CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": March 9, 2022 for Board Meeting on: March 17, 2022

Project Name, County:	Terracina at the Dunes, Monterey County	
Address:	Imjin Parkway/4th Ave. and 2nd Ave./6th St, Marina, CA 93933	
CalHFA Project Number:	21-014-A/X/N	Total Units: 142 (family)
Requested Financing by Loan Program:	$34,000,000	**Tax Exempt Bond – Conduit Issuance Amount**
	$17,550,000	**Tax Exempt Permanent Loan with HUD Risk Sharing**
	$2,800,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	USA Multi-Family Development, Inc.	**Borrower:**	Marina 706, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	JPMorgan Chase
Equity Investor:	WNC & Associates, Inc.	**Management Company:**	USA Multifamily Management, Inc.
Contractor:	USA Construction Management, Inc.	**Architect:**	Bassenian Lagoni Architecture
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Jessica Doan	**Loan Administration:**	Ashley Carroll
Legal (Internal):	Torin Heenan	**Legal (External):**	N/A
Concept Meeting Date:	4/5/2021	**Approval Expiration Date:**	180 days from Approval

1.		**CONDUIT ISSUANCE (JPMorgan Chase) CONSTRUCTION LOAN**	**PERMANENT LOAN (CalHFA)**	**MIP (GAP) LOAN**
	Total Loan Amount	$34,000,000 (t/e) $5,300,000 (taxable)	$17,550,000	$2,800,000
	Loan Term & Lien Position	36 months- interest only. Two conditional six-month extensions available. 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1st Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 1.95% (T/E) and 2.45% (Taxable) Variable rate	15 Year MMD + 2.60% Underwritten at 4.53%* including a .25% cushion	Greater of 1.00% Simple Interest or the Applicable Federal Rate at time of MIP

			Estimated rate based on a 36 month forward commitment.	closing (2% Simple was used for underwriting purposes)
	Loan to Value (LTV)	84%	68%	N/A
	Loan to Cost	62%	31%	N/A

**CalHFA spreads locked on 5/29/2021 (after CalHFA Initial Commitment Approval). Cushion is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#20 Jimmy Panetta	**Assembly:**	#29 Mark Stone	**State Senate:**	#17 John Laird
	Brief Project Description	**Terracina at the Dunes (the "Project")** is a scattered-site (2 sites), new construction, family, mixed-income Project. It consists of six three-story garden-style buildings and two two-story community center/management office buildings. The two separate parcels are approximately 3/4 of a mile apart. The Project will contain 142 units total, including 34 one-bedroom units (533 sq ft), 72 two-bedroom units (712-881 sq ft), and 36 three-bedroom units (932 sq ft). The project will provide housing to households between 20% and 70% AMI. Two of the two-bedroom units will be reserved for onsite property managers. The Project is part of the Marina Community Partners LLC (seller) master-planned community development requirement. The Project is located within a governor-declared disaster area. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% tax credits, Agency's tax-exempt permanent loan with HUD risk sharing and MIP. The project also includes gap financing from the seller of the property structured as a fully deferred subordinate loan, due in 55 years after permanent loan conversion, to the project in order to satisfy the master developer's 1:1 contribution requirement for inclusionary projects. The project will be income averaged, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The project received an allocation of tax-exempt bonds and an award of 4% Federal and State tax credits on December 8, 2021. **Project Amenities:** The Project includes a community room/clubhouse, business center, central laundry facilities, on-site management, and recreational facilities. Unit amenities will include dishwasher, refrigerators and garbage disposal. **Local Resources and Services:** For TCAC/CDLAC purposes, the Project is located within a Moderate Resource Area per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.6 miles • Schools – 0.7 miles • Public Library – 1.7 miles • Public transit – 0.05 miles • Retail – 0.6 miles • Park and recreation – 0.8 miles • Hospitals – 6.6 miles					

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

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 140 units of affordable housing with a range of restricted rents between 30% of AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	6/6/2022	Est. Construction Loan Closing:	4/2022
	Estimated Construction Start:	4/2022	Est. Construction Completion:	7/2023
	Estimated Stabilization and Conversion to Perm Loan(s):		4/15/2025	

SOURCES OF FUNDS

5.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
JP Morgan Chase Construction Loan (Tax-Exempt)	$34,000,000	1st	1.95%	Interest Only
JP Morgan Chase Construction Loan (Taxable)	$4,000,000	2nd	2.45%	Interest Only
USA Properties Fund, Inc. (Sponsor Loan)	$1,000,000	3rd	8.00%	Residual Receipts
Life Span Home (Seller Note)	$7,788,000	4th	3.00%	Fully Deferred/Due in 55 years from perm conversion.
Tax Credit Equity	$15,271,097	N/A	N/A	N/A
TOTAL	**$62,059,097**	**$437,036**	**Per Unit**	

Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Permanent Loan	$17,550,000	1st	4.53%	Required Payment
CalHFA MIP	$2,800,000	2nd	2.00%	Residual Receipts
USA Properties Fund, Inc. (Sponsor Loan)	$1,000,000	3rd	8.00%	Borrower's 50% Share of Surplus Cash

Life Span Home (Seller Note)	$7,788,000	4th	3.00%	Fully Deferred/Due in 55 years
Deferred Developer Fee	$3,670,131	N/A	N/A	N/A
Net Cash Flow During Construction	$1,532,167	N/A	N/A	N/A
Tax Credit Equity	$31,703,057	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$66,043,335**	**$465,094**	**Per Unit**	

Subsidy Efficiency: $19,718.00 per MIP restricted unit

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

- 4% Federal Tax Credits: $33,216,580 ($233,920 per TCAC restricted units).
- State Tax Credits: $3,644,895 ($25,668 per TCAC restricted units).

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

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

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

Cost Containment Strategy: The property manager, USA Multifamily Management and the general contractor, USA Construction Management (USACM) are both wholly owned and controlled subsidiaries of the Developer. Along with being fully vertically integrated, the developer is working with the project architect, engineer, and other consultants to develop a cost-effective project through the bidding process, critical path construction schedule and incorporating lessons learned from prior post construction audits.

6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project was awarded 4% federal tax credits and State Tax Credits which are projected to generate equity representing approximately 48% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and/or have experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI.
- The project has support from the municipality in the form of Disposition and Development Agreement that allows the development of 140 affordable units that will be restricted at or below 70% AMI.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $3,588,159, which could be available to cover cost overruns and/or unforeseen issues during construction.
- As part of the City of Monterey's inclusionary requirements, the Master Developer/seller of the property is providing a $7,788,000 contribution to Life Span Homes, Inc., a 501(c)3 non-profit organization, who will in turn provide a fully deferred subordinate loan to the Project for the same amount that will be due in 55 years from permanent loan conversion.

8.	Project Weaknesses with Mitigants:

- The exit analysis assumes 6.50% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $526,681, leaving an outstanding balance of $3,113,319. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
- The developer is budgeting an amount of $1,532,167 via net operating income accrued during pre-stabilization assuming a 25-month construction period, 8-month lease-up period and an additional 3 months of stabilized occupancy for a permanent loan closing (36 months from construction closing). Should the rent-up period be delayed or prolonged, the cash portion of developer fee totaling $3,588,000 could be available to cover the operating gap.

9.	Underwriting Standards or Term Sheet Variations

None.

10.	Project Specific Conditions of Approval

Approval is conditioned upon:

- No site work or construction commenced prior to the issuance of a HUD Risk Share Firm Approval Letter.
- Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution. The owner must provide evidence of investor approval of the total deferred developer's fee structure.
- The Borrower has requested that 100% of surplus cash be allowed towards the repayment of the deferred developer's fee (DDF) for up to 15 years or until DDF has been fully repaid, whichever is sooner. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- The City is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to construction loan closing and closing of the CalHFA loans, the Density Bonus Agreement is subject to CalHFA review and approval in accordance with Agency underwriting standards.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated herein, or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- At construction closing, recordation of Restricted Covenant Modification as required by the "Covenant to Restrict Use of the Property, Environmental Restriction" recorded on title May 22, 2002.
- Receipt of Estoppel from the City to the Borrower for work performed under the "Fixture Exchange Agreement" dated June 30, 2006 which is recorded and on title.
- Removal or evidence of compliance satisfactory to CalHFA, of the Memorandum of Disposition and Development Agreement and associated Development Agreements recorded on title and dated 7/8/2005 from the City.

11.	Staff Conclusion/Recommendation:

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

AFFORDABILITY

12.	CalHFA Affordability & Occupancy Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (43 units) at or below 60% AMI and 10% of the total units (15 units) at or below 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (15 units) be restricted at or below 50% of AMI, 10% of total units (15 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI, and 80% of the total units (110 units) be restricted at or below 120% of AMI for a term of 55 years. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

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

The Marina Redevelopment Agency Disposition and Development Agreement (DDA) will restrict 139 units at or below 80% of AMI for a term of 55 years.

Rent Limit Summary Table							
Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	15	-	3	8	4	-	10.6%
50%	36	-	9	18	9	-	25.4%
60%	36	-	9	18	9	-	25.4%
70%	53	-	13	26	14	-	37.3%
Manager's Unit	2	-	-	2	-	-	1.4%
Total	142	0	34	72	36	0	100%

The average affordability restriction is 58% of AMI.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY												
Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category									
			30% AMI	50% AMI	60% AMI	*70% AMI (60% to 80% Tranche)	70% AMI	80% AMI	<= 120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	55		15	43					2	58	40.8%
*CalHFA MIP	2nd	55		15		15			110	2	140	98.6%
Tax Credits	3rd	55	15	36	36		53			2	140	98.6%
DDA	4th	55		91				48		2	139	97.9

13.	Geocoder Information		
Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	32.27%
Minority Census Tract:	70.41%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$478,494 OER amount is size based on 3 months of operating expenses, debt service, and annual replacement reserves deposits. The Investor will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12 months period to the original level.
	Transitional Operating Reserve (TOR):	N/A

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.16	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.52	**Annual Replacement Reserve Per Unit:**	$250/unit plus 3% annual increase
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

For purposes of CalHFA's DSCR covenant, the Project is required to maintain a minimum of 1.15 DSCR for the term of the permanent loan.

16. Loan Security

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

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

The exit analysis assumes a 6.5% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $526,861, leaving an outstanding balance of $3,113,319. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review **Dated: 1/3/2022**

- The as-restricted stabilized value is $26,910,000, which results in the Agency's permanent first lien loan to value of 68%.

- The as-restricted stabilized value is $26,910,000, which results in the Agency's permanent first lien loan to value of 68%.
- The Appraisal dated January 03, 2022, prepared by Pacific Real Estate Appraisal, values the land at $6,240,000.
- The cap rate of 4.50% and projected $2,210,785 of net operating income, which is generally aligned with the proposed Project net operating income, were used to determine the appraised value of the subject site.
- The capture rate is 11.66% (higher than market study dated 1/29/2021) and the absorption rate is expected to be 20 units per month (estimating seven to eight months, which is consistent with the market study.

Market Study:	Novogradac Consulting LLP	**Dated: 1/29/2021**

Regional Market Overview

- The Primary Market Area ("PMA") is the city of Marina as well as portions of the cities of Monterrey, Salinas, and Moss Landing (population of 89,845 in 2020) and the Secondary Market Area ("SMA") is Salinas, CA Metropolitan Statistical Area (population of 428,752 in 2020)
- The general population in the PMA is anticipated to increase by 0.3% per year.
- 39.8% of local employment in the PMA is concentrated in the educational services, healthcare/social assistance, accommodation/food services industries. The leisure, hospitality, and retail trade sectors have been two of the heaviest hit industries from the COVID-19 pandemic. Despite this, affordable supply in the area continues to perform well.
- Unemployment in the SMA was reported at 7.8% in October 2020, which is higher than the 6.6% unemployment rate for the nation. Per the appraisal, this rate improved to 6% by June 2021, but it remains slightly higher to 5.8% for the country for the same period. The market study does not include the unemployment rate for the PMA; however, the SMA data is a good indication of job market.
- Median household income in the area is $60,000 while median home value in the PMA is $850,000, consequently renting provides an affordable alternative.

Local Market Area Analysis

- **Supply:**
  - The Market Study identified 530 existing affordable units in the PMA that directly compete with the subject and they are 92% or higher occupied with waiting lists.
  - There is no new planned or under construction of affordable project(s) identified within the PMA per the market study. The most recent project to receive LIHTC funding was an age-restricted/Section 8 development in 2017 and was completed in 2020.
- **Demand/Absorption:**
  - Per the Market Study, the project will need to capture 8.5% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 20 units per month and reach stabilized occupancy within 7 months of opening.
  - With the area median income continuing to increase, future increases are expected. Demand for rent-restricted projects continues to be good and is expected to remain so in future years.

DEVELOPMENT SUMMARY

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

- The project consists of two separate sites/parcels within 3/4 mile of each other. One parcel sits on the southeast and southwest corners of the intersection of Imjin Parkway and 4th Avenue, in the City of Marina, Monterey County. Another parcel sits at the southwest corner of the intersection of 6th Street and 2nd Avenue, also in the City of Marina, Monterey County.
- The site is currently vacant, with level topography at street grade, with parcels measuring 4.12 and 2.35 acres respectively for a total of approximately 6.47 acres.

- The site is zoned as UVR (University Villages Residential) with permitted multifamily residential use.
- The subject is located in Flood Zone X which is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.

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

The current owner of the site is The City of Marina. On 5/31/2005, Marina Community Partners, LLC (MCP), the master developer, entered into a Disposition and Development Agreement with the City of Marina for a land cost of $6,283,000. MCP is required by the Disposition and Development Agreement, and related Operating Agreement, to include 139 units of affordable rental housing. To fulfill this obligation, MCP has entered into a purchase and sales agreement with USA Properties Fund, Inc. (USA) dated 12/17/2019. As a subsidy from MCP to USA, the purchase price was set at a nominal amount of $100 for the two separate sites in order to satisfy MCP's inclusionary requirement for the Disposition and Development Agreement. An Assignment and Assumption of the Purchase and Sale Agreement was signed between USA Properties Fund, Inc. and Marina 706, L.P., the Borrower, on 5/13/2021.

21.	**Current Ownership Entity of Record**

Title is currently vested in the City of Marina as the fee owner.

22.	**Environmental Review Findings**	**Dated: January 25, 2022**

- Phase I Environmental Site Assessments were performed for both sites by West Environmental Service & Technology, and dated January 25, 2022. The reports revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.
- The sites are located on the former Fort Ord United States Army post. As part of the Purchase and Sales Agreement between MCP and USA, the seller is required to complete all environmental remediation and rough grading prior to transferring the site to USA. This work has been completed.

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

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

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

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

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	105,727	**Residential Units per Acre:**	21.9
		Community Area Sq. Ftg:	24,308	**Total Parking Spaces:**	265
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	130,035
26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☒ **No**	**Number of Parking Spaces:**	265
27.	**Construction Type:**	The Subject will consist of 6 three-story buildings and 2 two-story community center/managers unit buildings. The project will contain a mixture of one-, two- and three-bedroom floor plans. The buildings will be constructed of steel and wood frame, and covered with stucco, laminated wood, metal cladding and fiber cement board siding. The roofs will be a medium pitched gable design covered with asphalt composition shingles.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction on vacant land.

- The Contractor is an affiliate of the Borrowing entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a 14% for builder overhead, profit, and general requirements per TCAC regulations.
- All environmental remediation has been paid for and completed by Seller as required by the Purchase and Sale Agreement.
- The majority of offsite improvements will be handled by the master developer, MCP, as the project is part of a master planned community. The locality does however require certain offsite improvements that include:
  - Sidewalk improvements – $253,805
  - Landscaping – $284,358
  - Drive Entries – $143,750

  Total Offsite Improvements - $681,913 ($4,802 p/u)

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize development costs.
- The developer had established cost containment strategies, which are outlined in Section 5 above.
- During construction and permanent, the cost of the offsite improvements outlined above will be paid by either tax credit equity, USA Properties Fund, Inc. loan, or the Life Span subordinate loan as follows:.

	Construction	Permanent
Offsite improvements Structure Cost	$681,913	$681,913
Tax Credit Equity, Life Span Loan, or USA Properties Fund, Inc. Loan	$681,813	$684,913
Total Sources	$681,913	$681,913

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Riverside Charitable Corporation, a California nonprofit public benefit corporation; 0.001% interest
- Administrative General Partner: USA Marina 706, Inc., a California corporation and an affiliate of USA Properties Fund, Inc.; 0.009% interest
- Investor Limited Partner: WNC & Associates Inc. (Investor Partnership and Special Limited Partner); 99.99% interest

31. Developer/Sponsor

Founded in 1981 and headquartered in Roseville, CA, USA Properties Fund, Inc. (USA) is a vertically integrated, full-service real estate development, investment, and management company. USA Properties is a developer, owner, and manager of communities, from quality affordable family and senior communities to market-rate projects. USA Properties has completed 122 projects (17,010 units). In addition, the company has sixteen (16) projects (2,425 units) in the pipeline and six (6) projects under construction.

USA Properties Fund, Inc., and its wholly owned construction company, USA Construction Management Inc., has the staffing capacity to process the 16+ projects in our pipeline as they are all at different stages of the development process. Similarly, their projects under construction are at different development stages, with the most intense work at the beginning of the projects. USA has added construction project managers to its staff in anticipation of these construction starts. Additionally, several of the projects are close to being closed out.

32.	**Management Agent**
The Project will be managed by USA Multifamily Management, Inc. which has extensive experience in managing similar affordable housing projects in the area. The company currently manages six (6) projects in CalHFA's portfolio. The CalHFA portfolio projects are performing as expected.	
33.	**Service Provider** **Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**
Life Skills Training and Educational Programs, Inc. (LifeSTEPS) will provide supportive services for the tenant population to meet CTCAC requirements for a term of 15 years. The supportive services expense is currently included as an approved line-item within the operating budget. Services will be conducted onsite.	
34.	**Contractor** **Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The general contractor, an affiliated company, is USA Construction Management, Inc. (USACM), which has extensive in constructing similar affordable housing projects in California and is familiar with CalHFA. They have completed six (6) projects in the CalHFA portfolio.	
35.	**Architect** **Experienced with CalHFA?** ☐ **Yes** ☒ **No**
The architect is Bassenian Lagoni Architecture, which has 45-year experience in designing and managing similar multifamily housing projects in California through the locality's building permit process.	
36.	**Local Review via Locality Contribution Letter**
The locality, City of Marina, returned the local contribution letter stating they strongly support the project.	

EXHIBITS: Detailed Financial Analysis, and applicable Term Sheets

PROJECT SUMMARY	**Final Commitment**
Acquisition, Rehab, Construction & Permanent Loans	**Project Number 21-014-A/X/N**

Project Full Name	Terracina at the Dunes	**Borrower Name:**	Marina 706, L.P., a California limited
Project Address	Imjin Parkway/4th Ave. and 2nd Ave./6th St	**Managing GP:**	Riverside Charitable Corporation
Project City	Marina	**Developer Name:**	USA Multi-Family Development, Inc.
Project County	Monterey	**Investor Name:**	WNC & Associates, Inc.
Project Zip Code	93933	**Prop Management:**	USA Multifamily Management Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	6.47
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	105,727
Total Residential Units:	142	**Residential Units Per Acre:**	21.95
Total Number of Buildings:	8		
Number of Stories:	2 and 3	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	265
Elevators:	--		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
JP Morgan Chase T/E Construction Loan	34,000,000	0.750%	36	--	1.950%
JP Morgan Chase - Taxable	4,000,000	0.750%	36	--	2.450%
USA Properties Fund Inc. (Sponsor Loan)	1,000,000	--	36	--	8.000%
Life Span Home (Seller Note)	7,788,000	--	36	--	3.000%
Investor Equity Contribution	15,271,097	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	17,550,000	1.000%	17	40	4.530%
MIP	2,800,000	1.000%	17	17	2.000%
USA Properties Fund Inc. (Sponsor Loan)	1,000,000	--	55	55	8.000%
Life Span Home (Seller Note)	7,788,000	--	55	55	3.000%
Deferred Developer Fees	3,670,131	NA	NA	NA	NA
NOI During Construction	1,532,167	NA	NA	NA	NA
Investor Equity Contributions	31,703,057	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/27/21	**Capitalization Rate:**	4.50%
Investment Value ($)	46,550,000	**Restricted Value ($)**	26,910,000
Construct/Rehab LTC	58%	**CalHFA Permanent Loan to Cost**	27%
Construct/Rehab LTV	82%	**CalHFA 1st Permanent Loan to Value**	65%
		Combined CalHFA Perm Loan to Value	76%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

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

Permanent Loan

Operating Expense Reserve Deposit	$478,494	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$250	Cash

Date Prepared: 2/22/22 Senior Staff Date: 3/9/22

UNIT MIX AND RENT SUMMARY — Final Commitment

Terracina at the Dunes — **Project Number 21-014-A/X/N**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	1	1	533	34	51
Flat	2	1	712	35	105
Flat	2	2	784	35	105
Flat	2	2	812	1	3
Flat	2	2	881	1	3
Flat	3	2	932	36	162
				142	429

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**70%**	**80%**	**120%**
A Bond/RiskShare	0	0	15	43	0	0	0
CalHFA MIP	0	0	15	0	15	0	110
Tax Credit	15	0	36	36	53	0	0
DDA	0	0	91	0	0	48	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
			Average Restricted Rents				
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Number of Units**	**Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	3	$535	$1,802	$1,267	30%
	CTCAC	**50%**	9	$916		$886	51%
	CTCAC	**60%**	9	$1,107		$695	61%
	CTCAC	**70%**	13	$1,298		$504	72%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	8	$634	$2,036	$1,402	31%
	CTCAC	**50%**	18	$1,092		$944	54%
	CTCAC	**60%**	18	$1,321		$715	65%
	CTCAC	**70%**	26	$1,550		$486	76%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	4	$724	$2,404	$1,680	30%
	CTCAC	**50%**	9	$1,253		$1,151	52%
	CTCAC	**60%**	9	$1,518		$886	63%
	CTCAC	**70%**	14	$1,782		$622	74%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
Date Prepared:	2/22/22					Senior Staff Date:	3/9/22

SOURCES & USES OF FUNDS					Final Commitment
Terracina at the Dunes			Project Number		21-014-A/X/N

SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
JP Morgan Chase T/E Construction Loan	34,000,000				0.0%
-	-				0.0%
-	-				0.0%
JP Morgan Chase - Taxable	4,000,000				0.0%
-	-				0.0%
USA Properties Fund Inc. (Sponsor Loan)	1,000,000				0.0%
Life Span Home (Seller Note)	7,788,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	15,271,097				0.0%
Perm		17,550,000	17,550,000	123,592	26.6%
MIP		2,800,000	2,800,000	19,718	4.2%
-		-	-	-	0.0%
-		-	-	-	0.0%
USA Properties Fund Inc. (Sponsor Loan)		1,000,000	1,000,000	7,042	1.5%
Life Span Home (Seller Note)		7,788,000	7,788,000	54,845	11.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
NOI During Construction		1,532,167	1,532,167	10,790	2.3%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		3,670,131	3,670,131	25,846	5.6%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		31,703,057	31,703,057	223,261	48.0%
TOTAL SOURCES OF FUNDS	**62,059,097**	**66,043,355**	**66,043,355**	**465,094**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**62,059,097**	**66,043,355**	**66,043,355**	**465,094**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**62,059,097**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	100	-	100	1	0.0%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**100**	**-**	**100**	**1**	**0.0%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	681,913	-	681,913	4,802	1.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	4,734,709	-	4,734,709	33,343	7.2%
Structures (Hard Cost)	26,593,528	-	26,593,528	187,278	40.3%

SOURCES & USES OF FUNDS			Final Commitment		
Terracina at the Dunes			Project Number	21-014-A/X/N	
General Requirements	1,840,000	-	1,840,000	12,958	2.8%
Contractor Overhead	1,396,628	-	1,396,628	9,835	2.1%
Contractor Profit	1,396,627	-	1,396,627	9,835	2.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	725,538	-	725,538	5,109	1.1%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**37,368,943**	**-**	**37,368,943**	**263,162**	**56.6%**
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS USES ($)**	**PER UNIT ($)**	**%**
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,493,143	-	1,493,143	10,515	2.3%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**1,493,143**	**-**	**1,493,143**	**10,515**	**2.3%**
SURVEY & ENGINEERING FEES					
Engineering	590,282	-	590,282	4,157	0.9%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	590,282	-	590,282	4,157	0.9%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	3,664,340	-	3,664,340	25,805	5.5%
Soft Cost Contingency Reserve	430,605	-	430,605	3,032	0.7%
TOTAL CONTINGENCY RESERVES	4,094,945	-	4,094,945	28,838	6.2%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
JP Morgan Chase T/E Construction Loan	794,141	-	794,141	5,593	0.012025
-	-	-	-	-	0
-	-	-	-	-	0.0%
JP Morgan Chase - Taxable	-	-	-	-	0.0%
-	-	-	-	-	0.0%
USA Properties Fund Inc. (Sponsor Loan)	-	-	-	-	0.0%
Loan Fees					
JP Morgan Chase T/E Construction Loan	345,000	-	345,000	2,430	0.5%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
JP Morgan Chase - Taxable	-	-	-	-	0.0%
-	-	-	-	-	0.0%
USA Properties Fund Inc. (Sponsor Loan)	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	127	0.0%
Real Estate Taxes During Rehab	1,988	-	1,988	14	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	-	-	-	-	0.0%
Title & Recording Fees	26,250	-	26,250	185	0.0%
Construction Management & Testing	-	-	-	-	0.0%

Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	44,500	-	44,500	313	0.1%
Lender Inspections	12,000	-	12,000	85	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**1,241,879**	**-**	**1,241,879**	**8,746**	**1.9%**

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	91,500	91,500	175,500	1,236	0.3%
MIP	14,000	14,000	28,000	197	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
USA Properties Fund Inc. (Sponsor Loan)	-	-	-	-	0.0%
Life Span Home (Seller Note)	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	775	0.2%
Credit Enhancement & Application Fees	-	179,283	179,283	1,263	0.3%
Title & Recording (closing costs)	-	26,250	26,250	185	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	12,617	12,617	89	0.0%
Post Construction Interest	-	1,268,000	1,268,000	8,930	1.9%
Loan Origination Fees	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**160,500**	**1,646,650**	**1,799,650**	**12,674**	**2.7%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	246	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	85,000	-	85,000	599	0.1%
CalHFA Bond Counsel	50,000	-	50,000	352	0.1%
TOTAL LEGAL FEES	**152,500**	**17,500**	**170,000**	**1,197**	**0.3%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	478,494	478,494	3,370	0.7%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**478,494**	**478,494**	**3,370**	**0.7%**
REPORTS & STUDIES					
Appraisal Fee	10,700	-	10,700	75	0.0%
Market Study Fee	11,850	-	11,850	83	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	17,000	-	17,000	120	0.0%
HUD Risk Share Environmental / NEPA Review F	25,000	-	25,000	176	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%

SOURCES & USES OF FUNDS					Final Commitment
Terracina at the Dunes			**Project Number**	**21-014-A/X/N**	
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**64,550**	**-**	**64,550**	**455**	**0.1%**
USES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT USES OF FUNDS**		
	$	**$**	**USES ($)**	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	91,323	-	91,323	643	0.1%
CDLAC Fees	11,900	-	11,900	84	0.0%
Local Permits & Fees	797,407	-	797,407	5,616	1.2%
Local Impact Fees	9,200,389	-	9,200,389	64,791	13.9%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	247,560	-	247,560	1,743	0.4%
Accounting & Audits	25,000	-	25,000	176	0.0%
Advertising & Marketing Expenses	-	79,500	79,500	560	0.1%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Construction Inspection Fees)	30,000	-	30,000	211	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**10,403,579**	**79,500**	**10,483,079**	**73,825**	**15.9%**
SUBTOTAL PROJECT COSTS	**55,570,421**	**64,281,241**	**57,785,065**	**406,937**	**87.5%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	6,488,676	1,762,114	8,258,290	58,157	12.5%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**6,488,676**	**1,762,114**	**8,258,290**	**58,157**	**12.5%**
TOTAL PROJECT COSTS	**62,059,097**	**66,043,355**	**66,043,355**	**465,094**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Terracina at the Dunes	**Project Number**		**21-014-A/X/N**

INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,139,300	$ 15,065	104.02%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	25,622	180	1.25%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,164,922**	**$ 15,246**	**105.26%**
Less: Vacancy Loss	**$ 108,246**	**$ 762**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,056,676**	**$ 16,008**	**100.00%**

OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 136,378	$ 960	$ 0
Management Fee	81,691	575	3.97%
Social Programs & Services	21,800	154	1.06%
Utilities	373,318	2,629	18.15%
Operating & Maintenance	217,742	1,533	10.59%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	53	0.36%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	1,193	8	0.06%
Other Taxes & Insurance	78,436	552	3.81%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 918,058**	**$ 6,465**	**44.64%**
Replacement Reserve	$ 35,500	$ 250	1.73%
TOTAL OPERATING EXPENSES	**$ 953,558**	**$ 6,715**	**46.36%**
NET OPERATING INCOME (NOI)	**$ 1,103,118**	**$ 7,768**	**53.64%**

DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 950,844	$ 6,696	46.23%
-	$ -	-	0.00%
-	$ -	-	0.00%
USA Properties Fund Inc. (Sponsor Loan)	$ -	-	0.00%
Life Span Home (Seller Note)	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 950,844**	**$ 6,696**	**46.23%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 152,274**	**$ 1,072**	**7.40%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.16**	**to 1**	

Date: 2/22/22 Senior Staff Date: 03/09/22

PROJECTED PERMANENT LOAN CASH FL0WS										Terracina at the Dunes			
Final Commitment										Project Number	21-014-A/X/N		
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
RENTAL INCOME	CPI												
Restricted Unit Rents	2.50%	2,139,300	2,192,783	2,247,602	2,303,792	2,361,387	2,420,422	2,480,932	2,542,955	2,606,529	2,671,693	2,738,485	2,806,947
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	25,622	26,263	26,920	27,593	28,282	28,989	29,714	30,457	31,219	31,999	32,799	33,619
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,164,922**	**2,219,046**	**2,274,522**	**2,331,385**	**2,389,669**	**2,449,411**	**2,510,646**	**2,573,413**	**2,637,748**	**2,703,692**	**2,771,284**	**2,840,566**
VACANCY ASSUMPTIONS	Vacancy												
Restricted Unit Rents	5.00%	106,965	109,639	112,380	115,190	118,069	121,021	124,047	127,148	130,326	133,585	136,924	140,347
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,281	1,313	1,346	1,380	1,414	1,449	1,486	1,523	1,561	1,600	1,640	1,681
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**108,246**	**110,952**	**113,726**	**116,569**	**119,483**	**122,471**	**125,532**	**128,671**	**131,887**	**135,185**	**138,564**	**142,028**
EFFECTIVE GROSS INCOME (EGI)		**2,056,676**	**2,108,093**	**2,160,796**	**2,214,815**	**2,270,186**	**2,326,941**	**2,385,114**	**2,444,742**	**2,505,860**	**2,568,507**	**2,632,720**	**2,698,538**
OPERATING EXPENSES	CPI / Fee												
Administrative Expenses	3.50%	158,178	163,714	169,444	175,375	181,513	187,866	194,441	201,247	208,290	215,580	223,126	230,935
Management Fee	3.97%	81,691	83,733	85,827	87,972	90,172	92,426	94,737	97,105	99,533	102,021	104,572	107,186
Utilities	3.50%	373,318	386,384	399,908	413,904	428,391	443,385	458,903	474,965	491,589	508,794	526,602	545,033
Operating & Maintenance	3.50%	217,742	225,363	233,251	241,414	249,864	258,609	267,661	277,029	286,725	296,760	307,147	317,897
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	1,193	1,208	1,223	1,238	1,254	1,269	1,285	1,301	1,318	1,334	1,351	1,368
Other Taxes & Insurance	3.50%	78,436	81,181	84,023	86,963	90,007	93,157	96,418	99,792	103,285	106,900	110,642	114,514
Required Reserve Payments	1.00%	35,500	35,855	36,214	36,576	36,941	37,311	37,684	38,061	38,441	38,826	39,214	39,606
TOTAL OPERATING EXPENSES		**953,558**	**984,939**	**1,017,388**	**1,050,943**	**1,085,642**	**1,121,523**	**1,158,629**	**1,197,000**	**1,236,680**	**1,277,716**	**1,320,152**	**1,364,039**
NET OPERATING INCOME (NOI)		**1,103,118**	**1,123,154**	**1,143,407**	**1,163,872**	**1,184,544**	**1,205,417**	**1,226,485**	**1,247,742**	**1,269,180**	**1,290,791**	**1,312,567**	**1,334,499**
DEBT SERVICE PAYMENTS	Lien #												
Perm	1	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA Properties Fund Inc. (Sponsor Loan)	3	-	-	-	-	-	-	-	-	-	-	-	-
Life Span Home (Seller Note)	4	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**
CASH FLOW AFTER DEBT SERVICE		**152,274**	**172,310**	**192,563**	**213,028**	**233,699**	**254,573**	**275,641**	**296,898**	**318,336**	**339,947**	**361,723**	**383,654**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.18**	**1.20**	**1.22**	**1.25**	**1.27**	**1.29**	**1.31**	**1.33**	**1.36**	**1.38**	**1.40**
Date Prepared:	02/22/22									Senior Staff Date:	3/9/22		

		1	2	3	4	5	6	7	8	9	10	11	12
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382
LESS: Partnership Management Fee	3%	27,278	28,097	28,939	29,808	30,702	31,623	32,572	33,549	34,555	35,592	36,660	37,759
net CF available for distribution		**117,496**	**136,488**	**155,667**	**175,025**	**194,556**	**214,255**	**234,114**	**254,125**	**274,280**	**294,569**	**314,984**	**335,513**
Deferred developer fee repayment	3,670,131	3,670,131	3,552,635	3,416,147	3,260,481	3,085,456	2,890,900	2,676,645	2,442,531	2,188,406	1,914,126	1,619,557	1,304,574
	100%	117,496	136,488	155,667	175,025	194,556	214,255	234,114	254,125	274,280	294,569	314,984	335,513
		3,552,635	3,416,147	3,260,481	3,085,456	2,890,900	2,676,645	2,442,531	2,188,406	1,914,126	1,619,557	1,304,574	969,060

Payments for Residual Receipt Payments		*0%*											
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	-
MIP	*100.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*2.00%*	2,800,000	2,856,000	2,912,000	2,968,000	3,024,000	3,080,000	3,136,000	3,192,000	3,248,000	3,304,000	3,360,000	3,416,000
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
USA Properties Fund Inc. (Sponsor Loan)---Simp	*8.00%*	-	-	-	-	-	-	-	-	-	-	-	-
---Simple	*3.00%*	7,788,000	8,021,640	8,255,280	8,488,920	8,722,560	8,956,200	9,189,840	9,423,480	9,657,120	9,890,760	10,124,400	10,358,040
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		10,588,000	10,877,640	11,167,280	11,456,920	11,746,560	12,036,200	12,325,840	12,615,480	12,905,120	13,194,760	13,484,400	13,774,040

PROJECTED PERMANENT LOAN CASH FL0WS						
Final Commitment						
	YEAR	**13**	**14**	**15**	**16**	**17**
RENTAL INCOME	**CPI**					
Restricted Unit Rents	2.50%	2,877,121	2,949,049	3,022,775	3,098,344	3,175,803
Unrestricted Unit Rents	2.50%	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	2.50%	34,459	35,321	36,204	37,109	38,037
Parking & Storage Income	2.50%	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,911,580**	**2,984,370**	**3,058,979**	**3,135,453**	**3,213,840**
VACANCY ASSUMPTIONS	**Vacancy**					
Restricted Unit Rents	5.00%	143,856	147,452	151,139	154,917	158,790
Unrestricted Unit Rents	0.00%	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	5.00%	1,723	1,766	1,810	1,855	1,902
Parking & Storage Income	50.00%	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**145,579**	**149,218**	**152,949**	**156,773**	**160,692**
EFFECTIVE GROSS INCOME (EGI)		**2,766,001**	**2,835,151**	**2,906,030**	**2,978,681**	**3,053,148**
OPERATING EXPENSES	**CPI / Fee**					
Administrative Expenses	3.50%	239,018	247,383	256,042	265,003	274,278
Management Fee	3.97%	109,866	112,612	115,428	118,313	121,271
Utilities	3.50%	564,109	583,853	604,288	625,438	647,328
Operating & Maintenance	3.50%	329,023	340,539	352,458	364,794	377,562
Ground Lease Payments	3.50%	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	1,385	1,402	1,420	1,437	1,455
Other Taxes & Insurance	3.50%	118,522	122,670	126,964	131,408	136,007
Required Reserve Payments	1.00%	40,002	40,402	40,806	41,214	41,627
TOTAL OPERATING EXPENSES		**1,409,425**	**1,456,362**	**1,504,905**	**1,555,108**	**1,607,028**
NET OPERATING INCOME (NOI)		**1,356,576**	**1,378,789**	**1,401,125**	**1,423,573**	**1,446,120**
DEBT SERVICE PAYMENTS	**Lien #**					
Perm	1	950,844	950,844	950,844	950,844	950,844
-	-	-	-	-	-	-
-	-	-	-	-	-	-
USA Properties Fund Inc. (Sponsor Loan)	3	-	-	-	-	-
Life Span Home (Seller Note)	4	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**950,844**	**950,844**	**950,844**	**950,844**	**950,844**
CASH FLOW AFTER DEBT SERVICE		**405,732**	**427,944**	**450,281**	**472,729**	**495,275**
DEBT SERVICE COVERAGE RATIO		**1.43**	**1.45**	**1.47**	**1.50**	**1.52**
Date Prepared:	02/22/22					
		13	**14**	**15**	**16**	**17**
LESS: Asset Management Fee	3%	10,693	11,014	11,344	11,685	12,035
LESS: Partnership Management Fee	3%	38,892	40,059	41,261	42,499	43,774
net CF available for distribution		**356,146**	**376,871**	**397,675**	**418,545**	**439,466**
					50%	
Deferred developer fee repayment	3,670,131	969,060	612,914	236,043	-	-
	100%	356,146	376,871	236,043	-	-
		612,914	236,043	-	-	-
Payments for Residual Receipt Payments					*50%*	
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	209,273	219,733
MIP	*100.00%*	-	-	-	209,273	219,733
Total Residual Receipts Payments	**100.00%**	-	-	-	209,273	**219,733**
Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Interest Rate*					
MIP---Simple	*2.00%*	3,472,000	3,528,000	3,584,000	3,640,000	3,486,727
0---Simple	*0.00%*	-	-	-	-	-
USA Properties Fund Inc. (Sponsor Loan)---Simp	*8.00%*	-	-	-	-	-
---Simple	*3.00%*	10,591,680	10,825,320	11,058,960	11,292,600	11,526,240
0---Simple	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments		14,063,680	14,353,320	14,642,960	14,932,600	15,012,967

MIXED-INCOME LOAN PROGRAM

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

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

FINANCING STRUCTURE:

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

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

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

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

Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in the California Debt Limit Allocation Committee's (CDLAC) Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include, but not be limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, sponsor is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment ("notification date"). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
2. **General Contractor and/or Third Party Construction Services Engagement:** At the time of application, Applicant must provide evidence that the applicant or developer has engaged a general contractor or third-party construction services company to provide construction services including, but not limited to, value engineering, bid/budget services, and constructability review of plans and designs. In addition, the proposed construction budget is based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
3. **Disposition and Development Agreement:** Applicant must provide a copy of the disposition and development agreement, if applicable.
4. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation, unless an extension has been approved by California Tax Credit Allocation Committee (CTCAC), CDLAC, and CalHFA, as applicable. Within the 180-day period, the following items must be submitted to CalHFA in their final form:
    a. A complete updated application form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement, except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred,
    j. Other documentation and information required by CalHFA to close construction financing.

Qualifications (continued)

MIP ALLOCATION LIMITS:
(Exceptions may be considered by Agency in its sole discretion)

1. **Project Cap:** No project may receive more than the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units or up to $60,000 per MIP regulated units for a Project located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map.
2. **Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than the lesser of funding of 2 projects or 20% of total MIP allocation for the respective year.
3. **County Cap:** No one county may receive more than 33% of total MIP allocations for the respective year.
4. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted projects (units that are restricted to residents who are 62 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act), unless a waiver of the minimum age requirement has been granted by U.S. Department of Housing and Urban Development ("HUD").

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Certification must be provided at the time of Construction Loan Closing in a form acceptable to CalHFA in its sole discretion. The certification acceptable to CalHFA may be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/closing-cost-containment-certification.pdf.

The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to, 1) competitively bidding out all major subcontractor and self-performing trades and 2) engaging value engineer/consultant during the design process.

EVIDENCE OF SUBSIDY EFFICIENCY:

A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be reduced based on the final analysis. Parameters of the analysis may include but are not limited to the following:

- A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary,
- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio,
- A separate project cash flow that supports any commercial component of a mixed-use project,
- A cash flow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation,
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards,
- Developer Fee requirements matching those required under the 4% federal and/or state tax credit reservation,
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA),

Qualifications (continued)	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: · An increase in tax credit equity, · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders. • State tax credit request is expected to be within a range of $50,000 to $75,000 per unit. The projects that evidence the most efficient use of state tax credits and MIP per adjusted unit shall be prioritized for MIP funding considerations. The state tax credits and MIP per adjusted unit calculation shall be consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2). MIP final commitment shall be subject to the project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations, • Acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an Appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.
CalHFA Mixed-Income Qualified Construction Lender	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least five (5) construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three (3) years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three (3) comparable projects within the past five (5) years or meet the requirements to receive a minimum of 7 points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past five (5) years **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years. **Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years in the State of California. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units or meet the requirements to receive a minimum of 3 points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).
Permanent First Lien Loan	Must be provided by CalHFA. The permanent loan must meet an initial minimum DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to, in its sole and absolute discretion, recycle all or a portion of any Bond volume cap related to a paydown of the Bond financed loans, at the conversion of the construction financing to permanent financing and payoff of the Construction Loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (the "Bond Recycling"). The Bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.
Limitations	1. MIP cannot be combined with the CTCAC 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) with the exception of the Infill Infrastructure Grant, contingent upon restrictions that are compatible with the MIP program requirements. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	**BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, CDLAC requires a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").

Mixed-Income Project Occupancy Requirements (Continued)	**MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** **Affordability Requirements:** 1. To qualify, a project must meet the following affordability restrictions, based on the HUD or locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years: a. 10% of total units at or below 50% of AMI, b. 10% of total units between 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and c. Remaining 80% of total units at or below 120% of AMI with the exception of the non-restricted manager's unit(s) OR at the affordability restrictions consistent with CTCAC requirements. (Deviations from the average unit affordability levels of 70% AMI will only be considered if Market Study supports such deviations.) 2. Projects must be tax credit transactions that are income-averaged and must not exceed an average affordability of 60% of AMI across all restricted units.
Mixed-Income Project Occupancy Requirements (Continued)	**MAXIMUM ALLOWABLE RENTS:** Rents for all restricted units must be at least 10% below market rents as evidenced by a current Market Study or an Appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval. The report shall be current within 180 days of Agency's final commitment and may be subject to required updating if the report expires prior to construction loan closing. Any proposed rent adjustments above 5% of the approved rents subsequent to construction loan closing may be considered if supported by a recent or updated Market Study or Appraisal that is dated within 180 days from MIP loan closing, at CalHFA's sole discretion.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units, unless an exception is approved by Agency in its sole discretion. a. Maximum loan per restricted (tax credit or CalHFA) units between 30%-120% AMI shall be up to $50,000. b. Projects located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit. Opportunity Map Home Page: www.treasurer.ca.gov/ctcac/opportunity.asp 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.

Mixed-Income Subordinate Loan Rates & Terms	1. **Interest Rate**: Greater of 1% simple interest or the applicable federal rate (AFR) at time of MIP closing. 2. **Loan Term**: The MIP loan term shall be coterminous with the CalHFA permanent first lien loan. 3. **Loan Payment**: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. Deviation from the net cash flow split may be granted 1) to meet equity investor's deferred developer's fee requirement as evidence by the limited partnership agreement, and 2) is subject to approval(s) by other residual receipt lender(s), as applicable. 4. **Affordability Term**: 55 years. 5. **Prepayment**: May be prepaid at any time without penalty. 6. **Subordination**: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s) and requires subordination at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 7. **Funded**: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	**Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). **Conduit Bond Program Fees:** Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees. CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 01/2021

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

TAX-EXEMPT PERMANENT LOAN PROGRAM

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

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for initial debt service coverage ratio (include any financing with amortizing debt). If a Project includes CalHFA's subsidy loan, the maximum DSCR at year 1 shall not exceed 1.20, unless CalHFA approves a higher DSCR at its own discretion. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained as the minimum DSCR through the term of the Perm Loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x, if deemed necessary to meet the Agency's underwriting requirements. • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Legal Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Monitoring Fee: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 per month for the term of the construction (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000, half due at final commitment, with balance due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited toward the CalHFA Perm Loan Fee See CalHFA standard Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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

Jennifer Beardwood, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8805
jbeardwood@calhfa.ca.gov

Rate & Terms (subject to change)	Interest Rate: • 17-Year Balloon Loans: 15-Year "AAA" Municipal Market Data (MMD) plus CalHFA spread • 30-Year Balloon and Fully Amortizing Loans: 30-Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 3.00% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 40 Year Amortization • Term: Fully Amortizing, and 17- or 30-Year Balloons available[1] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension. • Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees. • Deposit Account Control Agreement between CalHFA, the Borrower and lending institution is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing. A Lien Priority/Position Estoppel in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.
Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI").

Occupancy Requirements (continued)	Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal. CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list): • Appraisal* (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment* ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I and Phase II (if applicable) Environmental Site Assessment* including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)". • Market Study* satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports* by licensed company. • Seismic review* and other studies may be required at CalHFA's discretion. *Note: Third party reports shall be within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve ("OER"): 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, it must be replenished over a period of 12 months to the original level. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or the CalHFA Perm Loan term. • Other reserves as required (at CalHFA's discretion).

Last revised: 1/2022

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after March 1, 2022

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

Qualifications	• Available to for-profit, nonprofit or public agency sponsors. • Nonprofit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA required for tax-exempt issuances) and is credited toward the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 18.75 basis points of the Bond amount if lesser than or equal to $20 million. 2. If more than $20 million: $37.500 + 5 basis points for the amount above $20 million. • Annual Administrative Fee: 5 bps of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 bps of unpaid principal balance amount of tax-exempt bond financed loan(s) until bonds are fully redeemed. Minimum Annual Administrative Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period. For taxable only issuances, annual administrative fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions. If used in conjunction with a CalHFA permanent loan product, the annual administrative fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual administrative fee. • Public Sale: Additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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

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

Last revised: 03/2022