Finance Authority and Rural Communities Assistance Corporation will submit a joint application to NeighborWorks America for \$8.75 million for direct service delivery to 25,000 clients who receive one-on-one foreclosure mitigation counseling that results in a workout package, with an additional 20% for program design and start-up¹, including outreach and marketing, as well as 7% for overhead and administration. Note: NeighborWorks® America has additional funding for training.

Proposed Roles and Responsibilities:

Agency Name	California Housing Finance Agency (CalHFA)	Rural Community Assistance Corporation (RCAC)	California Reinvestment Coalition (CRC)
Agency Type	State agency	HUD-approved nonprofit intermediary	Nonprofit
Role Summary	Co-Applicant/Fiscal Agent	Co-Applicant/Contract Management	Subcontractor/Service Delivery
Responsibilities	<ul style="list-style-type: none"> Co-applicant to NeighborWorks® America 	<ul style="list-style-type: none"> Co-applicant to NeighborWorks® America 	<ul style="list-style-type: none"> Subcontractor to Cal HFA, RCAC application; provide local funding match
	<ul style="list-style-type: none"> Submit co-application with RCAC and act as responsible fiscal agent. 	<ul style="list-style-type: none"> Develop application for funding; all contacts with potential subcontractors, insure that subcontractors qualify for inclusion 	<ul style="list-style-type: none"> Assist with developing funding application; research local impact and needs
	<ul style="list-style-type: none"> Execute funding agreement with RCAC, contract with RCAC and CRC for contract management and service delivery elements and contract with local agency subcontractors 	<ul style="list-style-type: none"> Develop template for subcontracts with counseling agencies and CRC 	
	<ul style="list-style-type: none"> Ensure compliance with federal regulations 	<ul style="list-style-type: none"> Advise Cal HFA to insure compliance with federal and NeighborWorks regulations 	
	<ul style="list-style-type: none"> Provide oversight on agreements with co-applicant (RCAC) and subcontractor (CRC) 	<ul style="list-style-type: none"> Manage contracts with local agencies, including monitoring reports and payments and providing quality assurance to Cal HFA for work/production of subcontractors 	
	<ul style="list-style-type: none"> Report to NeighborWorks® America and request periodic payments as verified by reporting 	<ul style="list-style-type: none"> Develop data collection and reporting system for subgrantees and combine, verify and certify reporting results for Cal HFA 	<ul style="list-style-type: none"> Assist local agencies in developing verifiable data collection and reporting systems
	<ul style="list-style-type: none"> Market services available to borrowers in California through this funding. 	<ul style="list-style-type: none"> Assist in developing a statewide marketing effort and marketing and outreach plans for local agencies 	<ul style="list-style-type: none"> Assist counseling agencies in marketing and co-branding the HOPE hotline
		<ul style="list-style-type: none"> Review goals of counseling agencies and make decisions on funding level per agency based on capacity, community need and proposal 	<ul style="list-style-type: none"> Assist with reviewing goals of counseling agencies and make decisions on funding level per agency based on capacity, community need and proposal
		<ul style="list-style-type: none"> Provide capacity building services, such as training and technical assistance (for rural organizations) 	<ul style="list-style-type: none"> Provide capacity building services, such as training and technical assistance (for urban organizations)



			<ul style="list-style-type: none"> Identify best practices and lessons learned in service delivery
			<ul style="list-style-type: none"> Support partnerships between counseling agencies and state agencies and/or regional collaboratives for consumer-related events
	<ul style="list-style-type: none"> Partner with NeighborWorks® America for Place Based Training, in California. 	<ul style="list-style-type: none"> Partner with NeighborWorks® America for training and technical assistance 	<ul style="list-style-type: none"> Partner with NeighborWorks® America for training and technical assistance
Funding	<ul style="list-style-type: none"> ___% of overhead and administration 	<ul style="list-style-type: none"> ___% of overhead and administration ___% of program design and start-up 	<ul style="list-style-type: none"> ___% of program design and start-up
Process	Receives funding from NeighborWorks® America in Washington, DC, and passes through the funding to RCAC	<ul style="list-style-type: none"> RCAC funds CRC as service delivery technical assistance partner and local counseling agencies, including start up, progress and final payments. 	

¹ Half of this funding can be allocated to the administering agency for capacity building services related to program design and start-up, such as training and technical assistance.

Shared responsibilities

