MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A

August 15, 2024 – 10:00 a.m.
735 East Michigan Avenue, Lansing, Michigan 48912
Cadillac Place, 3028 West Grand River, Room 4-602, Detroit, MI 48202
State Office Building, 701 South Elmwood Avenue, Traverse City, MI 49684
Microsoft Teams Conference Line: 248-509-0316 | Conference ID: 221 650 508#

Roll Call:

Public Comments:

Voting Issues:

Tab A Approval of Agenda

CONSENT AGENDA ITEMS

Consent Agenda ***(Tabs B through H are Consent Agenda items. They are considered routine and are to be voted on as a single item by the Authority. There will be no separate discussion of these Tabs; any Authority member, however, may remove any Tab or Tabs from the Consent Agenda prior to the vote by notifying the Chair. The remaining Tabs will then be considered on the Consent Agenda. Tabs removed from the Consent Agenda will be discussed individually.)***

Tab B Minutes – July 18, 2024, Board Meeting

Tab C Resolution Authorizing Grants from the Michigan Housing and Community Development Fund

Tab D Inducement Resolution **Plymouth Square,** City of Detroit, Wayne County, **MSHDA No. 44c-217**

Tab E Inducement Resolution **Old Mill Pond Apartments,** City of Brooklyn, Jackson County, **MSHDA No. 44c-219**

Tab F Inducement Resolution **Westbury Apartments,** City of Wayland, Allegan County **MSHDA No. 44c-220**

Tab G Inducement Resolution **Trumbull Apartments,** City of Detroit, Wayne County, **MSHDA No. 44c-221**

Tab H Resolution Authorizing Mortgage Loan Increase, **Annika Place II**, **MSHDA Development No. 4117,** City of Traverse City, Grand Traverse County

REGULAR VOTING ITEMS

Tab I Michigan State Housing Development Authority Resolution Authorizing Issuance And Sale Of Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (**Lee Plaza Apartments (4%) Project**) To Finance A Loan To Lee Plaza II Limited Dividend Housing Association LLC, So As To Enable The Borrower To Acquire, Construct, Rehabilitate And Equip A Certain Multi-Family Rental Housing Facility, Authorizing The Execution Of The Bond Purchase Agreement, The Loan Agreement And The Trust Indenture Securing The Bonds, And Determining And Authorizing Other Matters Relative Thereto

Resolution Authorizing Loan, **Lee Plaza Apartments (4%), MSHDA No. 44c-212**, City of Detroit, Wayne County

Tab J Resolution Authorizing Issuance and Sale of Rental Housing Revenue Bonds, 2024 Series A, in an Amount not to Exceed $450,000,000

Tab K Resolution Authorizing Extension of and Increase to Short-Term Revolving Credit Facility (Single Family Program) 2021, in an Amount not to Exceed $200,000,000

Tab L Resolution Determining Mortgage Loan Feasibility, **Seneca Terrace, MSHDA Development No. 4144**, City of River Rouge, Wayne County

Resolution Authorizing Mortgage Loan, **Seneca Terrace, MSHDA Development No. 4144**, City of River Rouge, Wayne County

Tab M Resolution Determining Mortgage Loan Feasibility, **Iroquois Terrace, MSHDA Development No. 4143**, City of River Rouge, Wayne County

Resolution Authorizing Mortgage Loan, **Iroquois Terrace, MSHDA Development No. 4143**, City of River Rouge, Wayne County

Tab N Resolution Determining Mortgage Loan Feasibility, **Crossroads Apartments, MSHDA Development No. 1076-2**, City of Reed City, Osceola County

Resolution Authorizing Mortgage Loan, **Crossroads Apartments, MSHDA Development No. 1076-2**, City of Reed City, Osceola County

Closed Session

None

Discussion Issues:

None.

Remarks:

Chairperson

Executive Director

Reports:

Tab 1 Current and Historical Homeownership Data

Tab 2 Monthly Homeownership Production Report

Tab 3 MI 10K DPA Monthly Statistics (Map)

Tab 4 2024 Board Calendar

DRAFT

Michigan State Housing Development Authority
Minutes of Regular Authority Meeting
July 18, 2024 – 10:00 a.m.

AUTHORITY MEMBER(S) PRESENT: LANSING

Jonathan Bradford
Rachael Eubanks
Jennifer Grau
Susan Corbin
Michele Wildman for Quentin Messer

AUTHORITY MEMBER(S): ABSENT

Tyrone Hamilton

AUTHORITY MEMBER(S) PRESENT: DETROIT

Regina Bell

AUTHORITY MEMBER(S) PRESENT: TRAVERSE CITY

Warren Call

ATTENDEES IN DETROIT

Sherry Hicks, MSHDA

ATTENDEES IN LANSING

Amy Hovey, MSHDA
Anthony Amoroso, MSHDA
Chris Lussier, MSHDA
Christopher Hall, MSHDA
Daphne Wells, MSHDA
Geoffrey Ehnis-Clark, MSHDA
Jeffrey Sykes, MSHDA
Jennifer Bowman, MSHDA
Jim Davis, MSHDA
Jodie Mackie, MSHDA
John Hundt, MSHDA
Josh Pugh, MSHDA
Laura King, MSHDA
Lisa Kemmis, MSHDA
Liz Rademacher, MSHDA
Margaret Meyers, MSHDA
Mark Whitaker, MSHDA
Mary Cook, MSHDA
Richard Devries, Detroit Eviction Defense
Taura Brown, Detroit Eviction Defense
Tim Klont, MSHDA
Tonya Joy, MSHDA
Tony Lentych, MSHDA
Joseph Kelly, MSHDA
Charlotte Johnson, MSHDA
Jeff Sykes, MSHDA
Ryan Koenigsknecht, MSHDA
Mark Garcia, MSHDA
Kara Hart-Negrich, MSHDA
Damon Pline, MSHDA
Zachary Herrmann, MSHDA

ATTENDEES ON MICROSOFT TEAMS

David Allen, MSHDA
Katie Bach, MSHDA
Matthew Bergeon, MSHDA
Michael Binegar, MSHDA
Diane Bitely, MSHDA
Daniel Lince, MSHDA
Kevin Louis, MSHDA
Amber Martin, MSHDA
Amber McCray, MSHDA
Kendra McCullar, MSDHA

Cassandra Brown, MSHDA
Drew Brown, MSHDA
Paul Bursley, MSHDA
Megan Castro, MSHDA
Tonya Coon, MSHDA
Latasha Cole, MSHDA
Andrea Cottrell, MSHDA
Camellia Crowell, MSHDA
Mason Crozier, MSHDA
Amanda Curler, MSHDA
James Davis, MSHDA
Mary Diffin, MSHDA
Kathryn Evans, MSHDA
Katherine French, MSHDA
Pierre-Denise Gilliam, MSHDA
Dawn Hengesbach, MSHDA
Sherry Hicks, MSHDA
Jonathan Hilliker, MSHDA
Benjamin Honeyford, MSHDA
Tyler Hull, MSDHA
Marcel Jackson, MSHDA
Brittany Jerzowski, MSHDA
Laurie Kelly, MSHDA
Sandra Kimball, MSHDA
Scott Kimball, MSHDA
Ashley Kreiner, MSHDA
Allecia Lamb-Ridge, MSHDA
Thomas McKee, MSDHA
Christine Miller, MSHDA
John Millhouse, AG
Trenton Mitchell, MSHDA
Frank Mostek, MSHDA
Ange Muhire, MSHDA
Kristin Nied, Miller Canfield
Quocshawn Parker, MSHDA
Amy Patterson, AG
Jayde Pettigrew, MSHDA
Cisco Potts, MSHDA
Karmen Robinson, MSHDA
Kelly Rose, MSHDA
Lindsey Schmitt, MSHDA
Nicholas Shattuck, MSHDA
Angela Shipp, MSHDA
Christopher Schultz, MSHDA
Jarrod Smith, Dykema Gossett
Matthew Smith, MSHDA
John Swift, MSHDA
Ki'ara Torrens, MSHDA
Katy VanHouten, MSHDA
Anna Vicari, MSHDA
Hilary Vigil, AG
Michael Vollick, MSHDA
Karen Waite, MSHDA
Justin Wieber, MSHDA

Ten additional members of the public participated via the Conference Line: 248-509-0316, Conference ID: 221 650 508#. Chairperson Susan Corbin opened the meeting at 10:02 am. A quorum was established with the presence of Jonathan Bradford, Rachael Eubanks, Jennifer Grau, Michele Wildman for Quenton Messer, Regina Bell and Warren Call. Members were physically present in Lansing, Detroit, and Traverse City. Ms. Corbin proceeded to request public comments from participants both in-person and via teams. Taura Brown from Detroit Eviction Defense presented in person in Lansing. Ms. Brown expressed concerns, in part, about repair issues and potential eviction experienced by tenant Michelle Thurman residing at Gardenview Estates under the management of Premier Property Management. Ms. Brown additionally highlighted challenges faced by Section 8 Voucher tenants who are evicted and the lack of housing options.

Meeting Announcements:

Ms. Corbin noted there are goldenrods for the agenda to confirm the removal and conversion to a regular voting item of **Tab C** (Amended & Restated Pass-Through Bond Program) to **Tab R**. Additionally, **Tab R** included added language in the Private Placement Program Statement to ensure compliance with Senate Bill 417. Finally, a goldenrod for **Tab 1**, Delegated Reports, to include Housing Readiness Incentive Grants and Housing Development Fund Grants.

Approval of Agenda:

Jennifer Grau moved approval of **Tab A (Agenda)**. Jonathan Bradford supported. The agenda was approved.

Voting Items:

Consent Agenda (Tabs B, D–H):

Jonathan Bradford moved approval of the Consent Agenda. Rachel Eubanks supported. The Consent Agenda was approved.

The Consent Agenda included the following items:

Tab B Minutes – June 20, 2024, Board Meeting

Tab D Resolution Authorizing Renewal of Professional Services Contracts with Arthur J. Gallagher Risk Management Services, Inc.

Tab E Resolution Authorizing Grants from the Michigan Housing and Community Development Fund

Tab F Inducement Resolution **North Port Apartments,** City of Port Huron, St. Clair County, **MSHDA No. 44c-216**

Tab G Inducement Resolution **Midblock,** City of Detroit, Wayne County, **MSHDA No. 44c-208**

Tab H Inducement Resolution **4401 Rosa Parks,** City of Detroit, Wayne County, **MSHDA No. 44c-215**

Regular Voting Items:

Jeff Sykes, Chief Financial Officer, and Jarrod Smith, Bond Counsel for Dykema Gossett, presented **Tab I**, Resolution Authorizing Short-Term Credit Facility (Single-Family Program) 2024b in an Amount Not to Exceed $150,000,000. Mr. Sykes and Mr. Smith reviewed the resolutions as detailed in the board docket.

John Millhouse of the Attorney General's Office confirmed that the documents in **Tab I** were acceptable for the Board's action.

Geoffrey Ehnis-Clark, Director of In-House Legal Services, confirmed that the documents in **Tab I** were acceptable for the Board's action.

Michele Wildman moved to approve **Tab I**. Jennifer Grau supported. The following Roll Call was taken for **Tab I:**

Regina Bell	Yes	Rachael Eubanks	Yes
Jonathan Bradford	Yes	Susan Corbin	Yes
Warren Call	Yes	Michele Wildman	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Absent

There were seven "yes" votes. The resolutions were approved.

Charlotte Johnson, Special Transactions Manager & In-house Counsel, and Kris Nied, Bond Counsel for Miller Canfield, presented **Tab J**, Michigan State Housing Development Authority Resolution Authorizing Issuance And Sale Of Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (**Avon Towers Project**) (Fannie Mae MBS-Secured) (Sustainable) To Finance A Project Loan To Avon Towers Preservation Limited Dividend Housing Association Limited Partnership, So As To Enable The Borrower To Acquire, Rehabilitate And Equip A Multi-Family Rental Housing Development, Authorizing The Execution Of The Bond Purchase Agreement, The Financing Agreement And The Indenture Of Trust Securing The Bonds, And Determining And Authorizing Other Matters Relative Thereto and Resolution Authorizing Loan, **Avon Towers, MSHDA No. 44c-214**, City of Rochester Hills, Oakland County. Ms. Johnson and Ms. Nied reviewed the resolutions as detailed in the board docket.

John Millhouse of the Attorney General's Office confirmed that the documents in **Tab J** were acceptable for the Board's action.

Margaret Meyers, Director of Legal Transactions, confirmed that the documents in **Tab J** were acceptable for the Board's action.

Warren Call moved to approve **Tab J**. Rachel Eubanks supported. The following Roll Call was taken for **Tab J:**

Regina Bell	Yes	Rachael Eubanks	Yes
Jonathan Bradford	Yes	Susan Corbin	Yes
Warren Call	Yes	Michele Wildman	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Absent

There were seven "yes" votes. The resolutions were approved.

Tony Lentych, Chief Housing Investment Officer, presented **Tab K,** Resolution Determining Mortgage Loan Feasibility, **Gray Street II Apartments**, **MSHDA Development No. 3389-2**, City of Detroit, Wayne County and Resolution Authorizing Mortgage Loan, **Gray Street II Apartments**,

MSHDA Development No. 3389-2, City of Detroit, Wayne County. Mr. Lentych reviewed the documents as detailed in the board docket.

Jonathan Bradford moved approval of **Tab K**. Jennifer Grau supported. The resolutions were approved.

Tony Lentych, Chief Housing Investment Officer, presented **Tab L**, Resolution Determining Mortgage Loan Feasibility, **Villa Esperanza Apartments, MSHDA Development No. 4124**, City of Wyoming, Kent County and Resolution Authorizing Mortgage Loan, **Villa Esperanza Apartments, MSHDA Development No. 4124**, City of Wyoming, Kent County. Mr. Lentych reviewed the documents as detailed in the board docket.

Rachel Eubanks moved approval of **Tab L**. Michele Wildman supported. The resolutions were approved.

Tony Lentych, Chief Housing Investment Officer, presented **Tab M**, Resolution Determining Mortgage Loan Feasibility, **Elmdale Apartments, MSHDA Development No. 4125**, City of Grand Rapids, Kent County and Resolution Authorizing Mortgage Loan, **Elmdale Apartments, MSHDA Development No. 4125,** City of Grand Rapids, Kent County. Mr. Lentych reviewed the documents as detailed in the board docket.

Jennifer Grau moved approval of **Tab M**. Jonathan Bradford supported. The resolutions were approved.

Tony Lentych, Chief Housing Investment Officer, presented **Tab N**, Resolution Determining Mortgage Loan Feasibility, **Preston Townhomes, MSHDA Development No. 4132**, City of Detroit, Wayne County and Resolution Authorizing Mortgage Loan, **Preston Townhomes, MSHDA Development No. 4132**, City of Detroit, Wayne County. Mr. Lentych reviewed the documents as detailed in the board docket.

Jonathan Bradford moved approval of **Tab N**. Rachel Eubanks supported. The resolutions were approved.

Tony Lentych, Chief Housing Investment Officer, presented **Tab O**, Resolution Determining Mortgage Loan Feasibility, **Wellspring, MSHDA Development No. 4123**, City of Southfield, Oakland County and Resolution Authorizing Mortgage Loan, **Wellspring, MSHDA Development No. 4123**, City of Southfield, Oakland County. Mr. Lentych reviewed the documents as detailed in the board docket.

Jennifer Grau moved approval of **Tab O**. Susan Corbin supported. The resolutions were approved.

Tony Lentych, Chief Housing Investment Officer, presented **Tab P**, Resolution Determining Mortgage Loan Feasibility, **Piety Hill 2, MSHDA Development No. 4021**, City of Detroit, Wayne County and Resolution Authorizing Mortgage Loan, **Piety Hill 2, MSHDA Development No. 4021**, City of Detroit, Wayne County. Mr. Lentych reviewed the documents as detailed in the board docket.

Rachel Eubanks moved approval of **Tab P**. Michele Wildman supported. The resolutions were approved.

Tony Lentych, Chief Housing Investment Officer, presented **Tab Q**, Resolution Determining Mortgage Loan Feasibility, **Henry Street 4% Apartments, MSHDA Development No. 4020**, City of Detroit, Wayne County and Resolution Authorizing Mortgage Loan, **Henry Street 4% Apartments, MSHDA Development No. 4020**, City of Detroit, Wayne County. Mr. Lentych reviewed the documents as detailed in the board docket.

Rachel Eubanks moved approval of **Tab Q**. Jonathan Bradford supported. The resolutions were approved.

Charlotte Johnson, Special Transactions Manager & In-house Counsel, presented**, Tab R,** Resolution Authorizing Amended and Restated Pass-Through Bond Program. Ms. Johnson reviewed the documents as detailed in the board docket.

Rachel Eubanks moved approval of **Tab R**. Jennifer Grau supported. The resolution was approved.

Chair's Report:

None.

Executive Director's Report:

Ms. Hovey addressed the public comments, thanking Ms. Brown for sharing her concerns and promising follow-up with regard to the issues brought forward.

After the Executive Director's update, Ms. Corbin announced the following reports were included in the docket: **(Tab 1)** Goldenrod of Delegated Action Reports; **(Tab 2)** Current and Historical Homeownership Data; **(Tab 3)** Monthly Homeownership Production Report; **(Tab 4)** MI 10K DPA Monthly Statistics (Map); and **(Tab 5)** 2024 Board Calendar.

Ms. Corbin noted that the next regular board meeting would be August 15, 2024. She then requested a motion to adjourn the meeting. Rachel Eubanks moved to adjourn, and Jennifer Grau supported. The meeting adjourned at 10:54 am.

REVIEWED
By Margaret Meyers at 9:52 am, Jul 23, 2024

REVIEWED
By Laura J. King at 9:57 am, Jul 23, 2024

GOLDENROD
TAB C

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Housing and Community Development Fund—Approval of Grants Listed in Schedule A, ~~and~~ Schedule B, Schedule C

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt a resolution that authorizes the approval of the following grants funded by the Michigan Housing and Community Development Fund ("HCDF"):

- ~~The American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds ("ARPA-SLFRF") funded HCDF grants ("ARPA-SLFRF HCDF Grant(s)") listed in Schedule A of this Memorandum;~~
- The American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds ("ARPA-SLFRF") funded HCDF grant ("ARPA-SLFRF HCDF Grant") to Bellaire Lofts Limited Dividend Housing Association, LLC ("Bellaire Lofts") as listed in Schedule A of this Memorandum.
- The HCDF funded MI Neighborhood Program grants ("MI Neighborhood Grant(s)") listed in Schedule B of this Memorandum.
- The 2023 Public Act 4 HCDF – unprogrammed funds ("Unprogrammed Funds") funded grants ("Unprogrammed Funds Grants") listed in Schedule C of this Memorandum.

(The ARPA-SLFRF HCDF Grant~~s~~, ~~and~~ MI Neighborhood Grants, and Unprogrammed Funds Grants are collectively referred to as the "HCDF Grants").

If approved by the Authority, the total amounts of HCDF proceeds used to fund the ~~Schedule A identified ARPA-SLFRF HCDF Grants will not exceed $3,914,500 and the Schedule B identified MI Neighborhood Grants will not exceed $4,999,049.~~ HCDF Grants listed on the attached schedules are as follows:

- The total amount of HCDF funds granted to Bellaire Lofts, as shown on Schedule A, will not exceed $3,600,000. The grant to Bellaire Lofts will be funded to the extent possible with ARPA-SLFRF HCDF funds ("ARPA-SLFRF Bellaire Grant"). However, if the ARPA-SLFRF funds that remain available to the Authority in the HCDF are insufficient to fully fund the ARPA-SLFRF Bellaire Grant up to $3,600,000, the shortfall may be addressed by making a separate grant to Bellaire Lofts from Unprogrammed Funds ("Unprogrammed Funds Bellaire Grant").

- Schedule B identified MI Neighborhood Grants will not exceed $5,099,049.
- Schedule C identified Unprogrammed Funds Grants may not exceed $1,314, 500.

EXECUTIVE SUMMARY:

The State Housing Development Authority Act of 1966, Public Act 346 of 1966, Part 125.1458 et seq., as amended, charges the Authority with creating and implementing the HCDF Program for the purposes of developing and coordinating public and private resources to meet the affordable housing needs of low income, very low income, and extremely low-income households and to revitalize downtown areas and adjacent neighborhoods in the State of Michigan.

Effective March 30, 2022, the Michigan Legislature pursuant to Public Act 53 of 2022, as amended, (the "2022 PA 53") appropriated $50 million dollars of United States Department of Treasury ARPA-SLFRF to the Authority's HCDF Program to expand access to affordable and attainable housing for populations or regions disproportionately impacted by the COVID-19 pandemic.

Effective February 13, 2024, the Michigan Legislature appropriated to the Authority, pursuant to Public Act 4 of 2023 ("2023 PA 4"), amending Public Act 281 of 1967, at MCL 206.695(1) et. seq., beginning with the 2022-2023 state fiscal year through the 2024-2025 state fiscal year, up to $50 million, if available, to the HCDF Program.

If approved, the ARPA-SLFRF Bellaire Grant identified in ~~HCDF Grants listed and recommended in~~ Schedule A ~~may~~ will be funded under the HCDF Program from the 2022 PA 53 appropriation. As described above, if insufficient funds remain from the 2022 PA 53 appropriation to fully fund the ARPA-SLFRF Bellaire Grant, a separate grant for the shortfall may be funded under the HCDF Program from the 2023 PA 4 appropriation. ~~and those listed and recommended in Schedule B~~ The MI Neighborhood Grants identified in Schedule B and the Unprogrammed Funds Grants identified in Schedule C will ~~may~~ be funded under the HCDF Program from the 2023 PA 4 appropriation. The HCDF Grants have been evaluated by Authority staff for compliance with the HCDF Allocation Plan and requirements, which evaluations have been reviewed and approved by review committees comprised of Authority supervisory staff. The proposed HCDF Grants have been found to be acceptable for Authority approval and will be subject to the terms and conditions required for (a) either 2022 PA 53 or 2023 PA 4 appropriated HCDF funds as appropriate and (b) the execution of grant agreements and disbursement of the HCDF Grants.

ADVANCING THE AUTHORITY'S MISSION:

The proposed HCDF Grants will serve to expand access to affordable and attainable housing, address ongoing housing hardships of Michigan residents and support Michigan's Statewide Housing Plan implementation and priorities that address the housing needs of Michigan residents and support the Campaign to End Homelessness.

REGIONAL HOUSING PARTNERSHIPS:

The proposed HCDF Grants support the goals of the regional housing partnerships.

RESIDENT IMPACT:

None.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

SCHEDULE A MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY AMERICAN RESECUE PLAN CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (ARP-SLFRF) HOUSING AND COMMUNITY DEVELOPMENT FUNDS (HCDF) August 15, 2024 GRANTEE LIST								
NAME OF GRANTEE	**AMOUNT OF HCDF/SLFRF GRANT**	**REGION**	**LOCATION FOR SCOPE OF WORK**	**SCOPE OF WORK**	**HOMEOWNER/HOMEBUYER**	**RENTAL**	**PUBLIC AMENITY**	**TERM OF GRANT**
Bellaire Lofts Limited Dividend Housing Assocation. LLC*	$3,600,000	Region D	Village of Bellaire	New Construction 50 overall 48 income restricted Pilot Project**	0	48	0	August 1, 2024 - July 31, 2026
Total Approvals Requested	**$3,600,000**				**0**	**48**	**0**	

*To be funded to an amount not to exceed $3,600,000 from HDCF. If the remaining balance of ARP-SLFRF HCDF unobligated funds is less than $3,600,000, any differnence will be funded from 2023 PA 4 HCDF funds.

**48 Singular townhomes converible to 144 single suites with shared kitchen and livingroom

SCHEDULE B MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY HOUSING AND COMMUNITY DEVELOPMENT FUNDS (HCDF) MI NEIGHBORHOOD PROGRAM August 15, 2024 GRANTEE LIST								
NAME OF GRANTEE	**AMOUNT OF HCDF GRANT**	**REGION**	**LOCATION FOR SCOPE OF WORK**	**SCOPE OF WORK**	**HOMEOWNER/ HOMEBUYER**	**RENTAL**	**PUBLIC AMENITY**	**TERM OF GRANT**
Pitch Capital	$220,000	Region B	Menominee	4 Rehab units	0	4	0	August 1, 2024 - July 31, 2026
Marquette County Habitat for Humanity, Inc	$472,000	Region B	Marquette	3 new units/10 rehab units	13	0	0	August 1, 2024 - July 31, 2026
Rubinstein Holdings LLC	$94,400	Region C	Chippewa	2 Rehab units	0	2	0	August 1, 2024 - July 31, 2026
Beaver Island Workforce Housing LLC	$676,000	Region D	Charlevoix	12 New units	0	12	0	August 1, 2024 - July 31, 2026
Larlen Communications	$774,000	Region F	Kent	12 New units	0	12	0	August 1, 2024 - July 31, 2026
City of Belding	$66,100	Region F	City of Belding	1 PA	0	0	1	August 1, 2024 - July 31, 2026
Crystal Township	$72,049	Region F	Crystal Township	1 PA	0	0	1	August 1, 2024 - July 31, 2026
Strong Arm Investments, LLC	$165,200	Region G	Saginaw	1 unoccupied/1 Rehab units	0	2	0	August 1, 2024 - July 31, 2026
Sjaarda Homes and Properties	$944,000	Region G	Clare	8 new units	0	8	0	August 1, 2024 - July 31, 2026
DiClemente Siegel Design Inc.	$236,000	Region H	Shiawassee	2 Unoccupied units	0	2	0	August 1, 2024 - July 31, 2026
City of Owosso	$57,300	Region H	Shiawassee	1 PA	0	0	1	August 1, 2024 - July 31, 2026
Innovative Property Advisors	$200,000	Region I	Ingham County	2 unoccupied rehab units	0	2	0	August 1, 2024 - July 31, 2026
Lenawee County Health Department	$75,000	Region K	Lenawee	1 PA	0	0	1	August 1, 2024 - July 31, 2026
Lenawee Community Mental Health	$75,000	Region K	Lenawee	1 PA	0	0	1	August 1, 2024 - July 31, 2026
Macomb County Habitat for Humanity	$400,000	Region M	Macomb	16 rehab units	0	16	0	August 1, 2024 - July 31, 2026
City of Highland Park	$472,000	Region N	Highland Park	12 rehab	12	0	0	August 1, 2024 - July 31, 2026
Quality View Properties LLC	$100,000	Region O	City of Detroit	4 unoccupied rehab units	0	4	0	August 1, 2024 - July 31, 2026
TOTAL:	**$5,099,049**				**25**	**60**	**5**	

SCHEDULE C
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
HOUSING AND COMMUNITY DEVELOPMENT FUNDS (HCDF)
2023 PULIC ACT 4 HCDF UNPROGRAMMED FUNDS
August 15, 2024 GRANTEE LIST

NAME OF GRANTEE	AMOUNT OF HCDF	REGION	LOCATION FOR SCOPE OF WORK	SCOPE OF WORK	HOMEOWNER/ HOMEBUYER	RENTAL	PUBLIC AMENITY	TERM OF GRANT
O'Hair Park Community Association	$88,500	Region O	City of Detroit	9 rehab units	9	0	0	August 1, 2024 - July 31, 2026
United Community Housing Coalition	$354,000	Region O	City of Detroit	30 rehab units	30	0	0	August 1, 2024 - July 31, 2026
Cody Rouge Community Action Alliance Inc	$472,000	Region O	City of Detroit	27 rehab	27	0	0	August 1, 2024 - July 31, 2026
URGE Imprint LLC	$400,000	Region O	City of Detroit	4 Unoccupied Rehab	0	4	0	August 1, 2024 - July 31, 2026
Total Approvals Requested	**$1,314,500**				**66**	**4**	**0**	

GOLDENROD
TAB C

DRAFT
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING GRANTS FROM THE MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT FUND

August 15, 2024

WHEREAS, Section 58a of Public Act 346 of 1966, as amended (the "Act") creates and establishes the Michigan Housing and Community Development Fund (the "HDCF") under the jurisdiction and control of the Michigan State Housing Development Authority (the "Authority"); and

WHEREAS, Section 58b(2) of the Act provides that the Authority will identify, select, and make financing available, in any amounts as the Authority determines, from the HCDF for housing for low income, very low income, and extremely low income households and for projects located in a downtown area or adjacent neighborhood, to Section 58(2)(d) defined eligible applicants for Section 58b(3) eligible projects and Section 58c eligible activities; and

WHEREAS, Authority staff and the Chief Executive Officer and Executive Director have reviewed the United States Department of Treasury ("Treasury") American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds ("ARPA-SLFRF") funded HCDF grant proposals listed in Schedule A and recommend that the Authority adopt a resolution authorizing the funding of ARPA-SLFRF HCDF grant~~s~~ ("ARPA-SLFRF HCDF Grant~~s~~") listed in Schedule A with ARPA-SLFRF funded HCDF proceeds as described in the accompanying memorandum; and

WHEREAS, Authority staff and the Chief Executive Officer and Executive Director have reviewed the MI Neighborhood Program grant proposals listed in Schedule B ("MI Neighborhood Grant(s)") and recommend that the Authority adopt a resolution authorizing the funding of MI Neighborhood Grant(s) listed in Schedule B with HCDF proceeds as described in the accompanying memorandum; and

WHEREAS, Authority staff and the Chief Executive Officer and Executive Director have reviewed the Unprogrammed Funds grant proposal listed in Schedule C ("Unprogrammed Funds Grant(s)") and recommend that the Authority adopt a resolution authorizing the funding of Unprogrammed Funds Grant(s) listed in Schedule C with HCDF proceeds as described in the accompanying memorandum; and

WHEREAS, the ARPA-SLFRF HCDF Grant~~s~~, ~~and~~ MI Neighborhood Grants, and Unprogrammed Funds Grants heretofore described will be hereafter collectively referred to as the "HCDF Grant(s)"; and

WHEREAS, the Authority concurs in the recommendation.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. That the Authority determines that the ARPA-SLFRF HCDF Grants shall be subject to Treasury ARPA-SLFRF requirements in addition the HCDF Grant requirements listed below.

2. That the Authority hereby determines that:

   a. the HCDF Grants shall be expended for one or more of the eligible activities outlined in the Authority's Act and permitted under Rule 125.190 of the Authority's General Rules; and

   b. in the event that housing units are created or improved with HCDF Grants proceeds, at least twenty percent (20%) of the units in the housing project to be acquired, constructed, rehabilitated, or preserved with HCDF Grant funds are set aside for Low Income Households, as defined by the Act.

3. That the HCDF Grants are authorized to be used for the purposes and in the amounts set forth in the accompanying memorandum, subject to the conditions contained therein and to the execution of a Grant Agreement between the Authority and the grantees listed in Schedules A, ~~and~~ B, and C that shall include the following:

   a. a provision pursuant to Section 58d(a) providing that the owner and manager agree not to evict a tenant without just cause, as defined in MCL 125.694a;

   b. a provision pursuant to Section 58d(b) providing for the recapture or de-obligation of some or all of the HCDF Grant for any the reasons specified in Rule 125.196(4) of the Authority's General Rules; and

   c. as appropriate, Treasury ARPA-SLFRF provision(s) necessary for compliance with the requirements for use of ARPA-SLFRF funds; and

   d. performance metrics and reporting requirements as required by HCDF guidelines.

4. That, if an advance or any portion of any HCDF Grant is not used for the intended purpose due to conditions that make it impossible to use as stated herein, or if the grantee fails to use all or any portion of the HCDF Grant, any unused HCDF Grant proceeds that have been disbursed will be returned to the Authority immediately. All HCDF Grant proceeds that have not been used for approved HCDF Grant purposes within two (2) years of the date of this Resolution will be recaptured by the Authority and returned to the Authority's HCDF Fund.

5. That the Chief Executive Officer and Executive Director, the Chief Financial Officer, the Director of Finance, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, or any person duly appointed and acting in that capacity (each an "Authorized Officer") or the Chief Strategy and Engagement Officer are each authorized to modify the terms of the HCDF Grant or take such action as, in the discretion of the Authorized Officer or the Chief Strategy and Engagement Officer, may be necessary to assure the administration of the Grant is in compliance with the Consolidated Act, the Act and the General Rules of the Authority, and to effectuate the proposals set forth in the accompanying memorandum. To ensure the efficient use of grant funds, an Authorized Officer or the Chief Strategy and Engagement Officer is authorized to substitute a HCDF grant with a grant from an alternate, duly authorized funding source.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Plymouth Square, Development No. 44c-217 (the "Development')

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt an inducement resolution with respect to the project described in the attached report.

PROJECT SUMMARY:

MSHDA No.:	44c-217
Development Name:	Plymouth Square
Development Location:	City of Detroit, Wayne County
Sponsor:	Plymouth Square GP, LLC
Borrower:	Plymouth Square Preservation Limited Dividend Housing Association, LLC
Number of Units:	278 elderly units (and two manager's units)
No. of Accessible Units:	14 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$39,589,767
Aggregate Basis:	$36,367,550
Total Loan Amount:	$20,000,000 (54.99% of aggregate basis)
Credit Enhancement:	Cash Collateral through FHA-insured 223(f) mortgage loan provided by Capital One, National Association

EXECUTIVE SUMMARY:

Plymouth Square GP, LLC (the "Sponsor") proposes to acquire and rehabilitate the Development, which consists of a 280-unit elderly project located in the City of Detroit, Wayne County, Michigan. The Development will be acquired and rehabilitated using a construction loan financed with the proceeds of a single issue of bonds issued pursuant to Section 44c of the Authority's enabling act. The Development, as proposed, meets the requirements of Section 44c, and repayment of the bonds will be reasonably secure based on cash collateral intended to secure such repayment and held by the trustee for the bonds. The cash collateral will be sourced through the following: an FHA-insured Section 223(f) mortgage loan provided by Capital One, National Association.

I am recommending Board approval for the following reasons:

- The Developer's application satisfies the requirements for the issuance of an inducement resolution under Section 44c of the Authority's Act and the Amended and Restated Pass-Through Bond Program statement.
- 278 units of elderly housing (and two manager's units) will be rehabilitated in the Detroit community.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY'S MISSION:

Plymouth Square is located in Region O of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region O Action Plan:

- Goal 4.1: increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.
- Goal 4.4: increase the rehabilitation and/or preservation of housing stock.
- Goal 5.1: equitably expand the supply of affordable and accessible rental units statewide for older adults.
- Goal 6.3: increase the quality of rental housing.

The Development is comprised of 280 units. 249 units will be targeted to households with incomes at or below 60% of area median income. In addition, 29 units will be targeted to households with incomes at or below 40% of area median income, and two units will be set aside as manager's units. Additional details are provided in the Staff Report.

MUNICIPAL SUPPORT:

- The Development is expected to receive a tax exemption and payment in lieu of taxes under the Act from the City of Detroit.

COMMUNITY IMPACT:

- It is anticipated that the construction or rehabilitation of the Development will create 30 temporary jobs and allow the developer to retain 6 existing on-site staff.

RESIDENT IMPACT:

- The residents will benefit from a comprehensive rehabilitation of the Development.
- Immediate and long-term capital needs of the Development will be addressed.
- Extensive interior and exterior improvements will be made, which will include, but not be limited to, new flooring, energy-efficient appliances, water heaters, upgraded HVAC systems and plumbing fixtures, energy efficient windows and exterior doors and roof replacements (based on age).
- Renovations will allow the Development to meet UFAS/ADA/FHA accessibility requirements.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

This Development is the third of three Section 8 projects acquired by the Jonathan Rose Companies that are proposed to be rehabilitated under the Authority's Pass-Through Program. 100% of the non-manager units in all three projects receive Section 8 project-based rental assistance under long-term contracts.

AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

INDUCEMENT RESOLUTION STAFF REPORT

August 15, 2024

RECOMMENDATION:

Adopt an inducement resolution with respect to the project described in this report.

PROJECT SUMMARY:

MSHDA No.:	44c-217
Development Name:	Plymouth Square
Development Location:	City of Detroit, Wayne County
Sponsor:	Plymouth Square GP, LLC
Borrower:	Plymouth Square Preservation Limited Dividend Housing Association, LLC
Number of Units:	278 elderly units (and two manager's units)
No. of Accessible Units:	14 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$39,589,767 (estimated)
Aggregate Basis:	$36,367,550
Total Loan Amount:	$20,000,000 (54.99% of aggregate basis)
Credit Enhancement:	Cash collateral through FHA 223(f) mortgage loan provided by Capital One, National Association

The material contained in this staff report is submitted to the Authority for information only. The Authority does not underwrite Pass-Through Bond loans. To the extent that any information contained herein conflicts with the documents relating to the sale of the bonds and the making of the loan, the latter documents shall control.

PROGRAM DESCRIPTION:

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue notes or bonds that are not general obligations of the Authority and are not backed by the moral obligation of the State. The bonds are "limited obligations" of the Authority with the security limited to the assets of the borrower, the project itself, and the credit enhancement arranged by the borrower. These are generally referred to as "Pass Through" bonds.

On July 20, 2023, the Authority re-authorized the Amended and Restated Pass-Through Bond Program, increasing the maximum allocation to $300 million in tax-exempt bond volume cap. This program imposes rent and income targeting requirements of either 40% at 60% of area median income or 20% at 50% of area median income and limits the bond allocation available per project and per sponsor. At least ten percent (10%) of the Development's units must be more deeply targeted to households whose income is at or below 40% of area median income. It also requires limited market and environmental reviews.

PROPOSAL SUMMARY:

The Borrower proposes to acquire and rehabilitate elderly apartment units on a site in the City of Detroit. Two hundred seventy-eight (278) of the units in the development will be targeted to households with incomes at or below 60% of area median income, utilizing the new income limits for Multifamily Tax Subsidy Projects ("MTSP") as determined by HUD with respect to projects financed pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), as further amended by the Housing and Economic Recovery Act of 2008 (P.L. 110-289) ("MTSP Limits"). At least ten percent (10%) of the Development's units (29 units) must be more restricted to households with incomes at or below 40% of area median income, using the MTSP limits.

CONDITIONS:

1. **Income Limits:**

    The Borrower must enter into a Regulatory Agreement with the Authority requiring that 278 of the units in the Development be restricted as follows: 249 units (166 one-bedroom and 16 two-bedroom apartments, and 60 two-bedroom and 7 three-bedroom townhomes) must be rented or available for rental by tenants whose income does not exceed the 60% MTSP Limit, adjusted for family size. 29 units in the Development (19 one-bedroom apartments and 10 two-bedroom townhomes) must be rented or available for rental by tenants whose income does not exceed the 40% MTSP Limit, adjusted for family size. These occupancy restrictions shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the Low Income Housing Tax Credit ("LIHTC") Regulatory Agreement or the period required by Section 142(d) of the Code. The two manager's units will be occupied without regard to household income.

    The income of the individuals and the area gross median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of Treasury publishes its requirements, income of individuals shall be determined in accordance with the Section 8 regulations.

2. **Limitations on Rental Rates:**

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on the units in the Development that are restricted to the 60% MTSP Limit may not exceed 30% of 1/12 of the 60% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense for the units in the Development restricted to the 40% MTSP Limit may not exceed 30% of 1/12 of the 40% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. These limitations on rental rates shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the LIHTC Regulatory Agreement.

For purposes of determining whether or not the rents paid by the tenants of the Development are within the required limits set forth in this Section 2, the amount of any Section 8 rental subsidy paid on behalf of a tenant with respect to any unit shall not be considered as rent paid by the tenant.

3. **Covenant Running with the Land:**

The Borrower must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations to be issued to finance the loan (the "Bonds"). This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after 50 percent of the residential units in the project are occupied, the first day on which no Bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates (the "Qualified Project Period"). Additionally, during the Qualified Project Period, the minimum set-aside requirements of the Code must be maintained, namely, at least forty percent (40%) of the units in the Development must be occupied or held available for occupancy by individuals whose income is lower than the MTSP Limits 60% income limit, adjusted for family size. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations.

4. **Limitation on Return on Equity:**

The Borrower must agree that its return on equity will be limited to 12 percent for the first 12-month period following substantial completion of the Development, with annual one percent increases thereafter, and to submit an annual financial statement evidencing its eligibility for return no later than 90 days after the close of the Borrower's fiscal year. The

Borrower's return is fully cumulative. The amount of the Borrower's equity will be determined by the Authority.

5. **Bond and Tax Credit Requirements:**

At the Bond closing, the Borrower must enter into a Loan Agreement and a Trust Indenture which provides that all cash proceeds of the credit enhancement will be deposited with the trustee for the Bonds and shall be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel, a Useful Life Certificate prepared by Borrower's accountants, and/or other evidence, as determined by the Authority's Chief Legal Affairs Officer, that respectively confirm that the structure of the transaction will permit the Borrower to claim the LIHTC 4% credit.

6. **Loan Agreement; Indemnification; Compliance Monitoring and Reporting Requirements:**

At closing, the Borrower must enter into a Loan Agreement with the Authority. In the Loan Agreement, the Borrower must agree to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of the financing, construction, ownership, or operation of the Development, or from the violation of any environmental laws. The Borrower must also agree to provide the Authority on or before September 1 of each year with a report in a form acceptable to the Authority, including such information as is required by Section 44c of the Act. The Borrower must also agree to participate in compliance monitoring activities relative to the Bonds and the tax credits allocated to the Development, as required by the Authority's Compliance Monitoring staff, and to pay an annual compliance monitoring fee not to exceed 0.25% of the outstanding principal amount of the Bonds. The form and substance of the Loan Agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

7. **Closing and Organizational Documents:**

Prior to Bond closing, the Borrower must submit all of the documents relating to the sale of the limited obligation bonds and the making of the loan, including title and survey matters, and its organizational documents. All documents must be in compliance with the Authority's Act and acceptable to the Michigan Attorney General, the Authority's Bond counsel and the Authority's Chief Legal Affairs Officer.

8. **Credit Enhancement:**

Prior to the authorization of a commitment for issuance of the Bonds, the Borrower must submit a definitive commitment that the credit enhancement will be provided. The proposed credit enhancement instrument and any other additional security offered to the Authority must be acceptable to the Chief Financial Officer and the Chief Legal Affairs Officer.

9. **Financing Participants:**

Prior to the authorization of a commitment for issuance of the Bonds, the Chief Financial Officer and the Chief Legal Affairs Officer must have determined that the proposed development team members are acceptable.

10. **Equal Employment Opportunity:**

At Bond closing, the Borrower and the general contractor must include the Authority's form Appendix to Construction Contract with the Construction Contract that is acceptable to the Authority's Chief Legal Affairs Officer.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

1.	**Sponsor:**	Plymouth Square GP, LLC 551 Fifth Avenue, 23rd Floor New York, NY 10176
	Contact:	Scott Frye
	Phone:	216-393-8062
2.	**Borrower:**	Plymouth Square Preservation Limited Dividend Housing Association, LLC

Credit Enhancement:

The sponsor proposes cash collateral through FHA-insured Section 223(f) mortgage loan provided by Capital One, National Association.

Bond Underwriter: The Sturges Company (Michael Sturges)

Bond Counsel: Dickinson Wright, PLLC (Craig Hammond)

Bond Trustee: The Huntington National Bank (John Alexander)

Credit Enhancement Provider: Capital One, National Association (Marcie Cugini)

Other Members of the Development Team:

Equity Partner:	Huntington Community Development Corporation (Andrew Hugger)
Borrower's Counsel:	Honigman Miller Schwarz & Cohn (Steven Rypma)
Borrower's Accountant:	Novogradac & Company, LLP (Dirk Wallace)
Contractor:	Rose Community Builders, LLC (Christopher Edwards)
Property Management:	Winn Management Company (Kristen Fiore)
Architect:	Fusco, Shaffer, & Pappas (James Pappas)
Rating Agency:	TBD

Sources and Uses of Funds:

FHA 223f Permanent Loan	$23,000,000
Income from Reinvested Bond Proceeds	1,350,000
GP Capital	100
Income from Operations	92,400
LIHTC Equity	14,123,864
Deferred Developer Fee	1,023,403
Total Sources of Funds	**$ 39,589,767**

Acquisition	$ 16,867,200
Construction/Rehabilitation	14,055,220
Professional Fees	697,550
Interim Construction Costs	2,458,400
Permanent Financing Costs	504,102
Other Costs	1,092,803
Syndication Costs	10,000
Developers Fees	2,100,000
Reserves and Escrow	1,804,492
Total Uses of Funds	**$ 39,589,767**

APPROVALS:

Jeffrey J Sykes 8-9-24

Jeffrey Sykes, Chief Financial Officer Date

Chad A. Benson 8/9/2024

Chad Benson, Director of Development Date

Clarence L. Stone, Jr. 8/9/2024

Clarence L. Stone, Jr., Chief Legal Affairs Officer Date

Amy Hovey 08/09/2024

Amy Hovey, Chief Executive Officer and Executive Director Date

DRAFT
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

INDUCEMENT RESOLUTION
PLYMOUTH SQUARE
DETROIT, WAYNE COUNTY
MSHDA No. 44c-217

August 15, 2024

WHEREAS, Plymouth Square GP, LLC (the "Applicant"), desires to acquire and substantially rehab a multifamily housing facility (the "Project") in the City of Detroit, Wayne County, Michigan; and

WHEREAS, the Applicant has applied to the Michigan State Housing Development Authority (the "Authority") for a loan in the amount of Twenty Million Dollars ($20,000,000) (the "Loan") pursuant to Section 44c of Act No. 346 of the Public Acts of 1966, as amended (the "Act"), to be made to Plymouth Square Preservation Limited Dividend Housing Association, LLC or an eligible borrower entity to be formed under the Act (the "Borrower"), to finance the acquisition, construction and equipping of the Project, which constitutes a housing project as defined in the Act; and

WHEREAS, the Applicant has advised that the cost of the Project will not exceed Thirty-Nine Million Five Hundred Eighty-Nine Thousand Seven Hundred Sixty-Seven Dollars ($39,589,767); and

WHEREAS, the Act authorizes the Authority to loan monies to limited dividend housing associations for the construction and long-term financing of multifamily housing projects and to obtain the monies for such loans by the issuance of bonds in compliance with and pursuant to the terms and provisions of the Act; and

WHEREAS, it is necessary to assure the Applicant that the Authority intends to issue bonds (the "Bonds") upon meeting the requirements of the Act and the terms and conditions of this Resolution, it being the intent and purpose of the Authority in adopting this Resolution to provide the necessary official action with respect to the Bonds as will meet the requirements of the Internal Revenue Code and the regulations promulgated in connection therewith.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that:

1. In order to comply with Treasury Regulation Section 1.150-2, the Authority makes the following declarations:

   (a) The Authority reasonably expects to authorize the Loan for the purpose of reimbursing the Borrower for the costs of and/or financing the acquisition and equipping of the Project as further described in the Borrower's application, and the terms of the Inducement Resolution Staff Report attached hereto and incorporated herein;

   (b) The Loan shall not be used to reimburse the Borrower for expenditures earlier than the date on which the Borrower pays such expenditures and not later than the date that is eighteen months after the later of (i) the date on which the Borrower has paid the expenditure, or (ii) the date on which the Project is placed in service, but in no event more than three (3) years after the expenditure is paid. All reimbursement of expenditures shall follow the procedures described in Treasury Regulation Section 1.150-2(d);

(c) No Loan proceeds paid to reimburse the Borrower for expenditures incurred in the acquisition and equipping of the Project shall be used in a manner described in Treasury Regulation Section 1.150-2(h) with respect to abusive use of such proceeds;

(d) The costs to be reimbursed must be "capital expenditures" as defined in Treasury Regulation Section 1.150-1(b), which are costs of a type that are properly chargeable to a capital account under Federal Income Tax principles; and

(e) The maximum amount of the Loan to the Borrower shall not exceed Twenty Million Dollars ($20,000,000).

2. The Authority expects to authorize the Loan to the Borrower, subject to the Borrower's meeting the requirements of the Act, including without limitation, the requirements of Section 44c of the Act, the Authority's Amended and Restated Pass-Through Bond Program and the terms and conditions hereinafter set forth.

3. The Borrower shall submit a commitment from the proposed issuer of a credit enhancement with respect to the Bonds in a form and amount sufficient to assure the Authority that repayment of the Bonds issued will be reasonably secure.

4. The Borrower shall be obligated to make loan repayment in an amount sufficient to pay the principal, interest and premium, if any, of the Bonds, establish appropriate reserves, and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.

5. The Authority's obligation to make the Loan shall be conditioned upon the ability of the Authority to issue, sell and deliver the Bonds.

6. The Loan shall be evidenced by a loan agreement and secured by such instruments as are in form and substance satisfactory to the Authority, the Department of Attorney General of the State of Michigan and bond counsel to the Authority, which shall include such additional security as may be required by the purchaser of the Bonds.

7. Subject to compliance with the terms and conditions of this Resolution and any subsequent Resolution authorizing the Authority's loan commitment with respect to the Project, the Authority will authorize, pursuant to a Bond Resolution of the Authority, the issuance of the Bonds in a principal amount not exceeding Twenty Million Dollars ($20,000,000) for the purposes of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds as aforesaid, and will enter into a loan agreement and related documents with the Borrower, which proceedings shall be subject to the approval of the Department of Attorney General of the State of Michigan, bond counsel to the Authority and the Michigan Department of Treasury.

8. The Bonds shall not be general obligations of the Authority but shall be payable as to principal, premium, if any, and interest solely from the proceeds of the payments to be

made by or on behalf of the Borrower to the Authority (or to a trustee appointed by the Authority pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely clear and certain that under no circumstances will the Bonds or this Resolution be a debt of the State of Michigan, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale and delivery of the Bonds and in the making of the Loan, including the fees and disbursements of bond counsel, shall be paid from Bond proceeds or by the Borrower and the proceedings and agreements relating thereto, as hereafter adopted and undertaken, shall so provide.

10. The Chief Executive Officer and Executive Director, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in such capacity (each an "Authorized Officer"), or any one of them acting alone, are hereby authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the Authority, with a Bond purchaser for the sale of the Bonds by the Authority.

11. Bond counsel to the Authority and the Department of Attorney General of the State of Michigan are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the Authority to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any Authorized Officer is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the Bond proceeds or by the Borrower.

12. Issuance of the Bonds shall be subject to the conditions contained in the Inducement Resolution Staff Report accompanying this Resolution.

13. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are hereby rescinded.

14. This Resolution does not constitute a commitment of the Authority to loan funds under Section 44c(6) of the Act and does not serve as a reservation or allocation of bonding capability.

15. The Authority hereby determines that the likely benefit of the Project to the community or the proposed residents of the Project merits the use of Authority limited obligation bonds as a financing source for the proposed acquisition and construction of the Project.

16. This Resolution shall take effect immediately.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Old Mill Pond Apartments, Development No. 44c-219 (the "Development')

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt an inducement resolution with respect to the project described in the attached report.

PROJECT SUMMARY:

MSHDA No.:	44c-219
Development Name:	Old Mill Pond Apartments
Development Location:	Village of Brooklyn, Jackson County
Sponsor:	PK Companies, LLC
Borrower:	PK Mill Pond Limited Dividend Housing Association Limited Partnership
Number of Units:	36 family units 12 elderly units
No. of Accessible Units:	3 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$6,780,032
Grants:	$1,944,000 under Pass-Through Gap Financing Program for Existing Tax Credit Developments
Aggregate Basis:	$6,085,155
Total Loan Amount:	$3,651,093 (60.00% of aggregate basis)
Credit Enhancement:	Cash collateral through (a) permanent loan from Bonneville Mortgage Company insured by the U.S. Department of Agriculture ("USDA") under Section 538 of the Housing Act of 1949 and (b) LIHTC gap loan from Bonneville Mortgage Company.

EXECUTIVE SUMMARY:

PK Companies, LLC (the "Sponsor") proposes to acquire and rehabilitate Old Mill Pond Apartments, which consists of 48 affordable housing units located in the City of Brooklyn, Jackson County, Michigan (the "Development"). The Development will be acquired and rehabilitated using a construction loan financed with the proceeds of a single issue of bonds issued pursuant to Section 44c of the Authority's enabling act. The Development, as proposed, meets the requirements of Section 44c, and repayment of the bonds will be reasonably secure based on cash collateral intended to secure such repayment and held by the trustee for the bonds. The cash collateral will be sourced through a permanent loan from the Bonneville Mortgage Company insured by the USDA under Section 538 of the Housing Act of 1949 and a LIHTC gap loan from the Bonneville Mortgage Company.

I am recommending Board approval for the following reasons:

- The Developer's application satisfies the requirements for the issuance of an inducement resolution under Section 44c of the Authority's Act and the Amended and Restated Pass-Through Bond Program statement.
- 36 units of family and 12 units of elderly housing will be rehabilitated in the Village of Brooklyn.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY'S MISSION:

Westbury Apartments is located in Region K of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region K Action Plan:

- Goal 4.1: increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.

- Goal 4.4: Increase the rehabilitation and/or preservation of housing stock.

Approving an inducement resolution will allow this proposal to incur costs necessary for acquiring and rehabilitating the Development.

All 48 units will be reserved for tenants at 60% of Area Median Income. 10% of the Development's total units (5 units) must be targeted to households whose income is at or below 40% of Area Median Income.

The Development is at risk of being removed from affordable housing stock due to an expiring restrictive use period and will be preserved with this new financing.

MUNICIPAL SUPPORT:

- The Village of Brooklyn has provided a letter of support for the rehabilitation of the Development.

COMMUNITY IMPACT:

- It is anticipated that the rehabilitation of the Development will create 20 permanent jobs and 40 temporary jobs.

RESIDENT IMPACT:

- The residents will benefit from a comprehensive rehabilitation of the Development.
- Immediate and long-term capital needs of the Development will be addressed.
- Extensive interior and exterior improvements will be made, which will include, but not be limited to, re-shingling the roof, adding vinyl siding, replacing entry light fixtures, repairing sidewalks, and parking, creating an open community space for all tenants to use, replacing furnaces/boilers, HVAC systems, hot water heaters, appliances, cabinets, plumbing and electrical fixtures, interior doors and hardware, carpet, vinyl, and paint.
- Renovations will allow the Development to meet UFAS/ADA/FHA accessibility requirements.
- The redevelopment of Old Mill Pond Apartments will extend the existing Rural Housing Services Rental Assistance contract and the affordability of the units for 30 years.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Development is 1 of 2 smaller projects located in rural communities and originally financed under the USDA Section 515 direct lending program, now proposed to be rehabilitated under the Authority's Pass-Through Program by the Sponsor. The rehabilitation of Old Mill Pond Apartments will position the Development to continue to serve the residents of the community for 30 more years and extend the existing Rural Housing Services Rental Assistance contract that provides deep rental subsidy for 40 units.

AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

INDUCEMENT RESOLUTION STAFF REPORT

August 15, 2024

RECOMMENDATION:

Adopt an inducement resolution with respect to the project described in this report.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

Old Mill Pond Apartments (the "Development") is 1 of 2 smaller projects located in rural communities and originally financed under the USDA Section 515 direct lending program, now proposed to be rehabilitated under the Authority's Pass-Through Program by PK Companies, LLC (the "Sponsor"). This rehabilitation will position the Development to continue to serve the residents of the community for 30 more years.

PROJECT SUMMARY:

MSHDA No.:	44c-219
Development Name:	Old Mill Pond Apartments
Development Location:	Village of Brooklyn, Jackson County
Sponsor:	PK Companies, LLC
Borrower:	PK Mill Pond Limited Dividend Housing Association Limited Partnership
Number of Units:	36family units 12 elderly units
No. of Accessible Units:	3 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$6,780,032 (estimated)
MSHDA PA5 Grant:	$1,944,000 under Pass-Through Gap Financing Program for Existing Tax Credit Developments
Aggregate Basis:	$6,085,155
Total Loan Amount:	$3,651,093 (60.00% of aggregate basis)
Credit Enhancement:	Cash collateral through (a) permanent loan from Bonneville Mortgage Company insured by the U.S. Department of Agriculture ("USDA") under Section 538 of the Housing Act of 1949 and (b) LIHTC gap loan from Bonneville Mortgage Company

The material contained in this staff report is submitted to the Authority for information only. The Authority does not underwrite Pass-Through Bond loans. To the extent that any information contained herein conflicts with the documents relating to the sale of the bonds and the making of the loan, the latter documents shall control.

PROGRAM DESCRIPTION:

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue notes or bonds that are not general obligations of the Authority and are not backed by the moral obligation of the State. The bonds are "limited obligations" of the Authority with the security limited to the assets of the borrower, the project itself, and the credit enhancement arranged by the borrower. These are generally referred to as "Pass Through" bonds.

On July 20, 2023, the Authority re-authorized the Amended and Restated Pass-Through Bond Program, increasing the maximum allocation to $300 million in tax-exempt bond volume cap. This program imposes rent and income targeting requirements of either 40% at 60% of area median income or 20% at 50% of area median income and limits the bond allocation available per project and per sponsor. At least 10% of the Development's total units must be more deeply targeted to households whose income is at or below 40% of area median income. It also requires limited market and environmental reviews.

PROPOSAL SUMMARY:

PK Mill Pond Limited Dividend Housing Association Limited Partnership (the “Borrower”) proposes to acquire and rehabilitate the Development’s 36 family and 12 elderly apartment units located in the Village of Brooklyn, Michigan. All 48 units in the Development will be targeted to households with incomes at or below 60% of area median income, utilizing the new income limits for Multifamily Tax Subsidy Projects ("MTSP") as determined by HUD with respect to projects financed pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), as further amended by the Housing and Economic Recovery Act of 2008 (P.L. 110-289) ("MTSP Limits"). At least 10% of the total development units (5 units) must be more restricted to households with incomes at or below 40% of area median income, using the MTSP limits.

CONDITIONS:

1. **Income Limits:**

   The Borrower must enter into a Regulatory Agreement with the Authority requiring that 100% of the units in the Development (24 one-bedroom and 24 two-bedroom apartments) must be rented or available for rental by tenants whose income does not exceed the 60% MTSP Limit, adjusted for family size. 5 units in the Development (1 one-bedroom and 4 two-bedroom apartments) must be rented or available for rental by tenants whose income does not exceed the 40% MTSP Limit, adjusted for family size. These occupancy restrictions shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the Low Income

Housing Tax Credit ("LIHTC") Regulatory Agreement or the period required by Section 142(d) of the Code.

The income of the individuals and the area gross median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of Treasury publishes its requirements, income of individuals shall be determined in accordance with the Section 8 regulations.

2. **Limitations on Rental Rates:**

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 100% of the units in the Development may not exceed 30% of 1/12 of the 60% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense for the more deeply targeted units in the Development (5 units) may not exceed 30% of 1/12 of the 40% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. These limitations on rental rates shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the LIHTC Regulatory Agreement.

3. **Covenant Running with the Land:**

The Borrower must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations to be issued to finance the loan (the "Bonds"). This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after 50% of the residential units in the project are occupied, the first day on which no Bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates (the "Qualified Project Period"). Additionally, during the Qualified Project Period, the minimum set-aside requirements of the Code must be maintained, namely, at least 40% of the units in the Development must be occupied or held available for occupancy by individuals whose income is lower than the MTSP Limits 60% income limit, adjusted for family size. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations.

4. **Limitation on Return on Equity:**

The Borrower must agree that its return on equity will be limited to 12% for the first 12-month period following substantial completion of the Development, with annual 1% increases thereafter until a cap of 25% is reached, and to submit an annual financial statement evidencing its eligibility for return no later than 90 days after the close of the

Borrower's fiscal year. The Borrower's return is fully cumulative. The amount of the Borrower's equity will be determined by the Authority.

5. **Bond and Tax Credit Requirements:**

At the Bond closing, the Borrower must enter into a Loan Agreement and a Trust Indenture which provides that all cash proceeds of the credit enhancement will be deposited with the trustee for the Bonds and shall be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel, a Useful Life Certificate prepared by Borrower's accountants, and/or other evidence, as determined by the Authority's Chief Legal Affairs Officer, that respectively confirm that the structure of the transaction will permit the Borrower to claim the LIHTC 4% credit.

6. **Loan Agreement; Indemnification; Compliance Monitoring and Reporting Requirements:**

At closing, the Borrower must enter into a Loan Agreement with the Authority. In the Loan Agreement, the Borrower must agree to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of the financing, construction, ownership, or operation of the Development, or from the violation of any environmental laws. The Borrower must also agree to provide the Authority on or before September 1 of each year with a report in a form acceptable to the Authority, including such information as is required by Section 44c of the Act. The Borrower must also agree to participate in compliance monitoring activities relative to the Bonds and the tax credits allocated to the Development, as required by the Authority's Compliance Monitoring staff, and to pay an annual compliance monitoring fee not to exceed 0.25% of the outstanding principal amount of the Bonds. The form and substance of the Loan Agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

7. **Closing and Organizational Documents:**

Prior to Bond closing, the Borrower must submit all of the documents relating to the sale of the limited obligation bonds and the making of the loan, including title and survey matters, and its organizational documents. All documents must be in compliance with the Authority's Act and acceptable to the Michigan Attorney General, the Authority's Bond counsel and the Authority's Chief Legal Affairs Officer.

8. **Credit Enhancement:**

Prior to the authorization of a commitment for issuance of the Bonds, the Borrower must submit a definitive commitment that the required credit enhancement will be provided. The proposed credit enhancement instrument(s) and any other additional security offered to the Authority must be acceptable to the Authority's Chief Financial Officer and the Chief Legal Affairs Officer.

9. **Financing Participants:**

Prior to the authorization of a commitment for issuance of the Bonds, the Authority's Chief Financial Officer and the Chief Legal Affairs Officer must have determined that the proposed development team members are acceptable.

10. **Equal Employment Opportunity:**

At Bond closing, the Borrower and the general contractor must include the Authority's form Appendix to Construction Contract with the Construction Contract that is acceptable to the Authority's Chief Legal Affairs Officer.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

1. **Sponsor:** PK Companies, LLC
1784 Hamilton Road
Okemos, Michigan 48864

Contact: Chris Potterpin
Phone: (517) 325-0275

2. **Borrower:** PK Mill Pond Limited Dividend Housing Association Limited Partnership

Credit Enhancement:

Cash collateral through (a) permanent loan from Bonneville Mortgage Company insured by the U.S. Department of Agriculture ("USDA") under Section 538 of the Housing Act of 1949 and (b) LIHTC gap loan from Bonneville Mortgage Company.

Bond Underwriter: Stifel, Nicolaus & Company, Incorporated (BJ Biggio)

Bond Counsel: Miller Canfield (Kristin Nied)

Bond Trustee: U.S. Bank National Association (Amy Anders)

Credit Enhancement Provider: U.S. Department of Agriculture ("USDA") Rural Development

Other Members of the Development Team:

Equity Partner:	Mercantile Community Partners, LLC
Borrower's Counsel:	Mallory, Lapka, Scott & Selin (Tom Lapka)
Borrower's Accountant:	Tidwell Group (Chris Offat)
Contractor:	PK Construction Co. LLC
Property Management:	P.K. Housing and Management Company, LLC
Architect:	Wallace Architects, LLC (Zac Wallace)
Rating Agency:	Moody's Investor Services

Sources and Uses of Funds:

USDA Rural Development 538	$1,320,000
Assumed RD 515	$1,193,586
MSHDA PA5 Grant	$1,944,000
Transferred Reserves	$48,598
LIHTC Equity	$2,020,890
Deferred Developer Fee	$252,958
Total Sources of Funds	**$6,780,032**
Land	$70,000
Building Acquisition	$1,559,000
Site Work	$120,000
Construction Costs	$2,905,630
Professional Fees	$175,100
Interim Construction Costs	$555,215
Permanent Financing	$73,620
Other Costs	$224,265
Developer Fee	$715,142
Project Reserves	$382,060
Total Uses of Funds	**$6,780,032**

APPROVALS:

Jeffrey J Sykes 8-9-24

Jeffrey Sykes, Chief Financial Officer Date

Chad A. Benson 8/9/2024

Chad Benson, Director of Development Date

Clarence L. Stone, Jr. 8/9/2024

Clarence L. Stone, Jr., Chief Legal Affairs Officer Date

Amy Hovey 08/09/2024

Amy Hovey, Chief Executive Officer and Executive Director Date

DRAFT
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

INDUCEMENT RESOLUTION
OLD MILL POND APARTMENTS
CITY OF BROOKLYN, JACKSON COUNTY
MSHDA No. 44c-219

August 15, 2024

WHEREAS, PK Companies, LLC (the "Applicant"), desires to acquire and substantially rehab a multifamily housing facility (the "Project") in the City of Brooklyn, Jackson County, Michigan; and

WHEREAS, the Applicant has applied to the Michigan State Housing Development Authority (the "Authority") for a loan in the amount of Three Million Six Hundred Fifty-One Thousand Ninety-Three Dollars ($3,651,093) (the "Loan") pursuant to Section 44c of Act No. 346 of the Public Acts of 1966, as amended (the "Act"), to be made to PK Mill Pond Limited Dividend Housing Association Limited Partnership or an eligible borrower entity to be formed under the Act (the "Borrower"), to finance the acquisition, construction, rehabilitation and equipping of the Project, which constitutes a housing project as defined in the Act; and

WHEREAS, the Applicant has advised that the cost of the Project will not exceed Six Million Seven Hundred Eighty Thousand Thirty-Two Dollars ($6,780,032); and

WHEREAS, the Act authorizes the Authority to loan monies to limited dividend housing associations for the construction, rehabilitation, and long-term financing of multifamily housing projects and to obtain the monies for such loans by the issuance of bonds in compliance with and pursuant to the terms and provisions of the Act; and

WHEREAS, it is necessary to assure the Applicant that the Authority intends to issue bonds (the "Bonds") upon meeting the requirements of the Act and the terms and conditions of this Resolution, it being the intent and purpose of the Authority in adopting this Resolution to provide the necessary official action with respect to the Bonds as will meet the requirements of the Internal Revenue Code and the regulations promulgated in connection therewith.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that:

1. In order to comply with Treasury Regulation Section 1.150-2, the Authority makes the following declarations:

   (a) The Authority reasonably expects to authorize the Loan for the purpose of reimbursing the Borrower for the costs of and/or financing the acquisition, rehabilitation, and equipping of the Project as further described in the Borrower's application, and the terms of the Inducement Resolution Staff Report attached hereto and incorporated herein;

   (b) The Loan shall not be used to reimburse the Borrower for expenditures earlier than the date on which the Borrower pays such expenditures and not later than the date that is eighteen months after the later of (i) the date on which the Borrower has paid the expenditure, or (ii) the date on which the Project is placed in service, but in no event more than three (3) years after the expenditure is paid. All reimbursement of expenditures shall follow the procedures described in Treasury Regulation Section 1.150-2(d);

(c) No Loan proceeds paid to reimburse the Borrower for expenditures incurred in the acquisition, rehabilitation, and equipping of the Project shall be used in a manner described in Treasury Regulation Section 1.150-2(h) with respect to abusive use of such proceeds;

(d) The costs to be reimbursed must be "capital expenditures" as defined in Treasury Regulation Section 1.150-1(b), which are costs of a type that are properly chargeable to a capital account under Federal Income Tax principles; and

(e) The maximum amount of the Loan to the Borrower shall not exceed Three Million Six Hundred Fifty-One Thousand Ninety-Three Dollars ($3,651,093).

2. The Authority expects to authorize the Loan to the Borrower, subject to the Borrower's meeting the requirements of the Act, including without limitation, the requirements of Section 44c of the Act, the Authority's Amended and Restated Pass-Through Bond Program and the terms and conditions hereinafter set forth.

3. The Borrower shall submit a commitment from the proposed issuer of a credit enhancement with respect to the Bonds in a form and amount sufficient to assure the Authority that repayment of the Bonds issued will be reasonably secure.

4. The Borrower shall be obligated to make loan repayment in an amount sufficient to pay the principal, interest and premium, if any, of the Bonds, establish appropriate reserves, and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.

5. The Authority's obligation to make the Loan shall be conditioned upon the ability of the Authority to issue, sell and deliver the Bonds.

6. The Loan shall be evidenced by a loan agreement and secured by such instruments as are in form and substance satisfactory to the Authority, the Department of Attorney General of the State of Michigan and bond counsel to the Authority, which shall include such additional security as may be required by the purchaser of the Bonds.

7. Subject to compliance with the terms and conditions of this Resolution and any subsequent Resolution authorizing the Authority's loan commitment with respect to the Project, the Authority will authorize, pursuant to a Bond Resolution of the Authority, the issuance of the Bonds in a principal amount not exceeding Three Million Six Hundred Fifty-One Thousand Ninety-Three Dollars ($3,651,093) for the purposes of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds as aforesaid, and will enter into a loan agreement and related documents with the Borrower, which proceedings shall be subject to the approval of the Department of Attorney General of the State of Michigan, bond counsel to the Authority and the Michigan Department of Treasury.

8. The Bonds shall not be general obligations of the Authority but shall be payable as to principal, premium, if any, and interest solely from the proceeds of the payments to be made by or on behalf of the Borrower to the Authority (or to a trustee appointed by the Authority pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be

necessary to make absolutely clear and certain that under no circumstances will the Bonds or this Resolution be a debt of the State of Michigan, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale and delivery of the Bonds and in the making of the Loan, including the fees and disbursements of bond counsel, shall be paid from Bond proceeds or by the Borrower and the proceedings and agreements relating thereto, as hereafter adopted and undertaken, shall so provide.

10. The Chief Executive Officer and Executive Director, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in such capacity (each an "Authorized Officer"), or any one of them acting alone, are hereby authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the Authority, with a Bond purchaser for the sale of the Bonds by the Authority.

11. Bond counsel to the Authority and the Department of Attorney General of the State of Michigan are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the Authority to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any Authorized Officer is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the Bond proceeds or by the Borrower.

12. Issuance of the Bonds shall be subject to the conditions contained in the Inducement Resolution Staff Report accompanying this Resolution.

13. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are hereby rescinded.

14. This Resolution does not constitute a commitment of the Authority to loan funds under Section 44c(6) of the Act and does not serve as a reservation or allocation of bonding capability.

15. The Authority hereby determines that the likely benefit of the Project to the community or the proposed residents of the Project merits the use of Authority limited obligation bonds as a financing source for the proposed acquisition and construction of the Project.

16. This Resolution shall take effect immediately.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO:	Authority Members
FROM:	Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey
DATE:	August 15, 2024
RE:	Westbury Apartments, Development No. 44c-220 (the "Development')

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt an inducement resolution with respect to the project described in the attached report.

PROJECT SUMMARY:

MSHDA No.:	44c-220
Development Name:	Westbury Apartments
Development Location:	City of Wayland, Allegan County
Sponsor:	PK Companies, LLC
Borrower:	PK Westbury 32 Limited Dividend Housing Association Limited Partnership
Number of Units:	32 family units
No. of Accessible Units:	2 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$4,484,826
Grants:	$1,280,000 under Pass-Through Gap Financing Program for Existing Tax Credit Developments
Aggregate Basis:	$4,042,943
Total Loan Amount:	$2,420,425 (59.87% of aggregate basis)
Credit Enhancement:	Cash collateral through (a) permanent loan from Bonneville Mortgage Company insured by the U.S. Department of Agriculture ("USDA") under Section 538 of the Housing Act of 1949 and (b) LIHTC gap loan from Bonneville Mortgage Company.

EXECUTIVE SUMMARY:

PK Companies, LLC (the "Sponsor") proposes to acquire and rehabilitate Westbury Apartments, which consists of 32 affordable housing units located in the City of Wayland, Allegan County, Michigan (the “Development”). The Development will be acquired and rehabilitated using a construction loan financed with the proceeds of a single issue of bonds issued pursuant to Section 44c of the Authority’s enabling act. The Development, as proposed, meets the requirements of Section 44c, and repayment of the bonds will be reasonably secure based on cash collateral intended to secure such repayment and held by the trustee for the bonds. The cash collateral will be sourced through a permanent loan from the Bonneville Mortgage Company insured by the USDA under Section 538 of the Housing Act of 1949 and a LIHTC gap loan from the Bonneville Mortgage Company.

I am recommending Board approval for the following reasons:

- The Developer’s application satisfies the requirements for the issuance of an inducement resolution under Section 44c of the Authority’s Act and the Amended and Restated Pass-Through Bond Program statement.
- 32 units of family housing will be rehabilitated in the City of Wayland.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY’S MISSION:

Westbury Apartments is located in Region F of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region F Action Plan:

- Goal 4.1: increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.
- Goal 4.4: increase the rehabilitation and/or preservation of housing stock. Approving an inducement resolution will allow this proposal to incur costs necessary for acquiring and rehabilitating the Development.

All 32 units will be reserved for tenants at 60% of Area Median Income. 10% of the Development’s total units (4 units) must be targeted to households whose income is at or below 40% of Area Median Income.

The Development is at risk of being removed from affordable housing stock due to an expiring restrictive use period and will be preserved with this new financing.

MUNICIPAL SUPPORT:

- The City of Wayland has provided a letter of support for the rehabilitation of the Development.

COMMUNITY IMPACT:

- It is anticipated that the rehabilitation of the Development will create 13 permanent jobs and 26 temporary jobs.

RESIDENT IMPACT:

- The residents will benefit from a comprehensive rehabilitation of the Development.
- Immediate and long-term capital needs of the Development will be addressed.
- Extensive interior and exterior improvements will be made, which will include, but not be limited to, re-shingling the roof, adding vinyl siding, replacing entry light fixtures, repairing sidewalks, and parking, replacing HVAC systems, hot water heaters, appliances, cabinets, plumbing and electrical fixtures, interior doors and hardware, carpet, vinyl, and paint.
- Renovations will allow the Development to meet UFAS/ADA/FHA accessibility requirements.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Development is 1 of 2 smaller projects located in rural communities and originally financed under the USDA Section 515 direct lending program, now proposed to be rehabilitated under the Authority's Pass-Through Program by the Sponsor. This rehabilitation will position the Development to continue to serve the residents of the community for 30 more years and extend the existing Rural Housing Services Rental Assistance contract that provides deep rental subsidy for 40 units. .

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

INDUCEMENT RESOLUTION STAFF REPORT

August 15, 2024

RECOMMENDATION:

Adopt an inducement resolution with respect to the project described in this report.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

Westbury Apartments (the "Development") is 1 of 2 smaller projects located in rural communities and originally financed under the USDA Section 515 direct lending program, now proposed to be rehabilitated under the Authority's Pass-Through Program by PK Companies, LLC (the "Sponsor"). This rehabilitation will position the Development to continue to serve the residents of the community for 30 more years.

PROJECT SUMMARY:

MSHDA No.:	44c-220
Development Name:	Westbury Apartments
Development Location:	City of Wayland, Allegan County
Sponsor:	PK Companies, LLC
Borrower:	PK Westbury 32 Limited Dividend Housing Association Limited Partnership
Number of Units:	32 family units
No. of Accessible Units:	2 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$4,484,826 (estimated)
MSHDA PA5 Grant:	$1,280,000 under Pass-Through Gap Financing Program for Existing Tax Credit Developments
Aggregate Basis:	$4,042,943
Total Loan Amount:	$2,420,425 (59.87% of aggregate basis)
Credit Enhancement:	Cash collateral through (a) permanent loan from Bonneville Mortgage Company insured by the U.S. Department of Agriculture ("USDA") under Section 538 of the Housing Act of 1949 and (b) LIHTC gap loan from Bonneville Mortgage Company

The material contained in this staff report is submitted to the Authority for information only. The Authority does not underwrite Pass-Through Bond loans. To the extent that any information contained herein conflicts with the documents relating to the sale of the bonds and the making of the loan, the latter documents shall control.

PROGRAM DESCRIPTION:

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue notes or bonds that are not general obligations of the Authority and are not backed by the moral obligation of the State. The bonds are "limited obligations" of the Authority with the security limited to the assets of the borrower, the project itself, and the credit enhancement arranged by the borrower. These are generally referred to as "Pass Through" bonds.

On July 20, 2023, the Authority re-authorized the Amended and Restated Pass-Through Bond Program, increasing the maximum allocation to $300 million in tax-exempt bond volume cap. This program imposes rent and income targeting requirements of either 40% at 60% of area median income or 20% at 50% of area median income and limits the bond allocation available per project and per sponsor. At least 10% of the Development's total units must be more deeply targeted to households whose income is at or below 40% of area median income. It also requires limited market and environmental reviews.

PROPOSAL SUMMARY:

PK Westbury 32 Limited Dividend Housing Association Limited Partnership (the “Borrower”) proposes to acquire and rehabilitate the Development’s 32 family apartment units located in the City of Wayland, Michigan. All 32 units in the Development will be targeted to households with incomes at or below 60% of area median income, utilizing the new income limits for Multifamily Tax Subsidy Projects ("MTSP") as determined by HUD with respect to projects financed pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), as further amended by the Housing and Economic Recovery Act of 2008 (P.L. 110-289) ("MTSP Limits"). At least 10% of the total development units (4 units) must be more restricted to households with incomes at or below 40% of area median income, using the MTSP limits.

CONDITIONS:

1. **Income Limits:**

   The Borrower must enter into a Regulatory Agreement with the Authority requiring that 100% of the units in the Development (12 one-bedroom, 18 two-bedroom, and 2 three-bedroom apartments) must be rented or available for rental by tenants whose income does not exceed the 60% MTSP Limit, adjusted for family size. 10% of the total number of units in the Development , 4 units in the Development (2 one-bedroom and 2 two-bedroom apartments) must be rented or available for rental by tenants whose income does not exceed the 40% MTSP Limit, adjusted for family size. These occupancy restrictions shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the Low Income

Housing Tax Credit ("LIHTC") Regulatory Agreement or the period required by Section 142(d) of the Code.

The income of the individuals and the area gross median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of Treasury publishes its requirements, income of individuals shall be determined in accordance with the Section 8 regulations.

2. **Limitations on Rental Rates:**

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 100% of the units in the Development may not exceed 30% of 1/12 of the 60% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense for the more deeply targeted units in the Development (4 units) may not exceed 30% of 1/12 of the 40% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. These limitations on rental rates shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the LIHTC Regulatory Agreement.

3. **Covenant Running with the Land:**

The Borrower must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations to be issued to finance the loan (the "Bonds"). This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after 50% of the residential units in the project are occupied, the first day on which no Bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates (the "Qualified Project Period"). Additionally, during the Qualified Project Period, the minimum set-aside requirements of the Code must be maintained, namely, at least 40% of the total units in the Development must be occupied or held available for occupancy by individuals whose income is lower than the MTSP Limits 60% income limit, adjusted for family size. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations.

4. **Limitation on Return on Equity:**

The Borrower must agree that its return on equity will be limited to 12% for the first 12-month period following substantial completion of the Development, with annual 1% increases thereafter until a cap of 25% is reached, and to submit an annual financial statement evidencing its eligibility for return no later than 90 days after the close of the

Borrower's fiscal year. The Borrower's return is fully cumulative. The amount of the Borrower's equity will be determined by the Authority.

5. **Bond and Tax Credit Requirements:**

At the Bond closing, the Borrower must enter into a Loan Agreement and a Trust Indenture which provides that all cash proceeds of the credit enhancement will be deposited with the trustee for the Bonds and shall be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel, a Useful Life Certificate prepared by Borrower's accountants, and/or other evidence, as determined by the Authority's Chief Legal Affairs Officer, that respectively confirm that the structure of the transaction will permit the Borrower to claim the LIHTC 4% credit.

6. **Loan Agreement; Indemnification; Compliance Monitoring and Reporting Requirements:**

At closing, the Borrower must enter into a Loan Agreement with the Authority. In the Loan Agreement, the Borrower must agree to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of the financing, construction, ownership, or operation of the Development, or from the violation of any environmental laws. The Borrower must also agree to provide the Authority on or before September 1 of each year with a report in a form acceptable to the Authority, including such information as is required by Section 44c of the Act. The Borrower must also agree to participate in compliance monitoring activities relative to the Bonds and the tax credits allocated to the Development, as required by the Authority's Compliance Monitoring staff, and to pay an annual compliance monitoring fee not to exceed 0.25% of the outstanding principal amount of the Bonds. The form and substance of the Loan Agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

7. **Closing and Organizational Documents:**

Prior to Bond closing, the Borrower must submit all of the documents relating to the sale of the limited obligation bonds and the making of the loan, including title and survey matters, and its organizational documents. All documents must be in compliance with the Authority's Act and acceptable to the Michigan Attorney General, the Authority's Bond counsel and the Authority's Chief Legal Affairs Officer.

8. **Credit Enhancement:**

Prior to the authorization of a commitment for issuance of the Bonds, the Borrower must submit a definitive commitment that the required credit enhancement will be provided. The proposed credit enhancement instrument(s) and any other additional security offered to the Authority must be acceptable to the Authority's Chief Financial Officer and the Chief Legal Affairs Officer.

9. **Financing Participants:**

Prior to the authorization of a commitment for issuance of the Bonds, the Authority's Chief Financial Officer and the Chief Legal Affairs Officer must have determined that the proposed development team members are acceptable.

10. **Equal Employment Opportunity:**

At Bond closing, the Borrower and the general contractor must include the Authority's form Appendix to Construction Contract with the Construction Contract that is acceptable to the Authority's Chief Legal Affairs Officer.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

1.	**Sponsor:**	PK Companies, LLC 1784 Hamilton Road Okemos, Michigan 48864
	Contact: Phone:	Chris Potterpin (517) 325-0275
2.	**Borrower:**	PK Westbury 32 Limited Dividend Housing Association Limited Partnership

Credit Enhancement:

The Sponsor proposes cash collateral from (a) a permanent loan from Bonneville Mortgage Company insured by USDA under Section 538 of the Housing Act of 1949 and (b) a LIHTC Gap Loan from the Bonneville Mortgage Company .

Bond Underwriter:	Stifel, Nicolaus & Company, Incorporated (BJ Biggio)
Bond Counsel:	Miller Canfield (Kristin Nied)
Bond Trustee:	U.S. Bank National Association (Amy Anders)
Credit Enhancement Provider:	Bonneville Mortgage Company and USDA

Other Members of the Development Team:

Equity Partner:	Mercantile Community Partners, LLC
Borrower's Counsel:	Mallory, Lapka, Scott & Selin (Tom Lapka)
Borrower's Accountant:	Tidwell Group (Chris Offat)
Contractor:	PK Construction Co. LLC
Property Management:	P.K. Housing and Management Company, LLC
Architect:	Wallace Architects, LLC (Zac Wallace)
Rating Agency:	Moody's Investor Services

<u>Sources and Uses of Funds:</u>

USDA Rural Development 538	$1,075,000
Assumed RD 515	$597,052
MSHDA PA5 Grant	$1,280,000
Transferred Reserves	$44,763
LIHTC Equity	$1,293,266
Deferred Developer Fee	$194,745
Total Sources of Funds	**$4,484,826**

Land	$70,000
Building Acquisition	$986,000
Site Work	$64,000
Construction Costs	$1,872,403
Professional Fees	$124,900
Interim Construction Costs	$445,474
Permanent Financing	$26,250
Other Costs	$156,860
Developer Fee	$465,259
Project Reserves	$273,680
Total Uses of Funds	**$4,484,826**

APPROVALS:

Jeffrey J Sykes 8-9-24

Jeffrey Sykes, Chief Financial Officer Date

Chad A. Benson 8/9/2024

Chad Benson, Director of Development Date

Clarence L. Stone, Jr. 8/9/2024

Clarence L. Stone, Jr., Chief Legal Affairs Officer Date

Amy Hovey 08/09/2024

Amy Hovey, Chief Executive Officer and Executive Director Date

DRAFT
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

INDUCEMENT RESOLUTION
WESTBURY APARTMENTS
CITY OF WAYLAND, ALLEGAN COUNTY
MSHDA No. 44c-220

August 15, 2024

WHEREAS, PK Companies, LLC (the "Applicant"), desires to acquire and substantially rehab a multifamily housing facility (the "Project") in the City of Wayland, Allegan County, Michigan; and

WHEREAS, the Applicant has applied to the Michigan State Housing Development Authority (the "Authority") for a loan in the amount of Two Million Four Hundred Twenty Thousand Four Hundred Twenty-Five Dollars ($2,420,425) (the "Loan") pursuant to Section 44c of Act No. 346 of the Public Acts of 1966, as amended (the "Act"), to be made to PK Westbury 32 Limited Dividend Housing Association Limited Partnership or an eligible borrower entity to be formed under the Act (the "Borrower"), to finance the acquisition, construction, rehabilitation and equipping of the Project, which constitutes a housing project as defined in the Act; and

WHEREAS, the Applicant has advised that the cost of the Project will not exceed Four Million Four Hundred Eighty-Four Thousand Eight Hundred Twenty-Six Dollars ($4,484,826); and

WHEREAS, the Act authorizes the Authority to loan monies to limited dividend housing associations for the construction, rehabilitation, and long-term financing of multifamily housing projects and to obtain the monies for such loans by the issuance of bonds in compliance with and pursuant to the terms and provisions of the Act; and

WHEREAS, it is necessary to assure the Applicant that the Authority intends to issue bonds (the "Bonds") upon meeting the requirements of the Act and the terms and conditions of this Resolution, it being the intent and purpose of the Authority in adopting this Resolution to provide the necessary official action with respect to the Bonds as will meet the requirements of the Internal Revenue Code and the regulations promulgated in connection therewith.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that:

1. In order to comply with Treasury Regulation Section 1.150-2, the Authority makes the following declarations:

   (a) The Authority reasonably expects to authorize the Loan for the purpose of reimbursing the Borrower for the costs of and/or financing the acquisition, rehabilitation, and equipping of the Project as further described in the Borrower's application, and the terms of the Inducement Resolution Staff Report attached hereto and incorporated herein;

   (b) The Loan shall not be used to reimburse the Borrower for expenditures earlier than the date on which the Borrower pays such expenditures and not later than the date that is eighteen months after the later of (i) the date on which the Borrower has paid the expenditure, or (ii) the date on which the Project is placed in service, but in no event more than three (3) years after the expenditure is paid. All reimbursement of expenditures shall follow the procedures described in Treasury Regulation Section 1.150-2(d);

(c) No Loan proceeds paid to reimburse the Borrower for expenditures incurred in the acquisition, rehabilitation, and equipping of the Project shall be used in a manner described in Treasury Regulation Section 1.150-2(h) with respect to abusive use of such proceeds;

(d) The costs to be reimbursed must be "capital expenditures" as defined in Treasury Regulation Section 1.150-1(b), which are costs of a type that are properly chargeable to a capital account under Federal Income Tax principles; and

(e) The maximum amount of the Loan to the Borrower shall not exceed Two Million Four Hundred Twenty Thousand Four Hundred Twenty-Five Dollars ($2,420,425).

2. The Authority expects to authorize the Loan to the Borrower, subject to the Borrower's meeting the requirements of the Act, including without limitation, the requirements of Section 44c of the Act, the Authority's Amended and Restated Pass-Through Bond Program and the terms and conditions hereinafter set forth.

3. The Borrower shall submit a commitment from the proposed issuer of a credit enhancement with respect to the Bonds in a form and amount sufficient to assure the Authority that repayment of the Bonds issued will be reasonably secure.

4. The Borrower shall be obligated to make loan repayment in an amount sufficient to pay the principal, interest and premium, if any, of the Bonds, establish appropriate reserves, and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.

5. The Authority's obligation to make the Loan shall be conditioned upon the ability of the Authority to issue, sell and deliver the Bonds.

6. The Loan shall be evidenced by a loan agreement and secured by such instruments as are in form and substance satisfactory to the Authority, the Department of Attorney General of the State of Michigan and bond counsel to the Authority, which shall include such additional security as may be required by the purchaser of the Bonds.

7. Subject to compliance with the terms and conditions of this Resolution and any subsequent Resolution authorizing the Authority's loan commitment with respect to the Project, the Authority will authorize, pursuant to a Bond Resolution of the Authority, the issuance of the Bonds in a principal amount not exceeding Two Million Four Hundred Twenty Thousand Four Hundred Twenty-Five Dollars ($2,420,425) for the purposes of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds as aforesaid, and will enter into a loan agreement and related documents with the Borrower, which proceedings shall be subject to the approval of the Department of Attorney General of the State of Michigan, bond counsel to the Authority and the Michigan Department of Treasury.

8. The Bonds shall not be general obligations of the Authority but shall be payable as to principal, premium, if any, and interest solely from the proceeds of the payments to be made by or on behalf of the Borrower to the Authority (or to a trustee appointed by the Authority pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be

necessary to make absolutely clear and certain that under no circumstances will the Bonds or this Resolution be a debt of the State of Michigan, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale and delivery of the Bonds and in the making of the Loan, including the fees and disbursements of bond counsel, shall be paid from Bond proceeds or by the Borrower and the proceedings and agreements relating thereto, as hereafter adopted and undertaken, shall so provide.

10. The Chief Executive Officer and Executive Director, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in such capacity (each an "Authorized Officer"), or any one of them acting alone, are hereby authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the Authority, with a Bond purchaser for the sale of the Bonds by the Authority.

11. Bond counsel to the Authority and the Department of Attorney General of the State of Michigan are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the Authority to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any Authorized Officer is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the Bond proceeds or by the Borrower.

12. Issuance of the Bonds shall be subject to the conditions contained in the Inducement Resolution Staff Report accompanying this Resolution.

13. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are hereby rescinded.

14. This Resolution does not constitute a commitment of the Authority to loan funds under Section 44c(6) of the Act and does not serve as a reservation or allocation of bonding capability.

15. The Authority hereby determines that the likely benefit of the Project to the community or the proposed residents of the Project merits the use of Authority limited obligation bonds as a financing source for the proposed acquisition and construction of the Project.

16. This Resolution shall take effect immediately.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Trumbull Apartments, Development No. 44c-221 (the "Development')

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt an inducement resolution with respect to the project described in the attached report.

PROJECT SUMMARY:

MSHDA No.:	44c-221
Development Name:	Trumbull Apartments
Development Location:	City of Detroit, Wayne County
Sponsor:	American Community Developers, Inc.
Borrower:	CKG Trumbull 4 2023 Limited Dividend Housing Association L.L.C.
Number of Units:	88 family units
No. of Accessible Units:	9 accessible units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$38,754,440
Aggregate Basis:	$36,123,315
Total Loan Amount:	$18,785,000 (52.0% of aggregate basis)
Credit Enhancement:	The credit enhancement will be cash collateral from the following sources: 1) an FHA-insured 221(d)(4) Loan, 2) two City of Detroit Loans, and 3) an Equity Bridge Loan from Comerica Bank.

EXECUTIVE SUMMARY:

American Community Developers, Inc. (the "Sponsor") proposes to demolish a 20-unit existing, occupied building and construct the Development, which will consist of 88 housing units located in the City of Detroit, Wayne County, Michigan, including 72 affordable and 16 market-rate units.

The Development will be acquired and constructed using a construction loan financed with the proceeds of a single issue of bonds issued pursuant to Section 44c of the Authority's enabling act. The Development, as proposed, meets the requirements of Section 44c, and repayment of the bonds will be reasonably secure based on cash collateral intended to secure such repayment and held by the trustee for the bonds. The credit enhancement will be cash collateral from the following sources: 1) an FHA-insured 221(d)(4) Loan, 2) two City of Detroit Loans, and 3) an Equity Bridge Loan from Comerica Bank.

The Sponsor was founded in 1980, with a mission to create and preserve market rate and affordable housing that is high-quality and sustainable. To date, the Sponsor's portfolio includes 103 properties located in Michigan and ten other states.

I am recommending Board approval for the following reasons:

- The Developer's application satisfies the requirements for the issuance of an inducement resolution under Section 44c of the Authority's Act and the Amended and Restated Pass-Through Bond Program statement.
- 88 units of housing will be newly constructed in the Corktown community in the City of Detroit.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY'S MISSION:

Trumbull Apartments will be located in Region O of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region O Action Plan:

- Goal 3.2: increase access to stable and affordable quality housing options for households with extremely low incomes.
- Goal 4.1: increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.
- Goal 4.6: increase missing middle and workforce housing stock to facilitate greater housing choice.
- Goal 5.1: equitably expand the supply of affordable and accessible rental units statewide for older adults.

MUNICIPAL SUPPORT:

- The City of Detroit is expected to approve a 4% PILOT for this development.

COMMUNITY IMPACT:

- It is anticipated that the construction or rehabilitation of the Development will create three (3) permanent jobs and 40-60 temporary jobs.

RESIDENT IMPACT:

- The City of Detroit will benefit from the construction of new, affordable housing units.

- The redevelopment of Trumbull Apartments will extend the existing Section 8 contract and the affordability of the units for 30 years, be more energy efficient and add new amenities, including in-unit washers and dryers.
- The community will be invited to engage in a public hearing (TEFRA Hearing) regarding the bond funding preceded by a public notice.
- The Sponsor is meeting on a monthly basis with existing residents to discuss the redevelopment of Trumbull Apartments, the temporary relocation of residents during construction, and to answer questions about the timeline.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

Trumbull is the demolition of an existing, occupied property containing 20 units of distressed housing and the new construction of 88 units as one phase of the redevelopment of Clement Kern Gardens in the City of Detroit. 19 units will receive deep rental subsidy from the existing Section 8 HAP contract and an additional 13 units are expected to receive project-based voucher assistance from the Authority.

AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

INDUCEMENT RESOLUTION STAFF REPORT

August 15, 2024

RECOMMENDATION:

Adopt an inducement resolution with respect to the project described in this report.

PROJECT SUMMARY:

MSHDA No.:	44c-221
Development Name:	Trumbull Apartments
Development Location:	City of Detroit, Wayne County
Sponsor:	American Community Developers, Inc.
Borrower:	CKG Trumbull 4 2023 Limited Dividend Housing Association L.L.C.
Number of Units:	88 family units
No. of Accessible Units:	9 accessible units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$38,754,440 (estimated)
Aggregate Basis:	$36,123,315
Total Loan Amount:	$18,750,000 (52.0% of aggregate basis)
Credit Enhancement:	The credit enhancement will be cash collateral from the following sources: 1) an FHA-insured 221(d)(4) Loan, 2) two City of Detroit Loans, and 3) an Equity Bridge Loan from Comerica Bank.

The material contained in this staff report is submitted to the Authority for information only. The Authority does not underwrite Pass-Through Bond loans. To the extent that any information contained herein conflicts with the documents relating to the sale of the bonds and the making of the loan, the latter documents shall control.

PROGRAM DESCRIPTION:

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue notes or bonds that are not general obligations of the Authority and are not backed by the moral obligation of the State. The bonds are "limited obligations" of the Authority with the security limited to the assets of the borrower, the project itself, and the credit enhancement arranged by the borrower. These are generally referred to as "Pass Through" bonds.

On July 20, 2023, the Authority re-authorized the Amended and Restated Pass-Through Bond Program, increasing the maximum allocation to $300 million in tax-exempt bond volume cap.

This program imposes rent and income targeting requirements of either 40% at 60% of area median income or 20% at 50% of area median income and limits the bond allocation available per project and per sponsor. At least ten percent (10%) of the Development's units must be more deeply targeted to households whose income is at or below 40% of area median income. It also requires limited market and environmental reviews.

PROPOSAL SUMMARY:

The Borrower proposes to acquire and demolish an existing 20-unit property and construct 88 new mid-rise apartment units at 1661 Bagley in the City of Detroit as one phase of the redevelopment of Clement Kern Gardens. The Borrower has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit." For this proposal, there will be 32 units reserved for households with incomes at or below 30% of area median income and 40 units reserved for households with incomes at or below 80% of area median income, using the new MTSP Limits (as defined below). Additionally, 16 market rate units will be rented without regard to household income. This proposal includes Section 8 project-based subsidy from the U.S. Department of Housing and Urban Development and the Authority for up to 32 residents, 19 of which will be assigned from the existing building.

CONDITIONS:

1. **Income Limits:**

    The Borrower must enter into a Regulatory Agreement with the Authority requiring that 32 of the units in the Development must be rented or available for rental by tenants whose income does not exceed the 30% MTSP Limit, adjusted for family size. 40 units in the Development must be rented or available for rental by tenants whose income does not exceed the 80% MTSP Limit, adjusted for family size, so long as the average area median income, based on the MTSP Limits, for all of the affordable units at the Development does not exceed the 60% MTSP Limit. These occupancy restrictions shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the Low-Income Housing Tax Credit ("LIHTC") Regulatory Agreement, or the period required by Section 142(d) of the Code. The remaining units will be rented without regard to household income.

    The income of the individuals and the area gross median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of Treasury publishes its requirements, income of individuals shall be determined in accordance with the Section 8 regulations.

2. **Limitations on Rental Rates:**

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 32 of the units in the Development may not exceed 30% of 1/12 of the 30% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense for 40 units in the Development may not exceed 30% of 1/12 of the 80% MTSP Limit. These limitations on rental rates shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the LIHTC Regulatory Agreement. The remaining sixteen (16) units will be rented at market rate.

For purposes of determining whether or not the rents paid by the tenants of the Development are within the required limits set forth in this Section 2, the amount of any Section 8 rental subsidy paid on behalf of a tenant with respect to any unit shall not be considered as rent paid by the tenant.

3. **Covenant Running with the Land:**

The Borrower must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations to be issued to finance the loan (the "Bonds"). This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after 50 percent of the residential units in the project are occupied, the first day on which no Bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates (the "Qualified Project Period"). Additionally, during the Qualified Project Period, the minimum set-aside requirements of the Code must be maintained, namely, at least twenty percent (20%) of the units in the Development must be occupied or held available for occupancy by individuals whose income is lower than the MTSP Very Loan Income limit (50%), adjusted for family size. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations.

4. **Limitation on Return on Equity:**

The Borrower must agree that its return on equity will be limited to 12 percent for the first 12-month period following substantial completion of the Development, with annual one percent increases thereafter, and to submit an annual financial statement evidencing its eligibility for return no later than 90 days after the close of the Borrower's fiscal year. The Borrower's return is fully cumulative. The amount of the Borrower's equity will be determined by the Authority.

5. **Bond and Tax Credit Requirements:**

At the Bond closing, the Borrower must enter into a Loan Agreement and a Trust Indenture which provides that all cash proceeds of the credit enhancement will be deposited with the trustee for the Bonds and shall be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel, a Useful Life Certificate prepared by Borrower's accountants, and/or other evidence, as determined by the Authority's Chief Legal Affairs Officer, that respectively confirm that the structure of the transaction will permit the Borrower to claim the LIHTC 4% credit.

6. **Loan Agreement; Indemnification; Compliance Monitoring and Reporting Requirements:**

At closing, the Borrower must enter into a Loan Agreement with the Authority. In the Loan Agreement, the Borrower must agree to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of the financing, construction, ownership, or operation of the Development, or from the violation of any environmental laws. The Borrower must also agree to provide the Authority on or before September 1 of each year with a report in a form acceptable to the Authority, including such information as is required by Section 44c of the Act. The Borrower must also agree to participate in compliance monitoring activities relative to the Bonds and the tax credits allocated to the Development, as required by the Authority's Compliance Monitoring staff, and to pay an annual compliance monitoring fee not to exceed 0.25% of the outstanding principal amount of the Bonds. The form and substance of the Loan Agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

7. **Closing and Organizational Documents:**

Prior to Bond closing, the Borrower must submit all of the documents relating to the sale of the limited obligation bonds and the making of the loan, including title and survey matters, and its organizational documents. All documents must be in compliance with the Authority's Act and acceptable to the Michigan Attorney General, the Authority's Bond counsel and the Authority's Chief Legal Affairs Officer.

8. **Credit Enhancement:**

Prior to the authorization of a commitment for issuance of the Bonds, the Borrower must submit a definitive commitment that the credit enhancement will be provided. The proposed credit enhancement instrument and any other additional security offered to the Authority must be acceptable to the Chief Financial Officer and the Chief Legal Affairs Officer.

9. **Financing Participants:**

Prior to the authorization of a commitment for issuance of the Bonds, the Chief Financial Officer and the Chief Legal Affairs Officer must have determined that the proposed development team members are acceptable.

10. **Equal Employment Opportunity:**

Prior to Bond closing, the general contractor must submit an equal employment opportunity plan pursuant to Section 46 of the Act, which must be approved by the Authority's Equal Employment Opportunity Officer. At Bond closing, the Borrower and the general contractor must enter into an agreement regarding the enforcement and monitoring of the plan acceptable to the Authority's Chief Legal Affairs Officer.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

1. **Sponsor:** American Community Developers, Inc.
   20250 Harper Avenue
   Contact: Gerald A. Krueger
   Mike Essian
   Phone: 313-881-8150
   313-539-5071

2. **Borrower:** CKG Trumbull 4 2023 Limited Dividend Housing Association L.L.C.

Credit Enhancement: The credit enhancement will be cash collateral from the following sources: 1) an FHA-insured 221(d)(4) Loan, 2) two City of Detroit Loans, and 3) an Equity Bridge Loan from Comerica Bank.

Bond Underwriter: The Sturges Company (*Mike Sturges*)

Bond Counsel: Dickinson Wright, PLLC (*Craig W. Hammond, Peter J. Kulick*)

Bond Trustee: The Huntington National Bank (*John Alexander*)

Credit Enhancement Provider: Comerica Bank (TBD)
City of Detroit (TBD)

Other Members of the Development Team:

Equity Partner:	City Real Estate Advisors, Inc. (*Alison Anderson*)
Borrower's Counsel:	Kotz Sangster (*Jeffrey Sternberg*)
Borrower's Accountant:	Schreiber Advisors, P.C. (*Michael Schreiber*)
Contractor:	St. Clair Construction Company (*Nathan S. Hindle*)
Property Management:	Independent Management Services (*Frank Carswell*)
Architect:	DesignWerks Architecture, LLC (*Paul F. Weber*)
Rating Agency:	Moody’s Investors Service (*TBD*)

Sources and Uses of Funds:

Berkadia 221(d)4	$7,251,170
City of Detroit Funds	5,409,923
MSHDA LIHTC Gap Financing Grant (PA 5?)	7,200,000
LIHTC Equity	13,112,881
Deferred Developer Fee	1,325,406
HUD Choice Neighborhood	4,455,060
Total Sources of Funds	**$38,754,440**

Land	$ 1,096,500
Construction/Rehabilitation	28,889,663
Professional Fees	1,082,499
Interim Construction Costs	1,417,399
Reserves and Escrows	1,499,044
Tax Credit & Bond Financing Application Fees	647,484
Other Costs	349,116
Developer Fee	3,772,735
Total Uses of Funds	**$38,754,440**

APPROVALS:

Jeffrey J Sykes — 8-9-24

Jeffrey Sykes, Chief Financial Officer — Date

Chad A. Benson — 8/9/2024

Chad Benson, Director of Development — Date

Clarence L. Stone, Jr. — 8/9/2024

Clarence L. Stone, Jr., Chief Legal Affairs Officer — Date

Amy Hovey — 08/09/2024

Amy Hovey, Chief Executive Officer and Executive Director — Date

DRAFT
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

INDUCEMENT RESOLUTION
TRUMBULL APARTMENTS
CITY OF DETROIT, WAYNE COUNTY
MSHDA No. 44c-221

August 15, 2024

WHEREAS, American Community Developers, Inc. (the "Applicant"), desires to acquire and construct a multifamily housing facility (the "Project") in the City of Detroit, Wayne County, Michigan; and

WHEREAS, the Applicant has applied to the Michigan State Housing Development Authority (the "Authority") for a loan in the amount of Eighteen Million Seven Hundred Eighty-Five Thousand Dollars ($18,785,000) (the "Loan") pursuant to Section 44c of Act No. 346 of the Public Acts of 1966, as amended (the "Act"), to be made to CKG Trumbull 4 2023 Limited Dividend Housing Association L.L.C. or an eligible borrower entity to be formed under the Act (the "Borrower"), to finance the acquisition, construction and equipping of the Project, which constitutes a housing project as defined in the Act; and

WHEREAS, the Applicant has advised that the cost of the Project will not exceed Thirty-Eight Million Seven Hundred Fifty-Four Thousand Four Hundred Forty Dollars ($38,754,440); and

WHEREAS, the Act authorizes the Authority to loan monies to limited dividend housing associations for the construction and long-term financing of multifamily housing projects and to obtain the monies for such loans by the issuance of bonds in compliance with and pursuant to the terms and provisions of the Act; and

WHEREAS, it is necessary to assure the Applicant that the Authority intends to issue bonds (the "Bonds") upon meeting the requirements of the Act and the terms and conditions of this Resolution, it being the intent and purpose of the Authority in adopting this Resolution to provide the necessary official action with respect to the Bonds as will meet the requirements of the Internal Revenue Code and the regulations promulgated in connection therewith.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that:

1. In order to comply with Treasury Regulation Section 1.150-2, the Authority makes the following declarations:

    (a) The Authority reasonably expects to authorize the Loan for the purpose of reimbursing the Borrower for the costs of and/or financing the acquisition and equipping of the Project as further described in the Borrower's application, and the terms of the Inducement Resolution Staff Report attached hereto and incorporated herein;

    (b) The Loan shall not be used to reimburse the Borrower for expenditures earlier than the date on which the Borrower pays such expenditures and not later than the date that is eighteen months after the later of (i) the date on which the Borrower has paid the expenditure, or (ii) the date on which the Project is placed in service, but in no event more than three (3) years after the expenditure is paid. All reimbursement of expenditures shall follow the procedures described in Treasury Regulation Section 1.150-2(d);

(c) No Loan proceeds paid to reimburse the Borrower for expenditures incurred in the acquisition and equipping of the Project shall be used in a manner described in Treasury Regulation Section 1.150-2(h) with respect to abusive use of such proceeds;

(d) The costs to be reimbursed must be "capital expenditures" as defined in Treasury Regulation Section 1.150-1(b), which are costs of a type that are properly chargeable to a capital account under Federal Income Tax principles; and

(e) The maximum amount of the Loan to the Borrower shall not exceed Eighteen Million Seven Hundred Eighty-Five Thousand Dollars ($18,785,000).

2. The Authority expects to authorize the Loan to the Borrower, subject to the Borrower's meeting the requirements of the Act, including without limitation, the requirements of Section 44c of the Act, the Authority's Amended and Restated Pass-Through Bond Program and the terms and conditions hereinafter set forth.

3. The Borrower shall submit a commitment from the proposed issuer of a credit enhancement with respect to the Bonds in a form and amount sufficient to assure the Authority that repayment of the Bonds issued will be reasonably secure.

4. The Borrower shall be obligated to make loan repayment in an amount sufficient to pay the principal, interest and premium, if any, of the Bonds, establish appropriate reserves, and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.

5. The Authority's obligation to make the Loan shall be conditioned upon the ability of the Authority to issue, sell and deliver the Bonds.

6. The Loan shall be evidenced by a loan agreement and secured by such instruments as are in form and substance satisfactory to the Authority, the Department of Attorney General of the State of Michigan and bond counsel to the Authority, which shall include such additional security as may be required by the purchaser of the Bonds.

7. Subject to compliance with the terms and conditions of this Resolution and any subsequent Resolution authorizing the Authority's loan commitment with respect to the Project, the Authority will authorize, pursuant to a Bond Resolution of the Authority, the issuance of the Bonds in a principal amount not exceeding Eighteen Million Seven Hundred Eighty-Five Thousand Dollars ($18,785,000) for the purposes of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds as aforesaid, and will enter into a loan agreement and related documents with the Borrower, which proceedings shall be subject to the approval of the Department of Attorney General of the State of Michigan, bond counsel to the Authority and the Michigan Department of Treasury.

8. The Bonds shall not be general obligations of the Authority but shall be payable as to principal, premium, if any, and interest solely from the proceeds of the payments to be made by or on behalf of the Borrower to the Authority (or to a trustee appointed by the Authority pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements

relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely clear and certain that under no circumstances will the Bonds or this Resolution be a debt of the State of Michigan, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale and delivery of the Bonds and in the making of the Loan, including the fees and disbursements of bond counsel, shall be paid from Bond proceeds or by the Borrower and the proceedings and agreements relating thereto, as hereafter adopted and undertaken, shall so provide.

10. The Chief Executive Officer and Executive Director, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in such capacity (each an "Authorized Officer"), or any one of them acting alone, are hereby authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the Authority, with a Bond purchaser for the sale of the Bonds by the Authority.

11. Bond counsel to the Authority and the Department of Attorney General of the State of Michigan are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the Authority to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any Authorized Officer is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the Bond proceeds or by the Borrower.

12. Issuance of the Bonds shall be subject to the conditions contained in the Inducement Resolution Staff Report accompanying this Resolution.

13. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are hereby rescinded.

14. This Resolution does not constitute a commitment of the Authority to loan funds under Section 44c(6) of the Act and does not serve as a reservation or allocation of bonding capability.

15. The Authority hereby determines that the likely benefit of the Project to the community or the proposed residents of the Project merits the use of Authority limited obligation bonds as a financing source for the proposed acquisition and construction of the Project.

16. This Resolution shall take effect immediately.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Annika Place II, MSHDA Development No. 4117

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt a resolution authorizing changes in the MSHDA HOME-ARP and HCDF Loan amounts set forth in this memorandum.

PROJECT SUMMARY:

MSHDA No:	4117
Development Name:	Annika Place II
Development Location:	City of Traverse City, Grand Traverse County
Sponsor:	The Woda Group, Inc
Mortgagor:	Annika Place II Limited Dividend Housing Association Limited Partnership
Number of Units:	52 Affordable
Number of Units Designated for Accessible Use:	5 accessible units.

	Original Board	Update	Difference
Total Development Cost:	$18,140,524	$18,140,524	$0
TE Bond Construction Loan:	$ 9,433,072	$ 9,433,072	$0
TE Bond Permanent Loan:	$ 3,327,524	$ 3,327,524	$0
MSHDA Permanent CERA:	$ 2,339,572	$ 2,339,572	$0
MSHDA Permanent HOME-ARP:	$ 4,207,451	$ 0	($4,207,817)
MSHDA Permanent HCDF:	$ 2,033,817	$ 6,241,268	$4,207,817
45L Energy Credit Loan	$ 115,688	$ 115,688	$0
Erie Ohio Capital CDFI:	$ 50,000	$ 50,000	$0
Goodwill Northern Michigan Amended ARPA Fund loan:	$ 400,000	$ 400,000	$0
General Partner Supportive Services Contribution:	$ 114,000	$ 114,000	$0
4% LIHTC Equity:	$ 5,135,096	$ 5,135,096	$0
Deferred Developer Fee:	$ 365,749	$ 365,749	$0

EXECUTIVE SUMMARY:

Annika Place II is a proposed new construction family development that will include 19 1- and 2-bedroom Permanent Supportive Housing ("PSH") units and 33 1- and 2-bedroom units for general occupancy. This is the second phase of the Annika Place development, the first phase of which is contiguous to the site of Annika Place II. Annika Place I contains 52 family units. The site is located at 1020 Hastings Street in Traverse City. The apartment units will be located on all four floors of a single 4-story building with community space and management offices also located on the first floor. Each floor is visitable by elevator and stairways.

The site is considered to be walkable, with multiple commercial/retail businesses within a short walk or Dial-a-Ride bus transportation. The unit amenities include energy star rated appliances: microwaves, dishwashers, frost free refrigerators and central air-conditioning. There will be 3 bicycle racks with a total capacity for 18 bikes. One of the management offices will be reserved for supportive services staff.

This new construction proposal will receive 19 Project-Based Vouchers ("PBVs") from MSHDA, specifically for Permanent Supportive Housing.

This proposal is beneficial to the Authority because it will bring 52 new affordable units to the existing 493 affordable housing units already built or being built in Traverse City.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The State of Michigan was awarded $21 billion in funding under the American Rescue Plan Act of 2021 (the “ARPA”). From this award, the Michigan Legislature appropriated $50 million for the Authority's Housing and Community Development Fund ("HCDF"), utilizing U.S. Department of Treasury American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds (“ARP-SLFRF”). These HCDF funds may only be used for ARP-SLFRF-eligible housing projects, and are subject to federally-imposed commitment and expenditure deadlines that must be met or the funds will be lost. To ensure the timely expenditure of these funds, the Authority is substituting HCDF funds for other sources of gap funding that have been or are expected to be awarded to eligible developments. Annika Place II was awarded $4,207,817 in HOME-ARP funding; that funding is being replaced with an increase in the approved HCDF Loan by $4,207,817, for a total HCDF Loan in the amount of $6,241,268.

ATTACHMENTS:

- Mortgage Modification Proforma

Development Annika Place II
Financing Tax Exempt
MSHDA No. 4117
Step Commitment
Date 6/20/2024
Type New Construction

Use Sources & Uses Page: Sources & Uses

Pay-In Schedule

	Amount Budgeted from Costs	Jul 2024 7/1/2024 Initial Closing	Aug 2024 Draw 2	Sep 2024 Draw 3	Oct 2024 Draw 4	Nov 2024 Draw 5	Dec 2024 Draw 6	Jan 2025 Draw 7	Feb 2025 Draw 8	Mar 2025 Draw 9	Apr 2025 Draw 10	May 2025 Draw 11	Jun 2025 Draw 12	Jul 2025 Draw 13	Aug 2025 Draw 14	Sep 2025 Draw 15	Oct 2025 Draw 16
			7%	13%	20%	26%	33%	39%	46%	52%	59%	65%	72%	78%	85%	91%	98%
Uses																	
Acquisition	1,180,000	1,180,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction/Rehabilitation	10,685,819	0	694,578	694,578	694,578	694,578	694,578	694,578	694,578	694,578	694,578	694,578	694,578	694,578	694,578	694,578	694,578
Professional Fees	654,352	575,414	5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263
Interim Contruction Costs	265,000	255,000	0	0	0	0	2,500	0	0	0	0	0	2,500	0	0	0	0
Construction Loan Interest	664,568		0	0	0	0	2,121	6,818	11,529	16,271	21,250	26,596	31,977	37,410	43,059	48,550	53,744
Permanent Financing	488,176	488,176	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Costs(In Basis)	853,068	198,277	0	0	0	0	0	0	0	80,599	80,599	80,599	80,599	80,599	80,599	80,599	80,599
Other Costs(NOT In Basis)	315,394	60,894	0	0	0	0	0	0	0	131	131	131	131	29,393	131	131	131
Project Reserves	934,147	934,147	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developer Fee	2,100,000	173,425															173,425
Total Uses	18,140,524	3,865,334	699,841	699,841	699,841	699,841	704,462	706,658	711,369	796,842	801,821	807,166	815,047	847,243	823,629	829,120	1,007,739
Cumulative Uses		*3,865,334*	*4,565,174*	*5,265,015*	*5,964,856*	*6,664,697*	*7,369,159*	*8,075,817*	*8,787,187*	*9,584,028*	*10,385,849*	*11,193,015*	*12,008,062*	*12,855,304*	*13,678,933*	*14,508,053*	*15,515,792*
Sources Interest Rate	8.000%																
Construction Loan	9,433,072					318,190	704,462	706,658	711,369	746,842	801,821	807,166	815,047	847,243	823,629	779,120	1,007,739
MSHDA Permanent Mortgage	3,327,975																
Conventional/Other Mortgage	0																
Equity Contribution From Tax Credit Syndicatior	5,135,096	513,510															4,108,076
MSHDA NSP Funds	0																
MSHDA HOME	0																
MSHDA Mortgage Resource Funds	0																
MSHDA TCAP	0																
MSHDA Housing Trust Funds	0																
MSHDA CERA	2,339,572			180,054	699,841	381,651											
MSHDA HOME-ARP	4,207,451	2,787,824	699,841	519,787						50,000						50,000	
MSHDA HCDF	2,033,817																
Loca lARPA Loan	0																
Income from Operations	51,176																
Other Equity 45L Energy Credit	115,688																
Transferred Reserves:	0																
Other: Erie Ohio Capital CDFI Fund, Ll	450,000	450,000															
Other: Capital Contribution for Support	114,000	114,000															
Deferred Developer Fee	365,749																
Construction Loan Running Balance		0	0	0	0	318,190	1,022,652	1,729,310	2,440,680	3,187,521	3,989,342	4,796,508	5,611,555	6,458,797	7,282,426	8,061,546	9,069,285
Total Sources	18,140,524	3,865,334	699,841	699,841	699,841	699,841	704,462	706,658	711,369	796,842	801,821	807,166	815,047	847,243	823,629	829,120	5,115,815
Cumulative Sources		*3,865,334*	*4,565,174*	*5,265,015*	*5,964,856*	*6,664,697*	*7,369,159*	*8,075,817*	*8,787,187*	*9,584,028*	*10,385,849*	*11,193,015*	*12,008,062*	*12,855,304*	*13,678,933*	*14,508,053*	*19,623,868*
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,108,076
Cumulative Balance		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*4,108,076*
Eligible basis items plus land	15,953,728																
50% Test (for 4% deals)		0%	0%	0%	0%	2%	6%	10%	13%	18%	22%	26%	31%	36%	40%	44%	50%

Development Annika Place II Use
Financing Tax Exempt
MSHDA No. 4117
Step Commitment 100%
Date 6/20/2024
Type New Construction

Uses	Amount Budgeted from Costs	Nov 2025 Draw 17	Dec 2025 Draw 18	Jan 2026 Draw 19	Feb 2026 Draw 20	Mar 2026 Draw 21	Apr 2026 Draw 22	May 2026 Draw 23	Jun 2026 Draw 24	Jul 2026 Draw 25	Total	Variance
Acquisition	1,180,000	0	0	0	0	0	0	0	0	0	1,180,000	0
Construction/Rehabilitation	10,685,819	267,145	0	0	0	0	0	0	0	0	10,685,819	0
Professional Fees	654,352	0	0	0	0	0	0	0	0	0	654,352	0
Interim Contruction Costs	265,000	0	2,500	0	0	0	0	0	2,500	0	265,000	0
Construction Loan Interest	664,568	60,462	62,887	62,887	62,887	62,887	62,887	62,887	62,887	62,887	862,883	198,315
Permanent Financing	488,176	0	0	0	0	0	0	0	0	0	488,176	0
Other Costs(In Basis)	853,068	10,000	0	0	0	0	0	0	0	0	853,068	0
Other Costs(NOT In Basis)	315,394	24,831	131	131	131	131	131	131	131	131	117,079	(198,315)
Project Reserves	934,147	0	0	0	0	0	0	0	0	0	934,147	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0
Developer Fee	2,100,000									1,196,179	1,543,029	(556,971)
Total Uses	18,140,524	362,438	65,518	63,018	63,018	63,018	63,018	63,018	65,518	1,259,197	17,583,553	(556,971)
Cumulative Uses		*15,878,230*	*15,943,748*	*16,006,766*	*16,069,784*	*16,132,802*	*16,195,820*	*16,258,838*	*16,324,356*	*17,583,553*		
Sources Interest Rate	8.000%											
Construction Loan	9,433,072	363,787								-9,433,072	0	(9,433,072)
MSHDA Permanent Mortgage	3,327,975									3,327,975	3,327,975	0
Conventional/Other Mortgage	0										0	0
Equity Contribution From Tax Credit Syndicatio	5,135,096									513,510	5,135,096	0
MSHDA NSP Funds	0										0	0
MSHDA HOME	0										0	0
MSHDA Mortgage Resource Funds	0										0	0
MSHDA TCAP	0										0	0
MSHDA Housing Trust Funds	0										0	0
MSHDA CERA	2,339,572									1,078,026	2,339,572	0
MSHDA HOME-ARP	4,207,451					50,000				50,000	4,207,451	0
MSHDA HCDF	2,033,817									2,033,817	2,033,817	0
Loca lARPA Loan	0										0	0
Income from Operations	51,176									51,176	51,176	0
Other Equity 45L Energy Credit	115,688									115,688	115,688	0
Transferred Reserves:	0										0	0
Other: Erie Ohio Capital CDFI Fund, Ll	450,000										450,000	0
Other: Capital Contribution for Support	114,000										114,000	0
Deferred Developer Fee	365,749										0	(365,749)
Construction Loan Running Balance		9,433,072	9,433,072	9,433,072	9,433,072	9,433,072	9,433,072	9,433,072	9,433,072	0		
Total Sources	18,140,524	363,787	0	0	0	50,000	0	0	0	-2,262,880	17,774,775	(365,749)
Cumulative Sources		*19,987,655*	*19,987,655*	*19,987,655*	*19,987,655*	*20,037,655*	*20,037,655*	*20,037,655*	*20,037,655*	*17,774,775*		
Balance	0	1,349	-65,518	-63,018	-63,018	-13,018	-63,018	-63,018	-65,518	-3,522,077	191,222	
Cumulative Balance		*4,109,425*	*4,043,907*	*3,980,889*	*3,917,871*	*3,904,853*	*3,841,835*	*3,778,817*	*3,713,299*	*191,222*	*0*	
Eligible basis items plus land	15,953,728											
50% Test (for 4% deals)		52%	52%	52%	52%	52%	52%	52%	52%	0%		

Development	Annika Place II
Financing	Tax Exempt
MSHDA No.	4117
Step	Modification
Date	08/15/2024
Type	New Construction

Mortgage Assumptions:

Debt Coverage Ratio	1.15	
Mortgage Interest Rate	6.625%	
Pay Rate	6.625%	
Mortgage Term	40	years
Income from Operations	No	

52	Total Tenant Units
52	TC Units
0	Manager Unit(s)

Total Development Income Potential			Mortgage Mod Per Unit	Mortgage Mod Total	Board Approved Per Unit	Board Approved Total	Difference Mod vs. Board	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income			12,159	632,268	12,159	632,268	0	1.0%	6	2.0%
Annual Non-Rental Income			15	780	15	780	0	1.0%	6	2.0%
Total Project Revenue			12,174	633,048	12,174	633,048	0			

Total Development Expenses			Mortgage Mod Per Unit	Mortgage Mod Total	Board Approved Per Unit	Board Approved Total	Difference Mod vs. Board	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
									Future Vacancy	
Vacancy Loss	8.00%	of annual rent potential	973	50,581	973	50,581	0		6	5.0%
Management Fee	634	per unit per year	634	32,968	634	32,968	0	3.0%	1	3.0%
Administration			1,466	76,208	1,466	76,208	0	3.0%	1	3.0%
Project-paid Fuel			346	18,000	346	18,000	0	3.0%	6	3.0%
Common Electricity			460	23,900	460	23,900	0	4.0%	6	3.0%
Water and Sewer			344	17,900	344	17,900	0	5.0%	6	5.0%
Operating and Maintenance			1,500	78,000	1,500	78,000	0	3.0%	1	3.0%
Real Estate Taxes			0	0	0	0	0	5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	6.00%	Applied to: All Units	602	31,313	602	31,313	0			
Insurance			300	15,600	300	15,600	0	3.0%	1	3.0%
Replacement Reserve	300	per unit per year	300	15,600	300	15,600	0	3.0%	1	3.0%
Other:			0	0	0	0	0	3.0%	1	3.0%
Other:			0	0	0	0	0	3.0%	1	3.0%

	% of Revenue	Mortgage Mod Per Unit	Mortgage Mod Total		Board Approved Per Unit	Board Approved Total	Difference Mod vs. Board
Total Expenses	56.88%	**6,924**	**360,071**		**6,924**	**360,071**	0
Base Net Operating Income		5,250	272,977	Override	5,250	272,977	0
Part A Mortgage Payment	37.50%	4,565	237,372		4,565	237,372	0
Part A Mortgage		**64,000**	**3,327,975**		**64,000**	**3,327,975**	0
Non MSHDA Financing Mortgage Payment		0	0			0	0
Non MSHDA Financing Type:		**0**	**0**			**0**	0
Base Project Cash Flow (excludes ODR)	5.62%	685	35,606		685	35,606	0

Development	Annika Place II
Financing	Tax Exempt
MSHDA No.	4117
Step	Modification
Date	########
Type	New Construction

Income Limits for	Grand Traverse County			(Effective May 15,2023)		
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	18,900	21,600	24,300	26,970	29,130	31,290
40% of area median	25,200	28,800	32,400	35,960	38,840	41,720
50% of area median	31,500	36,000	40,500	44,950	48,550	52,150
60% of area median	37,800	43,200	48,600	53,940	58,260	62,580

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Allowed Housing Expense
30%	Area Median Income Units																
30%	Tenant AMI Restriction (if different from rent restriction)																
Yes	MSHDA Project Based Voucher Units																
Family	Occupancy																
A	12	Apartment	1	1.0	700	914	0	914	131,616	0	20.8%	23.1%	8,400	19.8%	8,400	HCDF	506
C	3	Apartment	1	1.0	715	975	0	975	35,100	0	5.6%	5.8%	2,145	5.0%	2,145	HCDF	506
E	4	Apartment	2	1.0	863	1,085	0	1,085	52,080	0	8.2%	7.7%	3,452	8.1%	3,452	HCDF	607
									218,796	0	34.6%	36.5%	13,997	32.9%	13,997		
50%	Area Median Income Units																
Family	Occupancy																
A	3	Apartment	1	1.0	700	680	0	680	24,480	0	3.9%	5.8%	2,100	4.9%	2,100	CERA	843
B	2	Apartment	1	1.0	706	684	0	684	16,416	0	2.6%	3.8%	1,412	3.3%	1,412	CERA	843
F	1	Apartment	2	1.0	942	828	0	828	9,936	0	1.6%	1.9%	942	2.2%	942	CERA	1,012
									50,832	0	8.0%	11.5%	4,454	10.5%	4,454		
80%	Area Median Income Units																
Family	Occupancy																
C	5	Apartment	1	1.0	715	975	0	975	58,500	0	9.3%	9.6%	3,575	8.4%	3,575	0	1,350
D	3	Apartment	1	1.0	848	975	0	975	35,100	0	5.6%	5.8%	2,544	6.0%	2,544	0	1,350
F	10	Apartment	2	1.0	942	1,180	0	1,180	141,600	0	22.4%	19.2%	9,420	22.2%	9,420	0	1,620
G	3	Apartment	2	1.0	946	1,180	0	1,180	42,480	0	6.7%	5.8%	2,838	6.7%	2,838	0	1,620
H	6	Apartment	2	1.0	950	1,180	0	1,180	84,960	0	13.4%	11.5%	5,700	13.4%	5,700	0	1,620
									362,640	0	57.4%	51.9%	24,077	56.6%	24,077		
Mgrs	0	0	0	0.0					0	0	0.0%	0.0%	0	0.0%	0		
													42,528		**42,528**		

Total Revenue Units	**52**
Manager Units	**0**
Income Aveaging	58%
Set Aside	100%

Gross Rent Potential	**632,268**
Average Monthly Rent	**1,013**
Gross Square Footage	**42,528**

HOME Units SF/Total Units SF	0.0%	**Within Range**
# HOME Units/# Total Units	0.0%	**Within Range**

Utility Allowances

	Tenant-Pai	Tenant-Pai	Tenant-Pai	Tenant-Pai	0		
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A	0	0	0	0	0	0	
B	0	0	0	0	0	0	
C	0	0	0	0	0	0	
D	0	0	0	0	0	0	
E	0	0	0	0	0	0	
F	0	0	0	0	0	0	
G	0	0	0	0	0	0	
H	0	0	0	0	0	0	

Non-Rental Income

Misc. and Interest	260
Laundry	520
Carports	0
Other:	0
Other:	0
	780

Total Income	**Annual**	**Monthly**
Rental Income	632,268	52689
Non-Rental Income	780	65
Total Project Revenue	633,048	52754

Development Annika Place II
Financing Tax Exempt
MSHDA No. 4117
Step Modification
Date 08/15/2024
Type New Construction

TOTAL DEVELOPMENT COSTS			Mortgage Mod Per Unit	Mortgage Mod Total	Included in Tax Credit Basis	Board Approved Per Unit	Board Approved Total	Included in Tax Credit Basis	Difference Mod vs. Board
Acquisition									
Land			19,231	1,000,000	0	19,231	1,000,000	0	0
Existing Buildings			0	0	0	0	0	0	0
Other: Demolition			3,462	180,000	0	3,462	180,000	0	0
		Subtotal	**22,692**	**1,180,000**		**22,692**	**1,180,000**		**0**
Construction/Rehabilitation									
Off Site Improvements			0	0	0	0	0	0	0
On-site Improvements			20,338	1,057,580	1,057,580	20,338	1,057,580	1,057,580	0
Landscaping and Irrigation			1,000	52,000	52,000	1,000	52,000	52,000	0
Structures			157,967	8,214,286	8,214,286	157,967	8,214,286	8,214,286	0
Community Building and/or Maintenance Facility			0	0	0	0	0	0	0
Construction not in Tax Credit basis (i.e.Carports)			0	0	0	0	0	0	0
General Requirements	% of Contract 6.00%	**Within Range**	10,758	559,431	559,431	10,758	559,431	559,431	0
Builder Overhead	% of Contract 2.00%	**Within Range**	3,801	197,665	197,665	3,801	197,665	197,665	0
Builder Profit	% of Contract 6.00%	**Within Range**	11,632	604,857	604,857	11,632	604,857	604,857	0
Bond Premium, Tap Fees, Cost Cert.			0	0	0	0	0	0	0
Other:			0	0	0	0	0	0	0
		Subtotal	**205,497**	**10,685,819**		**205,497**	**10,685,819**		**0**
		15%/$15,000 test:		**met**	**15%/$15,000 test:**		**met**		
Professional Fees									
Design Architect Fees			6,072	315,750	315,750	6,072	315,750	315,750	0
Supervisory Architect Fees			1,518	78,938	78,938	1,518	78,938	78,938	0
Engineering/Survey			2,115	110,000	110,000	2,115	110,000	110,000	0
Legal Fees			2,878	149,664	140,684	2,878	149,664	140,684	0
		Subtotal	**12,584**	**654,352**		**12,584**	**654,352**		**0**
Interim Construction Costs									
Property and Causality Insurance			1,250	65,000	65,000	1,250	65,000	65,000	0
Construction Loan Interest		664,568	12,780	664,568	417,093	12,780	664,568	431,969	0
Title Work			1,058	55,000	27,500	1,058	55,000	27,500	0
Construction Taxes			192	10,000	10,000	192	10,000	10,000	0
Permits			2,596	135,000	135,000	2,596	135,000	135,000	0
		Subtotal	**17,876**	**929,568**		**17,876**	**929,568**		**0**
Permanent Financing									
Loan Commitment Fee to MSHDA		2%	4,580	238,176	0	4,580	238,176	0	0
Other: Bond Is			4,808	250,000	0	4,808	250,000	0	0
		Subtotal	**9,388**	**488,176**		**9,388**	**488,176**		**0**
Other Costs (In Basis)									
Application Fee			38	2,000	2,000	38	2,000	2,000	0
Market Study			125	6,500	6,500	125	6,500	6,500	0
Environmental Studies			558	29,000	29,000	558	29,000	29,000	0
Cost Certification			192	10,000	10,000	192	10,000	10,000	0
Equipment and Furnishings			2,125	110,500	110,500	2,125	110,500	110,500	0
Temporary Tenant Relocation			0	0	0	0	0	0	0
Construction Contingency			10,275	534,291	534,291	10,275	534,291	534,291	0
Appraisal and C.N.A.			269	14,000	14,000	269	14,000	14,000	0
Other: Green I			2,823	146,777	146,777	2,823	146,777	146,777	0
		Subtotal	**16,405**	**853,068**		**16,405**	**853,068**		**0**
Other Costs (NOT In Basis)									
Start-Up and Organization			96	5,000	0	96	5,000	0	0
Tax Credit Fees (based on 2022 QAP)	41,156	**Within Range**	791	41,156	0	791	41,156	0	0
Compliance Monitoring Fee (based on 2022 QAP)			475	24,700	0	475	24,700	0	0
Marketing Expense			43	2,223	0	43	2,223	0	0
Syndication Legal Fees			846	44,000	0	846	44,000	0	0
Rent Up Allowance	8.9 months		3,814	198,315	0	3,814	198,315	0	0
Other: Constru			0		0	0	0	0	0
		Subtotal	**6,065**	**315,394**		**6,065**	**315,394**		**0**

Summary of Acquisition Price		As of	01/00/00
Attributed to Land	1,000,000	1st Mortgage Balance	0
Attributed to Existing Structure	0	Subordinate Mortgage(s)	0
Other: Demolition	180,000	Subordinate Mortgage(s)	0
Fixed Price to Seller	1,180,000	Subordinate Mortgage(s)	0
		Premium/(Deficit) vs Existing Debt	1,180,000

Construction Loan Term	Months
Construction Contract	15
Holding Period (50% Test)	0
Rent up Period	9
Construction Loan Period	24

Appraised Value		Valuse As of:	02/26/23
"Encumbered As-Is" value as determined by appraisal:			1,044,000
Plus 5% of Appraised Value:			52,200
LESS Fixed Price to the Seller:			1,180,000
Surplus/(Gap		**Out of Range**	(83,800)

Override

Project Reser
Operating Ass
Replacement I
Operating Defi
Rent Subsidy I
Syndicator Hel
Rent Lag Escr
Tax and Insura
PSH Reserve
Other:

Miscellaneou
Deposit to Dev
Other (Not in E
Other (In Basis
Other (In Basis

Total Acquisi
Total Constru
Total Non-Co

Developer Ov
Maximum
7.5%
15%

Total Develop

TOTAL DEVE
MSHDA Perm
Conventional/C
Equity Contribu
MSHDA NSP I
MSHDA HOMI
MSHDA Mortg
MSHDA TCAP
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Income from C
Other Equity
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Other:
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Total Perman

Sources Equa
Surplus/(Gap)

3rd Party Cor
Construction L
Repaid from e

Eligible Basis
Acquisition
Construction
Acquisition Cre
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Historic?

Initial Owner'
Equity Contribu
Brownfield Equ
Historic Tax C
General Partne
Other Equity S

New Owner's

		Mortgage Mod Per Unit	Mortgage Mod Total	Included in Tax Credit Basis	Board Approved Per Unit	Board Approved Total	Included in Tax Credit Basis	Difference Mod vs. Board	
ves									**4 Month OAR**
urance Reserve 4.0 months	Funded in Cash	3,830	199,147	0	3,830	199,147	0	0	199,147
Reserve	Not Required	0	0	0	0	0	0	0	
icit Reserve		0	0	0	0	0	0	0	
Reserve		0	0	0	0	0	0	0	
ld Reserve		0	0	0	0	0	0	0	
ow		0	0	0	0	0	0	0	
ance Escrows		0	0	0	0	0	0	0	
		14,135	735,000	0	14,135	735,000	0	0	
		0	0	0	0	0	0	0	
	Subtotal	**17,964**	**934,147**		**17,964**	**934,147**		**0**	
s									
velopment Operating Account (1M	Not Required	0	0	0	0	0	0	0	
Basis):		0	0	0	0	0	0	0	
s): Construction Inspection Fees		0	0	0	0	0	0	0	
s):		0	0	0	0	0	0	0	
	Subtotal	**0**	**0**		**0**	**0**		**0**	
tion Costs		**22,692**	**1,180,000**		**22,692**	**1,180,000**		**0**	
iction Hard Costs		**205,497**	**10,685,819**		**205,497**	**10,685,819**		**0**	
nstruction ("Soft") Costs		**80,283**	**4,174,705**		**80,283**	**4,174,705**		**0**	
erhead and Fee									
2,247,518		**40,385**	**2,100,000**	2,100,000	**40,385**	**2,100,000**	2,100,000	**0**	
of Acquisition/Project Reserves	Override		**5% Attribution Test**						
of All Other Development Costs	2,100,000		**met**						
				LIHTC Basis			**LIHTC Basis**		
pment Cost		**348,856**	**18,140,524**	**14,938,852**	**348,856**	**18,140,524**	**14,938,852**	**0**	

LOPMENT SOURCES	**% of TDC**								
anent Mortgage	18.35%	64,000	3,327,975		64,000	3,327,975		0	**Gap to**
Other Mortgage	0.00%	0	0		0	0		0	**Hard Debt**
ution From Tax Credit Syndication	28.31%	98,752	5,135,096	**# of Units**	98,752	5,135,096	**# of Units**	0	**Ratio**
Funds	0.00%	0	0	0.00	0	0	0.00	0	258%
E	0.00%	0	0	0.00	0	0	0.00	0	
age Resource Funds	0.00%	0	0		0	0		0	
›	0.00%	0	0	0.00	0	0	0.00	0	
ng Trust Funds	0.00%	0	0	0.00	0	0	0.00	0	
\	12.90%	44,992	2,339,572	7.00	44,992	2,339,572	7	0	
E-ARP	0.00%	0	0	0.00	80,913	4,207,451	13	(4,207,451)	
F	34.41%	120,024	6,241,268	18.00	39,112	2,033,817	6	4,207,451	
oan	0.00%	0	0		0	0		0	
Operations	0.28%	984	51,176		984	51,176		0	
45L Energy Credit	0.64%	2,225	115,688		2,225	115,688		0	
eserves:	0.00%	0	0		0	0		0	
Erie Ohio Capital CDFI Fund, LLC	2.48%	8,654	450,000		8,654	450,000		0	
Capital Contribution for Supportive	0.63%	2,192	114,000	**Deferred Dev Fee**	2,192	114,000	**Deferred Dev Fee**	0	
eloper Fee	2.02%	7,034	365,749	17.42%	7,034	365,749	17.42%	0	
ent Sources			**18,140,524**			**18,140,524**		**0**	
al Uses?			**Balanced** **0**			**Balanced** **0**		**0**	
nstruction Loan	**52.00%**	**181,405**	**9,433,072**		**181,405**	**9,433,072**		**0**	**Board Loans**
oan Rate	6.625%					**6,105,097**			**12,761,047**
quity prior to final closing			**6,105,097**						**Board Test**

s for LIHTC/TCAP		**Value of LIHTC/TCAP**		
	0	Acquisition	0	
	14,938,852	Construction	597,554	Override
edit %	4.00%	Total Yr Credit	597,554	597,164
onst Credit %	4.00%	Equity Price	$0.8600	
entage	100.00%	Equity Effective Price	$0.8600	Override
sis Boost	100%	Equity Contribution	5,135,097	
	0			

Existing Reserve Analysis			
DCE Intere	0	Current Owner's Reserves:	0
Insurance:	0	Reserves Transferred in to Project	0
Taxes:	0	Tax/Ins Escrows transferred to project	0
Rep. Reser	0		
ORC:	0		
DCE Princi	0		
Other:	0		

s Equity Calculation	
ution from Tax Credit Syndication	5,135,096
uity	
redit Equity	
er Capitla Contributions	
ources	
Equity	5,135,096

Development	Annika Place II
Financing	Tax Exempt
MSHDA No.	4117
Step	Commitment
Date	06/20/2024
Type	New Construction

Replacement Reserve Analysis

Cost Inflation	103%
RR Period	20

Min. Deposit	36,400
15 Year	0
20 Year	0

Required Initial Deposit	**36,400**
Per Unit	**700**

Year	Starting Balance	RR Needs	Contribution	Net Annual Change	Interest	Ending Balance
1	36,400		15,600	15,600	1,092	53,092
2	53,092		16,068	16,068	1,593	70,753
3	70,753		16,550	16,550	2,123	89,425
4	89,425		17,047	17,047	2,683	109,155
5	109,155		17,558	17,558	3,275	129,987
6	129,987		18,085	18,085	3,900	151,972
7	151,972		18,627	18,627	4,559	175,158
8	175,158		19,186	19,186	5,255	199,599
9	199,599		19,762	19,762	5,988	225,348
10	225,348		20,354	20,354	6,760	252,463
11	252,463		20,965	20,965	7,574	281,002
12	281,002		21,594	21,594	8,430	311,026
13	311,026		22,242	22,242	9,331	342,599
14	342,599		22,909	22,909	10,278	375,786
15	375,786		23,596	23,596	11,274	**410,656**
16	410,656		24,304	24,304	12,320	447,280
17	447,280		25,033	25,033	13,418	485,732
18	485,732		25,784	25,784	14,572	526,088
19	526,088		26,558	26,558	15,783	568,429
20	568,429		27,355	27,355	17,053	**612,836**

Total Units	52
Interest Rate on Reserves	3%
Year 1 RR Deposits	300
Min Initial Deposit ($700/unit)	36400

Cash Flow Projections

Development Annika Place II
Financing Tax Exempt
MSHDA No. 4117
Step Commitment
Date 06/20/2024
Type New Construction

	Initial Inflator	Starting in Yr	Future Inflator	1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	1.0%	6	2.0%	632,268	638,591	644,977	651,426	657,941	671,099	684,521	698,212	712,176	726,420
Annual Non-Rental Income	1.0%	6	2.0%	780	788	796	804	812	828	844	861	879	896
Total Project Revenue				**633,048**	**639,378**	**645,772**	**652,230**	**658,752**	**671,927**	**685,366**	**699,073**	**713,055**	**727,316**
Expenses													
Vacancy Loss	8.0%	6	5.0%	50,581	51,087	51,598	52,114	52,635	33,555	34,226	34,911	35,609	36,321
Management Fee	3.0%	1	3.0%	32,968	33,957	34,976	36,025	37,106	38,219	39,366	40,546	41,763	43,016
Administration	3.0%	1	3.0%	76,208	78,494	80,849	83,275	85,773	88,346	90,996	93,726	96,538	99,434
Project-paid Fuel	3.0%	6	3.0%	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,138	22,802	23,486
Common Electricity	4.0%	6	3.0%	23,900	24,856	25,850	26,884	27,960	28,798	29,662	30,552	31,469	32,413
Water and Sewer	5.0%	6	5.0%	17,900	18,795	19,735	20,721	21,758	22,845	23,988	25,187	26,446	27,769
Operating and Maintenance	3.0%	1	3.0%	78,000	80,340	82,750	85,233	87,790	90,423	93,136	95,930	98,808	101,772
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				31,313	31,519	31,722	31,922	32,120	33,902	34,509	35,125	35,751	36,386
Insurance	3.0%	1	3.0%	15,600	16,068	16,550	17,047	17,558	18,085	18,627	19,186	19,762	20,354
Replacement Reserve	3.0%	1	3.0%	15,600	16,068	16,550	17,047	17,558	18,085	18,627	19,186	19,762	20,354
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				360,071	369,724	379,676	389,937	400,515	393,125	404,631	416,488	428,709	441,306
Debt Service													
Debt Service Part A				237,372	237,372	237,372	237,372	237,372	237,372	237,372	237,372	237,372	237,372
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**597,442**	**607,096**	**617,048**	**627,308**	**637,887**	**630,497**	**642,002**	**653,860**	**666,081**	**678,677**
Cash Flow/(Deficit)				**35,606**	**32,283**	**28,724**	**24,922**	**20,865**	**41,430**	**43,364**	**45,214**	**46,974**	**48,639**
Cash Flow Per Unit				685	621	552	479	401	797	834	869	903	935
Debt Coverage Ratio on Part A Loan				1.15	1.14	1.12	1.10	1.09	1.17	1.18	1.19	1.20	1.20
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves: 3%

Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis			1	2	3	4	5	6	7	8	9	10
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
Initial Balance		**0**	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0
Interest			0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR			0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit			685	621	552	479	401	797	834	869	903	935
Maintained Debt Coverage Ratio on Part A Loan			1.15	1.14	1.12	1.10	1.09	1.17	1.18	1.19	1.20	1.20
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**0**										
Non-standard ODR		**0**										

Operating Assurance Reserve Analysis		199,147	1	2	3	4	5	6	7	8	9	10
Required in Year:	1	Initial Deposit										
Initial Balance		**199,147**	199,147	205,122	211,275	217,614	224,142	230,866	237,792	244,926	252,274	259,842
Interest Income			5,974	6,154	6,338	6,528	6,724	6,926	7,134	7,348	7,568	7,795
Ending Balance			205,122	211,275	217,614	224,142	230,866	237,792	244,926	252,274	259,842	267,637

Deferred Developer Fee Analysis		1	2	3	4	5	6	7	8	9	10
Initial Balance		365,749	330,143	297,861	269,136	244,214	223,349	181,919	138,555	93,342	46,368
Dev Fee Paid		35,606	32,283	28,724	24,922	20,865	41,430	43,364	45,214	46,974	46,368
Ending Balance	Repaid in y 0	330,143	297,861	269,136	244,214	223,349	181,919	138,555	93,342	46,368	0

Mortgage Resource Fund Loan			1	2	3	4	5	6	7	8	9	10
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		**0**	0	0	0	0	0	0	0	0	0	0
Current Yr Int			0	0	0	0	0	0	0	0	0	0
Accrued Int			0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due		**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance			0	0	0	0	0	0	0	0	0	0

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator	11	12	13	14	15	16	17	18	19	20
Income													
Annual Rental Income	1.0%	6	2.0%	740,948	755,767	770,882	786,300	802,026	818,066	834,428	851,116	868,139	885,501
Annual Non-Rental Income	1.0%	6	2.0%	914	932	951	970	989	1,009	1,029	1,050	1,071	1,092
Total Project Revenue				**741,862**	**756,699**	**771,833**	**787,270**	**803,015**	**819,076**	**835,457**	**852,166**	**869,210**	**886,594**
Expenses													
Vacancy Loss	8.0%	6	5.0%	37,047	37,788	38,544	39,315	40,101	40,903	41,721	42,556	43,407	44,275
Management Fee	3.0%	1	3.0%	44,306	45,635	47,004	48,415	49,867	51,363	52,904	54,491	56,126	57,810
Administration	3.0%	1	3.0%	102,417	105,490	108,654	111,914	115,271	118,730	122,291	125,960	129,739	133,631
Project-paid Fuel	3.0%	6	3.0%	24,190	24,916	25,664	26,434	27,227	28,043	28,885	29,751	30,644	31,563
Common Electricity	4.0%	6	3.0%	33,385	34,387	35,418	36,481	37,575	38,703	39,864	41,060	42,291	43,560
Water and Sewer	5.0%	6	5.0%	29,157	30,615	32,146	33,753	35,441	37,213	39,073	41,027	43,078	45,232
Operating and Maintenance	3.0%	1	3.0%	104,825	107,970	111,209	114,546	117,982	121,521	125,167	128,922	132,790	136,773
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				37,030	37,684	38,347	39,019	39,701	40,392	41,093	41,803	42,523	43,252
Insurance	3.0%	1	3.0%	20,965	21,594	22,242	22,909	23,596	24,304	25,033	25,784	26,558	27,355
Replacement Reserve	3.0%	1	3.0%	20,965	21,594	22,242	22,909	23,596	24,304	25,033	25,784	26,558	27,355
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				454,289	467,674	481,471	495,694	510,358	525,477	541,066	557,139	573,714	590,807
Debt Service													
Debt Service Part A				237,372	237,372	237,372	237,372	237,372	237,372	237,372	237,372	237,372	237,372
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**691,661**	**705,045**	**718,842**	**733,066**	**747,730**	**762,849**	**778,437**	**794,511**	**811,086**	**828,178**
Cash Flow/(Deficit)				**50,201**	**51,654**	**52,991**	**54,204**	**55,285**	**56,227**	**57,020**	**57,655**	**58,124**	**58,416**
Cash Flow Per Unit				965	993	1,019	1,042	1,063	1,081	1,097	1,109	1,118	1,123
Debt Coverage Ratio on Part A Loan				1.21	1.22	1.22	1.23	1.23	1.24	1.24	1.24	1.24	1.25
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves	3%

Operating Deficit Reserve (ODR) Analysis

			11	12	13	14	15	16	17	18	19	20
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
Initial Balance		0	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0
Interest			0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR			0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit			965	993	1,019	1,042	1,063	1,081	1,097	1,109	1,118	1,123
Maintained Debt Coverage Ratio on Part A Loan			1.21	1.22	1.22	1.23	1.23	1.24	1.24	1.24	1.24	1.25
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		0										
Non-standard ODR		0										

Operating Assurance Reserve Analysis

			11	12	13	14	15	16	17	18	19	20
		199,147										
Required in Year:	1	Initial Deposit										
Initial Balance		**199,147**	267,637	275,667	283,937	292,455	301,228	310,265	319,573	329,160	339,035	349,206
Interest Income			8,029	8,270	8,518	8,774	9,037	9,308	9,587	9,875	10,171	10,476
Ending Balance			275,667	283,937	292,455	301,228	310,265	319,573	329,160	339,035	349,206	359,682

Deferred Developer Fee Analysis

			11	12	13	14	15	16	17	18	19	20
Initial Balance			0	0	0	0	0	0	0	0	0	0
Dev Fee Paid			0	0	0	0	0	0	0	0	0	0
Ending Balance	Repaid in y	0	0	0	0	0	0	0	0	0	0	0

Mortgage Resource Fund Loan

			11	12	13	14	15	16	17	18	19	20
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		0	0	0	0	0	0	0	0	0	0	0
Current Yr Int			0	0	0	0	0	0	0	0	0	0
Accrued Int			0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due		**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance			0	0	0	0	0	0	0	0	0	0

DRAFT
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN INCREASE
ANNIKA PLACE II, MSHDA DEVELOPMENT NO. 4117
CITY OF TRAVERSE CITY, GRAND TRAVERSE COUNTY

August 15, 2024

WHEREAS, on June 20, 2024, the Michigan State Housing Development Authority (the "Authority") authorized mortgage loans for the construction and permanent financing of a development to be known as Annika Place II, located in the City of Traverse City, Grand Traverse County, Michigan (the "Development"); and

WHEREAS, the Chief Executive Officer and Executive Director has recommended that the Authority approve an increase in the HCDF permanent mortgage loan for the Development as delineated in the accompanying Memorandum; and

WHEREAS, the Authority has reviewed the accompanying Memorandum and concurs in the recommendation of the Chief Executive Officer and Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that a mortgage loan increase for Annika Place II, MSHDA Development No. 4117, in an amount not to exceed $4,207,817 be and is hereby authorized, bringing the total HCDF permanent mortgage loan authorized for this Development to Six Million Two Hundred Forty-One Thousand Two Hundred Sixty-Eight Dollars ($6,241,268), subject to the terms and conditions set forth in the accompanying Memorandum.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO:	Authority Members
FROM:	Amy Hovey, Chief Executive Officer and Executive Director
DATE:	August 15, 2024
RE:	Lee Plaza Apartments (4%), MSHDA Development No. 44c-212

Amy Hovey

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") 1) adopt a resolution authorizing the issuance of a loan (the "Loan") with respect to the project described in the attached report, and 2) adopt a resolution authorizing the issuance of bonds, the proceeds of which will finance the Loan.

PROJECT SUMMARY:

MSHDA No.:	44c-212
Development Name:	Lee Plaza Apartments (4%)
Development Location:	City of Detroit, Wayne County
Eligible Distressed Area:	Yes
Sponsor:	The Roxbury Group, Ethos Development Partners, and South Oakland Shelter d/b/a Lighthouse MI
Borrower:	Lee Plaza II Limited Dividend Housing Association LLC
Number of Units:	65 elderly units
Number of Accessible Units:	4 accessible units
Construction Method:	Acquisition and Substantial Rehabilitation (vacant historic building)
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Pass-Through Gap PA 5:	$ 3,900,000
Total Development Cost:	$48,395,496 (estimated)
Aggregate Basis:	$44,460,018
Total Loan Amount:	Not to exceed $24,500,000 (54.88% of aggregate basis)
Credit Enhancement:	Cash collateral through (a) FHA-insured Section 221 (d)(4) mortgage loan provided by Gershman Investment Corporation, (b) loans from the City of Detroit, (c) loan from Invest Detroit Foundation, and/or (d) tax credit equity bridge loan from Carlisle 2024 Bridge Loan Fund, LLC ("Credit Enhancement").

Commitment Fee: 1.0% of the Loan Amount

EXECUTIVE SUMMARY:

The borrower proposes to acquire and rehabilitate an existing and vacant 65-unit development (the "Development") located in the City of Detroit, Wayne County using a construction loan from the Authority financed with the proceeds of bonds issued for the Development pursuant to Section 44c of the Authority's enabling act. The Development, as proposed, meets the requirements of Section 44c, and repayment of the bonds will be reasonably secure based on cash collateral intended to secure such repayment, provided through (a) an FHA-insured Section 221 (d)(4) mortgage loan provided by Gershman Investment Corporation, (b) loans from the City of Detroit, (c) a loan from Invest Detroit Foundation, and/or (d) a tax credit equity bridge loan from Carlisle 2024 Bridge Loan Fund, LLC.

The Development will be subject to a master lease (the "Master Lease") between the Borrower and Lee Plaza II Master Tenant Limited Dividend Housing Association LLC (the "Master Tenant"). The Master Tenant will operate the Development and will lease the apartment units to qualifying tenants. The Master Tenant will make Master Lease Payments to the Borrower under the Master Lease and will contract with the property manager to manage the Development. The Master Lease and the Master Tenant will be subject to the terms of the Bond Regulatory Agreement and other Borrower requirements applicable to the Development.

I am recommending Board approval for the following reasons:

- The Developer's application satisfies the requirements for the issuance of a commitment resolution under Section 44c of the Authority's Act and the Amended and Restated Pass-Through Program Statement adopted July 20, 2023.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.
- Forty-six of the 65 units will be covered by a Section 8 contract, and 16 units of the 65 units will be covered by project-based vouchers ("PBV") from the Authority, thereby providing project-based assistance to most of the tenants. Three units are not covered by the Section 8 HAP Contract or PBVs.

ADVANCING THE AUTHORITY'S MISSION:

- The Development will be located in Region O of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region O Action Plan:
    - Goal 3.2: increase access to stable and affordable quality housing options for households with extremely low incomes.
    - Goal 4.1: increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.
    - Goal 5.1: equitably expand the supply of affordable and accessible rental units statewide for older adults.
- The development is comprised of 65 units. All 65 units will be targeted to households with incomes at or below 60% of area median income. In addition, 10% of the units (7 units) will be targeted to households with incomes at or below 40% of area median income. Additional details are provided on page 2 of the Staff Report.

- A vacant and historic structure will be rehabilitated and provide affordable senior housing development in the City of Detroit.

MUNICIPAL SUPPORT:

- Municipal support is demonstrated by a letter issued July 29, 2024, by the City of Detroit's Housing and Revitalization Department supporting approval of a 4% Payment in Lieu of Taxes ("PILOT") with a final determination subject to the City's Board of Assessor's review and Detroit City Council approval.
- Municipal support is demonstrated by the City of Detroit's allocation of $7,559,735 in ARPA and NSP funds to the Development.

COMMUNITY ENGAGEMENT/IMPACT:

- It is anticipated that the construction or rehabilitation of the Development will create 4 permanent jobs and 390 temporary construction-related jobs.
- The community was invited to engage in a public hearing ("TEFRA Hearing") regarding the bond funding.
- The Sponsor and the City of Detroit conducted multiple community engagement events in the spring of 2022. Those events were attended by representatives from nearby neighborhood associations, local residents and nonprofit organizations. The City of Detroit published open invitations for those events and encouraged the public to participate. The Sponsor gave presentations about the history of the property and laid out the plans for revitalizing the Lee Plaza building and developing it into affordable housing.

RESIDENT IMPACT

Not applicable—the Development is vacant and requires substantial rehabilitation.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

LOAN COMMITMENT STAFF REPORT

August 15, 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") 1) adopt a resolution authorizing the issuance of a loan commitment with respect to the project described in this report; and 2) adopt a resolution authorizing the issuance of bonds, the proceeds of which will finance the Loan.

PROJECT SUMMARY

MSHDA No.:	44c-212
Development Name:	Lee Plaza Apartments (4%)
Development Location:	City of Detroit, Wayne County
Eligible Distressed Area:	Yes
Sponsor:	The Roxbury Group, Ethos Development Partners, and South Oakland Shelter d/b/a Lighthouse MI
Borrower:	Lee Plaza II Limited Dividend Housing Association LLC
Number of Units:	65 Elderly Units
Number of Accessible Units:	4 accessible units
Construction Method:	Acquisition and Substantial Rehabilitation (vacant historic building)
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Pass-Through Gap PA 5:	$ 3,900,000
Total Development Cost:	$48,395,496 (estimated)
Aggregate Basis:	$44,640,018
Total Loan Amount:	Not to exceed $24,500,000 (54.88% of aggregate basis)
Credit Enhancement:	Cash collateral through (a) FHA-insured Section 221 (d)(4) mortgage loan provided by Gershman Investment Corporation, (b) loans from the City of Detroit (c) loan from Invest Detroit Foundation, and/or (d) tax credit equity bridge loan from Carlisle 2024 Bridge Loan Fund, LLC ("Credit Enhancement").
Commitment Fee:	1.0% of the Loan Amount

The material contained in this staff report is submitted to the Authority for information only. The Authority does not underwrite Pass-Through Bond loans. To the extent that any information contained herein conflicts with the documents relating to the sale of the bonds and the making of the loan, the latter documents shall control.

PROGRAM DESCRIPTION:

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue bonds that are not general obligations of the Authority and are not backed by the moral obligation of the State. The bonds are "limited obligations" of the Authority with the security limited to the assets of the borrower, the project itself, credit enhancement arranged by the borrower, or some combination of the foregoing. These are generally referred to as "Pass-Through" bonds.

On July 20, 2023, the Authority re-authorized the Amended and Restated Pass-Through Bond Program, increasing the maximum allocation to $300 million in tax-exempt bond volume cap. This program imposes rent and income targeting requirements of either 40% at 60% of area median income or 20% at 50% of area median income and limits the bond allocation available per project and per sponsor. In addition, at least ten percent (10%) of the units in the Development must be more deeply targeted to households whose income is at or below 40% of area median income. It also requires limited market and environmental reviews.

On March 16, 2023, the Authority approved a program statement for the Affordable Housing Tax Credit Gap Financing Program (“PA5 Program”). The PA5 Program allocated approximately $57 million to the Pass-Through Bond Program for gap funding that increases the supply of affordable housing throughout the state. This gap funding will take the form of a grant or forgivable loan. The recipient of the grant or forgivable loan may be any entity selected by the applicant, provided, however, if the recipient is an entity other than the owner, the funds must be received by the selected non-owner recipient and contributed or loaned to the owner.

PROPOSAL SUMMARY:

The Borrower proposes to acquire and rehabilitate 65 elderly apartment units on a site located at 2240 West Grand Boulevard in the City of Detroit. 100% of the units (65 units) in the development will be restricted to households with incomes at or below 60% of area median income, utilizing the new income limits for Multifamily Tax Subsidy Projects ("MTSP") as determined by the U.S. Department of Housing and Urban Development (“HUD”) with respect to projects financed pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), as further amended by the Housing and Economic Recovery Act of 2008 (P.L. 110-289) ("MTSP Limits"). At least ten percent (10%) of the units (7 units) in the development will be more restricted to households with incomes at or below 40% of area median income, using the MTSP Limits.

Authority staff has received and reviewed commitments for the proposed Credit Enhancement and has determined that, if the proposed Credit Enhancement is delivered as set forth in the commitments, repayment of the Authority’s bonds will be reasonably secure.

CONDITIONS:

1. **Income Limits:**

The Borrower must enter into a Regulatory Agreement with the Authority requiring that 100% of the units in the Development (65 units) must be rented or available for rental by tenants whose income does not exceed the 60% MTSP Limit, adjusted for family size. Within the foregoing, 10% of the units (7 units) in the Development must be rented or available for rental by tenants whose income does not exceed the 40% MTSP Limit, adjusted for family size. These occupancy restrictions shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority obligations to be issued to finance the acquisition and construction or rehabilitation of the Development (the “Bonds”) remain outstanding, but in no event for less than the period of time required by the terms of the Low Income Housing Tax Credit ("LIHTC") Regulatory Agreement, known as the Extended Use Period (the “EUP”), or the period required by Section 142(d) of the Code.

The income of the individuals and the area gross median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of Treasury publishes its requirements, income of individuals shall be determined in accordance with the Section 8 regulations.

Forty-six units will receive a Section 8 Housing Assistance Payment (“HAP”) Contract and must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the HAP Contract for so long as the HAP Contract between the Mortgagor and HUD is in effect (including extensions and renewals), or for such longer period as determined by HUD. The Authority is not responsible for the compliance monitoring or oversight of the occupancy or the regulations applicable to the non-MSHDA HAP Contract.

Sixteen units will receive MSHDA project-based vouchers (“PBV”s) and must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the PBV HAP Contract for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

2. **Limitations on Rental Rates:**

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 100% of the units (65 units) in the Development may not exceed 30% of 1/12 of the 60% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. Within the foregoing, the Total Housing Expense for 10% of the units in the Development (7 units) may not exceed 30% of 1/12 of the 40% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. These limitations on rental rates shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the EUP or the period of time required by Section 142(d) of the Code.

For purposes of determining whether or not the rents paid by the tenants of the Development are within the required limits set forth in this Section 2, the amount of any Section 8 rental subsidy paid on behalf of a tenant with respect to any unit shall not be considered as rent paid by the tenant.

The rents to be paid for the 46 units assisted with the non-MSHDA HAP Contract may not exceed the rent limits established and published annually by HUD for the Section 8 Program.

The rents to be paid for the 16 units assisted with a MSHDA PBV HAP Contract may not exceed the rent limits established and published annually by HUD for the PBV Program.

To the extent units within the Development is subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

3. **Covenant Running with the Land:**

The Borrower must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the Bonds. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after 50 percent of the residential units in the project are occupied, the first day on which no Bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates (the "Qualified Project Period"). Additionally, during the Qualified Project Period, the minimum set-aside requirements of the Code must be maintained, namely, at least forty percent (40%) of the units in the Development must be occupied or held available for occupancy by individuals whose income is lower than the MTSP Limits 60% income limit, adjusted for family size. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations.

4. **Limitation on Return on Equity:**

   The Borrower must agree that its return on equity will be limited to 12 percent (12%) for the first 12-month period following substantial completion of the Development, with annual one percent increases thereafter, and to submit an annual financial statement evidencing its eligibility for return no later than 90 days after the close of the Borrower's fiscal year. The Borrower's return is fully cumulative. The amount of the Borrower's equity will be determined by the Authority.

5. **Bond and Tax Credit Requirements:**

   At the Bond closing, the Borrower must enter into a Trust Indenture that provides all cash proceeds of the Credit Enhancement will be deposited with the trustee for the Bonds and will be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel, a Useful Life Certificate prepared by the Borrower's accountants and/or such other evidence, as determined by the Authority's Chief Legal Affairs Officer, that respectively confirm that the structure of the transaction will permit the Borrower to claim the LIHTC 4% credit.

6. **Loan Agreement; Indemnification; Compliance Monitoring and Reporting Requirements:**

   At the Bond closing, the Borrower must also enter into a Loan Agreement with the Authority. In the Loan Agreement, the Borrower must agree to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of the financing, construction, ownership, or operation of the Development, or from the violation of any environmental laws. The Borrower must also agree to provide the Authority on or before September 1 of each year with a report in a form acceptable to the Authority, including such information as is required by Section 44c of the Act. The Borrower must also agree to participate in compliance monitoring activities relative to the Bonds and the tax credits allocated to the Development, as required by the Authority's Compliance Monitoring staff, and to pay an annual compliance monitoring fee not to exceed 0.25% of the outstanding principal amount of the Bonds. The form and substance of the Loan Agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

7. **Closing and Organizational Documents:**

   Prior to Bond closing, the Borrower must submit all of the documents relating to the sale of the limited obligation bonds and the making of the loan, including title and survey matters, and its organizational documents. All documents must be in compliance with the Authority’s Act and acceptable to the Michigan Attorney General, the Authority's Bond counsel and the Authority’s Chief Legal Affairs Officer.

8. **Equal Employment Opportunity:**

Prior to Bond closing, the general contractor must submit an equal employment opportunity plan pursuant to Section 46 of the Act, which must be approved by the Authority's Equal Employment Opportunity Officer. At Bond closing, the Borrower and the general contractor must enter into an agreement regarding the enforcement and monitoring of the plan acceptable to the Authority's Chief Legal Affairs Officer.

9. **Section 3 Requirements**:

Prior to Bond closing, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide a copy of the contractor's "Section 3 Hiring Plan" approved by the City of Detroit, if requested by the Authority. In addition, the general contractor must agree to adhere to follow-up reporting requirements as established by the City of Detroit. The Authority is not responsible for Section 3 compliance, monitoring, or oversight, which will be performed by the City of Detroit.

10. **Davis-Bacon and Cross-cutting Federal Requirements:**

The general contractor will be required to comply with all federal prevailing wage requirements, the requirements of the Davis-Bacon and Related Acts, and other applicable federal regulations as required under the terms of Project Based Voucher Program.

11. **Environmental Review:**

Prior to Bond closing, the Borrower must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

12. **LIHTC Regulatory Agreement:**

Following the Placed in Service Date, the Borrower must enter into an LIHTC Regulatory Agreement in a form required by the Authority.

13. **PA5 Grant:**

At Bond closing, the Borrower must enter into a Grant Agreement (to be acknowledged), Regulatory Agreement, Flows of Funds Agreement, Construction Oversight Agreement, and any other required documents as determined by the Chief Legal Affairs Officer. The form and substance of the documents must be acceptable to the Chief Legal Affairs Officer. In addition, Borrower's selected entity to receive the grant must also sign the Grant Agreement.

15. **AHAP Contract:**

Prior to Bond closing, the Authority and the Borrower must enter into an Agreement to enter into a PBV Agreement to Enter into a Housing Assistance Payment ("AHAP") contract. The AHAP must be acceptable to the Authority's Director of Development. Once construction is complete, and the Authority's and Owner's final completion signoffs have been accepted, and the units pass HUD's National Standard for Physical Inspection of Real Estate ("NSPIRE"), a PBV Housing Assistance Payments ("HAP") Contract will be prepared and executed.

16. **HUD Authority to Use Grant Funds:**

Prior to Mortgage Loan Commitment, the Authority must receive HUD's Authority to Use Grant Funds (HUD 7015.16) in connection with the proposed ARPA and NSP Loans from the City of Detroit or confirmation that the Development is categorically excluded from NEPA review.

17. **Master Tenant and Bond Regulatory Agreement:**

The Development will be subject to a master lease (the "Master Lease") between the Borrower and Lee Plaza II Master Tenant Limited Dividend Housing Association LLC (the "Master Tenant"). The Master Tenant will operate the Development and will lease the apartment units to qualifying tenants. The Master Tenant will make Master Lease Payments to the Borrower under the Master Lease and will contract with the property manager to manage the Development. The Master Lease and the Master Tenant will be subject to the terms of the Bond Regulatory Agreement and other Borrower requirements applicable to the Development. The Master Lease will be subject to the approval of the Chief Legal Affairs Officer.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

1. **Sponsor #1:** The Roxbury Group
1117 Griswold Street, #1416
Detroit, MI 48226

Contact: David DiRita
Phone: 313-963-6118
Email: ddirita@roxburygroup.com

Contact: James Van Dyke
Phone: 313-530-7880
Email: jvandyke@roxburygroup.com

Sponsor #2: Ethos Development Partners
882 Oakman Blvd Ste G
Detroit MI 48238

Contact: Joseph Heaphy
Phone: 313-850-5844
Email: jheaphy@ethosdp.com

Contact: Lana Zaghmout

Phone: 586-871-9049
Email: lzaghmout@ethosdp.com

Sponsor #3 South Oakland Shelter d/b/a Lighthouse MI
46156 Woodward Avenue
Pontiac, MI 48342

Contact: Ryan Hertz
Phone: 248-920-6000
Email: rhertz@lighthousemi.org

2. **Borrower:** Lee Plaza II Limited Dividend Housing Association LLC

3. **Master Tenant:** Lee Plaza II Master Tenant Limited Dividend Housing Association LLC

Bond Underwriter: The Sturges Company
Mike Sturges
Michael@TheSturgesCompany.com
239-302-2967

Bond Counsel: Dickinson Wright, PLLC
Craig W. Hammond
CHammond@dickinsonwright.com
248-433-7256

Bond Trustee: The Huntington National Bank
John Alexander
John.D.Alexander@huntington.com
317.686.5321

Credit Enhancement Providers: Gershman Investment Corporation
Adam Hendin
ahendin@gershman.com
314-973-7355

Brian Blue
bblue@gershman.com
636-489-4523

City of Detroit
Rebecca Labov
Labovr@detroitmi.gov

Larry Catrinar

Larry.catrinar@detroitmi.gov

Carlisle 2024 Bridge Loan Fund, LLC
Marc Cohen
Mcohen@carlisletaxcredits.com
301-356-1857

Edward Darling
edarling@carlisletaxcredits.com

Lisa Lyons
Llyons@carlisletaxcredits.com

Invest Detroit Foundation
Marcia F Ventura
313.259.6368, Ext. 833

Other Members of the Development Team:

LIHTC Equity Partner:	Affordable Housing Partners, Inc (Joseph DeGaetano)
HTC Equity Partner:	Chase Community Equity, LLC (Timothy Karp)
Borrower's Counsel:	Dykema (Scott Kocienski) and Klein Hornig (Jessica Glynn Worthington, Chris Hornig, and Mark Iafrate)
Borrower's Accountant:	Regency Consulting (Joanne Candela)
Contractor:	Sachse Construction & Development Co LLC (Jay McKee)
Property Management:	KMG Prestige (Karen Mead)
Architect:	Fusco, Shaffer & Pappas, Inc. (James T. Pappas)
Rating Agency:	Moody's Investors Service (Timothy Mone)
Consultant:	Gary Scheuren 517-582-5192 gary.scheuren@gmail.com

Construction Sources of Funds:

Carlisle Equity Bridge Loan	$19,000,000
FHTC and LIHTC Equity	$3,763,647
City of Detroit NSP and ARPA	$7,559,735
MSHDA PA5 Funds	$3,900,000
MEDC Grant	$3,000,000
Total Construction Sources of Funds	**$37,223,382**

Permanent Sources of Funds:

HUD 221(d)(4)	$4,785,703
City of Detroit ARPA	$6,059,735
Sponsor Contribution	$1,648,599
City of Detroit NSP	$1,500,000
Invest Detroit (MEDC Enhancement Grant)	$3,000,000
MSHDA PA5/Passthrough Gap	$3,900,000
LIHTC Equity	$19,684,544
FHTC Equity	$7,180,770
Deferred Developer Fee (“DDF”)	$636,145
Total Sources of Funds	**$48,395,496**

Uses of Funds:

Land	$57,750
Building Acquisition	$173,250
Site Work	$422,552
Construction Costs	$34,868,487
Professional Fees	$1,215,525
Interim Construction Costs	$3,369,335
Permanent Financing	$317,060
Other Costs	$592,418
Syndication Costs	$410,057
Developer Fee	$6,218,630
Project Reserves	$750,432
Total Uses of Funds	**$48,395,496**

APPROVALS:

Jeffrey J Sykes 8-9-24

Jeffrey Sykes, Chief Financial Officer Date

Clarence L. Stone, Jr. 8-9-2024

Clarence L. Stone, Jr., Chief Legal Affairs Officer Date

Chad A. Benson 8/9/2024

Chad Benson, Director of Development Date

Amy Hovey 08/09/2024

Amy Hovey, Chief Executive Officer and Executive Director Date

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING LOAN
LEE PLAZA APARTMENTS (4%), MSHDA No. 44c-212
CITY OF DETROIT, WAYNE COUNTY

August 15, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, limited dividend housing associations, mobile home park corporations, and certain public bodies or agencies; and

WHEREAS, an application (the "Application") has been filed with the Authority by The Roxbury Group, Ethos Development Partners, and South Oakland Shelter d/b/a Lighthouse MI (collectively, the "Applicant") for a loan in an amount not to exceed Twenty-Four Million Five Hundred Thousand Dollars ($24,500,000) (the "Loan") for the acquisition, rehabilitation and equipping of a housing project having an estimated Total Development Cost of Forty-Eight Million Three Hundred Ninety-Five Thousand Four Hundred Ninety-Six Dollars ($48,395,496), to be known as Lee Plaza Apartments (4%) (the "Development"), located in City of Detroit, Wayne County, Michigan and to be owned by Lee Plaza II Limited Dividend Housing Association LLC (the "Borrower"); and

WHEREAS, the Applicant filed an application for a grant under the Affordable Housing Tax Credit Gap Financing Program ("PA 5 Program") in the amount of Three Million Nine Hundred Thousand Dollars ($3,900,000) ("PA 5 Grant"), which if awarded, shall be awarded to an entity other than the Borrower; the recipient of the PA 5 Grant shall contribute or loan the proceeds of the PA 5 Grant to the Borrower; and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendations of the Chief Executive Officer and Executive Director and, on the basis of the Application and such recommendations, has made determinations that:

(a) The Borrower is an eligible applicant;

(b) The proposed housing project is eligible for financing under Section 44c of the Act;

(c) The Borrower has submitted evidence of commitments to issue credit enhancement in forms and amounts sufficient to assure the Authority that its loan to the Borrower is reasonably secure;

(d) The Borrower has agreed to compensate, as it considers appropriate and at no cost to the Authority, any underwriters, trustees, counsel, and other professionals as are necessary to complete the financing of the proposed housing project;

(e) The Borrower has paid to the Authority its nonrefundable application fee;

(f) The amount of the loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation of loan amount; and

(g) Use of the bond authority from the State uniform volume cap for the project will not impair the ability of the Authority to carry out programs or finance housing developments or housing units which are targeted to lower income persons.

WHEREAS, Sections 82 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in a housing project.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority and the Loan Commitment Staff Report dated August 15, 2024, and attached hereto (the "Commitment Report").

2. A loan (the "Loan") be and it hereby is authorized and Chief Executive Officer and Executive Director, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in such capacity (each an "Authorized Officer"), or any one of them acting alone, are authorized to issue to the Applicant and the Borrower the Authority's loan commitment (the "Commitment") for the financing of the proposed housing project, with the Loan to have an initial principal amount not to exceed Twenty-Four Million Five Hundred Thousand Dollars ($24,500,000), to have a term not longer than December 1, 2028, and to bear interest at a rate not to exceed twelve percent (12%) per annum. Any Authorized Officer is authorized to modify or waive any condition or provision contained in the Commitment.

3. This Resolution and issuance of the Commitment are based on the information obtained from the Applicant. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or changes in any materially adverse respect, this Resolution, together with the Commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

4. Notwithstanding passage of this Resolution or execution of any documents in anticipation of the closing of the proposed Loan, no contractual rights to receive the Loan authorized herein shall arise unless and until an Authorized Officer shall have issued the Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

5. Availability of funds for financing the Loan of the proposed housing project is subject to the Authority's ability to sell its limited obligation notes or bonds in the amount and at a rate or rates of interest and at a sufficient length of maturity, as determined by the Executive Director, necessary to make the Loan.

6. In accordance with Sections 93(b) and 44c(12) of the Act, the maximum reasonable and proper rate of return on the investment in the Development be and it hereby is determined to be 12 percent for the first 12 months of operation of the Development following substantial completion.

The allowable rate of return shall be increased by 1 percent for each 12-month period after the first 12 months. Any return less than the allowable rate in any preceding period may be received in any subsequent period on a cumulative basis.

7. The Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Commitment Report attached hereto, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2024 (LEE PLAZA APARTMENTS (4%) PROJECT)

TO FINANCE A LOAN TO LEE PLAZA II LIMITED DIVIDEND HOUSING ASSOCIATION LLC SO AS TO ENABLE THE BORROWER TO ACQUIRE, CONSTRUCT, REHABILITATE AND EQUIP A CERTAIN MULTI-FAMILY RENTAL HOUSING FACILITY, AUTHORIZING THE EXECUTION OF THE BOND PURCHASE AGREEMENT, THE LOAN AGREEMENT AND THE TRUST INDENTURE SECURING THE BONDS, AND DETERMINING AND AUTHORIZING OTHER MATTERS RELATIVE THERETO

August 15, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized by Act 346, Michigan Public Acts, 1966, as amended (the "Act"), to issue bonds for the purpose of making loans to limited dividend housing associations (as defined in the Act) to provide financing for multi-family housing projects (as defined in the Act); and

WHEREAS, Lee Plaza II Limited Dividend Housing Association LLC, a Michigan limited liability company (the "Borrower"), is a limited dividend housing association (as defined in the Act); and

WHEREAS, the Borrower has applied to the Authority for a loan in a maximum amount of Twenty Four Million Five Hundred Thousand Dollars ($24,500,000) to finance the costs of acquiring, constructing, rehabilitating, equipping and improving a certain senior affordable multi-family rental housing facility located in the City of Detroit, Wayne County, Michigan (the "Project"); and

WHEREAS, the Authority proposes to issue its Multifamily Housing Revenue Bonds, Series 2024 (Lee Plaza Apartments (4%) Project) in an aggregate principal amount not to exceed $24,500,000 (the "Bonds") pursuant to this Resolution and the Trust Indenture, dated as of October 1, 2024 (the "Indenture"), between the Authority and The Huntington National Bank, as Trustee (the "Trustee"), to obtain funds to lend to the Borrower, pursuant to a Loan Agreement, dated as of October 1, 2024 (the "Loan Agreement"), between the Authority and the Borrower to finance the costs of acquiring, constructing, equipping and improving the Project (the "Loan"); and

WHEREAS, the Authority has determined that making the Loan requested by the Borrower and issuing and selling the Bonds, as hereinafter provided, will promote and serve the intended purposes of, and in all respects will conform to the provisions and requirements of, the Act and the rules of the Authority; and

WHEREAS, pursuant to Section 27(*l*) of the Act, the Authority proposes to delegate to the Chairperson, Vice Chairperson, Chief Executive Officer and Executive Director, Chief Financial Officer, Director of Finance, Chief Legal Affairs Officer, Director of Legal

Transactions and Director of In-House Legal Services of the Authority or any person duly authorized to act in such capacity (each hereinafter individually referred to as an "Authorized Officer") the power to determine certain terms and conditions of the Bonds, subject to the limitations established herein.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority, as follows:

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the Loan requested by the Borrower and thereby assisting in the financing of the acquisition, rehabilitation and equipping of the Project, the issuance of the Bonds in an aggregate principal amount not to exceed $24,500,000 is authorized. The Bonds shall be designated "*Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (Lee Plaza Apartments (4%) Project),*" shall be issuable only in fully registered form, substantially as set forth in the Indenture; shall be numbered in such manner as determined by the Trustee in order to distinguish each Bond from any other Bond; shall be in Authorized Denominations; shall be dated as of the first day of the month in which the Bonds are issued and shall bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date.

The Bonds shall be subject to mandatory tender and redemption, and may be transferred and registered, all as provided in the Indenture and the form of the Bonds attached to the Indenture, with such modifications as may be approved by an Authorized Officer.

The Bonds shall be issued pursuant to this Resolution and the Indenture in substantially the form on file with the Chief Executive Officer and Executive Director, with such changes as may be acceptable to an Authorized Officer of the Authority.

The Bonds and the interest obligation thereon shall never constitute a debt or general obligation of the State of Michigan or the Authority within the meaning of any constitutional or statutory provision or limitation, and shall never constitute nor give rise to a charge against the general credit or taxing powers of the State of Michigan or the general funds or assets of the Authority (including funds relating to other Authority loans or activities) but shall be a limited obligation, and not a general obligation, of the Authority payable solely from those certain revenues derived from the Loan Agreement, the Note (as hereinafter defined) and otherwise as provided in the Indenture including moneys and investments on deposit in the Special Funds created under the Indenture (collectively, the "Credit Enhancement"). The Authority hereby approves the Credit Enhancement and determines that repayment of the Bonds thereby will be reasonably secure.

SECTION 2. Application of Proceeds of Bonds. Immediately upon the receipt thereof, the proceeds of the sale of the Bonds shall be deposited in the applicable funds and accounts created pursuant to the Indenture as provided in the Indenture.

SECTION 3. No Capital Reserve Requirement. The Bonds shall not be secured by the capital reserve capital account of the Authority.

SECTION 4. Form of the Bonds. The form of the Bonds shall be substantially in the form attached to the Indenture, with such appropriate changes, omissions and insertions as are permitted or required by the Indenture or by subsequent action of an Authorized Officer.

SECTION 5. Execution of the Bonds. The Bonds shall bear the facsimile signature of the Chairperson or Chief Executive Officer and Executive Director of the Authority, shall have the official seal of the Authority (or a facsimile thereof) impressed or imprinted thereon, and shall be authenticated by the manual signature of an authorized signer of the Trustee.

SECTION 6. Approval of Loan Agreement and Indenture. The form of the Loan Agreement and the form of the Indenture on file with the Chief Executive Officer and Executive Director and on which an Authorized Officer has endorsed the date of adoption of this Resolution, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority, are hereby approved.

SECTION 7. Approval of the Note and Regulatory Agreement. The form of the promissory note, dated the date thereof (the "Note"), from the Borrower to the Authority, and the Regulatory Agreement, dated as of October 1, 2024 (the "Regulatory Agreement"), among the Authority, the Borrower, and Lee Plaza II Master Tenant Limited Dividend Housing Association LLC, each on file with the Chief Executive Officer and Executive Director and on which the date of adoption of this Resolution has been endorsed, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority, are hereby approved.

SECTION 8. Bond Purchase Agreement. Each Authorized Officer is severally authorized to negotiate, execute and deliver, on behalf of the Authority, a Bond Purchase Agreement with The Sturges Company (the "Underwriter") in substantially the form on file with the Chief Executive Officer and Executive Director and on which the date of adoption of this Resolution has been endorsed, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority, together with such exhibits or appendices therein as are deemed necessary or desirable by such Authorized Officer and are permitted or required by the Act and otherwise by law.

SECTION 9. Preliminary Official Statement. The Preliminary Official Statement of the Authority with respect to the offering of the Bonds, substantially in the form presented to this meeting, is hereby approved and the distribution thereof by the Underwriter is hereby authorized, with such changes, omissions, insertions and revisions as an Authorized Officer shall deem advisable or appropriate.

SECTION 10. Final Official Statement. The form of Preliminary Official Statement of the Authority, substantially in the form presented to this meeting, is hereby authorized and approved as the final Official Statement of the Authority, with such changes, omissions, insertions and revisions as an Authorized Officer shall deem advisable or appropriate, and such final Official Statement is approved for distribution to the Underwriter.

SECTION 11. Execution and/or Delivery of Loan Agreement, the Note, the Indenture, the Bond Purchase Agreement and the Regulatory Agreement and Changes Therein. Each Authorized Officer is severally authorized to execute, seal in his or her discretion, deliver, and/or accept delivery, as appropriate, of the Loan Agreement, the Note (and the endorsement thereof), the Indenture, the Bond Purchase Agreement and the Regulatory Agreement in substantially the forms approved, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority.

SECTION 12. Sale and Delivery of the Bonds. The Bonds shall be sold by the Authority to the Underwriter pursuant to the Bond Purchase Agreement subject to the following conditions:

a) The maximum principal amount of the Bonds shall not exceed $24,500,000.

b) The initial interest rate on the Bonds shall not exceed 7.00% per annum.

c) The maximum interest rate shall not exceed 7.00% per annum.

d) The maximum principal amount coming due on the Bonds in any calendar year shall not exceed $24,500,000.

e) The Bonds shall have stated maturities that are not later than December 1, 2028.

f) The Bonds shall be subject to mandatory and optional redemption as set forth in the related form of Indenture on file with the Chief Executive Officer and Executive Director.

g) Prior to the delivery of the Bonds, the Authority shall have received all fees provided in Section 44c of the Act.

The Bonds shall be delivered to the Underwriter as provided in the Indenture upon receipt of payment therefor and upon delivery to the Trustee of each of the following:

A. A certified copy of this Resolution.

B. An executed counterpart of the Loan Agreement.

C. An executed counterpart of the Indenture.

D. An executed counterpart of the Bond Purchase Agreement.

E. An executed counterpart of the Note.

F. An executed counterpart of the Regulatory Agreement.

G. An opinion or opinions of Dickinson Wright PLLC, as bond counsel to the Authority ("Bond Counsel"), dated as of the date of issuance of the Bonds, in form acceptable to the Chief Legal Affairs Officer and the Attorney General of the State of Michigan (the "Attorney General").

H. An opinion or opinions of the Attorney General dated as of the date of issuance of the Bonds, in form acceptable to the Chief Legal Affairs Officer.

I. An opinion or opinions of legal counsel for the Borrower, dated as of the date of issuance of the Bonds, in form acceptable to the Chief Legal Affairs Officer, Bond Counsel and the Attorney General.

J. A certificate dated the date of the issuance of the Bonds made by the Authority, based upon a certificate of similar import from the Borrower and upon certain use and occupancy restrictions relating to the Project in recordable form, to the effect that the Bond proceeds will be used, and the Project will be operated, in a manner consistent with the requirements of the Internal Revenue Code of 1986, as amended, and the arbitrage regulations of the United States Department of Treasury.

K. Such additional certificates, instruments, opinions of counsel and other documents as the Underwriter, the Trustee, Bond Counsel or the Attorney General may reasonably deem necessary or desirable to evidence the truth and accuracy on the date of issuance of the Bonds, of the representations and warranties set forth in the Loan Agreement, the Indenture or the Bond Purchase Agreement, and such other matters as the Underwriter, Bond Counsel, the Borrower or the Attorney General may reasonably request.

SECTION 13. Approval of Filings and Submissions with Other Governmental Agents. Each Authorized Officer is severally authorized on behalf of the Authority to apply for such rulings, orders and approvals and file or submit such elections or other documents to any governmental agency in order that the Bonds may be validly issued and the interest on the Bonds may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are hereby ratified and confirmed.

SECTION 14. Authorization of Other Documents and Actions. An Authorized Officer, as well as counsel to the Authority, and each of them, are hereby authorized to execute and deliver such other certificates, documents, instruments, and opinions and other papers and to take such other actions as may be required by the Loan Agreement, the Indenture or the Bond Purchase Agreement, or as may be necessary or convenient to effectuate the sale and delivery of the Bonds and the closing of the Loan.

SECTION 15. Appointment of Trustee. The Huntington National Bank is hereby appointed Trustee under the Indenture.

SECTION 16. Conflict. All resolutions and parts of resolutions or other proceedings of the Authority in conflict herewith are repealed to the extent of such conflict.

SECTION 17. Effectiveness. This Resolution shall become effective upon adoption. If the Bonds are not sold and delivered on or before November 30, 2024, the authority granted by this Resolution shall lapse. In the event such sale and delivery occurs later than October 31, 2024, all references to October 1, 2024 herein may be permissibly changed to the month and year reflecting the actual date of delivery of the Bonds.

4895-8350-5362 v4 [9378-272]

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Issuance of the Rental Housing Revenue Bonds, 2024 Series A

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") approve the attached resolutions giving Authority staff the authorization to carry out the steps necessary to issue the Rental Housing Revenue Bonds, 2024 Series A (the "2024 Series A Bonds").

EXECUTIVE SUMMARY:

The Authority plans to issue $410,335,000 of Rental Housing Revenue Bonds. BofA Securities, Inc. is the book running senior underwriter. Participating as co-managers are J.P. Morgan, Barclays, Morgan Stanley, Wells Fargo, and Raymond James. The Authority will include other banks in a selling group in an effort to improve the pricing. The bonds will be priced on September 4th (Retail) and 5th (Institutional) of 2024. The Authority has worked closely with our financial advisor, Tim Rittenhouse of CSG Advisors, throughout the structuring of this financing. CSG Advisors created the Indenture cash flows as well as the rating agency cash flows, and BofA Securities, Inc. developed the 2024 Bond cash flows.

The 2024 Series A Bonds, in the expected amount of $410,335,000, are being issued as tax-exempt fixed rate non-AMT uninsured debt. The bond proceeds will be used to fund forty-two multi-family developments (approx. $407.4 million). $3.0 million will be used to pay costs of issuance. The capital reserve requirement will be met through a security arrangement where, if necessary, the Authority will cover a debt service shortfall from funds that have not been pledged to the repayment of rental housing revenue bonds. This security arrangement allows the Authority the opportunity to avoid issuing bonds and using the proceeds to cover the capital reserve requirement (the highest one year's debt service). Being that the bond interest cost would exceed the investment return in the capital reserve account, the Authority will avoid negative arbitrage.

ADVANCING THE AUTHORITY'S MISSION:

The Authority's mission will be advanced by financing the development or rehabilitation of quality, affordable housing units for the people of Michigan

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF RENTAL HOUSING REVENUE BONDS, 2024 SERIES A
IN AN AMOUNT NOT TO EXCEED $450,000,000

August 15, 2024

WHEREAS, the Members of the Michigan State Housing Development Authority (hereinafter referred to as the "Authority"), by Resolution adopted November 15, 1990, as amended and supplemented (the "General Resolution"), have created and established an issue of Rental Housing Revenue Bonds; and

WHEREAS, the General Resolution authorizes the issuance of such Rental Housing Revenue Bonds in one or more Series pursuant to a Series Resolution authorizing the issuance and sale of such Series; and

WHEREAS, the Members of the Authority have determined that it is necessary and desirable that the Authority issue at this time a Series of Bonds to be designated "*Rental Housing Revenue Bonds, 2024 Series A*" to provide moneys to carry out the purposes of the Authority; and

WHEREAS, pursuant to Section 27(*l*) of the Act, the Authority proposes to delegate to the Chief Executive Officer and Executive Director, the Chief Financial Officer, the Director of Finance, the Chief Legal Affairs Officer, the Director of Legal Transactions, the Director of In-House Legal Services, the Chairperson or the Vice Chairperson of the Authority (each, together with any person duly appointed to act in such capacity, hereinafter individually referred to as an "Authorized Representative") the power to determine certain terms and conditions of the 2024 Series A Bonds (as hereinafter defined), subject to limits established herein and in the General Resolution; and

WHEREAS, pursuant to the Act, the Authority is authorized to pledge loans for multi-family housing developments financed by the Authority from moneys on deposit in the Authority's Mortgage Resource Fund as additional security for the payment of the 2024 Series A Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Members of the Michigan State Housing Development Authority as follows:

ARTICLE I
AUTHORITY AND DEFINITIONS

101. 2024 Series A Resolution. This resolution (hereinafter referred to as the "Resolution" or the "2024 Series A Resolution") is adopted in accordance with the provisions of Article II of the General Resolution and pursuant to the authority contained in the Act.

102. Definitions. All terms which are defined in Section 103 of Article I of the General Resolution shall have the same meanings in this 2024 Series A Resolution including the preambles thereto. Any reference to a title or position at the Authority shall include any person duly appointed to act in such capacity. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

"2024 Series A Additional Loans" means, collectively, the mortgage loans financed by the Authority with moneys from its Mortgage Resource Fund, the proceeds of which were used to finance multi-family housing developments as described and set forth in the Purchase Contract, if any.

"2024 Series A Additional Revenues" means (a) all principal and interest payments received by the Authority in connection with the 2024 Series A Additional Loans, including prepayments, (b) any moneys received or recovered from the sale, assignment or other disposition of a mortgage loan constituting part of the 2024 Series A Additional Loans, (c) any moneys received or recovered, less the expenses necessarily incurred by the Authority in connection with the collection of such amount, relating to a mortgage loan constituting part of the 2024 Series A Additional Loans, in respect of (i) the condemnation of premises, (ii) proceedings taken in the event of a default by a mortgagor, (iii) any claim settlement for mortgage insurance, guarantee or hazard insurance in respect of such mortgage loan, and (iv) the sale or disposition of such mortgage loan which is in default, and (d) to the extent not included in (a) through (c) above, moneys on deposit in the 2024 Series A Bond Payment Fund and investment earnings thereon.

"2024 Series A Bonds" means the Bonds authorized by Article II of this Resolution.

"Agent Member" means a member of, or participant in, the Securities Depository.

"Cede & Co." means Cede & Co., the nominee of DTC, or any successor nominee of DTC with respect to the 2024 Series A Bonds.

"Closing Date" means the date on which the 2024 Series A Bonds are issued and delivered to the Underwriter, or designee(s), in exchange for payment by the Underwriter therefor.

"DTC" means The Depository Trust Company, New York, New York and its successors and assigns.

"Letter of Credit" means an unconditional irrevocable letter of credit issued by a domestic or foreign bank which qualifies as a Cash Equivalent under the General Resolution, and which provides for a draw down in the full amount upon its expiration date at the option of the Authority in the absence of a renewal of such letter of credit or if the Authority does not deliver to the Trustee a replacement Letter of Credit.

"Purchase Contract" means the contract of purchase between the Authority and the Underwriter providing for the sale of the 2024 Series A Bonds.

"Securities Depository" means (i) DTC and its successors and assigns, if any, or (ii) any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2024 Series A Bonds and which is selected by the Authority as provided in Section 403(c).

"Security Arrangement" means an unconditional and irrevocable obligation of the Authority which (i) qualifies as a Cash Equivalent under the General Resolution, (ii) guarantees certain payments into the Capital Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein, and (iii) is not subject to cancellation unless such cancellation would not cause the then-existing rating on the Bonds to be lowered or withdrawn.

"Serial Bonds" means the 2024 Series A Bonds issued as Serial Bonds as authorized under Section 203(b) hereof.

"Surety Bond" or "Surety" means an unconditional and irrevocable reserve fund policy or surety bond which (i) qualifies as a Cash Equivalent under the General Resolution, (ii) guarantees certain payments into the Capital Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein, and (iii) is not subject to cancellation by the provider.

"Term Bonds" means the 2024 Series A Bonds issued as Term Bonds, as authorized under Section 203(c) hereof.

"Underwriter" means BofA Securities, Inc. on behalf of itself and such underwriters as may be named in the Purchase Contract.

ARTICLE II
AUTHORIZATION OF 2024 SERIES A BONDS

201. Principal Amount, Designation and Series. A Series of Bonds is hereby authorized to be issued and sold pursuant to the provisions of the General Resolution in an aggregate principal amount of not to exceed $450,000,000. Such Series of Bonds may be issued in one or more subseries and shall be designated "*Rental Housing Revenue Bonds, 2024 Series A*."

202. Purpose. The purposes for which the 2024 Series A Bonds are being issued are: (i) financing or purchasing Mortgage Loans; (ii) making a deposit to the Capital Reserve Fund (unless a Cash Equivalent is provided in lieu of such deposit, as provided below, or sufficient moneys are on deposit therein); and (iii) paying all or a portion of the Costs of Issuance of the 2024 Series A Bonds, all as shall be determined by an Authorized Representative and set forth in the Purchase Contract.

203. Interest Rates, Principal Amounts and Maturity Dates.

(a) The 2024 Series A Bonds shall be dated and shall be issued on or before November 30, 2024, as approved by an Authorized Representative. The 2024 Series A Bonds shall be issued as current interest bearing Bonds and not as Capital Appreciation Bonds. The 2024 Series A Bonds shall bear interest from the date thereof to their maturity or prior redemption, such interest to be payable semiannually on April 1 and October 1 of each year. The first interest payment date shall be not later than April 1, 2025, as approved by an Authorized Representative. Interest with respect to the 2024 Series A Bonds shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

(b) The 2024 Series A Bonds may all be issued in whole or in part as Serial Bonds which shall mature on any April 1 or October 1 in the years and principal amounts and bear interest as approved by an Authorized Representative. The principal amounts of the Serial Bonds, if any, the maturities, the rates of interest, and their designation as Serial Bonds shall be set forth in the Purchase Contract and the approval of such principal amounts, maturities, rates of interest and designation of the Serial Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

(c) The 2024 Series A Bonds may also be issued in whole or in part as Term Bonds which shall mature on any April 1 or October 1 in the years and principal amounts and bear interest as approved by an Authorized Representative. The principal amounts of the Term Bonds, if any, the maturities, Redemption Requirements, rates of interest and their designation as Term Bonds shall be set forth in the Purchase Contract, and the approval of the principal amounts, maturities, Redemption Requirements, rates of interest and designation of the Term Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

(d) In making the determination with respect to interest rates, designation as Serial Bonds or Term Bonds and the maturities of the 2024 Series A Bonds, and with respect to the purchase prices of the 2024 Series A Bonds and the compensation to be paid to the Underwriter, the Authorized Representative making such determinations shall be limited as follows:

(i) The rate of interest on any 2024 Series A Bond shall not exceed 6.0% per annum.

(ii) The compensation to be paid to the Underwriter in connection with the sale of the 2024 Series A Bonds shall not be more than 1.0% of the original aggregate principal amount of the 2024 Series A Bonds.

(iii) The schedule of maturities and the amount of each maturity for the entire Series and each subseries, if any, of the 2024 Series A Bonds, taking into account the Redemption Requirements, if any, established pursuant to Section 205 hereof, shall be established in a manner that will permit the Authorized Representative to file the Cash Flow Statement required by Section 914 of the General Resolution.

(iv) The final maturity of the 2024 Series A Bonds shall not be later than October 1, 2067.

(v) The maximum amount of scheduled principal payments (adjusted for any previously scheduled Redemption Requirements) and Redemption Requirements due with respect to the 2024 Series A Bonds on any April 1 or October 1 shall not exceed $250,000,000.

204. Denominations, Numbers and Letters. The 2024 Series A Bonds shall be issued as fully-registered bonds in the denominations of Five Thousand Dollars ($5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2024 Series A Bonds. The 2024 Series A Bonds shall be lettered "A," and shall be numbered consecutively from 1 upwards. Any Authorized Representative may further designate one or more subseries of 2024 Series A Bonds as may be necessary or appropriate in connection with the issuance of the 2024 Series A Bonds, which shall be evidenced by the subseries designations, if any, set forth in the Purchase Contract.

205. Redemption Requirements. The Term Bonds, if any, shall be subject to mandatory redemption in whole or in part on April 1 and October 1 at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, in such years as shall be approved by an Authorized Representative, which approval shall be evidenced by the Redemption Requirements set forth in the Purchase Contract executed by the Authority (subject to reduction as provided in the General Resolution).

The Term Bonds to be redeemed pursuant to this Section shall be selected in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in the Purchase Contract executed by the Authority.

206. Special Redemptions. To the extent set forth in the Purchase Contract, the 2024 Series A Bonds shall be redeemable at the option of the Authority, at a Redemption Price equal to the principal amount thereof, plus a premium, if applicable (but such Redemption Price not to exceed (a) 102% of the principal amount of the 2024 Series A Bonds to be so redeemed if such 2024 Series A Bonds to be redeemed were issued at a price equal to or not greater than 100.00%, or (b) the greater of (A) 102% or (B) the original issue price of the 2024 Series A Bonds to be so redeemed if such 2024 Series A Bonds to be redeemed were issued at a price in excess of 100.00%), plus accrued interest to the redemption date, at any time in whole or in part, from Recovery Payments, from Mortgage Prepayments, from unexpended 2024 Series A Bond proceeds not applied to purchase or finance Mortgage Loans, and from moneys available therefor pursuant to Section 603(5) of the General Resolution. The maturities of the 2024 Series A Bonds which are to be redeemable from such sources, and the first eligible redemption date for redemption of each maturity from each such source shall be established by an Authorized Representative, which shall be evidenced by the special redemption provisions set forth in the Purchase Contract executed by the Authority.

The 2024 Series A Bonds to be redeemed pursuant to this Section shall be selected from the Outstanding maturities of 2024 Series A Bonds in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in the Purchase Contract executed by the Authority.

No notice of any special redemption shall be given by the Trustee for 2024 Series A Bonds unless at the time of the giving of such notice there are sufficient funds on deposit with the Trustee to pay the Redemption Price of such 2024 Series A Bonds.

207. Optional Redemption. The 2024 Series A Bonds shall be subject to redemption at the option of the Authority at the times, if any, and at the Redemption Prices (but not to exceed 102% of the principal amount of the 2024 Series A Bonds to be so redeemed) set forth in the Purchase Contract (plus interest accrued thereon to the date of redemption), in any order of maturity from any moneys available therefor, in whole or in part and if in part, in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in the Purchase Contract executed by the Authority.

208. Sale of 2024 Series A Bonds. An Authorized Representative is authorized to negotiate and execute, on behalf of the Authority, the Purchase Contract, in substantially the form previously delivered to this Board, with such changes as may be necessary and desirable and not materially adverse to the Authority, for purchase of the 2024 Series A Bonds at an aggregate purchase price not less than 98% of the principal amount thereof, excluding Underwriter's discount. Approval of the Purchase Contract, and the purchase price set forth therein, shall be evidenced by the execution of the Purchase Contract by an Authorized Representative of the Authority.

ARTICLE III
REQUIREMENTS IN FUNDS

301. Deposit of 2024 Series A Bond Proceeds.

(a) The proceeds of the 2024 Series A Bonds shall be deposited into the Bond Proceeds Fund and shall be invested by the Trustee pursuant to written instructions (or oral instructions promptly confirmed in writing) from the Authority only in Permitted Investments.

(b) Promptly after deposit of the proceeds of sale of the 2024 Series A Bonds in the Bond Proceeds Fund, the Trustee shall transfer for deposit in the Capital Reserve Fund an amount from available funds which, when added to the amount then on deposit in or credited thereto, shall constitute an amount at least equal to the Capital Reserve Fund Requirement; provided, however, that the Authority may, in lieu of or in replacement of or in addition to the deposits to the Capital Reserve Fund, obtain and pledge to the Capital Reserve Fund a Letter or Letters of Credit, Security Arrangement and/or Surety Bond, which Letter of Credit shall be exclusively available to be drawn on and which Security Arrangement or Surety Bond shall unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund. Any moneys so replaced by a Letter of Credit, Security Arrangement or Surety Bond shall be withdrawn by the Trustee and paid to the Bond Proceeds Fund. The amount of moneys on deposit in the Capital Reserve Fund, or the amount of a Letter or Letters of Credit pledged to and exclusively available to be drawn on or a Security Arrangement or Arrangements or Surety Bond or Bonds pledged to unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund which, when combined with any moneys on deposit therein, and any other Letters of Credit, Security Arrangements or Surety Bonds pledged thereto and exclusively available to be drawn on or which shall unconditionally and irrevocably guarantee payment for the purposes thereof, shall equal the Capital Reserve Fund Requirement.

If at any time the Trustee is required by Section 604(2) of the General Resolution to transfer moneys from the Capital Reserve Fund to the General Receipts Fund, the Trustee shall make up such a deficiency by the withdrawal of moneys for that purpose from the Capital Reserve Fund in the following order of priority: *first*, by the withdrawal of funds on deposit in the Capital Reserve Fund; *second*, if the funds on deposit in the Capital Reserve Fund are not sufficient to make up such deficiency, then by payment from Cash Equivalents pledged to the Capital Reserve Fund as provided below; and *third*, if that amount shall be insufficient, to the extent of the insufficiency by requisition from the Capital Reserve Capital Account. The Trustee shall draw upon each Cash Equivalent in the following order of priority: (1) upon each Cash Equivalent that only permits draws for the amount due with respect to particular Bonds, and (2) all other Cash Equivalents and deposit such proceeds in the General Receipts Fund; provided, however, that notwithstanding the foregoing, the maximum amount of any payment from any Cash Equivalent described in clause (2) of this sentence shall be the product of (x) the aggregate amount of the payment pursuant to such clause *second* above, less the amount drawn pursuant to clause (1) of this sentence, and (y) the fraction, the numerator of which is the remaining amount available to be drawn under the Cash Equivalent, and the denominator of which is the aggregate amount of the Cash Equivalents which do not represent Cash Equivalents described in clause (1) of this sentence.

For purposes of calculating the Capital Reserve Fund Requirement for the 2024 Series A Bonds, the Authority shall reduce the amount of principal maturity of the 2024 Series A Bonds maturing on the last maturity date by an amount no greater than the lesser of (i) the moneys or securities in the Capital Reserve Fund as of the date of calculation or (ii) the principal amount to be paid on the last maturity date of the 2024 Series A Bonds.

(c) All moneys representing accrued interest on the 2024 Series A Bonds, if any, shall be deposited to the credit of the General Receipts Fund (to be applied to the payment of interest on the 2024 Series A Bonds on the first interest payment date following the Closing Date).

(d) The Authority may pay from its Operating Fund all or a portion of the Costs of Issuance of the 2024 Series A Bonds.

ARTICLE IV
FORM, EXECUTION AND DELIVERY OF
2024 SERIES A BONDS

401. Form of Bonds of 2024 Series A Bonds. Subject to the provisions of the General Resolution, the 2024 Series A Bonds and the Certificate of Authentication with respect thereto are hereby approved in substantially the form and tenor attached as Exhibit A, with such changes as are necessary or appropriate to reflect the provisions of Article II.

402. Execution and Delivery of 2024 Series A Bonds. (a) The 2024 Series A Bonds shall be (i) executed in the name of the Authority by the manual or facsimile signatures of the Chairperson and either the Chief Executive Officer and Executive Director or the Chief Financial Officer of the Authority, or any person duly appointed and acting in either such capacity, and the corporate seal of the Authority (or facsimile thereof) shall be impressed or imprinted thereon and (ii) authenticated by the manual signature of an authorized signer of the Trustee.

(b) The 2024 Series A Bonds shall be caused to be delivered by an Authorized Representative to the Underwriter upon payment of the purchase price plus accrued interest, if any, on the 2024 Series A Bonds from the date thereof to the date of delivery in immediately available federal funds to the Authority at the time or times and place or places of delivery as set forth in the Purchase Contract.

(c) Initially, one fully-registered 2024 Series A Bond for each maturity and interest rate of 2024 Series A Bonds (each a "global 2024 Series A Bond"), in the aggregate principal amount of such maturity and interest rate, shall be issued in the name of Cede & Co., as nominee of DTC.

403. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2024 Series A Bonds shall be in the form of global 2024 Series A Bonds, shall be registered in the name of the Securities Depository or its nominee and ownership thereof shall be maintained in book entry form by the Securities Depository for the account of the Agent Members thereof. Except as provided in subsection (c) of this Section, 2024 Series A Bonds may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository selected by the Authority, or to a nominee of such successor Securities Depository.

(b) The Authority and the Trustee shall have no responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the 2024 Series A Bonds;

(ii) the delivery to any Agent Member, beneficial owner of the 2024 Series A Bonds or other Person, other than the Securities Depository, of any notice with respect to the 2024 Series A Bonds;

(iii) the payment to any Agent Member, beneficial owner of the Bonds or other Person, other than the Securities Depository, of any amount with respect to the principal of, premium, if any, or interest on, the 2024 Series A Bonds;

(iv) any consent given by Cede & Co. as Bondholder of the 2024 Series A Bonds or any successor nominee of a Securities Depository as Bondholder of such Bonds; or

(v) the selection by the Securities Depository or any Agent Member of any beneficial owners to receive payment if any 2024 Series A Bonds are redeemed in part.

So long as the certificates for the 2024 Series A Bonds are not issued pursuant to subsection (c) of this Section, the Authority and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such 2024 Series A Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, premium, if any, and interest on such 2024 Series A Bond;

(ii) giving notices of redemption and other matters with respect to such 2024 Series A Bond; and

(iii) registering transfers with respect to such 2024 Series A Bond.

(c) If at any time the Securities Depository notifies the Authority or the Trustee that it is unwilling or unable to continue as Securities Depository with respect to the 2024 Series A Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the Authority within 90 days after the Authority or the Trustee receives notice or becomes aware of such condition, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2024 Series A Bonds as provided in subsection (d) below. In addition, the Authority may determine at any time that the 2024 Series A Bonds shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) above shall no longer apply to the 2024 Series A Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2024 Series A Bonds as provided in subsection (d) below.

(d) Certificates for the 2024 Series A Bonds issued in exchange for global certificates shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such certificates representing the 2024 Series A Bonds to the Persons in whose names such 2024 Series A Bonds are so registered as soon as practicable.

404. Conflict With Letter of Representations. Notwithstanding any other provision of this 2024 Series A Resolution to the contrary, so long as any 2024 Series A Bond is registered in the name of a nominee of DTC, all payments with respect to the principal or Redemption Price of and interest, if any, on such 2024 Series A Bond, and all notices with respect to such 2024 Series A Bond shall be made and given, respectively, to DTC as provided in the Blanket Issuer Letter of Representations between DTC and the Authority.

ARTICLE V
PLEDGE OF 2024 SERIES A ADDITIONAL LOANS

501. 2024 Series A Bond Payment Fund.

(a) There is hereby created and established a 2024 Series A Bond Payment Fund. All 2024 Series A Additional Revenues, if any, as received by the Authority, shall be deposited in the 2024 Series A Bond Payment Fund. Moneys in the 2024 Series A Bond Payment Fund shall be used solely for the purpose of paying principal and Redemption Price of and interest on the 2024 Bonds when due, or reimbursement of draws made on any credit facility for payment thereof, and for no other purpose. Moneys in the 2024 Series A Bond Payment Fund shall be used to make such payments of the principal and Redemption Price of and interest on the 2024 Series A Bonds, or reimbursement of draws made on any credit facility for payment thereof, before any Pledged Funds are used for such purpose.

(b) Amounts in the 2024 Series A Bond Payment Fund shall be taken into account when preparing a Cash Flow Statement in accordance with Section 914 of the General Resolution.

502. Pledge of 2024 Series A Additional Loans.

(a) The 2024 Series A Additional Loans, including all monies representing the 2024 Series A Additional Revenues, if any, and all mortgages securing the 2024 Series A Additional Loans and promissory notes related to such mortgages are hereby pledged to the Trustee for the benefit of the Holders of the 2024 Series A Bonds as additional security for the payment of the principal and Redemption Price of and interest on the 2024 Series A Bonds. Subject to Section 804 of the General Resolution, the 2024 Series A Additional Loans and the related mortgages and promissory notes shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof, and neither this 2024 Series A Resolution nor any instruments by which such pledge is created need be recorded. For purposes of the General Resolution and this 2024 Series A Resolution, the 2024 Series A Additional Loans are not Mortgage Loans and the 2024 Series A Additional Revenues are not Pledged Funds.

(b) The pledge of the 2024 Series A Additional Loans as provided in subsection (a) above shall be released when the 2024 Series A Bonds are no longer Outstanding. Following the release of the pledge of the 2024 Series A Additional Loans and the related mortgages and promissory notes, the Authority shall be able to use the 2024 Series A Additional Loans and the related mortgages and promissory notes and the 2024 Series A Additional Revenues for any lawful purpose, free and clear of the lien of such pledge.

ARTICLE VI
MISCELLANEOUS

601. Ratification of Actions. The actions of any Authorized Representative heretofore taken pursuant to the provisions of the General Resolution, including, but not limited to: the publishing of notices and the conducting of a hearing with respect to the issuance of the 2024 Series A Bonds, the making of presentations to security rating agencies, the undertaking of discussions and negotiations with underwriters or groups of underwriters regarding offers to purchase the 2024 Series A Bonds, and the use and distribution of the Preliminary Official Statement relating to the 2024 Series A Bonds by the Underwriter, shall be, and they hereby are, ratified and confirmed in all respects.

602. Additional Actions. (a) Any Authorized Representative is hereby authorized and directed to execute such other documents and certifications and to perform such other acts as may be necessary or convenient for the proper sale, execution and delivery of the 2024 Series A Bonds subject to, and as may be required by the Purchase Contract, the General Resolution and this 2024 Series A Resolution.

(b) The Chief Financial Officer or Director of Finance, is hereby authorized to pay from the Operating Fund all amounts necessary to comply with Section 606 hereof.

603. Authorization of Procurement of Letter of Credit, Security Arrangement and Surety Bond and Execution of Agreements; Notice to the Trustee. (a) Any Authorized Representative hereby is authorized to obtain a Letter or Letters of Credit, a Security Arrangement or Arrangements and/or a Surety Bond or Bonds for application in lieu of or in replacement of the deposit of moneys to the Capital Reserve Fund as specifically authorized in this 2024 Series A Resolution, and for application as generally authorized with respect to all moneys deposited to the Capital Reserve Fund. In connection with the procurement of the foregoing Letter(s) of Credit and/or Surety Bond(s), the Authorized Representative is authorized to negotiate and execute a reimbursement agreement with a banking institution or an agreement with an insurance company, as appropriate. The annual fees (in addition to any expense reimbursements) paid to the banking institution for the procurement of the Letter(s) of Credit shall not exceed three percent (3.00%) of the amount of the Letter(s) of Credit, and the fee to be paid by the Authority for a Surety Bond shall not exceed three percent (3.00%) of the amount of the Surety Bond. The Authority shall give the Trustee sixty (60) days' written notice prior to the expiration of any Letter of Credit obtained pursuant to this 2024 Series A Resolution.

(b) The Security Arrangement entitled "Nineteenth Amended and Restated Agreement to Make Payments in Respect of Capital Reserve Fund," in the form presented to this meeting, is hereby approved. If determined to be in the best interests of the Authority, an Authorized Representative is authorized to execute and deliver such Security Arrangement in substantially the form approved, with such changes in such document as may be necessary or desirable, permitted by the Act and otherwise by law, and not materially adverse to the Authority.

604. Preliminary Official Statement. The Preliminary Official Statement of the Authority with respect to the offering of the 2024 Series A Bonds, substantially in the form presented to this meeting, is hereby approved and the distribution thereof by the Underwriter is hereby authorized, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate.

605. Final Official Statement. The form of Preliminary Official Statement of the Authority, substantially in the form presented to this meeting, is hereby authorized and approved as the final Official Statement of the Authority, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate, and such final Official Statement is approved for execution on behalf of the Authority and distribution to the Underwriter. Any Authorized Representative is hereby authorized to execute such final Official Statement and deliver it to the Underwriter for distribution on behalf of the Authority.

606. Rebate Fund. The Authority shall not be required to make any deposits to the Rebate Fund in connection with the 2024 Series A Bonds. The Authority hereby agrees to comply with Section 148(f) of the Internal Revenue Code of 1986, as amended, and shall pay or cause to be paid to the United States, from available Authority funds, such amounts and at such times as shall be required by Section 148(f) with respect to the 2024 Series A Bonds.

607. Covenant as to Sale of Mortgage Loans. The Authority covenants and agrees that it will not sell any Mortgage Loan and use the proceeds of such sale to redeem 2024 Series A Bonds as provided in Section 206 hereof except for Mortgage Loans (i) that are in default, (ii) that must be sold in order to preserve the exclusion of interest on the 2024 Series A Bonds from gross income for federal income tax purposes, or (iii) that do not comply with the Authority's program requirements.

608. Covenant as to Purchase of 2024 Series A Bonds. The Authority covenants that it has not required and shall not require a Mortgagor or "related person" as defined in Section 147 of the Internal Revenue Code of 1986, as amended, to purchase 2024 Series A Bonds pursuant to any arrangement, formal or informal, in an amount related to a Mortgage Loan.

609. Trustee Not Responsible for Official Statement. The recitals, statements and representations contained in the Preliminary Official Statement and the Official Statement shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of same.

610. Notice of Redemption.

(a) The Trustee shall cause a notice of any redemption of 2024 Series A Bonds, either in whole or in part, to be sent by registered or certified mail or by overnight delivery, to the Securities Depository at least two (2) business days (a business day being a day when such Securities Depository is open for business) prior to the date of general mailing of any notice of redemption. On the date of such general mailing, the Trustee shall cause notice of redemption to be posted electronically on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website or the website of its successor entity.

(b) In addition, a second duplicate notice in writing shall be mailed by certified mail, postage prepaid, return receipt requested, to any registered owner of 2024 Series A Bonds to be redeemed who has not presented and surrendered such 2024 Series A Bonds to the Trustee for redemption within thirty (30) days after the date of redemption.

(c) In addition to the requirements set forth in Section 405 of the General Resolution, a notice of any such redemption shall include the following information with respect to the 2024 Series A Bonds to be so redeemed: the complete title of the 2024 Series A Bonds, the CUSIP numbers of the 2024 Series A Bonds to be redeemed, the date of general mailing of such notice of redemption, the complete name of the Trustee including a telephone number for inquiries, the maturity date and the interest rate (if applicable) of the 2024 Series A Bonds.

(d) No notice of optional redemption shall be given by the Trustee for any Bond unless at the time of the giving of such notice there are sufficient funds on deposit in the General Receipts Fund and/or the Bond Proceeds Fund to pay the Redemption Price of such Bond.

(e) Failure to receive any such notices by any such registered owner shall not affect the validity of the proceedings for the redemption of the 2024 Series A Bonds.

611. Interest and Redemption Payments. All redemption payments and payments of interest made by the Trustee, whether by check or wire transfer, shall be accompanied by the applicable CUSIP numbers.

612. Covenant with Respect to Section 236 and Section 8 Mortgage Loans. The Authority hereby covenants and agrees to diligently enforce and take all reasonable steps, actions and proceedings necessary to assure the continued receipt of interest subsidy payments and housing assistance payments in respect of Mortgage Loans of the Authority receiving assistance under, respectively, the Section 236 or Section 8 programs of the United States Department of Housing and Urban Development.

613. Continuing Disclosure. The 2024 Series A Bonds are hereby made subject to the Third Master Continuing Disclosure Undertaking Rental Housing Revenue Bonds approved by the Authority on July 1, 2019, and the Authority agrees to abide by the provisions thereof so long as any of the 2024 Series A Bonds are Outstanding.

614. Notice to Rating Agency. The Authority shall give written notice to S&P Global Ratings at 55 Water Street, 38th Floor, New York, New York 10041 and pubfin_structured@spglobal.com, and, if Moody's Investors Service, Inc. ("Moody's") is then rating the 2024 Series A Bonds, to Moody's at 7 World Trade Center, 23rd Floor, New York, New York 10007, of the occurrence of any of the following events with respect to the 2024 Series A Bonds:

(a) a change in the Trustee;

(b) a redemption or defeasance of all the Outstanding 2024 Series A Bonds;

(c) any amendment or supplement to this 2024 Series A Resolution or the General Resolution (other than a Series Resolution); or

(d) an acceleration of payment of principal of and interest on the 2024 Series A Bonds.

615. Effective Date. This 2024 Series A Resolution shall take effect immediately. In the event that the 2024 Series A Bonds are not delivered to the Underwriter on or before November 30, 2024, the authority granted in this 2024 Series A Resolution shall lapse.

EXHIBIT A
(Form of 2024 Series A Bond)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. A-__________ $______________

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RENTAL HOUSING REVENUE BOND, 2024 SERIES A

INTEREST RATE	MATURITY DATE	DATE OF ORIGINAL ISSUE	CUSIP

Registered Owner: ____

Principal Amount: ____

The Michigan State Housing Development Authority (the "Authority"), a public body corporate and politic, organized and existing under and by virtue of the laws of the State of Michigan, acknowledges itself indebted to, and for value received, hereby promises to pay the registered owner specified above, or registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the corporate trust office of U.S. Bank Trust Company, National Association, St. Paul, Minnesota (the "Trustee"), as Trustee under the Resolution of the Authority adopted November 15, 1990, as amended and supplemented authorizing the issuance of Michigan State Housing Development Authority Rental Housing Revenue Bonds (the "General Resolution") or its successor as Trustee, and to pay to the registered owner by check or draft mailed to the registered owner as shown on the registration books of the Trustee on the fifteenth day of the month preceding the interest payment date at the registered address interest on such Principal Amount from the Date of Original Issue specified above or such later date to which interest has been paid, until paid at the Interest Rate per annum specified above, initially payable on ________ 1, 202_, and thereafter on the first day of April and October. The principal or Redemption Price (as defined in the General Resolution) of this Bond is payable upon presentation in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

The State of Michigan is not liable on this Bond and this Bond is not a debt of the State of Michigan. The Authority has no taxing power.

Subject to any agreements now or hereafter made with the owners of any other notes or bonds of the Authority pledging any particular receipts or revenues, this Bond is a general obligation of the Authority and the full faith and credit of the Authority are hereby pledged for the payment of the principal or Redemption Price of and interest on this Bond. This Bond is one of a duly authorized issue of Bonds of the Authority designated "*Rental Housing Revenue Bonds*" (the "Bonds"), issued and to be issued in various series under and pursuant to Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (herein called the "Act"), and under and pursuant to the General Resolution and a series resolution authorizing the issuance and sale of each such series. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest, if any, at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the General Resolution is not limited except as provided in the General Resolution, and all Bonds issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This Bond is one of a series of Bonds designated "Rental Housing Revenue Bonds, 2024 Series A" (the "2024 Series A Bonds"), issued in the initial aggregate principal amount of _________________________ Dollars ($____________) under the General Resolution and a Series Resolution adopted on August 15, 2024 (the "Series Resolution") (the General Resolution and the Series Resolution are collectively herein called the "Resolutions"). The proceeds of the 2024 Series A Bonds will be utilized by the Authority to purchase or finance Mortgage Loans (as defined in the General Resolution) and to pay all or a portion of the Costs of Issuance of the 2024 Series A Bonds. The Bonds will be secured by a pledge of the Pledged Funds (as defined in the General Resolution) which include the mortgage repayments required to be paid on the Mortgage Loans financed or purchased with the proceeds of the Bonds. Copies of the Resolutions are on file in the office of the Authority and at the principal corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act are made for a description of the pledges and covenants securing the 2024 Series A Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2024 Series A Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee in Lansing, Michigan by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered 2024 Series A Bond or Bonds, in the same aggregate principal amount and of the

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Short-Term Revolving Letter of Credit for Single-Family Program 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") approve the attached resolution authorizing the Authority to borrow up to $200 million dollars to finance the purchase of single-family mortgage loans and down payment assistance ("DPA") loans.

EXECUTIVE SUMMARY:

Typically, the Authority issues bonds to fund the purchase of single-family mortgages, including DPA loans. From time to time, the Authority used its general operating funds to make these loans until a bond issue closes. In 2019, the Authority began a process of entering into a revolving line of credit to fund single-family mortgages and down payment assistance loans prior to the issuance of long-term financing. The most recent short-term revolving letter of credit ("RLOC"), also known as short-term credit facility ("Short-Term Credit Facility"), will expire at the end of September 10, 2024.

On June 26, 2024, Authority staff sent a request for proposals ("RFP") to 16 potential RLOC firms. Six firms responded to the RFP, and based on pricing and terms, U.S. Bank National Association ("US Bank") was selected to enter into a Short-Term Credit Facility Loan Agreement.

I am seeking approval to enter into a new RLOC with US Bank to borrow up to $200 million for the purchase of single-family mortgages and DPA loans (the "U.S. Bank RLOC"). Once single-family bonds are issued, a portion of the proceeds will be used to pay down the U.S. Bank RLOC in full. The Authority will pay U.S. Bank the Secured Overnight Financing Rate ("SOFR") plus 42 basis points for amounts drawn down and 18.5 basis points for unused available U.S. Bank RLOC. Once the bond proceeds have been utilized or committed, the Authority can then begin to utilize the U.S. Bank RLOC again.

The U.S. Bank RLOC will close on September 6, 2024, and expire on March 6, 2026, with two options to extend for no more than two years each.

ADVANCING THE AUTHORITY'S MISSION:

The U.S. Bank RLOC will enable the Authority to make single-family mortgage loans before the next single-family bond issue. The RLOC-funded single-family mortgage loans will also allow the Authority to continue its strategic goal of supporting access to homeownership opportunities for low- and moderate-income persons. The Authority also gives borrowers training for successful homeownership by requiring homeownership counseling at no cost to the borrowers. To support communities and avoid conflicts of interest, the Authority uses nonprofit agencies as homeownership counselors.

COMMUNITY ENGAGEMENT/IMPACT:

Community engagement is not applicable for the U.S. Bank RLOC. Communities throughout Michigan will be impacted by providing low and moderate-income persons access to affordable single family mortgage loans and homeownership counseling.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING EXTENSION OF AND INCREASE TO SHORT-TERM REVOLVING CREDIT FACILITY
(SINGLE-FAMILY PROGRAM) 2021
IN AN AMOUNT NOT TO EXCEED $200,000,000

August 15, 2024

WHEREAS, in 2021, the Members of the Michigan State Housing Development Authority (the "Authority") determined, pursuant to a Resolution dated February 25, 2021 (the "Original Resolution") that it was necessary and desirable for the Authority to enter into a short-term revolving credit facility (the "Original Credit Facility") that would allow the Authority to borrow an amount not to exceed $100 million to carry out the purposes of the Authority; and

WHEREAS, on March 16, 2021, the Authority entered into the Original Credit Facility pursuant to a Revolving Credit Agreement (the "Original Agreement") with U.S. Bank National Association (the "Lender"), together with the related Promissory Note and Fee Letter authorized and executed by the Authority pursuant to the terms of the Original Resolution and Original Agreement, and pursuant to which the Authority agreed to make payments due under the Original Credit Facility; and

WHEREAS, on March 13, 2023, the Authority entered into a First Amendment to Revolving Credit Agreement with the Lender (the "First Amendment"), pursuant to which the Expiration Date of the Original Credit Facility as provided for in the Original Agreement was extended to September 10, 2024, and certain provisions of the Original Credit Facility relating to the rate index were modified to be based on SOFR; and

WHEREAS, the Authority wishes to authorize an additional extension of the Original Agreement, as well as to increase the amount of the Revolving Commitment (as defined in the Original Agreement), pursuant to a Second Amendment to Revolving Credit Agreement to be dated September 6, 2024 (the "Second Amendment"); and

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Chief Executive Officer and Executive Director, Chief Financial Officer, the Director of Finance, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chairperson or the Vice Chairperson of the Authority or any person duly authorized to act in any of the foregoing capacities (each, together with any person duly appointed and acting in such capacity, individually referred to as an "Authorized Representative") the power to determine certain terms and conditions of the Credit Facility, the Revolving Credit Agreement, the Promissory Note and the Fee Letter (each as defined herein), subject to the limits and conditions established in this Authorizing Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Members of the Michigan State Housing Development Authority as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

101. Authority for Authorizing Resolution. This Authorizing Resolution is adopted pursuant to the authorization contained in the Act.

102. Definitions. In addition to terms that are defined elsewhere in this Authorizing Resolution, the following words and terms, unless the context otherwise requires, shall have the following meanings:

"Act" means Act 346, Michigan Public Acts of 1966, as amended.

"Credit Facility" means the Original Credit Facility as amended by the First Amendment and the Second Amendment.

"Fee Letter" means the Fee Letter to be dated September 6, 2024 (or such other date approved by an Authorized Representative), provided for pursuant to the Second Amendment, which sets forth certain fees payable by the Authority in connection with the Revolving Credit Agreement and the Loan.

"Loan" means the one or more loans extended by the Lender to the Authority pursuant to the Credit Facility and as evidenced by the Revolving Credit Agreement and the Promissory Note.

"Promissory Note" means the Amended and Restated Promissory Note provided for pursuant to the Second Amendment, which requires the Authority to repay the Loan as provided for by the Revolving Credit Agreement.

"Revolving Credit Agreement" means the Original Agreement as amended by the First Amendment and the Second Amendment, between the Authority and the Lender setting forth the terms and conditions of the Credit Facility.

"Second Amendment" means the Second Amendment to Revolving Credit Agreement to be dated September 6, 2024 (or such other date approved by an Authorized Representative), between the Authority and the Lender.

ARTICLE II
AUTHORIZATION TO EXECUTE REVOLVING CREDIT AGREEMENT, PROMISSORY NOTE AND FEE LETTER

201. Form of Second Amendment and Authorization to Sign Second Amendment. The form of the Second Amendment has been presented to the Authority. Each Authorized Representative is authorized to negotiate, execute and deliver, on behalf of the Authority, the Second Amendment, in substantially the form presented at this meeting, with such changes as an Authorized Representative deems necessary and desirable and not materially adverse to the Authority and provided that the terms of the Revolving Credit Agreement are within the parameters set forth in this Authorizing Resolution including, but not limited to, the parameters set forth in Section 303.

202. Form of Promissory Note and Authorization to Sign Promissory Note. The form of the Promissory Note has been presented to the Authority. The Promissory Note provides for the Authority to repay the Loan as provided for by the Revolving Credit Agreement and the Fee Letter, and each Authorized Representative is hereby authorized to execute the Promissory Note in substantially the form presented at this meeting, with such changes as an Authorized Representative deems necessary and desirable and not materially adverse to the Authority and provided that the terms of the Promissory Note are within the parameters set forth in this Authorizing Resolution including, but not limited to, the parameters set forth in Section 303.

203. Form of Fee Letter and Authorization to Sign Fee Letter. The form of the Fee Letter has been presented to the Authority. Each Authorized Representative is authorized to negotiate, execute and deliver, on behalf of the Authority, the Fee Letter, in substantially the form presented at this meeting, with such changes as an Authorized Representative deems necessary and desirable and not materially adverse to the Authority and provided that the terms of the Fee Letter are within the parameters set forth in this Authorizing Resolution including, but not limited to, the parameters set forth in Section 303.

ARTICLE III
AUTHORIZATION OF LOAN

301. Principal Amount. The Authority hereby authorizes the revolving Credit Facility in the aggregate principal amount not to exceed $200,000,000 outstanding at any given time, and subject to the terms and conditions of this Authorizing Resolution and the Revolving Credit Agreement.

302. Purposes. The Authority shall use the proceeds of the Loan (i) for the purpose of financing the acquisition of new single-family mortgage loans and down payment assistance loans, and (ii) if approved by an Authorized Representative, for the purpose of paying the costs related to establishing, amending and documenting the Credit Facility.

303. Parameters for the Credit Facility, Revolving Credit Agreement, Promissory Note and Fee Letter. Interest shall accrue and be payable on the Loan in the manner to be set forth in the Revolving Credit Agreement, the Promissory Note and the Fee Letter, and as approved by an Authorized Representative. The Loan may be disbursed in one or more installments. The Loan shall be revolving in nature such that the limitation on the maximum principal amount of the Loan shall apply to the principal amount of the Loan outstanding at any given time. The maturity date of the Loan shall be set forth in the Revolving Credit Agreement and the Promissory Note, and as approved by an Authorized Representative, subject to the limitation set forth below. Notwithstanding anything in this Authorizing Resolution to the contrary, in no event shall an Authorized Representative approve any terms with respect to the Credit Facility, the Loan, the Revolving Credit Agreement, the Promissory Note and the Fee Letter that do not comply with the following parameters:

(a) Maximum Principal Amount of the Loan. The aggregate principal amount of the Loan outstanding at any one time shall not exceed $200,000,000.

(b) Maturity Date of the Loan. The maturity date of the Loan shall not be later than March 6, 2026, and the Revolving Credit Agreement may provide for up to two extensions of the maturity date of the Loan of not more than two years each, on terms which, taking into account market conditions at the time, are substantially similar to those set forth in the Revolving Credit Agreement, each of which extensions must be approved by an Authorized Representative.

(c) Initial Interest Rate. The interest rate on the Loan shall be a floating rate, based on an index agreed upon between the Lender and the Authority, plus a spread, but such spread shall not exceed forty-one basis points (0.41%) based on the Authority's current general obligation credit rating. Such spread may increase if the Authority's general obligation credit rating decreases, but in no event shall such spread exceed eight-six basis points (0.86%) except in such circumstances when the Authority is in default under the Revolving Credit Agreement.

(d) Fee for unused portion of the Credit Facility. Any fee charged by the Lender based on any portion of the Credit Facility not drawn by the Authority shall not exceed eighteen and one-half basis points (0.185%) per annum of such portion of the Loan that is not drawn by the Authority. Such fee may increase if the Authority's general obligation credit rating decreases, but in no event shall such fee exceed sixty-three and one-half basis points (0.635%) except in such circumstances when the Authority is in default under the Revolving Credit Agreement.

(e) Periodic Payments of Interest on the Loan. The Promissory Note and Revolving Credit Agreement shall require payments of interest on a periodic basis, but in no event shall such payments be less frequently than semi-annually.

(f) Default Interest Rate. The Credit Facility shall include a default interest rate and a default rate for the unused portion of the Credit Facility, both as described in the Revolving Credit Agreement or the Fee Letter presented to the Authority at this meeting.

304. General Obligation of the Authority. The Promissory Note and the obligations of the Authority under the Revolving Credit Agreement shall be a general obligation of the Authority, payable out of the revenues or money of the Authority, and shall not be secured by any specific assets.

305. Prepayment. The Authority shall be allowed to prepay the Loan in whole or in part prior to the maturity date of the Loan on the terms to be set forth in the Revolving Credit Agreement as approved by an Authorized Representative.

ARTICLE IV
DEPOSIT AND USE OF LOAN PROCEEDS

401. Deposit of Loan Proceeds. The proceeds of the Loan (the "Loan Proceeds") shall be deposited in an account as designated by an Authorized Representative.

402. **Use of Loan Proceeds.** The use of the Loan Proceeds shall be subject to the restrictions set forth in this Authorizing Resolution and to any restrictions set forth in the Revolving Credit Agreement.

ARTICLE V
EXECUTION AND DELIVERY OF PROMISSORY NOTE

501. **Execution and Delivery of Promissory Note.** The Promissory Note shall be executed in the name of the Authority by an Authorized Representative. The Promissory Note shall be delivered by an Authorized Representative to the Lender at a location mutually agreeable to the Authority and the Lender.

ARTICLE VI
MISCELLANEOUS

601. **Ratification of Actions.** The actions of any Authorized Representative previously taken pursuant to the provisions of this Authorizing Resolution including, but not limited to, the undertaking of discussions regarding the transactions contemplated by this Authorizing Resolution are hereby ratified and confirmed in all respects.

602. **Additional Actions.** (a) Any Authorized Representative is hereby authorized and directed to execute such other documents and certifications, and to perform such other acts as may be necessary or convenient for the proper execution and delivery of the Second Amendment, the Promissory Note and the Fee Letter, subject to the terms and conditions of this Authorizing Resolution.

(b) Any Authorized Representative is hereby authorized to pay from the Authority's general operating fund all funds necessary to pay the costs related to establishing, amending and documenting the Credit Facility and the Loan.

603. **Effective Date.** This Authorizing Resolution shall take effect immediately. If the execution copies of the Second Amendment, the Promissory Note and the Fee Letter are not delivered to the Lender on or before September 30, 2024, the authorization granted by this Authorizing Resolution shall lapse.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director *Amy Hovey*

DATE: August 15, 2024

RE: Seneca Terrace, Development No. 4144

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond construction and permanent mortgage loans in the amounts set forth below, 3) authorize a permanent CERA mortgage loan in the amount set forth below, and 4) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024.

PROJECT SUMMARY:

MSHDA No:	4144
Development Name:	Seneca Terrace
Development Location:	City of River Rouge, Wayne County
Sponsor:	RAD Conversion Specialists, LLC
Mortgagor:	Seneca Terrace Limited Dividend Housing Association, LLC
Number of Units (Affordable and Market Rate):	124 family units of rehabilitation
Number of Units Designated for Accessible Use:	3 Accessible units
Total Development Cost:	$20,383,232
TE Bond Construction Loan:	$10,855,508
TE Bond Permanent Loan:	$6,590,224
MSHDA Gap Funds:	$1,868,250 (CERA funds)
Other Funds:	$7,950,540 Equity Contribution $3,200,000 Seller Financing $774,218 Deferred Developer Fee

EXECUTIVE SUMMARY:

The River Rouge Housing Commission ("RRHC") is undertaking the process of converting their public housing portfolio under the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration ("RAD") program. RAD Conversion Specialists, LLC (the "Sponsor") has been retained by RRHC as the co-developer for the RAD conversion and rehabilitation of the RRHC public housing portfolio. Under the RAD program, the public housing units will convert from public housing with operating subsidies from HUD to privately-owned properties receiving project-based Section 8 rent subsidies for 100% of the residents. The Sponsor will redevelop Seneca Terrace Apartments, a 124-unit apartment community consisting of one, two, three and four-bedroom townhomes. The buildings include 26 one & two-story townhome buildings located from 471 to 560 Beechwood Street and 464 to 558 Polk Street in River Rouge, Michigan 48218. The subject property consists of twelve tax parcels, and the site was originally developed in various phases between 1952 and 1963 by the City of River Rouge as public housing.

The property has enjoyed high occupancy rates in excess of 96%. The redeveloped property will continue to offer affordable townhome units based upon the new tax credit requirements. The buildings will be renovated and restored utilizing Authority tax exempt bond financing, low-income housing tax credits (LIHTC) and Authority Gap financing. The redeveloped buildings will ensure that the property remains viable and is able to continue to meet the demand for affordable and sustainable residential housing in the River Rouge market.

The Sponsor has planned a substantial rehabilitation of the property that will include addressing the exterior of the building by repairing or replacing all of the deteriorated and/or damaged brick and siding. Tuckpointing the missing mortar will help to eliminate damage that was caused by water infiltration and prevent more significant failure of the brick in the future. Additional improvements to the exterior of the property will include: the replacement of the roofs; installation of new Energy Star labeled, insulated double-hung windows; new landscaping, and parking lot; and exterior lighting upgrades and repairs. Projected renovations to the unit interiors will include fully renovated kitchens and bathrooms, new flooring, new cabinetry, security systems and Energy Star appliances. The completed buildings will feature new high performance, energy efficient HVAC, electrical and plumbing systems and fixtures.

ADVANCING THE AUTHORITY'S MISSION:

Seneca Terrace is located in Region N of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region N Action Plan:

- Goal 3.2, increase access to stable and affordable quality housing options for households with extremely low incomes.
- Goal 4.4, increase the rehabilitation and/or preservation of housing stock.
- Goal 4.5, increase environmental sustainability, energy efficiency, and weatherization in housing rehabilitation and/or preservation.
- Goal 6.3, increase the quality of rental housing.

MUNICIPAL SUPPORT:

There is a 4% Payment in Lieu of Taxes ordinance in place.

COMMUNITY ENGAGEMENT/IMPACT:

The sponsor has engaged the community by holding a series of resident meetings, public board meetings of the River Rouge Housing Commission and meetings with the public officials of the City of River Rouge. The meetings have been focused on the existing physical needs of the two public housing communities, the needs of residents, and the impact and benefits associated with the rehabilitation and the conversion from public housing to HUD's RAD program.

This project will impact the community by preserving an extremely important affordable housing resource within the City of River Rouge. Additionally, the investment in the existing housing stock will be beneficial to the city neighborhoods in which the development is located. The individual buildings of Seneca Terrace are low density, and the overall footprint of the project impacts multiple residential blocks in the City of River Rouge, making this an important community project.

From the various meetings with residents, City officials and stakeholders, several recommendations were received from the community including a desire to see beautification of the building exteriors including new windows, roofs, and doors. Residents mentioned a desire to see better air quality in their units as well as a desire to see more landscaping, including flowers.

The development team was able to include all design recommendations including new HVAC, windows, roofs, and landscaping, which will include new plant material. Also, the exterior of the buildings will be improved by repairing or replacing all the deteriorated and/or damaged brick and siding. Tuck-pointing the missing mortar will help to eliminate damages caused by water infiltration and prevent more significant failure of the brick in the future. Additionally, the site plan also includes the addition of fencing, which will improve the privacy and enjoyment of exterior spaces for residents. RRHC shared the exterior project renderings with residents at the last community meeting on April 2, 2024, which were well received by all in attendance.

RESIDENT IMPACT:

In order to facilitate the rehabilitation, it is anticipated that 4-5 buildings will be renovated at one time, or approximately 20-25 units at a time. Following approval of the MSHDA funding plan, it is RRHC's plan to cease leasing operations to accommodate the needed number of vacancies to begin construction. It is anticipated that all residents will be relocated within the building during renovation, and any remaining households who cannot be relocated into available units within the property will be required to temporarily relocate off-site. If there are not on-site units, affected households will be offered another RRHC unit at other RRHC properties. Temporary relocation to units not owned by RRHC will only be considered as a last resort. If in a particular phase, residents are required to be temporarily relocated offsite to a non RRHC unit, the resident will be offered one of the following: Tenant-based assistance on a temporary or permanent voluntary basis through the Housing Choice Voucher Program (if vouchers are available), or temporary relocation to another affordable unit or a market rate unit. If this option is utilized, the affected households will be responsible to pay their portion of rent based upon 30% of adjusted income and the project will pay all other rent increases. All residents will be surveyed regarding their relocation preferences. Surveys will be conducted by phase.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

Seneca Terrace is being rehabilitated in conjunction with a planned rehabilitation of Iroquois Terrace, another public housing project owned by the RRHC, which also will be converted by the RRHC under the RAD program.

U.S. Treasury Regulations require, among other matters, that buildings within a single tax-exempt bond funded project be situated on contiguous parcels in order to treat the buildings as a single qualified residential rental project. In its current configuration, Seneca Terrace does not meet this requirement because the buildings are situated on two parcels that are not contiguous. In order to comply with U.S. Treasury Regulations relating to tax-exempt bonds, the Authority's bond counsel advises the Authority to treat Seneca Terrace as two distinct projects, including having each project meet the minimum set-aside test set forth in Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). The set-aside test requires at least 20% of the units be occupied by individuals earning 50% or less of area median gross income (the "20/50 test") or at least 40% of the units be occupied by individuals earning 60% or less of area median gross income (the "40/60 test"). The Authority and the Mortgagor must ensure the set-aside test is met in each project throughout the entire qualified project period established for the project under Section 142(d).

To enable Seneca Terrace to be financed with a single tax-exempt bond loan and secured by one mortgage, the Authority's bond counsel also recommends the following:

- Both projects must be owned by the same entity.
- The Authority must issue one tax-exempt mortgage note to finance the rehabilitation of both projects.
- Common area square footage must be rehabilitated with funds other than tax-exempt bond proceeds.
- Each of the two projects must receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its corresponding acquisition cost.
- The Authority may publish a single TEFRA notice listing each project separately.
- The two projects may be managed as one property.
- One tax credit award that covers both projects may be issued by the Authority.

The projects are comprised of the following:

Project #1:

- Building 1 – 513, 515, 515 ½ and 517 Polk Street
- Building 2 – 502, 502 ½, 504, 504 ½, 506 and 508 Polk Street
- Building 3 – 514, 516, 518, 518 ½, 520 and 520 ½ Polk Street
- Building 4 – 524, 526, 526 ½, 528, 528 ½ and 530 Polk Street
- Building 5 – 542, 544, 544 ½, 546, 546 ½ and 548 Polk Street
- Building 6 – 552, 552 ½, 554, 554 ½, 556 and 558 Polk Street
- Building 7 – 547, 549, 549 ½, 551, 551 ½ and 553 Beechwood Street
- Building 8 – 542, 544, 544 ½ and 546 Beechwood Street
- Building 9 – 556, 558, 558 ½ and 560 Beechwood Street
- Building 21 – 521 to 523 Polk Street
- Building 22 – 529 to 531 Polk Street
- Building 23 – 532, 532 ½, 534 and 536 Polk Street
- Building 24 – 539, 541, 541 ½ and 543 Polk Street

- Building 25 – 545, 547, 549 and 551 Polk Street
- Building 26 – 553, 553 ½, 555 and 557 Polk Street
- Building 29 – 513, 513 ½, 515, 517, 519 and 519 ½ Beechwood Street
- Building 30 – 523, 523 ½, 525 and 527 Beechwood Street
- Building 31 – 522, 524, 524 ½ and 526 Beechwood Street
- Building 32 – 528, 530, 530 ½ and 532 Beechwood Street
- Building 33 – 529, 529 ½, 531, 533, 533 ½ and 535 Beechwood Street
- Building 34 – 537, 539, 539 ½, 541, 543 and 545 Beechwood Street
- Building 35 – 548, 550, 552 and 554 Beechwood Street
- Building 41 – 503, 505, 507 and 509 Polk Street

Project #2:

- Building 20 – 464, 464 ½, 466, 468, 470 and 472 Polk Street
- Building 27 – 471, 471 ½, 473, 475, 477 and 479 Beechwood Street
- Building 28 – 481, 481 ½, 483, 485, 487 and 489 Beechwood Street

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

August 15, 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond construction and permanent mortgage loans in the amounts set forth in this report, 3) authorize a CERA permanent mortgage loan in the amount set forth below, and 4) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	4144
Development Name:	Seneca Terrace
Development Location:	City of River Rouge, Wayne County
Sponsor:	RAD Conversion Specialists, LLC
Mortgagor:	Seneca Terrace Limited Dividend Housing Association, LLC
TE Bond Construction Loan:	$10,855,508 (52% of TDC)
TE Bond Permanent Loan:	$6,590,224
MSHDA Permanent CERA Loan:	$1,868,250
Total Development Cost:	$20,383,232
Mortgage Amortization and Term:	40 years for the tax-exempt bond loan 50 years for the CERA loan.
Interest Rate:	6.625% for the tax-exempt bond loan 1% simple interest for CERA loan.
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	124 family units of rehabilitation.
Accessible Units:	3 Accessible units
Unit Configuration:	8 one-bedroom/one-bath units 70 two-bedroom/one-bath units 38 three-bedroom/one-bath units 8 four-bedroom/one-and-a-half bath units.
Builder:	Slavik Building and Development, Limited Liability Company
Syndicator:	Walker & Dunlop
Date Application Received:	September 5, 2023
HDO:	Karen Waite

Issuance of the Authority's Mortgage Loan Commitment is subject to fulfillment of all Authority processing and review requirements and obtaining all necessary staff approvals as required by the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

U.S. Treasury Regulations require, among other matters, that buildings within a single tax-exempt bond funded project be situated on contiguous parcels in order to treat the buildings as a single qualified residential rental project. In its current configuration, Seneca Terrace does not meet this requirement because the buildings are situated on two parcels that are not contiguous. In order to comply with U.S. Treasury Regulations relating to tax-exempt bonds, the Authority's bond counsel advises the Authority to treat Seneca Terrace as two distinct projects, including having each project meet the minimum set-aside test set forth in Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). The set-aside test requires at least 20% of the units be occupied by individuals earning 50% or less of area median gross income (the "20/50 test") or at least 40% of the units be occupied by individuals earning 60% or less of area median gross income (the "40/60 test"). The Authority and the Mortgagor must ensure the set-aside test is met in each project throughout the entire qualified project period established for the project under Section 142(d).

To enable Seneca Terrace to be financed with a single tax-exempt bond loan and secured by one mortgage, the Authority's bond counsel also recommends the following:

- Both projects must be owned by the same entity.
- The Authority must issue one tax-exempt mortgage note to finance the rehabilitation of both projects.
- Common area square footage must be rehabilitated with funds other than tax-exempt bond proceeds.
- Each of the two projects must receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its corresponding acquisition cost.
- The Authority may publish a single TEFRA notice listing each project separately.
- The two projects may be managed as one property.
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- Building 31 – 522, 524, 524 ½ and 526 Beechwood Street
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- Building 34 – 537, 539, 539 ½, 541, 543 and 545 Beechwood Street
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- Building 20 – 464, 464 ½, 466, 468, 470 and 472 Polk Street
- Building 27 – 471, 471 ½, 473, 475, 477 and 479 Beechwood Street
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<u>EXECUTIVE SUMMARY</u>:

The River Rouge Housing Commission ("RRHC") is undertaking the process of converting their public housing portfolio under the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration ("RAD") program. RAD Conversion Specialists, LLC (the "Sponsor") has been retained by RRHC as the co-developer for the RAD conversion and rehabilitation of the RRHC public housing portfolio. Under the RAD program, the public housing units will convert from public housing operating subsidies to HUD provided project-based Section 8 Project-Based Voucher ("PBV") rent subsidies. The Sponsor will redevelop Seneca Terrace Apartments, a 124- unit apartment community consisting of one, two, three and four-bedroom townhomes and apartments. The buildings include 26 one & two-story townhome buildings located from 471 to 560 Beechwood Street and 464 to 558 Polk Street in River Rouge, Michigan 48218. The subject property consists of twelve tax parcels, and the site was originally developed in various phases between 1952 and 1963 by the City of River Rouge as public housing.

The property has enjoyed high occupancy rates in excess of 96%. The redeveloped property will continue to offer affordable apartment units creating a new mix based upon the new tax credit requirements in place. The buildings will be renovated and restored utilizing Authority Tax Exempt financing, low-income housing tax credits (LIHTC) and Authority Gap financing. The redeveloped buildings will ensure that the property remains viable and is able to continue to meet the demand for affordable and sustainable residential housing in the River Rouge market.

The Sponsor has planned a substantial rehabilitation of the property that will include addressing the exterior of the building by repairing or replacing all of the deteriorated and/or damaged brick and siding. Tuck-pointing the missing mortar will help to eliminate damages caused by water infiltration and prevent more significant failure of the brick in the future. Additional improvements to the exterior of the property will include: the replacement of the roofs; new Energy Star labeled, insulated double-hung windows; landscaping, parking lot and exterior lighting upgrades and repairs. The renovations to the existing units will include fully renovated kitchens and bathrooms, new flooring, new cabinetry, security systems and Energy Star appliances. The completed building will feature new high performance, energy efficient HVAC, electrical and plumbing systems and fixtures.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to preservation transactions:

- A tax-exempt bond construction loan (the "Mortgage Loan") will be provided by the Authority in the amount of $10,855,508 at 6.625% interest with a 22-month term (a 17-month construction term and a 5-month holding period), which will be used to bridge an extended equity pay-in period. Payments of interest only will be required during the construction loan. The principal balance of the construction loan must be reduced to the permanent loan amount on the first day of the month following the month in which the 22-month construction loan term expires or such later date as is established by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent Mortgage Loan will be provided by the Authority in the amount of $6,590,224. The permanent loan amount is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan is based on a 1.24 debt service coverage ratio, an annual interest rate of 6.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will be in **First Position**.

- A permanent subordinate loan using Authority CERA Funds (the "CERA Loan") in the amount of $1,868,250 will be provided at 1% simple interest with payments initially deferred. The CERA Loan will be in **Second Position**.

- The Seller is providing a note in the amount of $3,200,000. See Special Condition No. 3.

- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of $7,950,540.

- A HUD RAD conversion will provide Section 8 project-based voucher assistance for all 124 units.

- The Sponsor has agreed to defer $774,218 of the developer fee to fill the remaining funding gap.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve ("OAR") will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- The Development will be renovated, and a new replacement reserve requirement will be imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

Scope of Rehabilitation:

The following improvements to the property are included in the Scope of Work:

- Replace deteriorating brick and siding.
- Tuck-pointing missing mortar.
- Replacement of roofs.
- Install double-hung windows.
- Upgrade landscaping.
- Repair parking lot.
- Upgrade exterior lighting.
- Fully renovate kitchens.
- Fully renovate bathrooms.
- Add new flooring.
- Add new cabinetry.
- Paint interior walls.
- Paint ceilings.
- Add new Energy Star appliances.
- Replace in-unit air conditioners.
- Replace in-unit breaker panels.
- Install new smoke and carbon monoxide detectors.
- Install new LED light fixtures.

Affordability Requirements:

The Authority's tax-exempt bond regulatory agreement will require that all the dwelling units in the property remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") income limit, adjusted for family size. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants.

In order to facilitate the rehabilitation, it is anticipated that 4-5 buildings will be renovated at one time, or approximately 20-25 units at a time. Following approval of the Authority funding plan, it is RRHC's plan to cease leasing operations to accommodate the needed number of vacancies to begin construction. It is anticipated that all residents will be relocated within the building during renovation, and any remaining households who cannot be relocated into available units within the property will be required to temporarily relocate off-site. If there are not on-site units, affected households will be offered another RRHC unit at other RRHC properties. Temporary relocation to units not owned by RRHC will only be considered as a last resort. If in a particular phase, residents are required to be temporarily relocated offsite to a non RRHC unit, the resident will be offered one of the following: Tenant-based assistance on a temporary or permanent voluntary basis through the Housing Choice Voucher Program (if vouchers are available), temporary relocation to another affordable unit, or relocation to a market rate unit. If this option is utilized, the affected households will be responsible to pay their portion of rent based upon 30% of adjusted income and the project will pay all other rent increases. All residents will be surveyed regarding their relocation preferences. Surveys will be conducted by phase.

Site Selection:

The site has been reviewed by Authority Staff and the Authority's Office of Market Research has indicated that the site meets the Authority's current site selection criteria.

Market Evaluation:

The unit mix as well as the amenities package and rent levels have been approved by the Office of Market Research.)

Valuation of the Property:

An appraisal dated August 9, 2023, estimates the value of the land and buildings at $3,200,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $7,950,540). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. If Authority gap funds are included in the development sources the Limited Dividend Payments are capped at 12% per annum, while those loans remain outstanding. If there are no Authority gap loan outstanding, then Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. **Income Limits:**

   The income limitations for 124 units of this proposal are as follows:

   a. 12 units (1 one-bedroom units, 7 two-bedroom units, and 4 three-bedroom units), have been designated as CERA units and during the Period of Affordability required under the CERA program (20) years must be available for occupancy by households whose incomes do not exceed the MTSP 50% income limits, adjusted for family size.

b. 13 units (1 one-bedroom unit, 7 two-bedroom units, 4 three-bedroom units, and 1 four-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 30% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

c. 13 units (1 one-bedroom unit, 7 two-bedroom units, 4 three-bedroom units, and 1 four-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 40% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

d. 13 units (1 one-bedroom unit, 7 two-bedroom units, 4 three-bedroom units, and 1 four-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 50% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

e. 85 units (5 one-bedroom units, 49 two-bedroom units, 26 three-bedroom units, and 5 four-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

f. All 124 units must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the Project-Based Voucher ("PBV") Housing Assistance Payments ("HAP") Contract for so long as the PBV HAP Contract between the Mortgagor and RRHC or HUD is in effect (including extensions and renewals), or for such longer period as determined by HUD.

HUD is expected to be the contract administrator for this RAD conversion project and will be responsible for the monitoring and oversight of the PBV units.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

3. **Limitations on Rental Rates:**

The Total Housing Expense (contract rent plus tenant-paid utilities) for 124 units is subject to the following limitations:

a. During the period of affordability required under the CERA program (20 years), the Total Housing Expense for all 12 CERA units (1 one-bedroom units, 7 two-bedroom units, and 4 three-bedroom units)), may not exceed one-twelfth (1/12th) of 30% of 50% of the MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom.

b. The Total Housing Expense for 13 units (1 one-bedroom unit, 7 two-bedroom units, 4 three-bedroom units, and 1 four-bedroom unit), may not exceed one-twelfth (1/12th) of 30% of the 30% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

c. The Total Housing Expense for 13 units (1 one-bedroom unit, 7 two-bedroom units, 4 three-bedroom units, and 1 four-bedroom unit), may not exceed one-twelfth (1/12th) of 30% of the 40% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

d. The Total Housing Expense for 13 units (1 one-bedroom unit, 7 two-bedroom units, 4 three-bedroom units, and 1 four-bedroom unit), may not exceed one-twelfth (1/12th) of 30% of the 50% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

e. The Total Housing Expense for 85 units (5 one-bedroom units, 49 two-bedroom units, 26 three-bedroom units, and 5 four-bedroom unit), may not exceed one-twelfth (1/12th) of 30% of the 60% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

f. The rents to be paid for the PBV HAP-assisted units may not exceed the rent limits established and published annually by HUD for the PBV Program for so long as the PBV HAP Contract between the Mortgagor and RRHC or HUD is in effect (including extensions and renewals), or for such longer period as determined by HUD.

HUD is expected to be the contract administrator for this RAD conversion project and will monitor for compliance with the PBV rent limits.

To the extent units within the Development is subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

For the initial lease term of the first household occupying each rent-restricted unit that does not receive rental subsidy under the PBV HAP Contract, the initial rent may not exceed 105% of the rent approved in this Mortgage Loan Feasibility/Commitment Staff Report. While rental increases for all units may be permitted from time to time as HUD publishes updated median income limits rental increases during any 12-month period on occupied units that do not receive PBV rental subsidy will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Exceptions to these limitations may be granted by the Authority’s Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually by the Authority’s Division of Asset Management.

4. <u>Covenant Running with the Land</u>:

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the Development, the Mortgagor must agree to subject the property to the extended low-income use commitment required by Section 42 of the Internal Revenue Code.

5. <u>Restriction on Prepayment and Subsequent Use</u>:

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

a. 1% of the balance being prepaid;
b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th

year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements.

6. **Operating Assurance Reserve:**

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months of estimated Development operating expenses (estimated to be $461,777). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. **Replacement Reserve:**

At Initial Closing, the Mortgagor must establish a replacement reserve fund (“Replacement Reserve”) with an initial deposit in an amount of $4,489 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of $300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year’s deposit, increased by 3%, or (ii) a percentage of the Development’s projected annual rental income or gross rent potential (“GRP”) for the year using the percentage obtained by dividing the first year’s deposit by the first year’s GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority’s Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. **One Month’s Gross Rent Potential:**

At Initial Closing, the Mortgagor shall deposit an amount equal to one month’s gross rent potential ($124,440) into the Development’s operating account.

9. **Authority Subordinate Loan(s):**

At Initial Closing, the Mortgagor must enter into agreements relating to the permanent CERA Loan. The CERA Loan will be secured by a subordinate mortgage and will bear simple interest at 1% with a 50-year term. No payments on the CERA Loan will be required until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on the CERA loan until it is paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, in lieu of repayment of the CERA Loan, payments of fifty percent (50%) of any surplus cash available for distribution shall be deposited into an CERA Subsidy Reserve and will be used to repay the CERA Loan periodically, if the amount of funds accumulated in the reserve warrant it, or at the end of the loan term, or otherwise used to assist the Development if needed. If reserve funds are used toward loan repayment, they shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale of the Development or refinancing of the Mortgage Loan, at which time the CERA Loan shall be due in full. If the CERA Loan is still outstanding, then following repayment of the Mortgage Loan and continuing on the first day of every month thereafter, the Mortgagor shall make monthly payments of principal and interest equal to the monthly payments that were required on the Mortgage Loan on the first day of every month until the CERA Loan is paid in full, sale of the Development or the date that is 50 years from date of Initial Closing, whichever occurs first. There is no prohibition on prepayment of the CERA Loan.

10. <u>Architectural Plans and Specifications; Contractor's Qualification Statement:</u>

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document A305 as required by the Authority's Chief Architect.

11. <u>Owner/Architect Agreement</u>:

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Chief Legal Affairs Officer.

12. <u>Trade Payment Breakdown:</u>

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority's Chief Construction Manager.

13. <u>Equal Opportunity and Fair Housing:</u>

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

In addition, prior to Mortgage Loan Commitment, the general contractor's Equal Employment Opportunity Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer.

14. **Davis-Bacon and Cross-cutting Federal Requirements:**

The general contractor will be required to comply with all federal prevailing wage requirements, the requirements of the Davis-Bacon and Related Acts, and other applicable federal regulations if required under the terms of the RAD Program.

15. **Cost Certification:**

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

16. **Environmental Review and Indemnification:**

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Chief Legal Affairs Officer.

17. **Title Insurance Commitment and Survey:**

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursement, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Chief Legal Affairs Officer. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Chief Legal Affairs Officer.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide a surveyor's certificate of facts together with an ALTA survey certified to the 2021 minimum standards, and that appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Chief Legal Affairs Officer.

18. **Organizational Documents/Equity Pay-In Schedule:**

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Director of Development and Chief Legal Affairs Officer.

At or prior to Initial Closing, the final, executed syndication partnership agreement must become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

19. Designation of Authority Funds:

The Authority reserves the express right, in its sole discretion, to substitute alternate subordinate funding sources.

20. Management & Marketing:

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Director of Asset Management:

a. Management Agreement
b. Marketing/Construction Transition Plan

21. Guaranties:

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of an operating deficit guaranty and a performance completion guaranty. The required guaranties, the terms thereof and the parties who shall be required to deliver the guaranty must be determined and approved by the Authority's Director of Development.

22. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than six months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

23. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or any future equity sources not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

24. Ownership of Development Reserves:

At the Initial Closing, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. However, the Authority's claim to these funds shall be subject to any lawful claim to such funds by HUD. This agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

25. **HUD Subsidy Layering Review:**

Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

26. **Application for Disbursement:**

Prior to Initial Closing, the Mortgagor must submit an "Application for Disbursement" along with supporting documentation, which must be found acceptable to the Authority's Director of Development.

27. **Uniform Relocation Act Compliance:**

If the Development is occupied at Initial Closing and any occupants of the Development will be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

Special Conditions:

1. **Legal Requirements:**

Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Chief Legal Affairs Officer its recommendation.

Prior submission to the Attonery General's Office the Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Chief Legal Affairs Officer for the items listed below:

- HUD approvals under CFR Part 941, Subpart F – including Property disposition required approvals and required RAD Conversion matters resolved to the satisfaction of HUD and the Authority.

- Release from the HUD Declaration of Trust as appropriate.

Any other documentation as required by the Chief Legal Affairs Officer, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

2. **PILOT Obtained Post-Commitment:**

The Development has been underwritten with a 4% PILOT indicating support from the municipality. Before Initial Closing, an amended PILOT ordinance acceptable in language, form and substance to the Authority's Chief Legal Affairs Officer must be provided. If the Development does not obtain a PILOT as described above, the Development must be re-underwritten and if feasible, presented to the Board. If the Development obtains a PILOT representing a lower PILOT payment amount, any savings generated by the PILOT may be applied, at the sole discretion of an Authorized Officer of the Authority, to reduce one or all of the Authority's subordinate loans or be applied against any other obligation that the Mortgagor owes the Authority with any remainder deposited in the Development's Operating Reserve Cash account.

3. **Seller Note:**

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority's Chief Legal Affairs Officer and Director of Development. The Seller Note must:

a) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
b) be payable solely from approved Limited Dividend payments, and not from other development funds;
c) be expressly subordinate to all Authority mortgage loans; and
d) have a loan term not less than the longest term of all Authority mortgage loans.

At or prior to Initial Closing, the final, executed Seller Note documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Seneca Terrace Limited Dividend Housing Association, LLC

II. GUARANTOR(S):

A. Guarantor #1:

Name: RAD Conversion Specialists, LLC
Address: 120 N. Leroy Street
Fenton, MI 48430

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: RAD Conversion Specialists, LLC
Address: 120 N. Leroy Street
Fenton, MI 48430

Individuals Assigned: John Frasco
Telephone: (248) 221-2917
E-mail: jfrasco@slavikenterprises.com

1. **<u>Experience</u>**: The Sponsor has experience working on Authority-financed developments.

2. **<u>Interest in the Mortgagor and Members</u>**:

   RAD Conversion Specialists, LLC = 0.490%. RRHC Entity TBD = 0.510%. Tax Credit Investor = 99.900%.

B. <u>Architect</u>:

Name: Edmond London & Associates
Address: 20750 Civic Center Drive, Suite 610
Southfield, MI 48076

Individual Assigned: Jordon London
Telephone: (248) 353-4820
Fax: (248) 353-2920
E-Mail: jlondon@ela-architects.com

1. **<u>Experience</u>**: Architect has previous experience with Authority-financed developments.

2. **<u>Architect's License</u>**: License number 1301034183, exp. 10/25/2024.

C. <u>Attorney</u>:

Name: Dykema Gossett
Address: 400 Renaissance Center
Detroit, MI 48243

Individual Assigned: Rochelle Lento
Telephone: (313) 568-5322
Fax: (855) 245-9124
E-Mail: Rlento@dykema.com

1. **<u>Experience</u>**: This firm has experience in closing Authority-financed developments.

D. <u>Builder</u>:

Name: Slavik Building & Development, LLC
Address: 2161 Avon Industrial Dr.
Rochester Hills, MI 48309

Individual Assigned: Stephen Slavik
Telephone: (248) 299-8701
Fax: (248) 299-8702
E-mail: steveslavik@mac.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration**: License number 2102191936, with an expiration date of 05/31/2026.

E. Management and Marketing Agent:

Name: Premier Property Management, LLC
Address: 120 N. Leroy Street
Fenton, MI 48430

Individual Assigned: Robert Beale
Telephone: (810) 629-9500
Fax: (810) 714-5540
E-mail: rbeale@4premier.net

1. **Experience:** This firm has significant experience managing Authority-financed developments.

F. Development Team Recommendation: Go.

IV. SITE DATA:

A. Land Control/Purchase Price:
$3,200,000

B. Site Location:
471 to 560 Beechwood Street and 464 to 558 Polk Street in River Rouge, Michigan 48218

C. Size of Site:
7.111 Acres

D. Density:
Normal market density level permitted by zoning.

E. Physical Description:

1. Present Use: Multifamily Housing

2. Existing Structures: 26 Townhome buildings

3. Relocation Requirements: Relocation/Transition Plan submitted by Sponsor.

F. Zoning:
Multiple Family Residential (MFR)

G. Contiguous Land Use:

1. North: Single family and multifamily housing
2. South: Commercial / Single family and multifamily housing
3. East: Vacant land. Railroad tracks.
4. West: Single family housing

H. Tax Information:
4% PILOT in place

I. Utilities: DTE provides gas and electricity. City of River Rouge provides water/sewer.

J. Community Facilities:

1. Shopping:
Riviera Market 1.3 miles east. Meijer 4.2 miles northwest. Kroger 6.6 miles west.
2. Recreation:
Piwok Park 0.5 miles northwest. Memorial Park 1.4 miles east. Dan Riney Baseball Field 1.7 miles east. Various houses of worship located within walking distance to the project.
3. Public Transportation:
Bus stop 1.0 miles northwest at South Fort Street.
4. Road Systems
I-75 is located 2.0 miles west of the project. Jefferson Avenue runs north to south through River Rouge and is located 0.8 miles south of the project.
5. Medical Services and other Nearby Amenities:
Henry Ford Hospital 11.2 miles northeast.
6. Description of Surrounding Neighborhood:
The surrounding neighborhood is made up of older single family and multifamily housing, with some commercial establishments in between. There are several houses of worship within walking distance to the project. River Rouge High School is located 1.5 miles north of the project. Ann Visger Elementary School is 1.3 miles east of the project.
7. Local Community Expenditures Apparent:
Nonapparent.
8. Indication of Local Support:
4% PILOT in place.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority and has been reviewed by the Authority's Environmental Manager. (See Standard Condition[1] No. 16).

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to initial closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HOME requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Manager of the Office of Market Research and found to be acceptable. The Authority's Manager of the Office of Market Research has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. FAIR HOUSING:

The contractor's currently being reviewed and must be approved by the Authority's Chief Construction Manager prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application-level management and marketing information, to be approved prior to initial closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The sponsor's/guarantor's and the builder's financial statements have been submitted and are to be approved prior to initial closing by the Authority's Director of Rental Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	August 2024
B. Initial Closing and Disbursement:	February 2025
C. Construction Completion:	July 2026
D. Cut-Off Date:	October 2026

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad A. Benson 8/9/2024

Chad Benson Date
Director of Rental Development

Anthony Lentych 8/8/2024

Tony Lentych Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. 8/9/2024

Clarence L. Stone, Jr. Date
Chief Legal Affairs Officer

Amy Hovey 08/09/2024

Amy Hovey Date
Chief Executive Officer and Executive Director

Development	Seneca Terrace - RRHC Phase 2
Financing	Tax Exempt
MSHDA No.	4144
Step	Commitment
Date	08/15/2024
Type	Acquisition/Rehab

Instructions

TOTAL DEVELOPMENT COSTS			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition							
Land			5,000	620,000	0%	0	0
Existing Buildings			20,806	2,580,000	100%	2,580,000	0
Other:			0		0%	0	0
		Subtotal	25,806	3,200,000			
Construction/Rehabilitation							
Off Site Improvements			0		100%	0	0
On-site Improvements			7,258	900,000	100%	900,000	0
Landscaping and Irrigation			0		100%	0	0
Structures			65,000	8,060,000	100%	8,060,000	8,060,000
Community Building and/or Maintenance Facility			0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)			0		0%	0	0
General Requirements	% of Contract 6.00%	Within Range	4,335	537,600	100%	537,600	537,600
Builder Overhead	% of Contract 2.00%	Within Range	1,532	189,952	100%	189,952	189,952
Builder Profit	% of Contract 6.00%	Within Range	4,688	581,253	100%	581,253	581,253
Bond Premium, Tap Fees, Cost Cert.			0	0	100%	0	0
Other: Site Security			0	0	100%	0	0
		Subtotal	82,813	10,268,805			
		15% of acquisition and $15,000/unit test:		met			
Professional Fees							
Design Architect Fees			1,723	213,600	100%	213,600	213,600
Supervisory Architect Fees			382	47,400	100%	47,400	47,400
Engineering/Survey			403	50,000	100%	50,000	50,000
Legal Fees			726	90,000	100%	90,000	90,000
		Subtotal	3,234	401,000			
Interim Construction Costs							
Property & Casualty Insurance			323	40,000	100%	40,000	40,000
Construction Loan Interest	Override	771,577	6,222	771,577	77%	596,219	596,219
Title Work			565	70,000	100%	70,000	0
Construction Taxes			282	35,000	100%	35,000	35,000
Permits, Bond Premium, Site Security			1,855	230,000	100%	230,000	230,000
		Subtotal	9,247	1,146,577			
Permanent Financing							
Loan Commitment Fee to MSHDA		2%	2,052	254,475	0%	0	0
Other:			0	0	0%	0	0
		Subtotal	2,052	254,475			
Other Costs (In Basis)							
Application Fee			20	2,500	100%	2,500	2,500
Market Study			52	6,500	100%	6,500	6,500
Environmental Studies			605	75,000	100%	75,000	75,000
Cost Certification			242	30,000	100%	30,000	30,000
Equipment and Furnishings			0		100%	0	0
Temporary Tenant Relocation			1,815	225,000	100%	225,000	225,000
Construction Contingency			8,281	1,026,881	100%	1,026,881	1,026,881
Appraisal and C.N.A.			105	13,000	100%	13,000	13,000
Other: Soft Cost Contingency			202	25,000	100%	25,000	25,000
		Subtotal	11,322	1,403,881			
Oth Start-up and Organization			16	2,000	0%	0	0
Tax Credit Fees (based on 2022 QAP)	61,231	Within Range	494	61,231	0%	0	0
Compliance Monitoring Fee (based on 2022 QAP)			475	58,900	0%	0	0
Marketing Expense			0		0%	0	0
Syndication Legal Fees			484	60,000	0%	0	0
Rent Up Allowance	months		0	0	0%	0	0
Other:			0		0%	0	0
		Subtotal	1,469	182,131			

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis	OAR Funded Yr 1	4 Month OAR
Project Reserves									
Operating Assurance Reserve	4.0 months	Funded in Cash	3,724	461,777	0%	0	0	460,335	460,335
Replacement Reserve		Required	4,489	556,574	0%	0	0		
Operating Deficit Reserve		Not Required	0	0	0%	0	0		
Rent Subsidy Reserve			0	0	0%	0	0		
Syndicator Held Reserve			0	0	0%	0	0		
Rent Lag Escrow			0	0	0%	0	0		
Tax and Insurance Escrows			0	0	0%	0	0		
Other:			0		0%	0	0		
Other:			0		0%	0	0		
		Subtotal	8,213	1,018,351					
Miscellaneous									
Deposit to Development Operating Account (1MGRP)		Required	1,004	124,440	0%	0	0		
Other (Not in Basis):			0	0	0%	0	0		
Other (In Basis):			0	0	100%	0	0		
Other (In Basis):			0	0	100%	0	0		
		Subtotal	1,004	124,440					
Total Acquisition Costs			25,806	3,200,000					
Total Construction Hard Costs			82,813	10,268,805					
Total Non-Construction ("Soft") Costs			36,539	4,530,855					

Developer Overhead and Fee

Maximum 2,383,573			19,222	2,383,573	100%	2,383,573	2,383,573
7.5%	of Acquisition/Project Reserves	Override	5% Attribution Test				
15%	of All Other Development Costs		met				

	Per Unit	Total	LIHTC Basis	Historic Basis	Aggregate Basis
Total Development Cost	164,381	20,383,232	18,008,477	14,458,477	18,628,477

TOTAL DEVELOPMENT SOURCES		% of TDC	Per Unit	Total
MSHDA Permanent Mortgage		32.33%	53,147	6,590,224
Conventional/Other Mortgage		0.00%	0	0
Equity Contribution From Tax Credit Syndication		39.01%	64,117	7,950,540
MSHDA NSP Funds		0.00%	0	
MSHDA HOME		0.00%	0	
MSHDA Mortgage Resource Funds		0.00%	0	
MSHDA TCAP		0.00%	0	
MSHDA Housing Trust Funds		0.00%	0	
MSHDA CERA		9.17%	15,067	1,868,250
MSHDA HOME-ARP		0.00%	0	
MSHDA HCDF		0.00%	0	
Local HOME		0.00%	0	
Income from Operations		0.00%	0	0
Other Equity		0.00%	0	
Transferred Reserves:		0.00%	0	0
Other:		0.00%	0	
Other:	Seller Financing	15.70%	25,806	3,200,000
Deferred Developer Fee		3.80%	6,244	774,218
Total Permanent Sources				20,383,232

# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
0.00	28.35%	0	0 One Bedroom	0 One Bedroom, 1 Bath, 7
0.00		HTF Subsidy Limit	0 Two Bedroom	0 Two Bedroom, 1 Bath, 9
			0 Three Bedroom	0 Three Bedroom, 1 Bath,
0.00				
0.00		0	0 Four Bedroom	0 Four Bedroom, 1.5 Bath
12.00				
0.00				
0.00				

Deferred Dev Fee
32.48%

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	0

MSHDA Construction Loan		53.26%	87,544	10,855,508
Construction Loan Rate	6.625%			
Repaid from equity prior to final closing				4,265,284

Summary of Acquisition Price		As of	September 5, 2023
Attributed to Land	620,000	1st Mortgage Balance	0
Attributed to Existing Structures	2,580,000	Subordinate Mortgage(s)	0
Other:	0	Subordinate Mortgage(s)	0
Fixed Price to Seller	3,200,000	Subordinate Mortgage(s)	0
		Premium/(Deficit) vs Existing Debt	3,200,000

Construction Loan Term	Months
Construction Contract	17
Holding Period (50% Test)	5
Rent Up Period	0
Construction Loan Period	22

Eligible Basis for LIHTC/TCAP			**Value of LIHTC/TCAP**		
Acquisition	2,740,000		Acquisition	109,600	
Construction	19,849,020		Construction	793,961	Override
Acquisition Credit %		4.00%	Total Yr Credit	903,561	
Rehab/New Const Credit %		4.00%	Equity Price	$0.8800	
Qualified Percentage		100.00%	Equity Effective Price	$0.8800	Override
QCT/DDA Basis Boost		130%	Equity Contribution	7,950,540	
Historic?					

Existing Reserve Analysis			
DCE Interest:		Current Owner's Reserves:	0
Insurance:		Reserves Transferred in to Project	0
Taxes:		Tax/Ins Escrows transferred to project	0
Rep. Reserve:			
ORC:			
DCE Principal:			
Other:			

Appraised Value	Value As of:	August 9, 2023
"Encumbered As-Is" value as determined by appraisal:		3,200,000
Plus 5% of Appraised Value:		0
LESS Fixed Price to the Seller:		3,200,000
Surplus/(Gap)	Within Range	0

Override

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	7,950,540
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	-
Other Equity Sources	
New Owner's Equity	7,950,540

Development	Seneca Terrace - RRHC Phase 2
Financing	Tax Exempt
MSHDA No.	4127
Step	Commitment
Date	08/15/2024
Type	Acquisition/Rehab

Amenities Check List

	Ceiling Fan				
x	Coat Closet				
	Dishwasher				
	Exterior Storage				
x	Frost Free Refridgerator				
x	Garbage Disposal				
x	Individual Entry				
	Microwave				
x	Mini-blinds				
x	Patio/balcany				
	Self-cleaning oven				
	Walk-in closet				
	Basketball Court				
	Playground				
	Clubhouse				
x	Community room				
	Computer / Business Center				
	Elevator				
	Exercise room				
	On-site management				
	Picnic area				
	Other:				
	Laundry Type:				
	Air Conditioning:				
	Security: Lighting				
	Security: Intercom				
	Security: Other				
	Carport	Fee ($):		# of spaces:	
	Attached Garage	Fee ($):		# of spaces:	
	Detached Garage	Fee ($):		# of spaces:	

Congregate Facilities

	24-hour on-site management
	Activities
	Emergency Pullcord
	Healthcare services
	Housekeeping
	Activities director
	Library
	Movie theatre
	Transportation services

Development Seneca Terrace - RRHC Phase 2
Financing Tax Exempt
MSHDA No. 4127
Step Commitment
Date 08/15/2024
Type Acquisition/Rehab

Replacement Reserve Analysis

Cost Inflation	103%
RR Period	20

Min. Deposit	86,800
15 Year	0
20 Year	556,574

Required Initial Deposit **556,574**
Per Unit **4,489**

Year	Starting Balance	RR Needs	Contribution	Net Annual Change	Interest	Ending Balance
1	556,574	0	37,200	37,200	16,697	610,472
2	610,472	0	38,316	38,316	18,314	667,102
3	667,102	0	39,465	39,465	20,013	726,580
4	726,580	0	40,649	40,649	21,797	789,027
5	789,027	19,266	41,869	22,603	23,671	835,301
6	835,301	112,737	43,125	(69,612)	25,059	790,748
7	790,748	21,209	44,419	23,210	23,722	837,680
8	837,680	11,932	45,751	33,819	25,130	896,630
9	896,630	0	47,124	47,124	26,899	970,653
10	970,653	106,462	48,538	(57,924)	29,120	941,848
11	941,848	80,031	49,994	(30,037)	28,255	940,066
12	940,066	62,611	51,493	(11,118)	28,202	957,150
13	957,150	70,860	53,038	(17,822)	28,715	968,043
14	968,043	61,149	54,629	(6,520)	29,041	990,565
15	990,565	74,201	56,268	(17,933)	29,717	**1,002,349**
16	1,002,349	313,271	57,956	(255,315)	30,070	777,105
17	777,105	260,889	59,695	(201,194)	23,313	599,224
18	599,224	262,779	61,486	(201,293)	17,977	415,908
19	415,908	284,384	63,331	(221,053)	12,477	207,332
20	207,332	278,782	65,230	(213,552)	6,220	**(0)**

Total Units	124
Interest Rate on Reserves	3%
Year 1 RR Deposits	300
Min Initial Deposit ($700/unit)	86800

Cash Flow Projections

Development Seneca Terrace - RRHC Phase 2
Financing Tax Exempt
MSHDA No. 4127
Step Commitment
Date 08/15/2024
Type Acquisition/Rehab

	Initial Inflator	Starting in Yr	Future Inflator	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
				1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	1.0%	6	2.0%	1,493,280	1,508,213	1,523,295	1,538,528	1,553,913	1,584,991	1,616,691	1,649,025	1,682,006	1,715,646
Annual Non-Rental Income	1.0%	6	2.0%	537	542	548	553	559	570	581	593	605	617
Total Project Revenue				**1,493,817**	**1,508,755**	**1,523,843**	**1,539,081**	**1,554,472**	**1,585,561**	**1,617,273**	**1,649,618**	**1,682,610**	**1,716,263**
Expenses													
Vacancy Loss	5.0%	6	5.0%	74,664	75,411	76,165	76,926	77,696	79,250	80,835	82,451	84,100	85,782
Management Fee	3.0%	1	3.0%	78,616	80,974	83,404	85,906	88,483	91,137	93,872	96,688	99,588	102,576
Administration	3.0%	1	3.0%	202,099	208,162	214,406	220,839	227,464	234,288	241,316	248,556	256,012	263,693
Project-paid Fuel	3.0%	6	3.0%	5,333	5,493	5,658	5,827	6,002	6,182	6,368	6,559	6,755	6,958
Common Electricity	4.0%	6	3.0%	7,527	7,828	8,141	8,467	8,805	9,069	9,342	9,622	9,910	10,208
Water and Sewer	5.0%	6	5.0%	98,582	103,512	108,687	114,122	119,828	125,819	132,110	138,715	145,651	152,934
Operating and Maintenance	3.0%	1	3.0%	311,753	321,106	330,739	340,661	350,881	361,408	372,250	383,417	394,920	406,767
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				52,287	52,639	52,986	53,327	53,663	54,587	55,522	56,467	57,424	58,391
Insurance	3.0%	1	3.0%	42,887	44,174	45,499	46,864	48,270	49,718	51,210	52,746	54,329	55,958
Replacement Reserve	3.0%	1	3.0%	37,200	38,316	39,465	40,649	41,869	43,125	44,419	45,751	47,124	48,538
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				910,948	937,614	965,150	993,589	1,022,961	1,054,583	1,087,242	1,120,973	1,155,814	1,191,805
Debt Service													
Debt Service Part A				470,055	470,055	470,055	470,055	470,055	470,055	470,055	470,055	470,055	470,055
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**1,381,004**	**1,407,669**	**1,435,206**	**1,463,644**	**1,493,016**	**1,524,638**	**1,557,297**	**1,591,028**	**1,625,869**	**1,661,860**
Cash Flow/(Deficit)				**112,813**	**101,086**	**88,637**	**75,437**	**61,456**	**60,923**	**59,976**	**58,590**	**56,741**	**54,403**
Cash Flow Per Unit				910	815	715	608	496	491	484	473	458	439
Debt Coverage Ratio on Part A Loan				1.24	1.22	1.19	1.16	1.13	1.13	1.13	1.12	1.12	1.12
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves: 3%

Average Cash Flow as % of Net Income

	Setting		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating Deficit Reserve (ODR) Analaysis												
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
Initial Balance		**1,443**	1,443	1,486	1,531	1,577	1,624	1,673	1,723	1,774	1,828	1,882
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0
Interest			43	45	46	47	49	50	52	53	55	56
Ending Balance at Maintained DCR			1,486	1,531	1,577	1,624	1,673	1,723	1,774	1,828	1,882	1,939
Maintained Cash Flow Per Unit			910	815	715	608	496	491	484	473	458	439
Maintained Debt Coverage Ratio on Part A Loan			1.24	1.22	1.19	1.16	1.13	1.13	1.13	1.12	1.12	1.12
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**0**										
Non-standard ODR		**1,443**										
Operating Assurance Reserve Analysis		460,335										
Required in Year:	1	Initial Deposit										
Initial Balance		**460,335**	460,335	474,145	488,369	503,020	518,111	533,654	549,664	566,153	583,138	600,632
Interest Income			13,810	14,224	14,651	15,091	15,543	16,010	16,490	16,985	17,494	18,019
Ending Balance			474,145	488,369	503,020	518,111	533,654	549,664	566,153	583,138	600,632	618,651
Deferred Developer Fee Analysis												
Initial Balance			774,218	661,405	560,319	471,682	396,244	334,789	273,866	243,878	214,583	186,212
Dev Fee Paid			112,813	101,086	88,637	75,437	61,456	60,923	29,988	29,295	28,371	27,201
Ending Balance — Repaid in Year:	#N/A		661,405	560,319	471,682	396,244	334,789	273,866	243,878	214,583	186,212	159,011
Mortgage Resource Fund Loan												
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		**0**	0	0	0	0	0	0	0	0	0	0
Current Yr Int			0	0	0	0	0	0	0	0	0	0
Accrued Int			0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due		**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance			0	0	0	0	0	0	0	0	0	0

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator	2033 11	2034 12	2035 13	2036 14	2037 15	2038 16	2039 17	2040 18	2041 19	2042 20
Income													
Annual Rental Income	1.0%	6	2.0%	1,749,959	1,784,958	1,820,657	1,857,070	1,894,211	1,932,096	1,970,738	2,010,152	2,050,355	2,091,363
Annual Non-Rental Income	1.0%	6	2.0%	629	642	655	668	681	695	709	723	737	752
Total Project Revenue				**1,750,588**	**1,785,600**	**1,821,312**	**1,857,738**	**1,894,893**	**1,932,790**	**1,971,446**	**2,010,875**	**2,051,093**	**2,092,115**
Expenses													
Vacancy Loss	5.0%	6	5.0%	87,498	89,248	91,033	92,854	94,711	96,605	98,537	100,508	102,518	104,568
Management Fee	3.0%	1	3.0%	105,653	108,823	112,088	115,450	118,914	122,481	126,156	129,940	133,838	137,854
Administration	3.0%	1	3.0%	271,604	279,752	288,144	296,789	305,692	314,863	324,309	334,038	344,059	354,381
Project-paid Fuel	3.0%	6	3.0%	7,167	7,382	7,603	7,831	8,066	8,308	8,558	8,814	9,079	9,351
Common Electricity	4.0%	6	3.0%	10,514	10,829	11,154	11,489	11,834	12,189	12,554	12,931	13,319	13,718
Water and Sewer	5.0%	6	5.0%	160,580	168,609	177,040	185,892	195,187	204,946	215,193	225,953	237,250	249,113
Operating and Maintenance	3.0%	1	3.0%	418,970	431,540	444,486	457,820	471,555	485,702	500,273	515,281	530,739	546,661
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				59,368	60,356	61,353	62,360	63,377	64,402	65,436	66,478	67,528	68,584
Insurance	3.0%	1	3.0%	57,637	59,366	61,147	62,982	64,871	66,817	68,822	70,886	73,013	75,203
Replacement Reserve	3.0%	1	3.0%	49,994	51,493	53,038	54,629	56,268	57,956	59,695	61,486	63,331	65,230
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				1,228,985	1,267,398	1,307,087	1,348,096	1,390,474	1,434,269	1,479,532	1,526,315	1,574,674	1,624,665
Debt Service													
Debt Service Part A				470,055	470,055	470,055	470,055	470,055	470,055	470,055	470,055	470,055	470,055
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**1,699,041**	**1,737,453**	**1,777,142**	**1,818,152**	**1,860,529**	**1,904,324**	**1,949,587**	**1,996,370**	**2,044,729**	**2,094,720**
Cash Flow/(Deficit)				**51,547**	**48,146**	**44,170**	**39,586**	**34,363**	**28,466**	**21,859**	**14,505**	**6,363**	**(2,606)**
Cash Flow Per Unit				416	388	356	319	277	230	176	117	51	(21)
Debt Coverage Ratio on Part A Loan				1.11	1.10	1.09	1.08	1.07	1.06	1.05	1.03	1.01	0.99
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

			2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Interest Rate on Reserves	3%											
Operating Deficit Reserve (ODR) Analaysis												
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
Initial Balance		**1,443**	1,939	1,997	2,057	2,119	2,182	2,248	2,315	2,385	2,456	2,530
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	(2,606)
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	(2,606)
Interest			58	60	62	64	65	67	69	72	74	76
Ending Balance at Maintained DCR			1,997	2,057	2,119	2,182	2,248	2,315	2,385	2,456	2,530	**(0)**
Maintained Cash Flow Per Unit			416	388	356	319	277	230	176	117	51	0
Maintained Debt Coverage Ratio on Part A Loan			1.11	1.10	1.09	1.08	1.07	1.06	1.05	1.03	1.01	1.00
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**0**										
Non-standard ODR		**1,443**										
Operating Assurance Reserve Analysis		460,335										
Required in Year:	1	Initial Deposit										
Initial Balance		**460,335**	618,651	637,211	656,327	676,017	696,297	717,186	738,702	760,863	783,689	807,199
Interest Income			18,560	19,116	19,690	20,281	20,889	21,516	22,161	22,826	23,511	24,216
Ending Balance			637,211	656,327	676,017	696,297	717,186	738,702	760,863	783,689	807,199	831,415
Deferred Developer Fee Analysis												
Initial Balance			159,011	133,237	109,164	87,079	67,286	50,105	35,871	24,942	17,689	14,508
Dev Fee Paid			25,774	24,073	22,085	19,793	17,182	14,233	10,930	7,252	3,182	FALSE
Ending Balance — Repaid in Year:	#N/A		133,237	109,164	87,079	67,286	50,105	35,871	24,942	17,689	14,508	14,508
Mortgage Resource Fund Loan												
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		**0**	0	0	0	0	0	0	0	0	0	0
Current Yr Int			0	0	0	0	0	0	0	0	0	0
Accrued Int			0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due		**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance			0	0	0	0	0	0	0	0	0	0

Development Seneca Terrace - RRHC Phase 2
Financing Tax Exempt
MSHDA No. 4127
Step Commitment
Date 8/15/2024
Type Acquisition/Rehab

Use Sources & Uses Page: Sources & Uses

Pay-In Schedule

			6%	11%	17%	23%	29%	34%	40%	46%	52%	57%	63%	69%
		Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025
Uses	Amount Budgeted from Costs	4/1/2024 Initial Closing	Draw 2	Draw 3	Draw 4	Draw 5	Draw 6	Draw 7	Draw 8	Draw 9	Draw 10	Draw 11	Draw 12	Draw 13
Acquisition	3,200,000	3,200,000	0	0	0	0	0	0	0	0	0	0	0	0
Construction/Rehabilitation	10,268,805	0	588,946	588,946	588,946	588,946	588,946	588,946	588,946	588,946	588,946	588,946	588,946	588,946
Professional Fees	401,000	353,600	2,788	2,788	2,788	2,788	2,788	2,788	2,788	2,788	2,788	2,788	2,788	2,788
Interim Contruction Costs	375,000	320,000	0	0	0	0	0	0	0	0	37,500	0	0	0
Construction Loan Interest	771,577		0	2,087	5,439	8,809	12,197	15,604	19,030	22,475	25,939	30,260	34,396	38,556
Permanent Financing	254,475	254,475	0	0	0	0	0	0	0	0	0	0	0	0
Other Costs(In Basis)	1,403,881	122,000	13,235	13,235	13,235	13,235	13,235	13,235	13,235	13,235	127,333	127,333	127,333	127,333
Other Costs(NOT In Basis)	182,131	82,571	0	0	0	0	0	0	0	0	0	0	0	40,660
Project Reserves	1,018,351	1,018,351	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	124,440	124,440	0	0	0	0	0	0	0	0	0	0	0	0
Developer Fee	2,383,573	160,935												
Total Uses	20,383,232	5,636,373	604,970	607,057	610,408	613,778	617,167	620,574	624,000	627,445	782,507	749,327	753,464	798,284
Cumulative Uses		*5,636,373*	*6,241,342*	*6,848,399*	*7,458,807*	*8,072,585*	*8,689,752*	*9,310,326*	*9,934,326*	*10,561,772*	*11,344,279*	*12,093,606*	*12,847,070*	*13,645,353*
Sources Interest Rate	6.625%													
Construction Loan	10,855,508		378,038	607,057	610,408	613,778	617,167	620,574	624,000	627,445	782,507	749,327	753,464	798,284
MSHDA Permanent Mortgage	6,590,224													
Conventional/Other Mortgage	0													
Equity Contribution From Tax Credit Syndicatio	7,950,540	795,054												
MSHDA NSP Funds	0													
MSHDA HOME	0													
MSHDA Mortgage Resource Funds	0													
MSHDA TCAP	0													
MSHDA Housing Trust Funds	0													
MSHDA CERA	1,868,250	1,641,319	226,931											
MSHDA HOME-ARP	0													
MSHDA HCDF	0													
Local HOME	0													
Income from Operations	0													
Other Equity	0													
Transferred Reserves:	0													
Other:	0													
Other: Seller Financing	3,200,000	3,200,000												
Deferred Developer Fee	774,218													
Construction Loan Running Balance		0	378,038	985,095	1,595,503	2,209,281	2,826,448	3,447,022	4,071,022	4,698,468	5,480,975	6,230,302	6,983,766	7,782,049
Total Sources	20,383,232	5,636,373	604,970	607,057	610,408	613,778	617,167	620,574	624,000	627,445	782,507	749,327	753,464	798,284
Cumulative Sources		*5,636,373*	*6,241,342*	*6,848,399*	*7,458,807*	*8,072,585*	*8,689,752*	*9,310,326*	*9,934,326*	*10,561,772*	*11,344,279*	*12,093,606*	*12,847,070*	*13,645,353*
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Balance		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Eligible basis items plus land	18,628,477													
50% Test (for 4% deals)		0%	2%	5%	8%	11%	14%	17%	20%	23%	27%	31%	34%	38%

Development Seneca Terrace - RRHC Phase 2
Financing Tax Exempt
MSHDA No. 4127
Step Commitment
Date 8/15/2024
Type Acquisition/Rehab

	Amount Budgeted from Costs	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	Total
		75%	80%	86%	92%	98%	100%							
Uses		Draw 14	Draw 15	Draw 16	Draw 17	Draw 18	Draw 19	Draw 20	Draw 21	Draw 22	Draw 23	Draw 24	Draw 25	Total
Acquisition	3,200,000	0	0	0	0	0	0	0	0	0	0	0	0	3,200,000
Construction/Rehabilitation	10,268,805	588,946	588,946	588,946	588,946	588,946	256,720	0	0	0	0	0	0	10,268,805
Professional Fees	401,000	2,788	2,788	2,788	2,788	2,788	0	0	0	0	0	0	0	401,000
Interim Contruction Costs	375,000	0	0	0	0	17,500	0	0	0	0	0	0	0	375,000
Construction Loan Interest	771,577	42,963	47,170	51,401	55,654	59,931	59,931	59,931	59,938	59,931	59,931	0	0	771,577
Permanent Financing	254,475	0	0	0	0	0	0	0	0	0	0	0	0	254,475
Other Costs(In Basis)	1,403,881	127,333	127,333	127,333	127,333	127,333	30,000	0	0	0	0	0	0	1,403,881
Other Costs(NOT In Basis)	182,131	0	0	0	0	0	58,900	0	0	0	0	0	0	182,131
Project Reserves	1,018,351	0	0	0	0	0	0	0	0	0	0	0	0	1,018,351
Miscellaneous	124,440	0	0	0	0	0	0	0	0	0	0	0	0	124,440
Developer Fee	2,383,573										1,448,419			1,609,355
Total Uses	20,383,232	762,031	766,238	770,468	774,722	796,499	405,552	59,931	59,938	59,931	1,508,351	0	0	19,609,014
Cumulative Uses		*14,407,384*	*15,173,622*	*15,944,091*	*16,718,812*	*17,515,311*	*17,920,863*	*17,980,794*	*18,040,732*	*18,100,664*	*19,609,014*	*19,609,014*	*19,609,014*	
Sources Interest Rate	6.625%													
Construction Loan	10,855,508	762,031	766,238	770,468	774,721						-10,855,508			0
MSHDA Permanent Mortgage	6,590,224										6,590,224			6,590,224
Conventional/Other Mortgage	0													0
Equity Contribution From Tax Credit Syndicatio	7,950,540					3,180,216					3,975,270			7,950,540
MSHDA NSP Funds	0													0
MSHDA HOME	0													0
MSHDA Mortgage Resource Funds	0													0
MSHDA TCAP	0													0
MSHDA Housing Trust Funds	0													0
MSHDA CERA	1,868,250													1,868,250
MSHDA HOME-ARP	0													0
MSHDA HCDF	0													0
Local HOME	0													0
Income from Operations	0													0
Other Equity	0													0
Transferred Reserves:	0													0
Other:	0													0
Other: Seller Financing	3,200,000													3,200,000
Deferred Developer Fee	774,218													0
Construction Loan Running Balance		8,544,080	9,310,318	10,080,787	10,855,508	10,855,508	10,855,508	10,855,508	10,855,508	10,855,508	0	0	0	
Total Sources	20,383,232	762,031	766,238	770,468	774,721	3,180,216	0	0	0	0	-290,014	0	0	19,609,014
Cumulative Sources		*14,407,384*	*15,173,622*	*15,944,091*	*16,718,812*	*19,899,028*	*19,899,028*	*19,899,028*	*19,899,028*	*19,899,028*	*19,609,014*	*19,609,014*	*19,609,014*	
Balance	0	0	0	0	0	2,383,717	-405,552	-59,931	-59,938	-59,931	-1,798,365	0	0	0
Cumulative Balance		*0*	*0*	*0*	*0*	*2,383,717*	*1,978,165*	*1,918,234*	*1,858,296*	*1,798,364*	*0*	*0*	*0*	*0*
Eligible basis items plus land	18,628,477													
50% Test (for 4% deals)		42%	46%	49%	53%	53%	53%	53%	53%	53%	0%	0%	0%	

Development Seneca Terrace - RRHC Phase 2
Financing Tax Exempt
MSHDA No. 4127
Step Commitment
Date 8/15/2024
Type Acquisition/Rehab

Uses		Amount Budgeted from Costs	Variance
Acquisition		3,200,000	0
Construction/Rehabilitation		10,268,805	0
Professional Fees		401,000	0
Interim Contruction Costs		375,000	0
Construction Loan Interest		771,577	0
Permanent Financing		254,475	0
Other Costs(In Basis)		1,403,881	0
Other Costs(NOT In Basis)		182,131	0
Project Reserves		1,018,351	0
Miscellaneous		124,440	0
Developer Fee		2,383,573	(774,218)
	Total Uses	20,383,232	(774,218)
	Cumulative Uses		
Sources	Interest Rate	6.625%	
Construction Loan		10,855,508	(10,855,508)
MSHDA Permanent Mortgage		6,590,224	0
Conventional/Other Mortgage		0	0
Equity Contribution From Tax Credit Syndicatio		7,950,540	0
MSHDA NSP Funds		0	0
MSHDA HOME		0	0
MSHDA Mortgage Resource Funds		0	0
MSHDA TCAP		0	0
MSHDA Housing Trust Funds		0	0
MSHDA CERA		1,868,250	0
MSHDA HOME-ARP		0	0
MSHDA HCDF		0	0
Local HOME		0	0
Income from Operations		0	0
Other Equity		0	0
Transferred Reserves:		0	0
Other:		0	0
Other:	Seller Financing	3,200,000	0
Deferred Developer Fee		774,218	(774,218)
Construction Loan Running Balance			
	Total Sources	20,383,232	(774,218)
	Cumulative Sources		
	Balance	0	
	Cumulative Balance		
Eligible basis items plus land		18,628,477	
50% Test (for 4% deals)			

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
SENECA TERRACE, MSHDA DEVELOPMENT NO. 4144
CITY OF RIVER ROUGE, WAYNE COUNTY

August 15, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, an application for Mortgage Loan Feasibility has been filed with the Authority by RAD Conversion Specialists, LLC (the "Applicant") for a multifamily housing project to be located in the City of River Rouge, Wayne County, Michigan, having a total development cost of Twenty Million Three Hundred Eighty-Three Thousand Two Hundred Thirty-Two Dollars ($20,383,232), with a total estimated maximum mortgage loan (the "Mortgage Loan") amount of Ten Million Eight Hundred Fifty-Five Thousand Five Hundred Eight Dollars ($10,855,508), and a COVID Emergency Rental Assistance Loan in the estimated amount of One Million Eight Hundred Sixty-Eight Thousand Two Hundred Fifty Dollars ($1,868,250) (hereinafter referred to as the "Application"); and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following determinations be and they hereby are made:

    a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.

    b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.

    c. The proposed housing project will meet a social need in the area in which it is to be located.

    d. The proposed housing project is a feasible housing project.

    e. The Authority expects to allocate to the financing of the proposed housing project proceeds of its tax-exempt bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Twelve Million Eight Hundred Ten Thousand Dollars ($12,810,000).

2. The proposed housing project be and it is hereby determined to be feasible on the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Report of the Authority Staff presented to the meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Applicant.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the specific conditions and requirements set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024, which conditions and requirements are hereby incorporated by reference as if fully set forth herein.

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN
SENECA TERRRACE, MSHDA DEVELOPMENT NO. 4144
CITY OF RIVER ROUGE, WAYNE COUNTY

August 15, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by RAD Conversion Specialists, LLC (the "Applicant") for a construction mortgage loan in the amount of Ten Million Eight Hundred Fifty-Five Thousand Five Hundred Eight Dollars ($10,855,508) and a permanent mortgage loan in the amount of Six Million Five Hundred Ninety Thousand Two Hundred Twenty-Four Dollars ($6,590,224) (the “Mortgage Loan”) for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Twenty Million Three Hundred Eighty-Three Thousand Two Hundred Thirty-Two Dollars ($20,383,232), to be known as Seneca Terrace, MSHDA Development No. 4144 (the “Development”), located in the City of Detroit, Wayne County, Michigan, and to be owned by Seneca Terrace Limited Dividend Housing Association, LLC (the "Mortgagor"); and

WHEREAS, the Authority has designated up to Forty Million Dollars ($40,000,000) of COVID Emergency Rental Assistance (“CERA”) funds to be used for PSH (Permanent Supportive Housing) Gap Financing Program loans; and

WHEREAS, in the Application, the Applicant also requested a CERA loan (the “CERA Loan”) under the PSH Gap Financing Program in the amount of One Million Eight Hundred Sixty-Eight Thousand Two Hundred Fifty Dollars ($1,868,250); and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Chief Executive Officer and Executive Director and, on the basis of the Application and recommendation, has made determinations that:

(a) The Mortgagor is an eligible applicant;

(b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;

(c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;

(d) The proposed housing project will meet a social need in the area in which it is to be located;

(e) The proposed housing project may reasonably be expected to be marketed successfully;

(f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;

(g) The construction will be undertaken in an economical manner, and it will not be of elaborate design or materials; and

(h) In light of the estimated total project cost of the proposed housing project, the amount of the Mortgage Loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and of the Mortgage Loan Commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. The Mortgage Loan be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project, in an amount not to Ten Million Eight Hundred Fifty-Five Thousand Five Hundred Eight Dollars ($10,855,508), and permanent financing in an amount not to exceed Six Million Five Hundred Ninety Thousand Two Hundred Twenty-Four Dollars ($6,590,224), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of six and 625/1000 (6.625%) per annum. The amount of proceeds of tax-exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Twelve Million Eight Hundred Ten Thousand Dollars ($12,810,000). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The CERA Loan be and it hereby is authorized and an Authorized Officer is hereby

authorized to issue to the Applicant and the Mortgagor a commitment for a CERA Loan (together with the Commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount One Million Eight Hundred Sixty-Eight Thousand Two Hundred Fifty Dollars ($1,868,250), to have a term not to exceed fifty (50) years and to bear interest at a rate of one percent (1%) per annum with payments initially deferred.

4. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the Mortgage Loan authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

6. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Chief Executive Officer and Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be twelve percent (12%) per annum initially. So long as the Authority CERA Loan is outstanding, the Limited Dividend Payments are capped at 12% per annum. If the CERA Loan is no longer outstanding, the Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Iroquois Terrace*,* Development No. 4143

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond construction and permanent mortgage loans in the amounts set forth below, 3) authorize a CERA permanent mortgage loan in the amount set forth below, and 4) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024.

PROJECT SUMMARY:

MSHDA No:	4143
Development Name:	Iroquois Terrace
Development Location:	City of River Rouge, Wayne County
Sponsor:	RAD Conversion Specialists, LLC
Mortgagor:	Iroquois Terrace Limited Dividend Housing Association, LLC
Number of Units (Affordable and Market Rate):	84 family units of rehabilitation
Number of Units Designated for Accessible Use:	2 Accessible units.
Total Development Cost:	$13,890,513
TE Bond Construction Loan:	$7,255,040
TE Bond Permanent Loan:	$3,860,889
MSHDA Gap Funds:	$1,744,556 (CERA Funds)
Other Funds:	$5,491,623 Equity Contribution $2,100,000 Seller Note $693,445 Deferred Developer Fee

EXECUTIVE SUMMARY:

The River Rouge Housing Commission ("RRHC") is undertaking the process of converting their public housing portfolio under the U.S. Department of Housing and Urban Development ("HUD")

Rental Assistance Demonstration ("RAD") program. RAD Conversion Specialists LLC ("RCS") has been retained by RRHC as the co-developer for the RAD conversion and rehabilitation of the RRHC public housing portfolio. Under the RAD program, the public housing units will convert from public housing with operating subsidies from HUD to privately-owned properties receiving project-based Section 8 rent subsidies for 100% of the residents. RCS will redevelop Iroquois Terrace Apartments, an 84-unit community consisting of 16 one and two-story buildings providing 6 one-bedroom, 48 two-bedroom, 26 three-bedroom and 4 four-bedroom townhouses and apartments ranging in size from 588 SF to 1218 SF. The development was constructed in various phases from 1952 to 1963 by the City of River Rouge as public housing. The property is located from 197 to 326 ½ Goodell Street in River Rouge, Michigan 48218.

The property has enjoyed high occupancy rates in excess of 96%. The redeveloped property will continue to offer affordable apartment and townhome units based upon the new tax credit requirements. The buildings will be renovated and restored utilizing Authority tax-exempt bond financing, low-income housing tax credits (LIHTC) and Authority Gap financing. The rehabilitation of Iroquois Terrace will preserve the property's affordability and ensure that the property remains viable to meet the demand for affordable and sustainable residential housing in the City of River Rouge market.

RCS plans a substantial rehabilitation of the property that includes addressing the exterior of the buildings by repairing or replacing all of the deteriorated and/or damaged brick and siding. Tuckpointing the missing mortar will help to eliminate damage that was caused by water infiltration and prevent more significant failure of the brick in the future. Additional improvements to the exterior of the property includes replacement of the roofs; installation of new Energy Star labeled, insulated double-hung windows; new landscaping, and parking lot; and exterior lighting upgrades and repairs. Projected renovations to the unit interiors will feature new high performance, energy efficient HVAC, electrical and plumbing systems and fixtures, new security systems, Energy Star appliances, and fully renovated kitchens and bathrooms, including new flooring and new cabinetry.

ADVANCING THE AUTHORITY'S MISSION:

Iroquois Terrace is located in Region N of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region N Action Plan:

- Goal 3.2-increase access to stable and affordable quality housing options for households with extremely low incomes.
- Goal 4.4-increase the rehabilitation and/or preservation of housing stock.
- Goal 4.5-increase environmental sustainability, energy efficiency, and weatherization in housing rehabilitation and/or preservation.
- Goal 6.3-increase the quality of rental housing.

MUNICIPAL SUPPORT:

There is a 4% Payment in Lieu of Taxes ordinance in place.

COMMUNITY ENGAGEMENT/IMPACT:

The sponsor has engaged the community by holding a series of resident meetings, public board meetings of the River Rouge Housing Commission and meetings with the public officials of the City of River Rouge. The meetings have been focused upon the existing physical needs of the public housing community, the needs of residents, and the impact and benefits associated with the rehabilitation and the conversion from public housing under HUD's RAD program.

This project will impact the community by preserving an extremely important affordable housing resource within the City of River Rouge. Additionally, the individual buildings which comprise Iroquois Terrace are low density and the site's footprint impacts multiple residential blocks in the City of River Rouge, making this an important community project.

From the various meetings with residents, City officials and stakeholders, several recommendations were received from the community including a desire to see beautification of the building exteriors including new windows, roofs, and doors. Residents mentioned a desire to see better air quality in their units as well as a desire to see more landscaping including flowers.

The development team was able to include all design recommendations including new HVAC, windows, roofs, and landscaping, which will include new plant material. Also, the exterior of the buildings will be improved by repairing or replacing all the deteriorated and/or damaged brick and siding. Added privacy fencing will improve the privacy and enjoyment of exterior spaces for residents. RRHC shared the exterior project renderings with residents at the last community meeting on April 2, 2024, which were well received by all in attendance.

RESIDENT IMPACT:

In order to facilitate the rehabilitation, it is anticipated that 4-5 buildings will be renovated at one time, or approximately 20-25 units at a time. Following approval of the Authority funding plan, it is RRHC's plan to cease leasing operations to accommodate the needed number of vacancies to begin construction. It is anticipated that all residents will be relocated within the building during renovation, and any remaining households who cannot be relocated into available units within the property will be required to temporarily relocate off-site. If there are not on-site units, affected households will be offered another RRHC unit at other RRHC properties. Temporary relocation to units not owned by RRHC will only be considered as a last resort. If in a particular phase, residents are required to be temporarily relocated offsite to a non RRHC unit, the resident will be offered one of the following: Tenant-based assistance on a temporary or permanent voluntary basis through the Housing Choice Voucher Program (if vouchers are available), or temporary relocation to another affordable unit, or a market rate unit. If this option is utilized, the affected households will be responsible to pay their portion of rent based upon 30% of adjusted income and the project will pay all other rent increases. All residents will be surveyed regarding their relocation preferences. Surveys will be conducted by phase.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

Iroquois Terrace is being rehabilitated in conjunction with a planned rehabilitation of Seneca Terrace, another public housing project owned by the RRHC, which also will be converted by the RRHC under the RAD program.

U.S. Treasury Regulations require, among other matters, that buildings within a single tax-exempt bond funded project be situated on contiguous parcels in order to treat the buildings as a single qualified residential rental project. In its current configuration, Iroquois Terrace does not meet this requirement because the buildings are situated on six parcels that are not contiguous. In order to comply with U.S. Treasury Regulations relating to tax-exempt bonds, the Authority's bond counsel advises the Authority to treat Iroquois Terrace as six distinct projects, including having each project meet the minimum set-aside test set forth in Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). The set-aside test requires at least 20% of the units be occupied by individuals earning 50% or less of area median gross income (the "20/50 test") or at least 40% of the units be occupied by individuals earning 60% or less of area median gross income (the "40/60 test"). The Authority and the Mortgagor must ensure the set-aside test is met in each project throughout the entire qualified project period established for the project under Section 142(d).

To enable Iroquois Terrace to be financed with a single tax-exempt bond loan and secured by one mortgage, the Authority's bond counsel also recommends the following:

- All six projects must be owned by the same entity.
- The Authority must issue one tax-exempt mortgage note to finance the rehabilitation of both projects.
- Common area square footage must be rehabilitated with funds other than tax-exempt bond proceeds.
- Each of the six projects must receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its corresponding acquisition cost.
- The Authority may publish a single TEFRA notice listing each project separately.
- The six projects may be managed as one property.
- One tax credit award that covers six projects may be issued by the Authority.

The projects are comprised of the following:

Project #1:

- Building 10 – 197, 197 ½, 199, 199 ½, 201 and 201 ½ Goodell Street
- Building 11 – 205, 205 ½, 207, 207 ½, 209, and 211 Goodell Street

Project #2:

- Building 12 – 227, 229, 229 ½ and 231 Goodell Street

Project #3:

- Building 13 – 244, 246, 248, 248 ½, 250 and 252 Goodell Street
- Building 37 – 249, 249 ½, 251, 253, 255 and 257 Goodell Street
- Building 38 – 254, 254 ½, 256, 258, 258 ½ and 260 Goodell Street

Project #4:

- Building 14 – 271, 273, 275 and 277 Goodell Street
- Building 17 – 270, 272, 274 and 276 Goodell Street

Project #5:

- Building 15 – 289, 291, 293, 293 ½, 295 and 297 Goodell Street
- Building 16 – 311, 313, 315, 315 ½, 317 and 319 Goodell Street
- Building 18 – 288, 290, 290 ½, 292, 292 ½ and 294 Goodell Street
- Building 19 – 312, 314, 316 and 318 Goodell Street
- Building 39 – 299, 301, 303, 305, 307 and 309 Goodell Street
- Building 40 – 321, 321 ½, 323 and 325 Goodell Street
- Building 64 – 324, 324 ½, 326 and 326 ½ Goodell Street

Project #6:

- Building 36 – 224, 226, 228, 230, 232 and 234 Goodell Street

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

August 15, 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond construction and permanent loans in the amounts set forth in this report, 3) authorize a permanent CERA mortgage loan in the amount set forth below, and 4) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	4143
Development Name:	Iroquois Terrace
Development Location:	City of River Rouge, Wayne County
Sponsor:	RAD Conversion Specialists, LLC
Mortgagor:	Iroquois Terrace Limited Dividend Housing Association, LLC
TE Bond Construction Loan:	$7,255,040 (52.23% of TDC)
TE Bond Permanent Loan:	$3,860,889
MSHDA Permanent CERA Loan:	$1,744,556
Total Development Cost:	$13,890,513
Mortgage Amortization and Term:	40 years for the tax-exempt bond loan. 50 years for the CERA loan.
Interest Rate:	6.625% for the tax-exempt bond loan. 1% simple interest for the CERA loan.
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	84 family units of rehabilitation
Accessible Units:	2 Accessible units
Unit Configuration:	6 one-bedroom/one-bath units 48 two-bedroom/one-bath units 26 three-bedroom/one-bath units 4 four-bedroom/one and 1/2-bath units
Builder:	Slavik Building and Development, LLC
Syndicator:	Walker & Dunlop
Date Application Received:	September 5, 2023
HDO:	Karen Waite

Issuance of the Authority's Mortgage Loan Commitment is subject to fulfillment of all Authority processing and review requirements and obtaining all necessary staff approvals as required by the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

U.S. Treasury Regulations require, among other matters, that buildings within a single tax-exempt bond funded project be situated on contiguous parcels in order to treat the buildings as a single qualified residential rental project. In its current configuration, Iroquois Terrace does not meet this requirement because the buildings are situated on six parcels that are not contiguous. In order to comply with U.S. Treasury Regulations relating to tax-exempt bonds, the Authority's bond counsel advises the Authority to treat Iroquois Terrace as six distinct projects, including having each project meet the minimum set-aside test set forth in Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). The set-aside test requires at least 20% of the units be occupied by individuals earning 50% or less of area median gross income (the "20/50 test") or at least 40% of the units be occupied by individuals earning 60% or less of area median gross income (the "40/60 test"). The Authority and the Mortgagor must ensure the set-aside test is met in each project throughout the entire qualified project period established for the project under Section 142(d).

To enable Iroquois Terrace to be financed with a single tax-exempt bond loan and secured by one mortgage, the Authority's bond counsel also recommends the following:

- All six projects must be owned by the same entity.
- The Authority must issue one tax-exempt mortgage note to finance the rehabilitation of both projects.
- Common area square footage must be rehabilitated with funds other than tax-exempt bond proceeds.
- Each of the six projects must receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its corresponding acquisition cost.
- The Authority may publish a single TEFRA notice listing each project separately.
- The six projects may be managed as one property.
- One tax credit award that covers six projects may be issued by the Authority.

The projects are comprised of the following:

Project #1:
- Building 10 – 197, 197 ½, 199, 199 ½, 201 and 201 ½ Goodell Street
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- Building 15 – 289, 291, 293, 293 ½, 295 and 297 Goodell Street
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- Building 39 – 299, 301, 303, 305, 307 and 309 Goodell Street
- Building 40 – 321, 321 ½, 323 and 325 Goodell Street
- Building 64 – 324, 324 ½, 326 and 326 ½ Goodell Street

Project #6:

- Building 36 – 224, 226, 228, 230, 232 and 234 Goodell Street

EXECUTIVE SUMMARY:

The River Rouge Housing Commission ("RRHC") is undertaking the process of converting their public housing portfolio under the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration ("RAD") program. RAD Conversion Specialists LLC (the "Sponsor") has been retained by RRHC as the co-developer for the RAD conversion and rehabilitation of the RRHC public housing portfolio. Under the RAD program, the public housing units will convert from public housing with operating subsidies from HUD to privately-owned properties receiving project-based Section 8 Project-Based Voucher ("PBV") rent subsidies for 100% of the residents. The Sponsor will redevelop Iroquois Terrace Apartments, an 84-unit community consisting of 16 one and two-story buildings providing 6 one-bedroom, 48 two-bedroom, 26 three-bedroom and 4 four-bedroom townhouses ranging in size from 588 SF to 1218 SF. The development was constructed in various phases from 1952 to 1963 by the City of River Rouge as public housing. The property is located from 197 to 326 ½ Goodell Street in River Rouge, Michigan 48218 and consists of twelve tax parcels.

The property has enjoyed high occupancy rates in excess of 96%. The redeveloped property will continue to offer affordable townhome units based upon the new tax credit requirements. The buildings will be renovated and restored utilizing Authority tax-exempt bond financing, low-income housing tax credits (LIHTC) and Authority Gap financing. The rehabilitation of Iroquois Terrace will preserve the property's affordability and ensure that the property remains viable to meet the demand for affordable and sustainable residential housing in the City of River Rouge market.

The Sponsor plans a substantial rehabilitation of the property that includes addressing the exterior of the buildings by repairing or replacing all of the deteriorated and/or damaged brick and siding. Tuckpointing the missing mortar will help to eliminate damage that was caused by water infiltration and prevent more significant failure of the brick in the future. Additional improvements to the exterior of the property include: replacement of the roofs; installation of new Energy Star labeled, insulated double-hung windows; new landscaping and parking lot; and exterior lighting upgrades and repairs. Projected renovations to the unit interiors will feature new high performance, energy efficient HVAC, electrical and plumbing systems and fixtures, new security systems, Energy Star appliances, and fully renovated kitchens and bathrooms, including new flooring and new cabinetry.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to preservation transactions:

- A tax-exempt bond construction loan (the "Mortgage Loan") will be provided by the Authority in the amount of $7,255,040 at 6.625% interest with a 22-month term (a 17-month construction term and a 5-month holding period), which will be used to bridge an extended equity pay-in period. Payments of interest only will be required during the construction loan. The principal balance of the construction loan must be reduced to the permanent loan amount on the first day of the month following the month in which the construction loan term expires or such later date as is established by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent Mortgage Loan will be provided by the Authority in the amount of $3,860,889. The permanent loan amount is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan is based on a 1.4 debt service coverage ratio, an annual interest rate of 6.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will be in **First Position**.

- A permanent subordinate loan using Authority CERA Funds (the "CERA Loan") in the amount of $1,744,556 will be provided at 1% simple interest with payments initially deferred. The CERA Loan will be in **Second Position**.

- The Seller is providing a note in the amount of $2,100,000. See Special Condition No.3

- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of $5,491,623.

- A HUD RAD conversion will provide Section 8 project-based voucher assistance for all 84 units.

- The Sponsor has agreed to defer $693,445 of the developer fee to fill the remaining funding gap.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve ("OAR") will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- The Development will be renovated, and a replacement reserve requirement will be imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

<u>Scope of Rehabilitation:</u>

The following improvements to the property are included in the Scope of Work:

- Replace deteriorating brick and siding
- Tuck-point missing mortar
- Replace roofs
- Install double-hung windows
- Upgrade landscaping
- Repair parking lot
- Upgrade exterior lighting
- Fully renovate kitchens
- Fully renovate bathrooms
- Add new flooring
- Add new cabinetry
- Paint interior walls
- Paint ceilings
- Add new Energy Star appliances
- Replace in-unit air conditioners
- Replace in-unit breaker panels
- Install new smoke and carbon monoxide detectors
- Install new LED light fixtures

<u>Affordability Requirements</u>:

The Authority's tax-exempt bond regulatory agreement will require that all the dwelling units in the property remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") income limit, adjusted for family size. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

<u>Protections for Existing Residents:</u>

The preservation and renovation of the Development will not result in a rent increase for the existing tenants.

In order to facilitate the rehabilitation, it is anticipated that 4-5 buildings will be renovated at one time, or approximately 20-25 units at a time. Following approval of the Authority funding plan, it is RRHC's plan to cease leasing operations to accommodate the needed number of vacancies to begin construction. It is anticipated that all residents will be relocated within the building during renovation, and any remaining households who cannot be relocated into available units within the property will be required to temporarily relocate off-site. If there are not on-site units, affected households will be offered another RRHC unit at other RRHC properties. Temporary relocation to units not owned by RRHC will only be considered as a last resort. If in a particular phase, residents are required to be temporarily relocated offsite to a non RRHC unit, the resident will be offered one of the following: Tenant-based assistance on a temporary or permanent voluntary basis through the Housing Choice Voucher Program (if vouchers are available), temporary relocation to another affordable unit or relocation to a market rate unit. If temporary relocation unit to another affordable or a market rate unit is utilized, the affected households will be responsible to pay their portion of rent based upon 30% of the household's adjusted income as calculated by the RRHC and the project will pay all other rent increases. All residents will be surveyed regarding their relocation preferences.

Site Selection:

The site has been reviewed by Authority Staff, and the Authority's Office of Market Research has indicated that the site meets the Authority's current site selection criteria.

Market Evaluation:

The unit mix as well as the amenities package and rent levels have been approved by the Office of Market Research. Risk mitigation measures include adding dishwashers, washers and dryers for all units, adding privacy fencing, and creating a blight plan.

Valuation of the Property:

An appraisal dated August 9, 2023, estimates the value of the land and buildings at $2,100,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor, and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $5,491,623). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. If Authority gap funds are included in the development sources the Limited Dividend Payments are capped at 12% per annum, while those loans remain outstanding. If there are no Authority gap loan outstanding, then Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. **Income Limits:**

   The income limitations for 84 units of this proposal are as follows:

   a. 11 units (2 one-bedroom units, 5 two-bedroom units, 3 three-bedroom units, and

1 four-bedroom unit) have been designated as CERA units and during the Period of Affordability required under the CERA program (20) years must be available for occupancy by households whose incomes do not exceed the MTSP 50% income limits, adjusted for family size.

b. 10 units (1 one-bedroom unit, 5 two-bedroom units, 3 three-bedroom units, and 1 four-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 30% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

c. 10 units (1 one-bedroom unit, 5 two-bedroom units, 3 three-bedroom units, and 1 four-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 40% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

d. 10 units (1 one-bedroom unit, 5 two-bedroom units, 3 three-bedroom units, and 1 four-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 50% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

e. 54 units (3 one-bedroom units, 33 two-bedroom units, 17 three-bedroom units, and 1 four-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

f. All 84 units (6 one-bedroom units, 48 two-bedroom units, 26 three-bedroom units, and 4 four-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the Project-Based Voucher ("PBV") Housing Assistance Payments ("HAP") Contract for so long as the PBV HAP Contract between the Mortgagor and RRHC or HUD is in effect (including extensions and renewals), or for such longer period as determined by HUD.

HUD is expected to be the contract administrator for this RAD conversion project and will be responsible for the monitoring and oversight of the PBV units.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

3. **Limitations on Rental Rates:**

The Total Housing Expense (contract rent plus tenant-paid utilities) for 84 units is subject to the following limitations:

a. The Total Housing Expense for 10 units (1 one-bedroom unit, 5 two-bedroom units, 3 three-bedroom units, and 1 four-bedroom unit), may not exceed one-twelfth ($1/12^{th}$) of 30% of the 30% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

b. The Total Housing Expense for 10 units (1 one-bedroom unit, 5 two-bedroom units, 3 three-bedroom units, and 1 four-bedroom unit), may not exceed one-twelfth ($1/12^{th}$) of 30% of the 40% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

c. The Total Housing Expense for 10 units (1 one-bedroom unit, 5 two-bedroom units, 3 three-bedroom units, and 1 four-bedroom unit), may not exceed one-twelfth ($1/12^{th}$) of 30% of the 50% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

d. The Total Housing Expense for all 54 units (3 one-bedroom units, 33 two-bedroom units, 17 three-bedroom units, and 1 four-bedroom unit), may not exceed one-twelfth ($1/12^{th}$) of 30% of the 60% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

e. During the period of affordability required under the CERA program (20 years), the Total Housing Expense for all 11 CERA units (2 one-bedroom units, 5 two-bedroom units, 3 three-bedroom units, and 1 four-bedroom unit), may not exceed one-twelfth ($1/12^{th}$) of 30% of 50% of the MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom.

f. The rents to be paid for the PBV HAP-assisted units may not exceed the rent limits established and published annually by HUD for the PBV Program for so long as the PBV HAP Contract between the Mortgagor and RRHC or HUD is in effect (including extensions and renewals), or for such longer period as determined by HUD.

HUD is expected to be the contract administrator for this RAD conversion project and will monitor for compliance with the PBV rent limits.

To the extent units within the Development is subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

The Mortgagor must further agree that rental increases for targeted units will be limited to not more than 5% for any resident household during any 12-month period.

For the initial lease term of the first household occupying each rent-restricted unit that does not receive rental subsidy under the PBV HAP Contract the initial rent may not exceed 105% of the rent approved in this Mortgage Loan Feasibility/Commitment Staff Report. While rental increases for all units may be permitted from time to time as HUD publishes updated median income limits, rental increases during any 12-month period on occupied units that do not receive PBV rental subsidy will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Exceptions to these limitations may be granted by the Authority's Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually by the Authority's Division of Asset Management.

4. **Covenant Running with the Land:**

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the Development, the Mortgagor must agree to subject the property to the extended low-income use commitment required by Section 42 of the Internal Revenue Code.

5. **Restriction on Prepayment and Subsequent Use:**

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

a. 1% of the balance being prepaid;

b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements.

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months of estimated Development operating expenses (estimated to be $298,442) The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund (“Replacement Reserve”) with an initial deposit in an amount of $2,858 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of $300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year’s deposit, increased by 3%, or (ii) a percentage of the Development’s projected annual rental income or gross rent potential (“GRP”) for the year using the percentage obtained by dividing the first year’s deposit by the first year’s GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority’s Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. **One Month's Gross Rent Potential:**

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential ($83,790) into the Development's operating account.

9. **Authority Subordinate Loan(s):**

At Initial Closing, the Mortgagor must enter into agreements relating to the permanent CERA Loan. The CERA Loan will be secured by a subordinate mortgage and will bear simple interest at 1% with a 50-year term. No payments on the CERA Loan will be required until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on the CERA loan until it is paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, in lieu of repayment of the CERA Loan, payments of fifty percent (50%) of any surplus cash available for distribution shall be deposited into an CERA Subsidy Reserve and will be used to repay the CERA Loan periodically, if the amount of funds accumulated in the reserve warrant it, or at the end of the loan term, or otherwise used to assist the Development if needed. If reserve funds are used toward loan repayment, they shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale of the Development or refinancing of the Mortgage Loan, at which time the CERA Loan shall be due in full. If the CERA Loan is still outstanding, then following repayment of the Mortgage Loan and continuing on the first day of every month thereafter, the Mortgagor shall make monthly payments of principal and interest equal to the monthly payments that were required on the Mortgage Loan on the first day of every month until the CERA Loan is paid in full, sale of the Development or the date that is 50 years from date of Initial Closing, whichever occurs first. There is no prohibition on prepayment of the CERA Loan.

10. **Architectural Plans and Specifications; Contractor's Qualification Statement:**

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document A305 as required by the Authority's Chief Architect.

11. **Owner/Architect Agreement:**

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Chief Legal Affairs Officer.

12. **Trade Payment Breakdown:**

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade

Payment Breakdown acceptable to the Authority's Chief Construction Manager.

13. **Equal Opportunity and Fair Housing:**

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

In addition, prior to Mortgage Loan Commitment, the general contractor's Equal Employment Opportunity Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer.

14. **Davis-Bacon and Cross-cutting Federal Requirements:**

The general contractor will be required to comply with all federal prevailing wage requirements, the requirements of the Davis-Bacon and Related Acts, and other applicable federal regulations if required under the terms of the RAD Program.

15. **Cost Certification:**

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

16. **Environmental Review and Indemnification:**

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Chief Legal Affairs Officer.

17. **Title Insurance Commitment and Survey:**

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursement, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Chief Legal Affairs Officer. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Chief Legal Affairs Officer.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide a surveyor's certificate of facts together with an ALTA survey certified to the 2021 minimum standards, and that appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Chief Legal Affairs Officer.

18. Organizational Documents/Equity Pay-In Schedule:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Director of Development and Chief Legal Affairs Officer.

At or prior to Initial Closing, the final, executed syndication partnership agreement must become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

19. Designation of Authority Funds:

The Authority reserves the express right, in its sole discretion, to substitute alternate subordinate funding sources.

20. Management & Marketing:

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Director of Asset Management:

a. Management Agreement
b. Marketing/Construction Transition Plan

21. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than six months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

22. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or any future equity sources not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

23. Ownership of Development Reserves:

At the Initial Closing, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. However, the Authority's claim to these funds shall be subject to any lawful claim to such funds by HUD. This agreement must be acceptable to the Authority's Chief

Legal Affairs Officer.

24. **HUD Subsidy Layering Review:**

    Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

25. **Application for Disbursement:**

    Prior to Initial Closing, the Mortgagor must submit an "Application for Disbursement" along with supporting documentation, which must be found acceptable to the Authority's Director of Development.

26. **Uniform Relocation Act Compliance:**

    If the Development is occupied at Initial Closing and any occupants of the Development will be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

Special Conditions:

1. **Legal Requirements:**

   Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Chief Legal Affairs Officer its recommendation.

   Prior submission to the Attonery General's Office the Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Chief Legal Affairs Officer for the items listed below:

   - HUD approvals under CFR Part 941, Subpart F – including Property disposition required approvals and required RAD Conversion matters resolved to the satisfaction of HUD and the Authority.

   - Release from the HUD Declaration of Trust as appropriate.

   Any other documentation as required by the Chief Legal Affairs Officer, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

2. **PILOT Obtained Post-Commitment:**

The Development has been underwritten with a 4% PILOT indicating support from the municipality. Before Initial Closing, an amended PILOT ordinance acceptable in language, form and substance to the Authority's Chief Legal Affairs Officer must be provided. If the Development does not obtain a PILOT as described above, the Development must be re-underwritten and if feasible, presented to the Board. If the Development obtains a PILOT representing a lower PILOT payment amount, any savings generated by the PILOT may be applied, at the sole discretion of an Authorized Officer of the Authority, to reduce one or all of the Authority's subordinate loans or be applied against any other obligation that the Mortgagor owes the Authority with any remainder deposited in the Development's Operating Reserve Cash account.

3. **Seller Note:**

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority's Chief Legal Affairs Officer and Director of Development. The Seller Note must:

a) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
b) be payable solely from approved Limited Dividend payments, and not from other development funds;
c) be expressly subordinate to all Authority mortgage loans; and
d) have a loan term not less than the longest term of all Authority mortgage loans.

At or prior to Initial Closing, the final, executed Seller Note documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Iroquois Terrace Limited Dividend Housing Association, LLC

II. GUARANTOR(S):

A. Guarantor #1:

Name: RAD Conversion Specialists, LLC
Address: 120 N. Leroy Street
Fenton, MI 48430

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: RAD Conversion Specialists, LLC
Address: 120 N. Leroy Street
Fenton, MI 48430

Individuals Assigned: John Frasco
Telephone: (248) 221-2917
E-mail: jfrasco@slavikenterprises.com

1. **Experience**: The Sponsor has experience working on Authority-financed developments.

2. **Interest in the Mortgagor and Members**:

   RAD Conversion Specialists, LLC = 0.490%. RRHC Entity TBD = 0.510%. Tax Credit Investor = 99.900%.

B. Architect:

Name: Edmond London & Associates
Address: 20750 Civic Center Drive, Suite 610
Southfield, MI 48076

Individual Assigned: Jordon London
Telephone: (248) 353-4820
Fax: (248) 353-2920
E-Mail: jlondon@ela-architects.com

1. **Experience**: Architect has previous experience with Authority-financed developments.

2. **Architect's License**: License number 1301034183, exp. 10/25/2024.

C. Attorney:

Name: Dykema Gossett
Address: 400 Renaissance Center
Detroit, MI 48243

Individual Assigned: Rochelle Lento
Telephone: (313) 568-5322
Fax: (855) 245-9124
E-Mail: Rlento@dykema.com

1. **Experience**: This firm has experience in closing Authority-financed developments.

D. Builder:

Name: Slavik Building & Development, LLC
Address: 2161 Avon Industrial Dr.
Rochester Hills, MI 48309

Individual Assigned: Stephen Slavik
Telephone: (248) 299-8701

Fax: (248) 299-8702
E-mail: steveslavik@mac.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration**: License number 2102191936, with an expiration date of 05/31/2026.

E. Management and Marketing Agent:

Name: Premier Property Management, LLC
Address: 120 N. Leroy Street
Fenton, MI 48430

Individual Assigned: Robert Beale
Telephone: (810) 629-9500
Fax: (810) 714-5540
E-mail: rbeale@4premier.net

1. **Experience:** This firm has significant experience managing Authority-financed developments.

F. Development Team Recommendation: Go.

IV. SITE DATA:

A. Land Control/Purchase Price:
$2,100,000

B. Site Location:
197 to 326 ½ Goodell Street in River Rouge, Michigan 48218

C. Size of Site:
4.546 Acres

D. Density:
Normal market density level permitted by zoning.

E. Physical Description:

1. Present Use: Multifamily Housing

2. Existing Structures: 16 Townhome buildings

3. Relocation Requirements: Relocation/Transition Plan submitted by sponsor.

F. Zoning:
Multiple Family Residential (MFR)

G. Contiguous Land Use:

1. North: Single family and multifamily housing
2. South: Commercial / Single family and multifamily housing
3. East: Vacant land. Railroad tracks.
4. West: Single family housing

H. Tax Information:
4% PILOT in place

I. Utilities: DTE provides gas and electricity. City of River Rouge provides water/sewer.

J. Community Facilities:

1. Shopping:
Riviera Market 1.1 miles southwest. Meijer 6.6 miles northwest. Kroger 8.1 miles west.
2. Recreation:
Memorial Park 0.8 miles west. Dan Riney Baseball Field 2 blocks west. Goodell Baptist Church is located within walking distance to the project.
3. Public Transportation:
Bus stop 0.6 miles northwest at Jefferson and Burke streets.
4. Road Systems
I-75 is located 2.4 miles west of the project. Jefferson Avenue runs north to south through River Rouge and is located 0.6 miles northwest of the project.
5. Medical Services and other Nearby Amenities:
Henry Ford Hospital 11.8 miles northeast.
6. Description of Surrounding Neighborhood:
The surrounding neighborhood is made up of older single family and multifamily housing, with some commercial establishments in between. There are several houses of worship within walking distance to the project. River Rouge High School is located 1.1 miles northwest of the project. Ann Visger Elementary School is 0.9 miles southwest of the project.
7. Local Community Expenditures Apparent:
None anticipated.
8. Indication of Local Support:
4% PILOT in place.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority and has been reviewed by the Authority's Environmental Manager. (See Standard Condition No. 16).

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to initial closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HOME requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Manager of the Office of Market Research and found to be acceptable. The Authority's Manager of the Office of Market Research has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. FAIR HOUSING:

The contractor's currently being reviewed and must be approved by the Authority's Chief Construction Manager prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application-level management and marketing information, to be approved prior to initial closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The sponsor's/guarantor's and the builder's financial statements have been submitted and are to be approved prior to initial closing by the Authority's Director of Rental Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	August 2024
B. Initial Closing and Disbursement:	February 2024
C. Construction Completion:	July 2026
D. Cut-Off Date:	October 2026

XII. ATTACHMENTS:

Development Proforma

APPROVALS:

Chad A. Benson 8/9/2024

Chad Benson Date
Director of Rental Development

Anthony Lentych 8/8/2024

Tony Lentych Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. 8/9/2024

Clarence L. Stone, Jr. Date
Chief Legal Affairs Officer

Amy Hovey 08/09/2024

Amy Hovey Date
Chief Executive and Executive Director

Development	Iroquois Terrace - RRHC Phase 1
Financing	Tax Exempt
MSHDA No.	4143
Step	Commitment
Date	08/15/2024
Type	Acquisition/Rehab

Instructions

TOTAL DEVELOPMENT COSTS

		Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition						
Land		5,000	420,000	0%	0	0
Existing Buildings		20,000	1,680,000	100%	1,680,000	0
Other:		0		0%	0	0
	Subtotal	25,000	2,100,000			
Construction/Rehabilitation						
Off Site Improvements		0		100%	0	0
On-site Improvements		8,929	750,000	100%	750,000	0
Landscaping and Irrigation		0		100%	0	0
Structures		65,000	5,460,000	100%	5,460,000	5,460,000
Community Building and/or Maintenance Facility		0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)		0		0%	0	0
General Requirements	% of Contract 6.00% Within Range	4,436	372,600	100%	372,600	372,600
Builder Overhead	% of Contract 2.00% Within Range	1,567	131,652	100%	131,652	131,652
Builder Profit	% of Contract 6.00% Within Range	4,796	402,855	100%	402,855	402,855
Bond Premium, Tap Fees, Cost Cert.		0	0	100%	0	0
Other: Site Security		0	0	100%	0	0
	Subtotal	84,727	7,117,107			
	15% of acquisition and $15,000/unit test:		met			
Professional Fees						
Design Architect Fees		1,695	142,400	100%	142,400	142,400
Supervisory Architect Fees		376	31,600	100%	31,600	31,600
Engineering/Survey		595	50,000	100%	50,000	50,000
Legal Fees		1,071	90,000	100%	90,000	90,000
	Subtotal	3,738	314,000			
Interim Construction Costs						
Property & Casualty Insurance		298	25,000	100%	25,000	25,000
Construction Loan Interest	Override 480,518	5,720	480,518	77%	371,309	371,309
Title Work		714	60,000	100%	60,000	0
Construction Taxes		298	25,000	100%	25,000	25,000
Permits, Bond Premium, Site Security		1,905	160,000	100%	160,000	160,000
	Subtotal	8,935	750,518			
Permanent Financing						
Loan Commitment Fee to MSHDA	2%	2,143	179,992	0%	0	0
Other:		0	0	0%	0	0
	Subtotal	2,143	179,992			
Other Costs (In Basis)						
Application Fee		30	2,500	100%	2,500	2,500
Market Study		77	6,500	100%	6,500	6,500
Environmental Studies		893	75,000	100%	75,000	75,000
Cost Certification		357	30,000	100%	30,000	30,000
Equipment and Furnishings		0		100%	0	0
Temporary Tenant Relocation		1,883	158,190	100%	158,190	158,190
Construction Contingency		8,473	711,711	100%	711,711	711,711
Appraisal and C.N.A.		155	13,000	100%	13,000	13,000
Other: Soft Cost Contingency		298	25,000	100%	25,000	25,000
	Subtotal	12,165	1,021,901			
Oth Start-up and Organization		24	2,000	0%	0	0
Tax Credit Fees (based on 2022 QAP)	43,067 Within Range	513	43,067	0%	0	0
Compliance Monitoring Fee (based on 2022 QAP)		475	39,900	0%	0	0
Marketing Expense		0		0%	0	0
Syndication Legal Fees		714	60,000	0%	0	0
Rent Up Allowance	months	0	0	0%	0	0
Other:		0		0%	0	0
	Subtotal	1,726	144,967			

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis	OAR Funded Yr 1	4 Month OAR
Project Reserves									
Operating Assurance Reserve	4.0 months	Funded in Cash	3,553	298,442	0%	0	0	298,442	298,442
Replacement Reserve		Required	2,858	240,067	0%	0	0		
Operating Deficit Reserve		Not Required	0	0	0%	0	0		
Rent Subsidy Reserve			0	0	0%	0	0		
Syndicator Held Reserve			0	0	0%	0	0		
Rent Lag Escrow			0	0	0%	0	0		
Tax and Insurance Escrows			0	0	0%	0	0		
Other:			0		0%	0	0		
Other:			0		0%	0	0		
		Subtotal	6,411	538,509					
Miscellaneous									
Deposit to Development Operating Account (1MGRP)		Required	998	83,790	0%	0	0		
Other (Not in Basis):			0	0	0%	0	0		
Other (In Basis):			0	0	100%	0	0		
Other (In Basis):			0	0	100%	0	0		
		Subtotal	998	83,790					
Total Acquisition Costs			25,000	2,100,000					
Total Construction Hard Costs			84,727	7,117,107					
Total Non-Construction ("Soft") Costs			36,115	3,033,677					

Developer Overhead and Fee

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Maximum	1,639,729		19,521	1,639,729	100%	1,639,729	1,639,729
7.5%	of Acquisition/Project Reserves	Override	5% Attribution Test				
15%	of All Other Development Costs		met				

	Per Unit	Total	LIHTC Basis	Historic Basis	Aggregate Basis
Total Development Cost	165,363	13,890,513	12,414,047	9,924,047	12,834,047

TOTAL DEVELOPMENT SOURCES

		% of TDC	Per Unit	Total	# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
MSHDA Permanent Mortgage		27.80%	45,963	3,860,889					
Conventional/Other Mortgage		0.00%	0	0					
Equity Contribution From Tax Credit Syndication		39.54%	65,376	5,491,623					
MSHDA NSP Funds		0.00%	0		0.00	45.19%	0	0 One Bedroom	0 One Bedroom, 1 Bath, 7
MSHDA HOME		0.00%	0		0.00		HTF Subsidy Limit	0 Two Bedroom	0 Two Bedroom, 1 Bath, 9
MSHDA Mortgage Resource Funds		0.00%	0					0 Three Bedroo	0 Three Bedroom, 1 Bath,
MSHDA TCAP		0.00%	0		0.00				
MSHDA Housing Trust Funds		0.00%	0		0.00		0	0 Four Bedroom	0 Four Bedroom, 1.5 Bath
MSHDA CERA		12.56%	20,769	1,744,556	11.00				
MSHDA HOME-ARP		0.00%	0		0.00				
MSHDA HCDF		0.00%	0		0.00				
Local HOME		0.00%	0						
Income from Operations		0.00%	0	0					
Other Equity		0.00%	0						
Transferred Reserves:		0.00%	0	0					
Other:		0.00%	0		Deferred Dev Fee				
Other:	Seller Note	15.12%	25,000	2,100,000					
Deferred Developer Fee		4.99%	8,255	693,445	42.29%				
Total Permanent Sources				13,890,513					

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	0

MSHDA Construction Loan	52.23%	86,370	7,255,040
Construction Loan Rate	6.625%		
Repaid from equity prior to final closing			3,394,151

Summary of Acquisition Price		As of	September 5, 2023
Attributed to Land	420,000	1st Mortgage Balance	0
Attributed to Existing Structures	1,680,000	Subordinate Mortgage(s)	0
Other:	0	Subordinate Mortgage(s)	0
Fixed Price to Seller	2,100,000	Subordinate Mortgage(s)	0
		Premium/(Deficit) vs Existing Debt	2,100,000

Construction Loan Term	Months
Construction Contract	17
Holding Period (50% Test)	5
Rent Up Period	0
Construction Loan Period	22

Appraised Value	Value As of: August 9, 2023
"Encumbered As-Is" value as determined by appraisal:	2,100,000
Plus 5% of Appraised Value:	0
LESS Fixed Price to the Seller:	2,100,000
Surplus/(Gap) Within Range	0

Override

Eligible Basis for LIHTC/TCAP			**Value of LIHTC/TCAP**		
Acquisition	1,785,000		Acquisition	71,400	
Construction	13,817,761		Construction	552,710	Override
Acquisition Credit %		4.00%	Total Yr Credit	624,110	
Rehab/New Const Credit %		4.00%	Equity Price	$0.8800	
Qualified Percentage		100.00%	Equity Effective Price	$0.8800	Override
QCT/DDA Basis Boost		130%	Equity Contribution	5,491,623	
Historic?					

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	5,491,623	
Brownfield Equity		
Historic Tax Credit Equity		
General Partner Capital Contributions		-
Other Equity Sources		
New Owner's Equity		5,491,623

Existing Reserve Analysis			
DCE Interest:		Current Owner's Reserves:	0
Insurance:		Reserves Transferred in to Project	0
Taxes:		Tax/Ins Escrows transferred to project	0
Rep. Reserve:			
ORC:			
DCE Principal:			
Other:			

Development	Iroquois Terrace - RRHC Phase 1
Financing	Tax Exempt
MSHDA No.	4143
Step	Commitment
Date	08/15/2024
Type	Acquisition/Rehab

Mortgage Assumptions:

Debt Coverage Ratio	1.4	
Mortgage Interest Rate	6.625%	
Pay Rate	6.625%	
Mortgage Term	40	years
Income from Operations	No	

Instructions

Total Development Income Potential				Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income				11,970	1,005,480	1.0%	6	2.0%
Annual Non-Rental Income				0	0	1.0%	6	2.0%
Total Project Revenue				11,970	1,005,480			
Total Development Expenses								
							Future Vacancy	
Vacancy Loss	5.00%	of annual rent potential		599	50,274		6	5.0%
Management Fee	634	per unit per year		634	53,256	3.0%	1	3.0%
Administration				1,670	140,293	3.0%	1	3.0%
Project-paid Fuel				43	3,613	3.0%	6	3.0%
Common Electricity				61	5,099	4.0%	6	3.0%
Water and Sewer				795	66,782	5.0%	6	5.0%
Operating and Maintenance				2,514	211,188	3.0%	1	3.0%
Real Estate Taxes				0	0	5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to:	All Units	419	35,189			
Insurance				346	29,053	3.0%	1	3.0%
Replacement Reserve	300	per unit per year		300	25,200	3.0%	1	3.0%
Other:				0		3.0%	1	3.0%
Other:				0		3.0%	1	3.0%

	% of Revenue	Per Unit	Total	
Total Expenses	61.66%	**7,380**	**619,945**	
Base Net Operating Income		4,590	385,535	Override
Part A Mortgage Payment	27.39%	3,278	275,382	
Part A Mortgage		**45,963**	**3,860,889**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	10.96%	1,311	110,153	

Development Iroquois Terrace - RRHC Phase 1
Financing Tax Exempt
MSHDA No. 4143
Step Commitment
Date ########
Type Acquisition/Rehab

Instructions

Income Limits for	Wayne County					(Effective May 15,2023)
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	19,890	22,740	25,590	28,410	30,690	32,970
40% of area median	26,520	30,320	34,120	37,880	40,920	43,960
50% of area median	33,150	37,900	42,650	47,350	51,150	54,950
60% of area median	39,780	45,480	51,180	56,820	61,380	65,940

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense
60%	Area Median Income Units																
	Tenant AMI Restriction (if different from rent restriction)																
Yes	Other Project Based Voucher Units																
Family	Occupancy																
A	3	Townhome	1	1.0	750	727	94	821	26,172	727	2.6%	3.6%	2,250	2.7%	2,250		1,065
B	33	Townhome	2	1.0	900	926	112	1,038	366,696	926	36.5%	39.3%	29,700	35.1%	29,700		1,279
C	17	Townhome	3	1.0	1,200	1,154	162	1,316	235,416	1,154	23.4%	20.2%	20,400	24.1%	20,400		1,477
D	1	Townhome	4	1.5	1,400	1,244	197	1,441	14,928	1,244	1.5%	1.2%	1,400	1.7%	1,400		1,648
E							0	0	0		0.0%	0.0%	0	0.0%	0		N/A
									643,212	4,051	64.0%	64.3%	53,750	63.6%	53,750		
50%	Area Median Income Units																
	Tenant AMI Restriction (if different from rent restriction)																
Yes	Other Project Based Voucher Units																
Family	Occupancy																
A	1	Townhome	1	1.0	750	727	94	821	8,724	727	0.9%	1.2%	750	0.9%	750	CERA	888
B	5	Townhome	2	1.0	900	926	112	1,038	55,560	926	5.5%	6.0%	4,500	5.3%	4,500	CERA	1,066
C	3	Townhome	3	1.0	1,200	1,154	162	1,316	41,544	1,154	4.1%	3.6%	3,600	4.3%	3,600	CERA	1,231
D	1	Townhome	4	1.5	1,400	1,244	197	1,441	14,928	1,244	1.5%	1.2%	1,400	1.7%	1,400	CERA	1,373
E		0	0	0.0	0		0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A
									120,756	4,051	12.0%	11.9%	10,250	12.1%	10,250		
40%	Area Median Income Units																
	Tenant AMI Restriction (if different from rent restriction)																
Yes	Other Project Based Voucher Units																
Family	Occupancy																
A	1	Townhome	1	1.0	750	727	94	821	8,724	727	0.9%	1.2%	750	0.9%	750	CERA	710
B	5	Townhome	2	1.0	900	926	112	1,038	55,560	926	5.5%	6.0%	4,500	5.3%	4,500		853
C	3	Townhome	3	1.0	1,200	1,154	162	1,316	41,544	1,154	4.1%	3.6%	3,600	4.3%	3,600		985
D	1	Townhome	4	1.5	1,400	1,244	197	1,441	14,928	1,244	1.5%	1.2%	1,400	1.7%	1,400		1,099
E		0	0	0.0	0		0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A
									120,756	4,051	12.0%	11.9%	10,250	12.1%	10,250		
30%	Area Median Income Units																
	Tenant AMI Restriction (if different from rent restriction)																
Yes	Other Project Based Voucher Units																
Family	Occupancy																
A	1	Townhome	1	1.0	750	727	94	821	8,724	727	0.9%	1.2%	750	0.9%	750		532
B	5	Townhome	2	1.0	900	926	112	1,038	55,560	926	5.5%	6.0%	4,500	5.3%	4,500		639
C	3	Townhome	3	1.0	1,200	1,154	162	1,316	41,544	1,154	4.1%	3.6%	3,600	4.3%	3,600		738
D	1	Townhome	4	1.5	1,400	1,244	197	1,441	14,928	1,244	1.5%	1.2%	1,400	1.7%	1,400		824
E		0	0	0.0	0		0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A
									0	4,051	0.0%	0.0%	0	0.0%	0		
													84,500		**84,500**		

Total Revenue Units	**84**
Manager Units	**0**
Income Average	52.86%
Set Aside	100.00%

Gross Rent Potential	**1,005,480**
Average Monthly Rent	**998**
Gross Square Footage	**84,500**

HOME Units SF/Total Units SF	0.0%	**Within Range**
# HOME Units/# Total Units	0.0%	**Within Range**

Utility Allowances

	Tenant-Paid		Tenant-Paid Owner-Paid				
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A						0	94.00
B						0	112.00
C						0	162.00
D						0	197.00
E						0	
F						0	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	
Laundry	
Carports	
Other:	
Other:	
	0

Total Income	Annual	Monthly
Rental Income	1,005,480	83,790
Non-Rental Income	0	0
Total Project Revenue	1,005,480	83,790

Development	Iroquois Terrace - RRHC Phase 1
Financing	Tax Exempt
MSHDA No.	4143
Step	Commitment
Date	08/15/2024
Type	Acquisition/Rehab

Amenities Check List

	Ceiling Fan				
x	Coat Closet				
	Dishwasher				
	Exterior Storage				
x	Frost Free Refridgerator				
x	Garbage Disposal				
x	Individual Entry				
	Microwave				
x	Mini-blinds				
x	Patio/balcany				
	Self-cleaning oven				
	Walk-in closet				
	Basketball Court				
	Playground				
	Clubhouse				
x	Community room				
	Computer / Business Center				
	Elevator				
	Exercise room				
	On-site management				
	Picnic area				
	Other:				
	Laundry Type:				
	Air Conditioning:				
	Security: Lighting				
	Security: Intercom				
	Security: Other				
	Carport	Fee ($):		# of spaces:	
	Attached Garage	Fee ($):		# of spaces:	
	Detached Garage	Fee ($):		# of spaces:	

Congregate Facilities

	24-hour on-site management
	Activities
	Emergency Pullcord
	Healthcare services
	Housekeeping
	Activities director
	Library
	Movie theatre
	Transportation services

Development Iroquois Terrace - RRHC Phase 1
Financing Tax Exempt
MSHDA No. 4143
Step Commitment
Date 08/15/2024
Type Acquisition/Rehab

Replacement Reserve Analysis

Cost Inflation	103%
RR Period	20

Min. Deposit	58,800
15 Year	0
20 Year	240,067

Required Initial Deposit **240,067**
Per Unit **2,858**

Year	Starting Balance	RR Needs	Contribution	Net Annual Change	Interest	Ending Balance
1	240,067	0	25,200	25,200	7,202	272,469
2	272,469	0	25,956	25,956	8,174	306,599
3	306,599	0	26,735	26,735	9,198	342,532
4	342,532	0	27,537	27,537	10,276	380,345
5	380,345	0	28,363	28,363	11,410	420,118
6	420,118	17,177	29,214	12,037	12,604	444,758
7	444,758	6,520	30,090	23,570	13,343	481,671
8	481,671	1,328	30,993	29,665	14,450	525,786
9	525,786	1,368	31,923	30,555	15,774	572,114
10	572,114	1,409	32,880	31,471	17,163	620,749
11	620,749	52,620	33,867	(18,753)	18,622	620,618
12	620,618	39,209	34,883	(4,326)	18,619	634,910
13	634,910	48,170	35,929	(12,241)	19,047	641,716
14	641,716	41,597	37,007	(4,590)	19,251	656,378
15	656,378	42,845	38,117	(4,728)	19,691	**671,342**
16	671,342	209,768	39,261	(170,507)	20,140	520,975
17	520,975	172,399	40,439	(131,960)	15,629	404,643
18	404,643	177,571	41,652	(135,919)	12,139	280,864
19	280,864	192,194	42,901	(149,293)	8,426	139,997
20	139,997	188,385	44,188	(144,197)	4,200	**(0)**

Total Units	84
Interest Rate on Reserves	3%
Year 1 RR Deposits	300
Min Initial Deposit ($700/unit)	58800

Cash Flow Projections

Development Iroquois Terrace - RRHC Phase 1
Financing Tax Exempt
MSHDA No. 4143
Step Commitment
Date 08/15/2024
Type Acquisition/Rehab

	Initial Inflator	Starting in Yr	Future Inflator	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
				1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	1.0%	6	2.0%	1,005,480	1,015,535	1,025,690	1,035,947	1,046,307	1,067,233	1,088,577	1,110,349	1,132,556	1,155,207
Annual Non-Rental Income	1.0%	6	2.0%	0	0	0	0	0	0	0	0	0	0
Total Project Revenue				**1,005,480**	**1,015,535**	**1,025,690**	**1,035,947**	**1,046,307**	**1,067,233**	**1,088,577**	**1,110,349**	**1,132,556**	**1,155,207**
Expenses													
Vacancy Loss	5.0%	6	5.0%	50,274	50,777	51,285	51,797	52,315	53,362	54,429	55,517	56,628	57,760
Management Fee	3.0%	1	3.0%	53,256	54,854	56,499	58,194	59,940	61,738	63,590	65,498	67,463	69,487
Administration	3.0%	1	3.0%	140,293	144,501	148,836	153,302	157,901	162,638	167,517	172,542	177,718	183,050
Project-paid Fuel	3.0%	6	3.0%	3,613	3,721	3,833	3,948	4,066	4,188	4,314	4,443	4,576	4,714
Common Electricity	4.0%	6	3.0%	5,099	5,303	5,515	5,735	5,965	6,144	6,328	6,518	6,714	6,915
Water and Sewer	5.0%	6	5.0%	66,782	70,121	73,627	77,308	81,174	85,232	89,494	93,969	98,667	103,600
Operating and Maintenance	3.0%	1	3.0%	211,188	217,523	224,049	230,771	237,694	244,824	252,169	259,734	267,526	275,552
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				35,189	35,425	35,657	35,886	36,111	36,732	37,361	37,996	38,639	39,289
Insurance	3.0%	1	3.0%	29,053	29,924	30,822	31,747	32,699	33,680	34,691	35,731	36,803	37,907
Replacement Reserve	3.0%	1	3.0%	25,200	25,956	26,735	27,537	28,363	29,214	30,090	30,993	31,923	32,880
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				619,945	638,105	656,858	676,225	696,228	717,752	739,982	762,942	786,657	811,155
Debt Service													
Debt Service Part A				275,382	275,382	275,382	275,382	275,382	275,382	275,382	275,382	275,382	275,382
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**895,327**	**913,487**	**932,240**	**951,607**	**971,610**	**993,134**	**1,015,364**	**1,038,324**	**1,062,039**	**1,086,537**
Cash Flow/(Deficit)				**110,153**	**102,048**	**93,450**	**84,340**	**74,697**	**74,098**	**73,213**	**72,025**	**70,516**	**68,670**
Cash Flow Per Unit				1,311	1,215	1,113	1,004	889	882	872	857	839	817
Debt Coverage Ratio on Part A Loan				1.40	1.37	1.34	1.31	1.27	1.27	1.27	1.26	1.26	1.25
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves: 3%

Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
Initial Balance		0	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0
Interest			0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR			0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit			1,311	1,215	1,113	1,004	889	882	872	857	839	817
Maintained Debt Coverage Ratio on Part A Loan			1.40	1.37	1.34	1.31	1.27	1.27	1.27	1.26	1.26	1.25
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**0**										
Non-standard ODR		**0**										
Operating Assurance Reserve Analysis		298,442										
Required in Year:	1	Initital Deposit										
Initial Balance		**298,442**	298,442	307,396	316,617	326,116	335,899	345,976	356,356	367,046	378,058	389,400
Interest Income			8,953	9,222	9,499	9,783	10,077	10,379	10,691	11,011	11,342	11,682
Ending Balance			307,396	316,617	326,116	335,899	345,976	356,356	367,046	378,058	389,400	401,082
Deferred Developer Fee Analysis												
Initial Balance			693,445	583,292	481,244	387,794	303,454	228,757	154,659	81,446	9,421	0
Dev Fee Paid			110,153	102,048	93,450	84,340	74,697	74,098	73,213	72,025	9,421	0
Ending Balance	Repaid in Year: 2031		583,292	481,244	387,794	303,454	228,757	154,659	81,446	9,421	0	0
Mortgage Resource Fund Loan												
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		0	0	0	0	0	0	0	0	0	0	0
Current Yr Int			0	0	0	0	0	0	0	0	0	0
Accrued Int			0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due		**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance			0	0	0	0	0	0	0	0	0	0

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator		2033 11	2034 12	2035 13	2036 14	2037 15	2038 16	2039 17	2040 18	2041 19	2042 20
Income														
Annual Rental Income	1.0%	6	2.0%		1,178,311	1,201,877	1,225,915	1,250,433	1,275,442	1,300,951	1,326,970	1,353,509	1,380,579	1,408,191
Annual Non-Rental Income	1.0%	6	2.0%		0	0	0	0	0	0	0	0	0	0
Total Project Revenue					**1,178,311**	**1,201,877**	**1,225,915**	**1,250,433**	**1,275,442**	**1,300,951**	**1,326,970**	**1,353,509**	**1,380,579**	**1,408,191**
Expenses														
Vacancy Loss	5.0%	6	5.0%		58,916	60,094	61,296	62,522	63,772	65,048	66,348	67,675	69,029	70,410
Management Fee	3.0%	1	3.0%		71,572	73,719	75,930	78,208	80,554	82,971	85,460	88,024	90,665	93,385
Administration	3.0%	1	3.0%		188,542	194,198	200,024	206,024	212,205	218,571	225,128	231,882	238,839	246,004
Project-paid Fuel	3.0%	6	3.0%		4,855	5,001	5,151	5,305	5,464	5,628	5,797	5,971	6,150	6,335
Common Electricity	4.0%	6	3.0%		7,122	7,336	7,556	7,783	8,016	8,257	8,504	8,760	9,022	9,293
Water and Sewer	5.0%	6	5.0%		108,780	114,219	119,930	125,927	132,223	138,834	145,776	153,065	160,718	168,754
Operating and Maintenance	3.0%	1	3.0%		283,819	292,333	301,103	310,136	319,440	329,024	338,894	349,061	359,533	370,319
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					39,946	40,609	41,279	41,956	42,639	43,327	44,022	44,722	45,426	46,136
Insurance	3.0%	1	3.0%		39,045	40,216	41,422	42,665	43,945	45,263	46,621	48,020	49,460	50,944
Replacement Reserve	3.0%	1	3.0%		33,867	34,883	35,929	37,007	38,117	39,261	40,439	41,652	42,901	44,188
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					836,462	862,607	889,621	917,533	946,377	976,184	1,006,991	1,038,832	1,071,744	1,105,767
Debt Service														
Debt Service Part A					275,382	275,382	275,382	275,382	275,382	275,382	275,382	275,382	275,382	275,382
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**1,111,844**	**1,137,990**	**1,165,003**	**1,192,916**	**1,221,759**	**1,251,567**	**1,282,373**	**1,314,214**	**1,347,127**	**1,381,150**
Cash Flow/(Deficit)					**66,467**	**63,888**	**60,912**	**57,517**	**53,683**	**49,384**	**44,597**	**39,295**	**33,453**	**27,041**
Cash Flow Per Unit					791	761	725	685	639	588	531	468	398	322
Debt Coverage Ratio on Part A Loan					1.24	1.23	1.22	1.21	1.19	1.18	1.16	1.14	1.12	1.10
Debt Coverage Ratio on Conventional/Other Financing					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves	3%													
Operating Deficit Reserve (ODR) Analysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
Initial Balance				**0**	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR					0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR					0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR					0	0	0	0	0	0	0	0	0	0
Interest					0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR					0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit					791	761	725	685	639	588	531	468	398	322
Maintained Debt Coverage Ratio on Part A Loan					1.24	1.23	1.22	1.21	1.19	1.18	1.16	1.14	1.12	1.10
Maintained Debt Coverage Ratio on Conventional/Other					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR				**0**										
Non-standard ODR				**0**										
Operating Assurance Reserve Analysis				298,442										
Required in Year:	1			Initial Deposit										
Initial Balance				**298,442**	401,082	413,114	425,507	438,273	451,421	464,963	478,912	493,280	508,078	523,320
Interest Income					12,032	12,393	12,765	13,148	13,543	13,949	14,367	14,798	15,242	15,700
Ending Balance					413,114	425,507	438,273	451,421	464,963	478,912	493,280	508,078	523,320	539,020
Deferred Developer Fee Analysis														
Initial Balance					0	0	0	0	0	0	0	0	0	0
Dev Fee Paid					0	0	0	0	0	0	0	0	0	0
Ending Balance Repaid in Year:	2031				0	0	0	0	0	0	0	0	0	0
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**0**	0	0	0	0	0	0	0	0	0	0
Current Yr Int					0	0	0	0	0	0	0	0	0	0
Accrued Int					0	0	0	0	0	0	0	0	0	0
Subtotal				% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					0	0	0	0	0	0	0	0	0	0

Development Iroquois Terrace - RRHC Phase 1

Financing Tax Exempt

MSHDA No. 4143

Step Commitment

Date 8/15/2024

Type Acquisition/Rehab

Use Sources & Uses Page: Sources & Uses

Pay-In Schedule

	Amount Budgeted from Costs	Apr 2024 4/1/2024 Initial Closing	May 2024 Draw 2	Jun 2024 Draw 3	Jul 2024 Draw 4	Aug 2024 Draw 5	Sep 2024 Draw 6	Oct 2024 Draw 7	Nov 2024 Draw 8	Dec 2024 Draw 9	Jan 2025 Draw 10	Feb 2025 Draw 11	Mar 2025 Draw 12	Apr 2025 Draw 13
			6%	11%	17%	23%	29%	34%	40%	46%	52%	57%	63%	69%
Uses														
Acquisition	2,100,000	2,100,000	0	0	0	0	0	0	0	0	0	0	0	0
Construction/Rehabilitation	7,117,107	0	408,187	408,187	408,187	408,187	408,187	408,187	408,187	408,187	408,187	408,187	408,187	408,187
Professional Fees	314,000	282,400	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859
Interim Contruction Costs	270,000	232,500	0	0	0	0	0	0	0	0	25,000	0	0	0
Construction Loan Interest	480,518		0	0	860	3,180	5,513	7,858	10,217	12,588	14,973	17,946	20,796	23,663
Permanent Financing	179,992	179,992	0	0	0	0	0	0	0	0	0	0	0	0
Other Costs(In Basis)	1,021,901	122,000	9,305	9,305	9,305	9,305	9,305	9,305	9,305	9,305	88,384	88,384	88,384	88,384
Other Costs(NOT In Basis)	144,967	76,982	0	0	0	0	0	0	0	0	0	0	0	28,085
Project Reserves	538,509	538,509	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	83,790	83,790	0	0	0	0	0	0	0	0	0	0	0	0
Developer Fee	1,639,729	94,628												
Total Uses	13,890,513	3,710,802	419,351	419,351	420,211	422,531	424,864	427,209	429,568	431,940	538,403	516,376	519,226	550,178
Cumulative Uses		*3,710,802*	*4,130,153*	*4,549,504*	*4,969,715*	*5,392,246*	*5,817,110*	*6,244,320*	*6,673,888*	*7,105,827*	*7,644,230*	*8,160,606*	*8,679,832*	*9,230,010*
Sources Interest Rate	6.625%													
Construction Loan	7,255,040			155,786	420,211	422,531	424,864	427,209	429,568	431,940	538,403	516,376	519,226	550,178
MSHDA Permanent Mortgage	3,860,889													
Conventional/Other Mortgage	0													
Equity Contribution From Tax Credit Syndicatioı	5,491,623	549,162												
MSHDA NSP Funds	0													
MSHDA HOME	0													
MSHDA Mortgage Resource Funds	0													
MSHDA TCAP	0													
MSHDA Housing Trust Funds	0													
MSHDA CERA	1,744,556	1,061,639	419,351	263,566										
MSHDA HOME-ARP	0													
MSHDA HCDF	0													
Local HOME	0													
Income from Operations	0													
Other Equity	0													
Transferred Reserves:	0													
Other:	0													
Other: Seller Note	2,100,000	2,100,000												
Deferred Developer Fee	693,445													
Construction Loan Running Balance		0	0	155,786	575,997	998,528	1,423,392	1,850,601	2,280,169	2,712,109	3,250,512	3,766,888	4,286,114	4,836,292
Total Sources	13,890,513	3,710,802	419,351	419,351	420,211	422,531	424,864	427,209	429,568	431,940	538,403	516,376	519,226	550,178
Cumulative Sources		*3,710,802*	*4,130,153*	*4,549,504*	*4,969,715*	*5,392,246*	*5,817,110*	*6,244,320*	*6,673,888*	*7,105,827*	*7,644,230*	*8,160,606*	*8,679,832*	*9,230,010*
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Balance		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Eligible basis items plus land	12,834,047													
50% Test (for 4% deals)		0%	0%	1%	4%	7%	10%	13%	16%	20%	23%	27%	31%	35%

Development Iroquois Terrace - RRHC Phase 1
Financing Tax Exempt
MSHDA No. 4143
Step Commitment
Date 8/15/2024
Type Acquisition/Rehab

	Amount Budgeted from Costs	75% May 2025 Draw 14	80% Jun 2025 Draw 15	86% Jul 2025 Draw 16	92% Aug 2025 Draw 17	98% Sep 2025 Draw 18	100% Oct 2025 Draw 19	Nov 2025 Draw 20	Dec 2025 Draw 21	Jan 2026 Draw 22	Feb 2026 Draw 23	Mar 2026 Draw 24	Apr 2026 Draw 25	Total
Uses														
Acquisition	2,100,000	0	0	0	0	0	0	0	0	0	0	0	0	2,100,000
Construction/Rehabilitation	7,117,107	408,187	408,187	408,187	408,187	408,187	177,928	0	0	0	0	0	0	7,117,107
Professional Fees	314,000	1,859	1,859	1,859	1,859	1,859	0	0	0	0	0	0	0	314,000
Interim Contruction Costs	270,000	0	0	0	0	12,500	0	0	0	0	0	0	0	270,000
Construction Loan Interest	480,518	26,700	29,600	32,515	35,446	38,393	40,054	40,054	40,054	40,054	40,054	0	0	480,517
Permanent Financing	179,992	0	0	0	0	0	0	0	0	0	0	0	0	179,992
Other Costs(In Basis)	1,021,901	88,384	88,384	88,384	88,384	88,384	30,000	0	0	0	0	0	0	1,021,901
Other Costs(NOT In Basis)	144,967	0	0	0	0	0	39,900	0	0	0	0	0	0	144,967
Project Reserves	538,509	0	0	0	0	0	0	0	0	0	0	0	0	538,509
Miscellaneous	83,790	0	0	0	0	0	0	0	0	0	0	0	0	83,790
Developer Fee	1,639,729										851,656			946,284
Total Uses	13,890,513	525,130	528,030	530,945	533,876	549,323	287,882	40,054	40,054	40,054	891,710	0	0	13,197,068
Cumulative Uses		*9,755,141*	*10,283,170*	*10,814,115*	*11,347,991*	*11,897,315*	*12,185,196*	*12,225,250*	*12,265,304*	*12,305,358*	*13,197,068*	*13,197,068*	*13,197,068*	
Sources Interest Rate	6.625%													
Construction Loan	7,255,040	525,130	528,030	530,945	533,876	300,767					-7,255,040			0
MSHDA Permanent Mortgage	3,860,889										3,860,889			3,860,889
Conventional/Other Mortgage	0													0
Equity Contribution From Tax Credit Syndicatio	5,491,623					2,196,649					2,745,812			5,491,623
MSHDA NSP Funds	0													0
MSHDA HOME	0													0
MSHDA Mortgage Resource Funds	0													0
MSHDA TCAP	0													0
MSHDA Housing Trust Funds	0													0
MSHDA CERA	1,744,556													1,744,556
MSHDA HOME-ARP	0													0
MSHDA HCDF	0													0
Local HOME	0													0
Income from Operations	0													0
Other Equity	0													0
Transferred Reserves:	0													0
Other:	0													0
Other: Seller Note	2,100,000													2,100,000
Deferred Developer Fee	693,445													0
Construction Loan Running Balance		5,361,422	5,889,452	6,420,397	6,954,273	7,255,040	7,255,040	7,255,040	7,255,040	7,255,040	0	0	0	
Total Sources	13,890,513	525,130	528,030	530,945	533,876	2,497,416	0	0	0	0	-648,340	0	0	13,197,068
Cumulative Sources		*9,755,141*	*10,283,170*	*10,814,115*	*11,347,991*	*13,845,408*	*13,845,408*	*13,845,408*	*13,845,408*	*13,845,408*	*13,197,068*	*13,197,068*	*13,197,068*	
Balance	0	0	0	0	0	1,948,093	-287,882	-40,054	-40,054	-40,054	-1,540,049	0	0	0
Cumulative Balance		*0*	*0*	*0*	*0*	*1,948,093*	*1,660,211*	*1,620,157*	*1,580,103*	*1,540,050*	*0*	*0*	*0*	*0*
Eligible basis items plus land	12,834,047													
50% Test (for 4% deals)		39%	42%	46%	50%	52%	52%	52%	52%	52%	0%	0%	0%	

Development Iroquois Terrace - RRHC Phase 1
Financing Tax Exempt
MSHDA No. 4143
Step Commitment
Date 8/15/2024
Type Acquisition/Rehab

Uses	Amount Budgeted from Costs	Variance
Acquisition	2,100,000	0
Construction/Rehabilitation	7,117,107	0
Professional Fees	314,000	0
Interim Contruction Costs	270,000	0
Construction Loan Interest	480,518	(1)
Permanent Financing	179,992	0
Other Costs(In Basis)	1,021,901	0
Other Costs(NOT In Basis)	144,967	0
Project Reserves	538,509	0
Miscellaneous	83,790	0
Developer Fee	1,639,729	(693,445)
Total Uses	13,890,513	(693,446)
Cumulative Uses		
Sources Interest Rate	6.625%	
Construction Loan	7,255,040	(7,255,040)
MSHDA Permanent Mortgage	3,860,889	0
Conventional/Other Mortgage	0	0
Equity Contribution From Tax Credit Syndicatioi	5,491,623	0
MSHDA NSP Funds	0	0
MSHDA HOME	0	0
MSHDA Mortgage Resource Funds	0	0
MSHDA TCAP	0	0
MSHDA Housing Trust Funds	0	0
MSHDA CERA	1,744,556	0
MSHDA HOME-ARP	0	0
MSHDA HCDF	0	0
Local HOME	0	0
Income from Operations	0	0
Other Equity	0	0
Transferred Reserves:	0	0
Other:	0	0
Other: Seller Note	2,100,000	0
Deferred Developer Fee	693,445	(693,445)
Construction Loan Running Balance		
Total Sources	13,890,513	(693,445)
Cumulative Sources		
Balance	0	
Cumulative Balance		
Eligible basis items plus land	12,834,047	
50% Test (for 4% deals)		

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
IROQUOIS TERRACE, MSHDA DEVELOPMENT NO. 4143
CITY OF RIVER ROUGE, WAYNE COUNTY

August 15, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, an application for Mortgage Loan Feasibility has been filed with the Authority by RAD Conversion Specialists, LLC (the "Applicant") for a multifamily housing project to be located in the City of River Rouge, Wayne County, Michigan, having a total development cost of Thirteen Million Eight Hundred Ninety Thousand Five Hundred Thirteen Dollars ($13,890,513), with a total estimated maximum mortgage loan (the “Mortgage Loan”) amount of Seven Million Two Hundred Fifty-Five Thousand Forty Dollars ($7,255,040) and a COVID Emergency Rental Assistance Loan in the estimated amount of One Million Seven Hundred Forty-Four Thousand Five Hundred Fifty-Six Dollars ($1,744,556) (hereinafter referred to as the "Application"); and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following determinations be and they hereby are made:

   a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.

   b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.

   c. The proposed housing project will meet a social need in the area in which it is to be located.

   d. The proposed housing project is a feasible housing project.

   e. The Authority expects to allocate to the financing of the proposed housing project proceeds of its tax-exempt bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed

Eight Million Five Hundred Sixty Thousand Dollars ($8,560,000).

2. The proposed housing project be and it is hereby determined to be feasible on the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Report of the Authority Staff presented to the meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Applicant.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the specific conditions and requirements set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024, which conditions and requirements are hereby incorporated by reference as if fully set forth herein.

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN
IROQUOIS TERRRACE, MSHDA DEVELOPMENT NO. 4143
CITY OF RIVER ROUGE, WAYNE COUNTY

August 15, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by RAD Conversion Specialists, LLC (the "Applicant") for a construction mortgage loan in the amount of Seven Million Two Hundred Fifty-Five Thousand Forty Dollars ($7,255,040) and a permanent mortgage loan in the amount of Three Million Eight Hundred Sixty Thousand Eight Hundred Eighty-Nine Dollars ($3,860,889) (the “Mortgage Loan”) for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Thirteen Million Eight Hundred Ninety Thousand Five Hundred Thirteen Dollars ($13,890,513), to be known as Iroquois Terrace, MSHDA Development No. 4143 (the “Development”), located in the City of Detroit, Wayne County, Michigan, and to be owned by Iroquois Terrace Limited Dividend Housing Association, LLC (the "Mortgagor"); and

WHEREAS, the Authority has designated up to Forty Million Dollars ($40,000,000) of COVID Emergency Rental Assistance ("CERA") funds to be used for PSH (Permanent Supportive Housing) Gap Financing Program loans; and

WHEREAS, in the Application, the Applicant has also requested a CERA loan (the “CERA Loan”) under the PSH Gap Financing Program in the amount of One Million Seven Hundred Forty-Four Thousand Five Hundred Fifty-Six Dollars ($1,744,556); and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Chief Executive Officer and Executive Director and, on the basis of the Application and recommendation, has made determinations that:

(a) The Mortgagor is an eligible applicant;

(b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;

(c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;

(d) The proposed housing project will meet a social need in the area in which it is to be located;

(e) The proposed housing project may reasonably be expected to be marketed successfully;

(f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;

(g) The construction will be undertaken in an economical manner, and it will not be of elaborate design or materials; and

(h) In light of the estimated total project cost of the proposed housing project, the amount of the Mortgage Loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and of the Mortgage Loan Commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. The Mortgage Loan be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project, in an amount not to exceed Seven Million Two Hundred Fifty-Five Thousand Forty Dollars ($7,255,040), and permanent financing in an amount not to exceed Three Million Eight Hundred Sixty Thousand Eight Hundred Eighty-Nine Dollars ($3,860,889), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of six and 625/1000 (6.625%) per annum. The amount of proceeds of tax-exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Eight Million Five Hundred Sixty Thousand Dollars ($8,560,000). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The CERA Loan be and it hereby is authorized and an Authorized Officer is hereby

authorized to issue to the Applicant and the Mortgagor a commitment for a CERA Loan (together with the Commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount One Million Seven Hundred Forty-Four Thousand Five Hundred Fifty-Six Dollars ($1,744,556), to have a term not to exceed fifty (50) years and to bear interest at a rate of one percent (1%) per annum with payments initially deferred.

4. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the Mortgage Loan authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

6. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Chief Executive Officer and Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be twelve percent (12%) per annum initially. So long as the Authority CERA Loan is outstanding the Limited Dividend Payments are capped at 12% per annum. If the Authority CERA Loan is no longer outstanding, the Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director Amy Hovey

DATE: August 15, 2024

RE: Crossroads Apartments, Development No. 1076-2

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the prepayment of the existing mortgage loan, 3) authorize tax-exempt bond construction and permanent loans in the amounts set forth below, 4) authorize a permanent CERA mortgage loan in the amount set forth below, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024 (the "Staff Report").

PROJECT SUMMARY:

MSHDA No:	1076-2
Development Name:	Crossroads Apartments
Development Location:	City of Reed City, Osceola County
Sponsor:	Ginosko Development Company
Mortgagor:	GDC-CR Limited Dividend Housing Association, LLC
Number of Units (Affordable and Market Rate):	39 family units of Rehabilitation
Number of Units Designated for Accessible Use:	2 Accessible units
Total Development Cost:	$6,218,951
TE Bond Construction Loan:	$3,300,451
TE Bond Permanent Loan:	$1,509,963
MSHDA HOME Loan:	$405,000
MSHDA HTF Loan:	$405,003
MSHDA CERA Loan:	$1,398,313
Other Funds:	$1,774,275 LIHTC Equity $187,812 Income from Operations $18,476 Transferred Reserves $336,607 GP Capital Contribution $183,502 Deferred Developer Fee

EXECUTIVE SUMMARY:

Crossroads Apartments (the "Development") is a rehabilitation of an existing Authority-financed development that was originally constructed in 2004. The Development is located at 848 Chestnut Street, Reed City, Michigan. The Development, which offers 39 housing units consisting of 20 two-bedroom 1.5-bathroom family units and 19 three-bedroom 2-bathroom family units spread out over 5 two-story buildings, is fully occupied.

The Development housing units offer blinds, balcony/patios, central air conditioning, coat closets, refrigerators, ovens, garbage disposals, dishwashers and in-unit washer/dryers. The Development also provides 39 uncovered surface parking spaces and 40 carports (included with the rent), which equates to a parking ratio of 2.00 spaces per unit. The Development also offers on-site management, a community room, and a playground.

I am recommending Board approval for the following reasons:

- The Development's affordability will be extended for up to 50 years for all units.
- All units will be refurbished to meet the physical needs of the Development.
- As an existing family development that has operated successfully, this proposal should be low risk to the Authority.

ADVANCING THE AUTHORITY'S MISSION:

The Development is located within Region F of the Statewide Housing Plan Regional Housing Partnerships, and this Development supports the following goals of the Region F Action Plan:

- Goal 3.2: increase access to stable and affordable quality housing options for households with extremely low incomes.
- Goal 4.1: increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.

MUNICIPAL SUPPORT:

- A request for a 4% PILOT has been submitted to the City of Reed City and is expected to be approved.

COMMUNITY ENGAGEMENT/IMPACT:

The design and development team for the Development held a townhall meeting on July 26, 2024, with residents where the Development's scope of work was reviewed with the attendees. The attendees provided positive feedback and raised questions on the scope of the work, which the design and development team addressed during the townhall meeting. Among the questions discussed were that the work would take place during normal business hours, decks/railings and upgrades would be assessed on an as needed basis, and that some items may need to be removed from the housing units (larger items with assistance provided).

RESIDENT IMPACT:

- No residents will be displaced, but residents may be required to move temporarily, so that the rehabilitation can be completed. If residents must temporarily move, suitable housing will be made available, and residents will be reimbursed for all reasonable out of pocket expenses, including moving costs and any increase in housing costs.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Development is an existing Authority-financed development that has requested approval to prepay the Authority's outstanding tax-exempt bond and HOME loans in order to obtain new financing for the rehabilitation of the property. The outstanding Authority loans will be fully repaid.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

August 15, 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the “Authority”) adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the prepayment of the existing mortgage loan, 3) authorize tax-exempt bond construction and permanent mortgage loans in the amounts set forth in this report, 4) authorize a permanent CERA mortgage loan in the amount set forth below, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority’s Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	1076-2
Development Name:	Crossroads Apartments
Development Location:	City of Reed City, Osceola County
Sponsor:	Ginosko Development Company
Mortgagor:	GDC-CR Limited Dividend Housing Association, LLC
TE Bond Construction Loan:	$3,300,451 (53.07% of TDC)
TE Bond Permanent Loan:	$1,509,963
MSHDA Permanent HOME Loan:	$405,000
MSHDA Permanent HTF Loan:	$405,003
MSHDA Permanent CERA Loan:	$1,398,313
Total Development Cost:	$6,218,951
Mortgage Amortization and Term:	40 years for the tax-exempt bond loan; 50 years for the HOME, HTF and CERA loans
Interest Rate:	6.625% for the tax-exempt bond loan; 1% simple interest for the HOME, HTF and CERA loans
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	39 family units of rehabilitation
Accessible Units:	2 Accessible units
Unit Configuration:	20 two-bedroom and 19 three-bedroom apartments
Builder:	Ginosko Construction, LLC
Syndicator:	Cinnaire
Date Application Received:	June 2023
HDO:	Drew Brown

Issuance of the Authority's Mortgage Loan Commitment is subject to fulfillment of all Authority processing and review requirements and obtaining all necessary staff approvals as required by the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

Crossroads Apartments (the "Development") is an existing Authority-financed development that has requested approval to prepay the Authority's outstanding tax-exempt bond and HOME loans in order to obtain new financing for the rehabilitation of the property. The outstanding Authority loans will be fully repaid.

EXECUTIVE SUMMARY:

The Development is a rehabilitation of an existing Authority-financed development that was originally constructed in 2004. The Development is located at 848 Chestnut Street, Reed City, Michigan. The Development, which offers 39 housing units consisting of 20 two-bedroom 1.5-bathroom family units and 19 three-bedroom 2-bathroom family units spread out over 5 two-story buildings, is fully occupied.

The Development's housing units offer blinds, balcony/patios, central air conditioning, coat closets, refrigerators, ovens, garbage disposals, dishwashers and in-unit washer/dryers. The Development also provides 39 uncovered surface parking spaces and 40 carports (included with the rent), which equates to a parking ratio of 2.00 spaces per unit. The Development also offers on-site management, a community room, and a playground.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to preservation transactions:

- A tax-exempt bond construction loan will be provided by the Authority in the amount of $3,300,451 at 6.625% interest with a 17-month term (a 12-month construction term and a 5-month holding period), which will be used to bridge an extended equity pay-in period. Payments of interest only will be required during the construction loan. The principal balance of the construction loan will be reduced to the permanent loan amount due on the first day of the month following the month in which the 17-month construction loan term expires or such later date as established by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent Mortgage Loan will be provided by the Authority in the amount of $1,509,963. The permanent loan amount is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan is based on a 1.20 debt service coverage ratio, an annual interest rate of 6.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will begin to amortize on the Permanent Financing Date and will be in **First Position**.

- A permanent subordinate loan using HOME funds (the "HOME Loan") in the amount of $405,000 will be provided at 1% simple interest for a term of 50 years with payments initially deferred. The HOME Loan will be in **Second Position**.

- A permanent subordinate loan using an Authority Housing Trust Fund Loan (the "HTF Loan") in the amount of $405,003 will be provided at 1% simple interest with payments initially deferred. The HTF Loan will be in **Third Position**.

- A permanent subordinate loan using an Authority CERA Loan (the "CERA Loan") in the amount of $1,398,313 will be provided at 1% simple interest with payments initially deferred. The CERA Loan will be in **Fourth Position**.

- Equity support comes from an investment related to the 4% Low Income Housing Tax Credit ("LIHTC") in the estimated amount of $1,774,275.

- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the construction period in the amount of $187,812.

- The Sponsor has agreed to defer $183,502 of the developer fee to help fill the remaining funding gap.

- The general partner will make a capital contribution in the amount of $336,607.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve ("OAR") will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- The Development will be renovated, and a new replacement reserve requirement will be imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

- Tax and insurance escrow proceeds in the amount identified in the attached proforma will be transferred from the existing project to the new project to fund a new tax and insurance escrow account.

- Payment of the lost interest spread from the early prepayment of the existing loans is not requested as a condition to prepayment approval because the Sponsor has agreed to refinance with a new tax-exempt bond loan from the Authority and the additional interest to be earned on the new loan.

<u>Scope of Rehabilitation:</u>

The following improvements to the property are included in the Scope of Work:

- New Siding
- New roofs

- New gutters/downspouts
- New in unit and commons area flooring
- New kitchen appliances
- New kitchen cabinets and countertops
- New bathroom fixtures/toilets
- New in-unit HVAC systems
- Parking and driveway asphalt/cement resurface/replace.
- Sidewalk replacement where needed.

Affordability Requirements:

The Authority's tax-exempt bond regulatory agreement will require that all 39 of the Development's housing units remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") income limit, adjusted for family size. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units. Of the Development's 39 housing units, 9 units are further restricted to households with incomes at or below the 50% MTSP income limit, as required by the CERA Program, another 4 units are further restricted to households with incomes at or below the 40% MTSP income limit, and another 4 units are further restricted to households with incomes at or below the 30% MTSP income limit, as required by the HTF Program.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants. There will be no tenant displacement as a result of this transaction.

Site Selection:

The site has been vetted by Authority Staff. The Authority's Manager of the Office of Market Research has indicated that the site meets the Authority's current site selection criteria.

Market Evaluation:

The unit mix as well as the amenities package and rent levels have been approved by the Authority's Manager of the Office of Market Research.

Valuation of the Property:

An appraisal dated April 13, 2023, estimates the value of the Development at $2,600,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor, the existing Mortgagor (the "Seller") and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. **<u>Limitation for Return on Equity:</u>**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to 12% of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $2,159,864). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. If Authority gap funds are included in the development sources the Limited Dividend Payments are capped at 12% per annum, while those loans remain outstanding. If there are no Authority gap loan outstanding, then Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. **<u>Income Limits</u>:**

   The income limitations for 39 units of this proposal are as follows:

   a. 4 units (2 two-bedroom units and 2 three-bedroom units) have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed the Low HOME income limit as published by HUD, adjusted for family size.

   b. 4 units (2 two-bedroom units and 2 three-bedroom units) have been designated as HTF units and during the Period of Affordability required under the HTF program (30 years) must be available for occupancy by Extremely Low-income households whose incomes do not exceed the 30% MTSP income limits, adjusted for family size, or families whose adjusted gross income is at or below the poverty line (as defined in Section 673 of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. 9902), whichever is greater.

   c. 9 units (5 two-bedroom units and 4 three-bedroom units) have been designated as CERA units and during the Period of Affordability required under the CERA program (20 years) must be available for occupancy by households whose incomes do not exceed the MTSP 50% income limits, adjusted for family size.

   d. 22 units (11 two-bedroom units and 11 three-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

   To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

3. <u>Limitations on Rental Rates</u>:

The Total Housing Expense (contract rent plus tenant-paid utilities) for 39 units is subject to the following limitations:

a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 4 Low-HOME units (2 two-bedroom units and 2 three-bedroom units) may not exceed the "Low HOME Rent Limit" for the unit established and published annually by HUD.

b. During the Period of Affordability required under the HTF program (30 years), the Total Housing Expense for the 4 HTF units (2 two-bedroom units and 2 three-bedroom units) may not exceed the Housing Trust Fund rent limit for the unit established and published annually by HUD and based upon an imputed occupancy of one and one-half persons per bedroom.

c. During the Period of Affordability required under the CERA program (20 years), the Total Housing Expense for all 9 CERA units (5 two-bedroom units and 4 three-bedroom units), may not exceed 1/12th of 30% of 50% of the MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom.

d. The Total Housing Expense for all 22 units (11 two-bedroom units, and 11 three-bedroom units), may not exceed 1/12th of 30% of 60% of the MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

To the extent units within the Development are subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

While rental increases for these units may be permitted from time to time as HUD publishes updated median income limits, the Mortgagor must further agree that rental increases for targeted units will be limited to not more than 5% for any resident household during any 12-month period.

For the initial lease term of the first household occupying each rent-restricted unit in the Development the initial rent may not exceed 105% of the rent approved in this Mortgage Loan Feasibility/Commitment Staff Report. Exceptions to these limitations may be granted by the Authority's Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually by the

Authority's Division of Asset Management.

4. **Covenant Running with the Land:**

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the Development, the Mortgagor must agree to subject the property to the extended low-income use commitment required by Section 42 of the Internal Revenue Code.

5. **Restriction on Prepayment and Subsequent Use:**

The Mortgage Loan is eligible for prepayment after the expiration of 15 years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

a. 1% of the balance being prepaid;
b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements.

6. **Operating Assurance Reserve:**

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months of estimated Development operating expenses (estimated to be $122,155). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. **Replacement Reserve:**

At Initial Closing, the Mortgagor must establish a replacement reserve fund (“Replacement Reserve”) with an initial deposit in an amount of $6,923 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of $350 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year’s deposit, increased by 3%, or (ii) a percentage of the Development’s projected annual rental income or gross rent potential (“GRP”) for the year using the percentage obtained by dividing the first year’s deposit by the first year’s GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority’s Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. **One Month’s Gross Rent Potential:**

At Initial Closing, the Mortgagor shall deposit an amount equal to one month’s gross rent potential ($31,938) into the Development’s operating account.

9. **Authority Subordinate Loan(s):**

At Initial Closing, the Mortgagor must enter into agreements relating to the permanent HTF, HOME and CERA Loans. The HTF, HOME and CERA Loans will each be secured by a subordinate mortgage. The HTF, HOME and CERA Loans will bear simple interest at 1% with a 50-year term. No loan payments will be required on either the HTF, HOME or CERA Loans until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on each loan until paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, repayment of the HTF Loan, HOME Loan, and CERA Loan will commence according to the following:

- So long as the first Mortgage Loan and the HOME Loan remain outstanding, then repayment of the HOME Loan will be made from 50% of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HTF or CERA Loans.

- If the HOME Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the HOME Loan, repayment of the HTF Loan will commence and be made from 50% of Surplus Funds, to be deposited into an HTF Subsidy Reserve, as set forth below.

- Upon payment in full of the Mortgage Loan, if the HTF Loan, HOME Loan, and CERA Loan remain outstanding, then the outstanding balance of the HOME Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments of 50% of any Surplus Funds shall be deposited into an HTF Subsidy Reserve and will be used to repay the HTF Loan periodically, if the amount of funds accumulated in the reserve warrant it, or at the end of the loan term, or otherwise used to assist the Development if needed. If reserve funds are used toward loan repayment, they shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale of the Development or refinancing of the Mortgage Loan, at which time the HTF Loan shall be due in full. No payments will be required on the CERA Loan.

- Upon payment in full of both the Mortgage Loan and the HOME Loan, if both the HTF Loan and the CERA Loan remain outstanding, then the outstanding balance of the HTF Loan, including accrued interest, will become the new first mortgage loan and monthly payments equal to the payments made under the original Mortgage Loan will be made on the HTF Loan, and repayment of the CERA Loan will begin from 50% of any Surplus Funds, applied first to accrued interest, then to current interest and principal.

  Upon payment in full of the Mortgage Loan, the HOME Loan, and the HTF Loan, the outstanding balance of the CERA Loan, including accrued interest, will become the new first mortgage loan and monthly payments equal to the payments made under the original Mortgage Loan will be made on the CERA Loan.

- The entire principal balance and any accrued interest of the HTF Loan, HOME Loan, and CERA Loan will be due and payable after 50 years.

Notwithstanding the foregoing, in the event of any sale or refinance of the Development, the HTF Loan, HOME Loan, and CERA Loan will be due and payable at that time.

10. <u>Architectural Plans and Specifications; Contractor's Qualification Statement:</u>

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document

A305 as required by the Authority's Chief Architect.

11. Owner/Architect Agreement:

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Authority's Chief Legal Affairs Officer.

12. Trade Payment Breakdown:

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority's Chief Construction Manager.

13. Section 3 Requirements:

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide a copy of the contractor's "Section 3 Hiring Plan" which must be reviewed and found acceptable to the Authority's Section 3 Compliance Officer. In addition, the general contractor must agree to adhere to follow-up reporting requirements as established by the Authority.

14. Equal Opportunity and Fair Housing:

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

In addition, prior to Mortgage Loan Commitment, the general contractor's Equal Employment Opportunity Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer.

15. Cost Certification:

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

16. Environmental Review and Indemnification:

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

17. <u>Title Insurance Commitment and Survey:</u>

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursement, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Chief Legal Affairs Officer.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide a surveyor's certificate of facts together with an ALTA survey certified to the 2021 minimum standards, and that appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Authority's Chief Legal Affairs Officer.

18. <u>Organizational Documents/Equity Pay-In Schedule:</u>

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Authority's Director of Development and Chief Legal Affairs Officer.

At or prior to Initial Closing, the final, executed syndication partnership agreement must become effective and the initial installment of equity must be paid in an amount approved by the Authority's Director of Development.

19. <u>Designation of Authority Funds:</u>

The Authority reserves the express right, in its sole discretion, to substitute alternate subordinate funding sources.

20. <u>Management & Marketing:</u>

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Authority's Director of Asset Management:

a. Management Agreement
b. Marketing/Construction Transition Plan

21. <u>Guaranties:</u>

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of HOME, and HTF recapture liability, an operating deficit guaranty and a performance completion guaranty. The required guaranties, the terms thereof and the parties who shall be required to deliver the guaranty must be determined and approved by the Authority's Director of Development.

22. <u>Financial Statements:</u>

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than 6 months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

23. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or future contributions not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

24. Existing Reserves:

At Initial Closing, the Mortgagor and the Seller must agree and confirm the Authority's ownership of the existing reserves balances, with the exception of the tax and insurance, and Debt Coverage Escrow (DCE) Principal reserves. (The existing reserves excluding tax and insurance and DCE Principal reserve escrows shall be referred to as "Net Existing Reserves.") The Net Existing Reserves will be captured by the Authority at Initial Closing, as this balance was accounted for within the Gap Financing rankings. This agreement must be acceptable to the Authority's Chief Legal Affairs Officer and the Authority's Director of Asset Management. The Net Existing Reserves captured by the Authority will not be available to settle or reconcile its accounts payable or to pay any accumulated and/or current year unpaid limited dividend payments.

25. Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:

The Seller is responsible for all Development payables due up to the date that Seller's loan is repaid, and ownership of the Development is transferred to Buyer (the "Closing Date"). The Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within 30 days after the Closing Date, the Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

The Seller waives any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

26. Transfer and Ownership of Development Reserves:

At Initial Closing, the Development's existing tax and insurance escrows will be transferred to the account of the Mortgagor. In addition, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows, and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. This agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

27. <u>HUD Authority to Use Grant Funds:</u>

Prior to Mortgage Loan Commitment, the Authority must receive HUD's Authority to Use Grant Funds (HUD 7015.16) in connection with the proposed HOME Loan from the Authority or confirmation that the Development is categorically excluded from NEPA review.

28. <u>HUD Subsidy Layering Review:</u>

Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

29. <u>Application for Disbursement:</u>

Prior to Initial Closing, the Mortgagor must submit an "Application for Disbursement" along with supporting documentation, which must be found acceptable to the Authority's Director of Development.

30. <u>Uniform Relocation Act Compliance:</u>

If the Development is occupied at Initial Closing and any occupants of the Development will be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

Special Conditions:

1. <u>Legal Requirements:</u>

The Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Chief Legal Affairs Officer for the items listed below:

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Authority's Chief Legal Affairs Officer its recommendation.
- Any other documentation as required by the Chief Legal Affairs Officer, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

2. <u>PILOT Amendment Obtained Post-Commitment:</u>

The Development has been underwritten with a 4% PILOT as provided in the existing PILOT ordinance. Before Initial Closing, an amended PILOT ordinance extending the duration of the exemption and acceptable in language, form and substance to the Authority's Chief Legal Affairs Officer must be provided. If the Development does not obtain an amended PILOT as described above, the Development must be re-underwritten and if feasible, presented to the Board. If the Development obtains a PILOT representing a lower PILOT payment amount, any savings generated by the PILOT may be applied, at the sole discretion of an Authorized Officer of the Authority, to reduce one or all of the Authority's subordinate loans or be applied against any other obligation that the Mortgagor owes the Authority with any remainder deposited in the Development's Operating Reserve Cash account.

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** GDC-CR Limited Dividend Housing Association, LLC

II. **GUARANTOR(S):**

A. Guarantor #1:

Name: Ginosko Development Company
Address: 41800 West 11 Mile Road, Suite 209
Novi, MI 48375

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: Ginoski Development Company
Address: 41800 W. 11 Mile Road, Suite 209
Novi, MI 48375

Individuals Assigned: Amin Irving
Telephone: 248-513-4900
Fax: 248-513-4904
E-mail: airving@ginosko.com

1. **Experience**: The Sponsor has experience working on Authority-financed developments.

2. **Interest in the Mortgagor and Members**: 99.99% Limited Partner and .01% General Partner.

B. **Architect:**

Name: Schneider + Smith Architects
Address: 833 S. Center Street, Suite A
Royal Oak, MI 48067

Individual Assigned: Jim Schneider
Telephone: 248-398-0605
Fax: Not Provided
E-Mail: jim@schneidersmith.com

1. **Experience**: Architect has previous experience with Authority-financed developments.

2. **Architect's License**: License number 1301044071 with an expiration date of June 8, 2025.

C. **Attorney**:

Name: Mallory, Lapka, Scot & Selin, PLLC
Address: 605 S. Capitol Ave.
Lansing, MI 48933

Individual Assigned: Tom Lapka
Telephone: 517-482-0222
Fax: Not Provided
E-Mail: toml@mclpc.com

1. **Experience**: This firm has experience in closing Authority-financed developments.

D. **Builder**:

Name: Optimum Construction, LLC d/b/a/ Ginosko Construction
Address: 41800 W. 11 Mile Road, Suite 209
Novi, MI 48375

Individual Assigned: Kennie Currie
Telephone: 248-513-4900
Fax: 248-513-4904
E-mail: kcurrie@ginosko.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration**: License number 2101221127 with an expiration date of May 31, 2025.

E. **Management and Marketing Agent**:

Name: KMG Prestige
Address: 102 S. Main Street
Mt Pleasant, MI 48858

Individual Assigned: Paul Spencer

Telephone: 989-772-3261
Fax: Not Provided
E-mail: pspencer@kmgprestige.com

1. **Experience:** This firm has significant experience managing Authority-financed developments.

F. **Development Team Recommendation:** Go

IV. SITE DATA:

A. Land Control/Purchase Price:
$2,430,000

B. Site Location:
848 South Chestnut Drive, Reed City, Michigan

C. Size of Site:
Approximately 5.18 acres

D. Density:
Deemed appropriate

E. Physical Description:

1. Present Use: Multifamily Housing
2. Existing Structures: 5 detached apartment buildings
3. Relocation Requirements: None

F. Zoning:
Deemed appropriate

G. Contiguous Land Use:

1. North: Reed City Quick Lube
2. South: Residential
3. East: Wooded area
4. West: Residential

H. Tax Information:
4% PILOT is expected to be approved.

I. Utilities: DTE Gas, Consumers Energy Electric and Reed City Water/Sewer

J. Community Facilities:

1. Shopping:
   Family Dollar is within walking distance along a sidewalk

2. Recreation:
   Osceola County has multiple recreational area within a short drive of the site

3. Public Transportation:
   Not apparent

4. Road Systems
   OLD US 131

5. Medical Services and other Nearby Amenities:
   Corewell Health, Reed City is 1.8 miles from site

6. Description of Surrounding Neighborhood:
   Remote

7. Local Community Expenditures Apparent:
   Not apparent

8. Indication of Local Support:
   Extension of PILOT

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority and has been reviewed by the Authority's Environmental Manager. (See Standard Condition No. 16).

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Authority's Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to Initial Closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HOME requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Manager of the Office of Market Research and found to be acceptable. The Authority's Manager of the Office of Market Research has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

The contractor's Equal Employment Opportunity Plan is currently being reviewed and must be approved by the Authority's Design and Construction Manager prior to Initial Closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application-level management and marketing information, to be approved prior to Initial Closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The sponsor's/guarantor's and the builder's financial statements have been submitted and are to be approved prior to Initial Closing by the Authority's Director of Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	August 2024
B. Initial Closing and Disbursement:	November 2024
C. Construction Completion:	November 2025
D. Cut-Off Date:	April 2026

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad A. Benson 8/9/2024

Chad Benson Date
Director of Development

Anthony Lentych 8/8/2024

Tony Lentych Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. 8/9/2024

Clarence L. Stone, Jr. Date
Chief Legal Affairs Officer

Amy Hovey 08/09/2024

Amy Hovey Date
Chief Executive Officer and Executive Director

Development	Crossroads Apartments
Financing	Tax Exempt
MSHDA No.	1076-2
Step	Commitment
Date	08/15/2024
Type	Acquisition/Rehab

Mortgage Assumptions:

Debt Coverage Ratio	1.2	
Mortgage Interest Rate	6.625%	
Pay Rate	6.625%	
Mortgage Term	40	years
Income from Operations	Yes	

Instructions

Total Development Income Potential				Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income				9,827	383,256	1.0%	6	2.0%
Annual Non-Rental Income				34	1,323	1.0%	6	2.0%
Total Project Revenue				9,861	384,579			
Total Development Expenses								
							Future Vacancy	
Vacancy Loss	8.00%	of annual rent potential		786	30,660		6	5.0%
Management Fee	634	per unit per year		634	24,726	3.0%	1	3.0%
Administration				2,253	87,869	3.0%	1	3.0%
Project-paid Fuel				35	1,354	3.0%	6	3.0%
Common Electricity				66	2,591	4.0%	6	3.0%
Water and Sewer				564	21,982	5.0%	6	5.0%
Operating and Maintenance				1,174	45,790	3.0%	1	3.0%
Real Estate Taxes				0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to:	All Units	335	13,067			
Insurance				350	13,650	3.0%	1	3.0%
Replacement Reserve	350	per unit per year		350	13,650	3.0%	1	3.0%
Other:				0		3.0%	1	3.0%
Other:				0		3.0%	1	3.0%

		% of Revenue			
Total Expenses		66.39%	**6,547**	**255,339**	
Base Net Operating Income			3,314	129,240	Override
Part A Mortgage Payment		28.00%	2,762	107,700	
Part A Mortgage			**38,717**	**1,509,963**	
Non MSHDA Financing Mortgage Payment			0		
Non MSHDA Financing Type:			**0**		
Base Project Cash Flow (excludes ODR)		5.60%	552	21,540	

Development	Crossroads Apartments
Financing	Tax Exempt
MSHDA No.	1076-2
Step	Commitment
Date	08/15/2024
Type	Acquisition/Rehab

Instructions

Income Limits for	Osceola County				(Effective April 15,2023)	
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	15,900	18,180	20,460	22,710	24,540	26,370
40% of area median	21,200	24,240	27,280	30,280	32,720	35,160
50% of area median	26,500	30,300	34,100	37,850	40,900	43,950
60% of area median	31,800	36,360	40,920	45,420	49,080	52,740

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense
30% Family	Area Median Income Units Occupancy																
A	2	Apartment	2	2.0	947	379	132	511	9,096		2.4%	5.1%	1,894	4.6%	1,894	HTF	511
B	2	Apartment	3	2.0	1,174	432	158	590	10,368		2.7%	5.1%	2,348	5.7%	2,348	HTF	590
									19,464	0	5.1%	10.3%	4,242	10.3%	4,242		
40% Family	Area Median Income Units Occupancy																
A	2	Apartment	2	2.0	947	550	132	682	13,200	0	3.4%	5.1%	1,894	4.6%	1,894	Low HOME	682
B	2	Apartment	3	2.0	1,174	629	158	787	15,096	0	3.9%	5.1%	2,348	5.7%	2,348	Low HOME	787
									28,296	0	7.4%	10.3%	4,242	10.3%	4,242		
50% Family	Area Median Income Units Occupancy																
A	5	Apartment	2	2.0	947	720	132	852	43,200	0	11.3%	12.8%	4,735	11.5%	4,735	CERA	852
B	4	Apartment	3	2.0	1,174	826	158	984	39,648	0	10.3%	10.3%	4,696	11.4%	4,696	CERA	984
									82,848	0	21.6%	23.1%	9,431	22.9%	9,431		
60% Family	Area Median Income Units Occupancy																
A	11	Apartment	2	2.0	947	891	132	1,023	117,612	0	30.7%	28.2%	10,417	25.3%	10,417		1,023
B	11	Apartment	3	2.0	1,174	1,023	158	1,181	135,036	0	35.2%	28.2%	12,914	31.3%	12,914		1,181
									252,648	0	65.9%	56.4%	23,331	56.6%	23,331		
Mgrs									0	0	0.0%	0.0%	0	0.0%	0		
													41,246		**41,246**		

Total Revenue Units	**39**
Manager Units	**0**
Income Average	52.56%
Set Aside	100.00%

Gross Rent Potential	**383,256**
Average Monthly Rent	**819**
Gross Square Footage	**41,246**

HOME Units SF/Total Units SF	10.3%	**Within Range**
# HOME Units/# Total Units	10.3%	**Within Range**

Utility Allowances

	Tenant-Paid Electricity	A/C	Tenant-Paid Gas	Tenant-Paid Water/ Sewer	Other	Total	Override
A	65.00		67.00			132	
B	81.00		77.00			158	
C						0	
D						0	
E						0	
F						0	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	1,323
Laundry	
Carports	
Other:	
Other:	
	1,323

Total Income	**Annual**	**Monthly**
Rental Income	383,256	31,938
Non-Rental Income	1,323	110
Total Project Revenue	384,579	32,048

Development Crossroads Apartments
Financing Tax Exempt
MSHDA No. 1076-2
Step Commitment
Date 08/15/2024
Type Acquisition/Rehab

Instructions

TOTAL DEVELOPMENT COSTS

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition							
Land			3,115	121,500	0%	0	0
Existing Buildings			59,192	2,308,500	100%	2,308,500	0
			0		100%	0	0
		Subtotal	62,308	2,430,000			
Construction/Rehabilitation							
Off Site Improvements			0		100%	0	0
On-site Improvements			4,127	160,946	100%	160,946	0
Landscaping and Irrigation			0		100%	0	0
Structures			30,172	1,176,720	100%	1,176,720	1,176,720
Community Building and/or Maintenance Facility			0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)			0		0%	0	0
General Requirements	% of Contract 6.00%	Within Range	2,058	80,260	100%	80,260	80,260
Builder Overhead	% of Contract 2.00%	Within Range	727	28,359	100%	28,359	28,359
Builder Profit	% of Contract 6.00%	Within Range	2,225	86,777	100%	86,777	86,777
Bond Premium, Tap Fees, Cost Cert.			930	36,282	100%	36,282	36,282
Other:			0		100%	0	0
		Subtotal	40,240	1,569,344			
		15% of acquisition and $15,000/unit test:		met			
Professional Fees							
Design Architect Fees			1,945	75,839	100%	75,839	75,839
Supervisory Architect Fees			483	18,832	100%	18,832	18,832
Engineering/Survey			308	12,000	100%	12,000	12,000
Legal Fees			1,154	45,000	100%	45,000	45,000
		Subtotal	3,889	151,671			
Interim Construction Costs							
Property & Casualty Insurance			740	28,872	100%	28,872	28,872
Construction Loan Interest	Override		3,971	154,881	71%	109,328	109,328
Title Work			385	15,032	100%	15,032	0
Construction Taxes			408	15,900	100%	15,900	15,900
Permits			171	6,688	100%	6,688	6,688
		Subtotal	5,676	221,373			
Permanent Financing							
Loan Commitment Fee to MSHDA		2%	2,825	110,175	0%	0	0
Other:			0		0%	0	0
		Subtotal	2,825	110,175			
Other Costs (In Basis)							
Application Fee			51	2,000	100%	2,000	2,000
Market Study			167	6,500	100%	6,500	6,500
Environmental Studies			790	30,792	100%	30,792	30,792
Cost Certification			692	27,000	100%	27,000	27,000
Equipment and Furnishings			641	25,000	100%	25,000	0
Temporary Tenant Relocation			1,000	39,000	100%	39,000	39,000
Construction Contingency			4,591	179,040	100%	179,040	179,040
Appraisal and C.N.A.			256	10,000	100%	10,000	10,000
Other:			178	6,946	100%	6,946	6,946
		Subtotal	8,366	326,278			
Oth Start-up and Organization			13	500	0%	0	0
Tax Credit Fees (based on 2022 QAP)	15,754	Within Range	404	15,754	0%	0	0
Compliance Monitoring Fee (based on 2022 QAP)			475	18,525	0%	0	0
Marketing Expense			1,000	39,000	0%	0	0
Syndication Legal Fees			1,282	50,000	0%	0	0
Rent Up Allowance	months		0	0	0%	0	0
Other:			0		0%	0	0
		Subtotal	3,174	123,779			

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Project Reserves							
Operating Assurance Reserv	4.0 months	Funded in Cas	3,132	122,155	0%	0	0
Replacement Reserve		Required	6,923	270,016	0%	0	0
Operating Deficit Reserve		Not Required	0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			0		0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows		32,623	836	32,623	0%	0	0
Additional Replacement Reserve			300	11,700	0%	0	0
Other:			0		0%	0	0
		Subtotal	11,192	436,494			
Miscellaneous							
Deposit to Development Operating Account (1MGRF		Required	819	31,938	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Environmental Mediation			2,051	80,000	100%	80,000	80,000
Other (In Basis):			0	0	100%	0	0
		Subtotal	2,870	111,938			

OAR Funded Yr 1	4 Month OAR
121,013	121,013

	Per Unit	Total
Total Acquisition Costs	62,308	2,430,000
Total Construction Hard Costs	40,240	1,569,344
Total Non-Construction ("Soft") Costs	37,993	1,481,708

Developer Overhead and Fee

			Per Unit	Total	% in Basis	LIHTC	Historic
Maximum 737,899			18,920	737,899	100%	737,899	737,899
7.5%	of Acquisition/Project Reserves	Override		5% Attribution Test			
20%	of All Other Development Costs			met			

	Per Unit	Total
Total Development Cost	159,460	6,218,951

LIHTC Basis	Historic Basis	Aggregate Basis
5,349,511	2,840,033	5,471,011

TOTAL DEVELOPMENT SOURCES

		% of TDC	Per Unit	Total
MSHDA Permanent Mortgage		24.28%	38,717	1,509,963
Conventional/Other Mortgage		0.00%	0	0
Equity Contribution from Tax Credit Syndication		28.53%	45,494	1,774,275
MSHDA NSP Funds		0.00%	0	
MSHDA HOME		6.51%	10,385	405,000
Mortgage Resource Funds		0.00%	0	
MSHDA Housing Trust Funds		6.51%	10,385	405,003
MSHDA CERA		22.48%	35,854	1,398,313
Local HOME		0.00%	0	
Income from Operations		3.02%	4,816	187,812
Other Equity		0.00%	0	
Transferred Reserves:		0.30%	474	18,476
Other:		0.00%	0	
Other:	GP Capital Contribution	5.41%	8,631	336,607
Deferred Developer Fee		2.95%	4,705	183,502
Total Permanent Sources				6,218,951

# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
0.00	90.47%	581,960	2 Two Bedroom	2 Two Bedroom, 2 Bath,
4.00			2 Three Bedroo	2 Three Bedroom, 2 Bath
		HTF Subsidy Limit		
4.00				
9.00		581959.98		

Deferred Dev Fee
24.87%

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	**0**

MSHDA Construction Loan	53.07%	84,627	3,300,451
Construction Loan Rate	6.625%		
Repaid from equity prior to final closing			1,790,488

Eligible Basis for LIHTC/TCAP			**Value of LIHTC/TCAP**		
Acquisition	2,430,000		Acquisition	97,200	
Construction	2,919,511		Construction	116,780	Override
Acquisition Credit %		4.00%	Total Yr Credit	213,980	215,374
Rehab/New Const Credit %		4.00%	Equity Price	$0.8239	
Qualified Percentage		100.00%	Equity Effective Price	$0.8239	Override
QCT/DDA Basis Boost		100%	Equity Contribution	1,774,289	1,774,275
Historic?					

Existing Reserve Analysis			
DCE Interest:		Current Owner's Reserves:	0
Insurance:	10,575	Reserves Captured by MSHDA	26,914
Taxes:	7,901	Tax/Ins Escrows transferred to project	18,476
Rep. Reserv	24,767		
ORC:	2,147		
DCE Principal:			
Other:			

Summary of Acquisition Price		As of	November 6, 2023
Attributed to Land	121,500	1st Mortgage Balance	1,285,011
Attributed to Existing Structures	2,308,500	MSHDA HOME Loan:	815,266
0	0	Subordinate Mortgage(s)	
Fixed Price to Seller	2,430,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	329,723

Construction Loan Term	Months
Construction Contract	12
Holding Period (50% Test)	5
Rent Up Period	0
Construction Loan Period	17

Appraised Value	Value As of:	April 13, 2023
"Encumbered As-Is" value as determined by appraisal:		2,600,000
Plus 5% of Appraised Value:		0
LESS Fixed Price to the Seller:		2,430,000
Surplus/(Gap)	Within Range	170,000

Override

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	1,774,275
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	385,589
Other Equity Sources	
New Owner's Equity	2,159,864

Development Crossroads Apartments
Financing Tax Exempt
MSHDA No. 1076-2
Step Commitment
Date 08/15/2024
Type Acquisition/Rehab

Replacement Reserve Analysis

Cost Inflation	103%
RR Period	20

Min. Deposit	27,300
15 Year	9,192
20 Year	270,016

Required Initial Deposit **270,016**
Per Unit **6,923**

Year	Starting Balance	RR Needs	Contribution	Net Annual Change	Interest	Ending Balance
1	270,016	960	13,650	12,690	8,100	290,807
2	290,807	989	14,060	13,071	8,724	312,601
3	312,601	1,018	14,481	13,463	9,378	335,443
4	335,443	1,049	14,916	13,867	10,063	359,373
5	359,373	15,062	15,363	301	10,781	370,455
6	370,455	37,740	15,824	(21,916)	11,114	359,653
7	359,653	1,146	16,299	15,153	10,790	385,595
8	385,595	1,473	16,788	15,315	11,568	412,478
9	412,478	2,102	17,291	15,189	12,374	440,042
10	440,042	47,522	17,810	(29,712)	13,201	423,531
11	423,531	49,363	18,344	(31,019)	12,706	405,218
12	405,218	29,693	18,895	(10,798)	12,157	406,577
13	406,577	21,664	19,462	(2,202)	12,197	416,572
14	416,572	22,314	20,045	(2,269)	12,497	426,800
15	426,800	53,896	20,647	(33,249)	12,804	**406,355**
16	406,355	214,066	21,266	(192,800)	12,191	225,746
17	225,746	120,717	21,904	(98,813)	6,772	133,706
18	133,706	45,592	22,561	(23,031)	4,011	114,686
19	114,686	44,244	23,238	(21,006)	3,441	97,121
20	97,121	123,970	23,935	(100,035)	2,914	**(0)**

Total Units	39
Interest Rate on Reserves	3%
Year 1 RR Deposits	350
Min Initial Deposit ($700/unit)	27300

Cash Flow Projections

Development Crossroads Apartments
Financing Tax Exempt
MSHDA No. 1076-2
Step Commitment
Date 08/15/2024
Type Acquisition/Rehab

	Initial Inflator	Starting in Yr	Future Inflator		1	2	3	4	5	6	7	8	9	10
Income														
Annual Rental Income	1.0%	6	2.0%		383,256	387,089	390,959	394,869	398,818	406,794	414,930	423,229	431,693	440,327
Annual Non-Rental Income	1.0%	6	2.0%		1,323	1,336	1,350	1,363	1,377	1,404	1,432	1,461	1,490	1,520
Total Project Revenue					**384,579**	**388,425**	**392,309**	**396,232**	**400,194**	**408,198**	**416,362**	**424,690**	**433,183**	**441,847**
Expenses														
Vacancy Loss	8.0%	6	5.0%		30,660	30,967	31,277	31,590	31,905	20,340	20,746	21,161	21,585	22,016
Management Fee	3.0%	1	3.0%		24,726	25,468	26,232	27,019	27,829	28,664	29,524	30,410	31,322	32,262
Administration	3.0%	1	3.0%		87,869	90,505	93,220	96,017	98,897	101,864	104,920	108,068	111,310	114,649
Project-paid Fuel	3.0%	6	3.0%		1,354	1,395	1,436	1,480	1,524	1,570	1,617	1,665	1,715	1,767
Common Electricity	4.0%	6	3.0%		2,591	2,695	2,802	2,915	3,031	3,122	3,216	3,312	3,412	3,514
Water and Sewer	5.0%	6	5.0%		21,982	23,081	24,235	25,447	26,719	28,055	29,458	30,931	32,477	34,101
Operating and Maintenance	3.0%	1	3.0%		45,790	47,164	48,579	50,036	51,537	53,083	54,676	56,316	58,005	59,746
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					13,067	13,158	13,248	13,338	13,426	14,148	14,396	14,646	14,900	15,157
Insurance	3.0%	1	3.0%		13,650	14,060	14,481	14,916	15,363	15,824	16,299	16,788	17,291	17,810
Replacement Reserve	3.0%	1	3.0%		13,650	14,060	14,481	14,916	15,363	15,824	16,299	16,788	17,291	17,810
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					255,339	262,551	269,992	277,671	285,595	282,495	291,150	300,085	309,309	318,832
Debt Service														
Debt Service Part A					107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**363,039**	**370,251**	**377,692**	**385,371**	**393,295**	**390,195**	**398,850**	**407,785**	**417,009**	**426,532**
Cash Flow/(Deficit)				183502	**21,540**	**18,174**	**14,617**	**10,861**	**6,899**	**18,004**	**17,512**	**16,905**	**16,174**	**15,315**
Cash Flow Per Unit					552	466	375	278	177	462	449	433	415	393
Debt Coverage Ratio on Part A Loan					1.20	1.17	1.14	1.10	1.06	1.17	1.16	1.16	1.15	1.14
Debt Coverage Ratio on Conventional/Other Financing					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves	3%				Average Cash Flow as % of Net Income									
Operating Deficit Reserve (ODR) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
Initial Balance				**1,142**	1,142	1,177	1,212	1,248	1,286	1,324	1,364	1,405	1,447	1,491
Total Annual Draw to achieve 1.0 DCR					0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR					0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR					0	0	0	0	0	0	0	0	0	0
Interest					34	35	36	37	39	40	41	42	43	45
Ending Balance at Maintained DCR					1,177	1,212	1,248	1,286	1,324	1,364	1,405	1,447	1,491	1,535
Maintained Cash Flow Per Unit					552	466	375	278	177	462	449	433	415	393
Maintained Debt Coverage Ratio on Part A Loan					1.20	1.17	1.14	1.10	1.06	1.17	1.16	1.16	1.15	1.14
Maintained Debt Coverage Ratio on Conventional/Other					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR				**0**										
Non-standard ODR				**1,142**										
Operating Assurance Reserve Analysis				121,013										
Required in Year:	1			Initial Deposit										
Initial Balance				**121,013**	121,013	124,643	128,383	132,234	136,201	140,287	144,496	148,831	153,296	157,895
Interest Income					3,630	3,739	3,851	3,967	4,086	4,209	4,335	4,465	4,599	4,737
Ending Balance					124,643	128,383	132,234	136,201	140,287	144,496	148,831	153,296	157,895	162,631
Deferred Developer Fee Analysis														
Initial Balance					183,502	161,962	143,788	129,171	118,310	111,411	93,407	75,895	58,990	42,816
Dev Fee Paid					21,540	18,174	14,617	10,861	6,899	18,004	17,512	16,905	16,174	15,315
Ending Balance — Repaid in ye	0				161,962	143,788	129,171	118,310	111,411	93,407	75,895	58,990	42,816	27,501
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**0**	0	0	0	0	0	0	0	0	0	0
Current Yr Int					0	0	0	0	0	0	0	0	0	0
Accrued Int					0	0	0	0	0	0	0	0	0	0
Subtotal				% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					0	0	0	0	0	0	0	0	0	0

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator		11	12	13	14	15	16	17	18	19	20
Income														
Annual Rental Income	1.0%	6	2.0%		449,134	458,116	467,279	476,624	486,157	495,880	505,797	515,913	526,232	536,756
Annual Non-Rental Income	1.0%	6	2.0%		1,550	1,581	1,613	1,645	1,678	1,712	1,746	1,781	1,817	1,853
Total Project Revenue					**450,684**	**459,698**	**468,892**	**478,269**	**487,835**	**497,591**	**507,543**	**517,694**	**528,048**	**538,609**
Expenses														
Vacancy Loss	8.0%	6	5.0%		22,457	22,906	23,364	23,831	24,308	24,794	25,290	25,796	26,312	26,838
Management Fee	3.0%	1	3.0%		33,230	34,227	35,253	36,311	37,400	38,522	39,678	40,868	42,094	43,357
Administration	3.0%	1	3.0%		118,089	121,631	125,280	129,039	132,910	136,897	141,004	145,234	149,591	154,079
Project-paid Fuel	3.0%	6	3.0%		1,820	1,874	1,930	1,988	2,048	2,109	2,173	2,238	2,305	2,374
Common Electricity	4.0%	6	3.0%		3,619	3,728	3,840	3,955	4,074	4,196	4,322	4,451	4,585	4,722
Water and Sewer	5.0%	6	5.0%		35,806	37,597	39,477	41,450	43,523	45,699	47,984	50,383	52,902	55,547
Operating and Maintenance	3.0%	1	3.0%		61,538	63,384	65,286	67,244	69,261	71,339	73,480	75,684	77,954	80,293
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					15,417	15,680	15,947	16,216	16,488	16,763	17,041	17,322	17,605	17,891
Insurance	3.0%	1	3.0%		18,344	18,895	19,462	20,045	20,647	21,266	21,904	22,561	23,238	23,935
Replacement Reserve	3.0%	1	3.0%		18,344	18,895	19,462	20,045	20,647	21,266	21,904	22,561	23,238	23,935
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					328,664	338,817	349,300	360,125	371,306	382,853	394,779	407,099	419,825	432,973
Debt Service														
Debt Service Part A					107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**436,364**	**446,516**	**457,000**	**467,825**	**479,005**	**490,552**	**502,479**	**514,799**	**527,525**	**540,672**
Cash Flow/(Deficit)				183502	**14,320**	**13,181**	**11,892**	**10,444**	**8,829**	**7,039**	**5,064**	**2,896**	**523**	**(2,063)**
Cash Flow Per Unit					367	338	305	268	226	180	130	74	13	(53)
Debt Coverage Ratio on Part A Loan					1.13	1.12	1.11	1.10	1.08	1.07	1.05	1.03	1.00	0.98
Debt Coverage Ratio on Conventional/Other Financing					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves	3%													
Operating Deficit Reserve (ODR) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
Initial Balance				**1,142**	1,535	1,581	1,629	1,678	1,728	1,780	1,833	1,888	1,945	2,003
Total Annual Draw to achieve 1.0 DCR					0	0	0	0	0	0	0	0	0	(2,063)
Total Annual Deposit to achieve Maintained DCR					0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR					0	0	0	0	0	0	0	0	0	(2,063)
Interest					46	47	49	50	52	53	55	57	58	60
Ending Balance at Maintained DCR					1,581	1,629	1,678	1,728	1,780	1,833	1,888	1,945	2,003	**(0)**
Maintained Cash Flow Per Unit					367	338	305	268	226	180	130	74	13	0
Maintained Debt Coverage Ratio on Part A Loan					1.13	1.12	1.11	1.10	1.08	1.07	1.05	1.03	1.00	1.00
Maintained Debt Coverage Ratio on Conventional/Other					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR				**0**										
Non-standard ODR				**1,142**										
Operating Assurance Reserve Analysis				121,013										
Required in Year:	1			Initial Deposit										
Initial Balance				**121,013**	162,631	167,510	172,536	177,712	183,043	188,534	194,190	200,016	206,017	212,197
Interest Income					4,879	5,025	5,176	5,331	5,491	5,656	5,826	6,000	6,180	6,366
Ending Balance					167,510	172,536	177,712	183,043	188,534	194,190	200,016	206,017	212,197	218,563
Deferred Developer Fee Analysis														
Initial Balance					27,501	13,181	0	0	0	0	0	0	0	0
Dev Fee Paid					14,320	13,181	0	0	0	0	0	0	0	0
Ending Balance Repaid in ye	0				13,181	0	0	0	0	0	0	0	0	0
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**0**	0	0	0	0	0	0	0	0	0	0
Current Yr Int					0	0	0	0	0	0	0	0	0	0
Accrued Int					0	0	0	0	0	0	0	0	0	0
Subtotal				% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					0	0	0	0	0	0	0	0	0	0

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY AND AUTHORIZING WAIVER OF PREPAYMENT PROHIBITION
CROSSROADS APARTMENTS, MSHDA DEVELOPMENT NO. 1076-2
CITY OF REED CITY, OSCEOLA COUNTY

August 15, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, Reed City Limited Dividend Housing Association Limited Partnership (the "Seller") is the owner of a development for low and moderate income persons located in the City of Reed City, Osceola County, Michigan, known as Crossroads Apartments, MSHDA Development No. 1076 (the "housing project"); and

WHEREAS, the housing project is currently financed by one or more mortgage loans from the Authority that are not yet eligible for prepayment (the "Seller Mortgage Loan"); and

WHEREAS, an application for Mortgage Loan Feasibility has been filed with the Authority by Ginosko Development Company (the "Applicant") for the housing project having a total development cost of Six Million Two Hundred Eighteen Thousand Nine Hundred Fifty-One Dollars ($6,218,951), with a total estimated maximum mortgage loan (the “Mortgage Loan”) amount of Three Million Three Hundred Thousand Four Hundred Fifty-One Dollars ($3,300,451), a Housing Trust Fund loan in the amount of Four Hundred Five Thousand Three Dollars ($405,003), a HOME Loan in the amount of Four Hundred Five Thousand Dollars ($405,000) and a COVID Emergency Rental Assistance Loan in the estimated amount of One Million Three Hundred Ninety-Eight Thousand Three Hundred Thirteen Dollars ($1,398,313) (hereinafter referred to as the "Application"); and

WHEREAS, a housing association to be formed by the Applicant may become eligible to receive a mortgage loan from the Authority under the provisions of the Act and the Authority's General Rules; and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following determinations be and they hereby are made:

   a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.

b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.

c. The proposed housing project will meet a social need in the area in which it is to be located.

d. The proposed housing project is a feasible housing project.

e. The Authority expects to allocate to the financing of the proposed housing project proceeds of its tax-exempt bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Three Million Eight Hundred Ninety-Four Thousand Dollars Five Hundred Thirty-Three Dollars ($3,894,533).

2. The proposed housing project be and it is hereby determined to be feasible on the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Report of the Authority Staff presented to the meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Applicant.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the specific conditions and requirements set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024, which conditions and requirements are hereby incorporated by reference as if

fully set forth herein.

7. The Authority hereby approves the prepayment of the Seller Mortgage Loan, subject to the terms and conditions described in the accompanying Staff Report.

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING MORTGAGE LOAN
CROSSROADS APARTMENTS, MSHDA DEVELOPMENT NO. 1076-2
CITY OF REED CITY, OSCEOLA COUNTY**

August 15, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by Ginosko Development Company (the "Applicant") for a construction mortgage loan in the amount of Three Million Three Hundred Thousand Four Hundred Fifty-One Dollars ($3,300,451) and a permanent mortgage loan in the amount of One Million Five Hundred Nine Thousand Nine Hundred Sixty-Three Dollars ($1,509,963) (the “Mortgage Loan”) for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Six Million Two Hundred Eighteen Thousand Nine Hundred Fifty-One Dollars ($6,218,951), to be known as Crossroads Apartments, MSHDA Development No. 1076-2 (the “Development”), located in the City of Reed City, Osceola County, Michigan, and to be owned by GDC-CR Limited Dividend Housing Association, LLC (the "Mortgagor"); and

WHEREAS, the Authority has designated up to Forty Million Dollars ($40,000,000) of COVID Emergency Rental Assistance (“CERA”) funds to be used for PSH (Permanent Supportive Housing) Gap Financing Program loans; and

WHEREAS, in the Application, the Applicant also requested a CERA loan (the “CERA Loan”) under the PSH Gap Financing Program in the amount of One Million Three Hundred Ninety-Eight Thousand Three Hundred Thirteen Dollars ($1,398,313); and

WHEREAS, the Applicant has also requested a mortgage loan under the Housing Trust Fund (“HTF”) loan in the amount of Four Hundred Five Thousand Three Dollars ($405,003) (the “HTF Loan”), and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Four Hundred Five Thousand Dollars ($405,000) (the "HOME Loan"); and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Chief Executive Officer and Executive Director and, on the basis of the Application and recommendation, has made determinations that:

(a) The Mortgagor is an eligible applicant;

(b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;

(c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;

(d) The proposed housing project will meet a social need in the area in which it is to be located;

(e) The proposed housing project may reasonably be expected to be marketed successfully;

(f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;

(g) The construction will be undertaken in an economical manner, and it will not be of elaborate design or materials; and

(h) In light of the estimated total project cost of the proposed housing project, the amount of the Mortgage Loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and of the Mortgage Loan Commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. The Mortgage Loan be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project, in an amount not to Three Million Three Hundred Thousand Four Hundred Fifty-One Dollars ($3,300,451), and permanent financing in an amount not to exceed One Million Five Hundred Nine Thousand Nine Hundred Sixty-Three Dollars ($1,509,963), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of six and 625/1000 (6.625%) per annum. The amount of proceeds of tax-

exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Three Million Eight Hundred Ninety-Four Thousand Five Hundred Thirty-Three Dollars ($3,894,533). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The CERA Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for a CERA Loan (together with the Commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount One Million Three Hundred Ninety-Eight Thousand Three Hundred Thirteen Dollars ($1,398,313), to have a term not to exceed fifty (50) years and to bear interest at a rate of one percent (1%) per annum with payments initially deferred.

4. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the Mortgage Loan authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment and the Applicant shall have agreed in writing within fifteen (15) days after receipt thereof, to the terms and conditions contained therein.

6. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Chief Executive Officer and Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be twelve percent (12%) per annum initially. So long as the Authority CERA Loan is outstanding, the Limited Dividend Payments are capped at twelve percent (12%) per annum. If the Authority CERA Loan, HTF Loan, and HOME Loan are no longer outstanding, the Limited Dividend Payments may increase one percent (1%) per annum until a cap of twenty-five percent (25%) per annum is reached.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated August 15, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

9. The Authority hereby waives Section VI.I.2 of the Multifamily Direct Lending Parameters adopted on June 28, 2017, requiring approval by the City of Reed City of a payment in lieu of taxes for the Development prior to the adoption of this resolution.

Report(s)

Homeownership

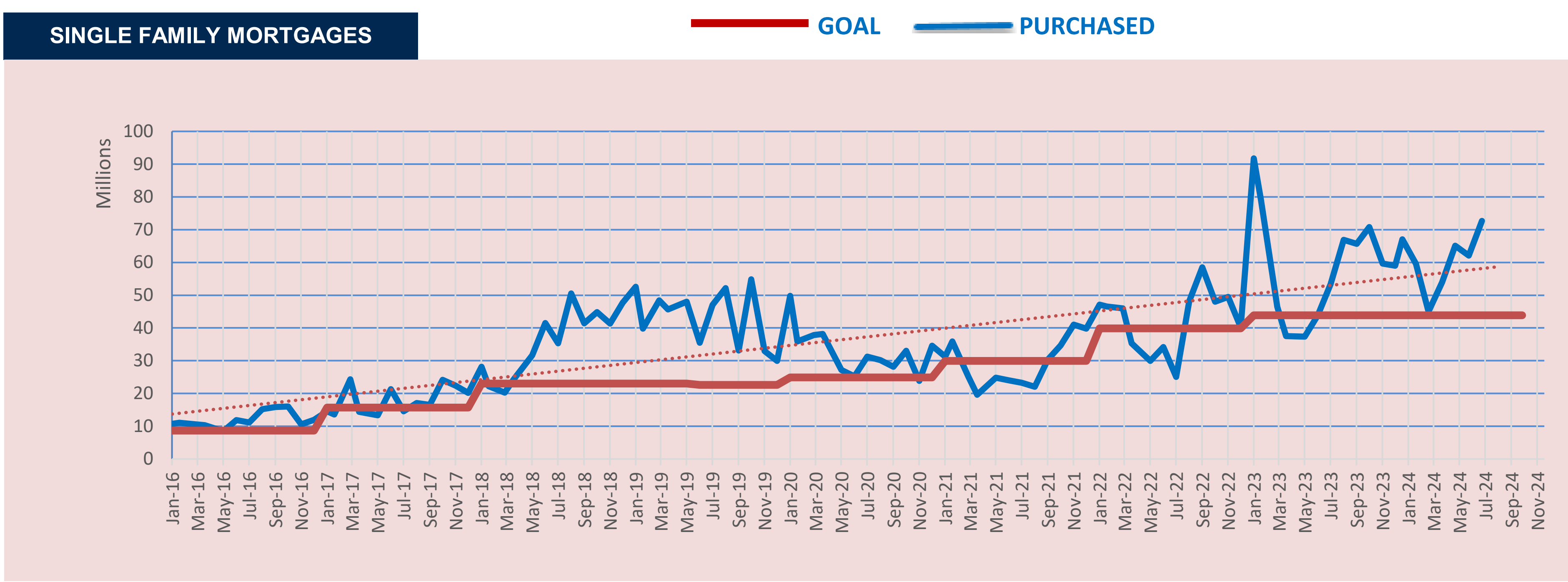
CURRENT AND HISTORICAL HOMEOWNERSHIP DATA

JULY 2024

MSHDA MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MSHDA's Homeownership Division delivers responsive homeownership products, education and technical assistance that empower our customers and strengthen and sustain Michigan communities. We work with our partners to provide creative solutions that maximize existing resources and preserve homeownership opportunities for future generations.

SINGLE FAMILY MORTGAGES



Monthly Homeownership Production Report: JULY 2024

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS		APPLICATIONS RECEIVED		COMMITMENTS BEGINNING		COMMITMENTS ISSUED		Cancellations Reinstatements Net		Transfers IN or Adjustment		Transfers OUT or Adjustment		COMMITMENTS ENDING		PURCHASED #1		PURCHASED-DPA	
031	**Jul-24**	**0**	**$ -**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**
	Jun-24	0	**$ -**	0	$0.00	0	$0.00	0	$0.00	0	$0.00	65	$9,692,611.00	0	$0.00	0	$0.00	65	$9,692,611.00	60	$582,179.00
066	**Jul-24**	**0**	**$ -**	**2**	**$268,645.00**	**56**	**$7,620,354.00**	**2**	**$268,645.00**	**-1**	**-$93,279.00**		**$0.00**	**-33**	**-$4,685,587.00**	**24**	**$3,110,133.00**	**0**	**$0.00**	**0**	**$0.00**
9/5/2023	**Jun-24**	0	$ -	19	$2,699,244.00	56	$7,620,354.00	15	$2,100,473.00	-2	-$235,935.00	0	$504,905.00	-127	-$18,758,043.00	56	$7,620,354.00	0	$0.00	0	$0.00
067	**Jul-24**	**604**	**$ 90,227,959.00**	**592**	**$87,869,262.00**	**503**	**$74,351,428.00**	**533**	**$79,270,408.00**	**-3**	**-$433,535.00**	**33**	**$4,685,587.00**	**0**	**$435,076.00**	**580**	**$85,640,986.00**	**486**	**$72,667,978.00**	**441**	**$4,256,826.00**
4/9/2024	**Jun-24**	561	$ 82,081,542.00	590	$86,727,274.00	503	$74,351,428.00	465	$68,946,583.00	0	$0.00	127	$18,758,043.00	-93	-$14,186,875.00	503	$74,351,428.00	416	$62,117,520.00	375	$3,594,487.00
TOTAL	**Jul-24**	**604**	**$90,227,959.00**	**594**	**$88,137,907.00**	**559**	**$81,971,782.00**	**535**	**$79,539,053.00**	**-4**	**-$526,814.00**	**33**	**$4,685,587.00**	**-33**	**-$4,250,511.00**	**604**	**$88,751,119.00**	**486**	**$72,667,978.00**	**441**	**$4,256,826.00**

#	PURCHASED Prior Total	PURCHASED NEW Total	1st + DPA TO DATE	NEWEST ALLOCATED
031	$ 42,529,795.00	$ 42,529,795.00	$ 44,964,619.00	$ 10,000,000.00
101	$ 2,434,824.00	$ 2,434,824.00	remaining:	**$ (34,964,619.00)**
066	$ 390,010,059.00	$ 390,010,059.00	$ 413,954,189.00	$ 400,000,000.00
166	$ 23,944,130.00	$ 23,944,130.00	remaining:	**$ (13,954,189.00)**
067	$ 62,117,520.00	$ 134,785,498.00	$ 142,636,811.00	$ 400,000,000.00
167	$ 3,594,487.00	$ 7,851,313.00	remaining:	**$ 257,363,189.00**

MCC

		RESERVATIONS		APPS RECEIVED		COMMITMENTS		CERTIFICATES	
213 MCC	**Jul-24**	**8**	**$ 1,143,833.00**	**8**	**$ 1,225,433.00**	**8**	**$ 1,190,683.00**	**9**	**$ 1,362,541.00**
12/7/2022	Jun-24	10	$ 1,586,753.00	10	$ 1,514,568.00	7	$ 1,108,068.00	8	$ 1,126,384.00

MI 10K DOWN PAYMENT ASSISTANCE PROGRAM

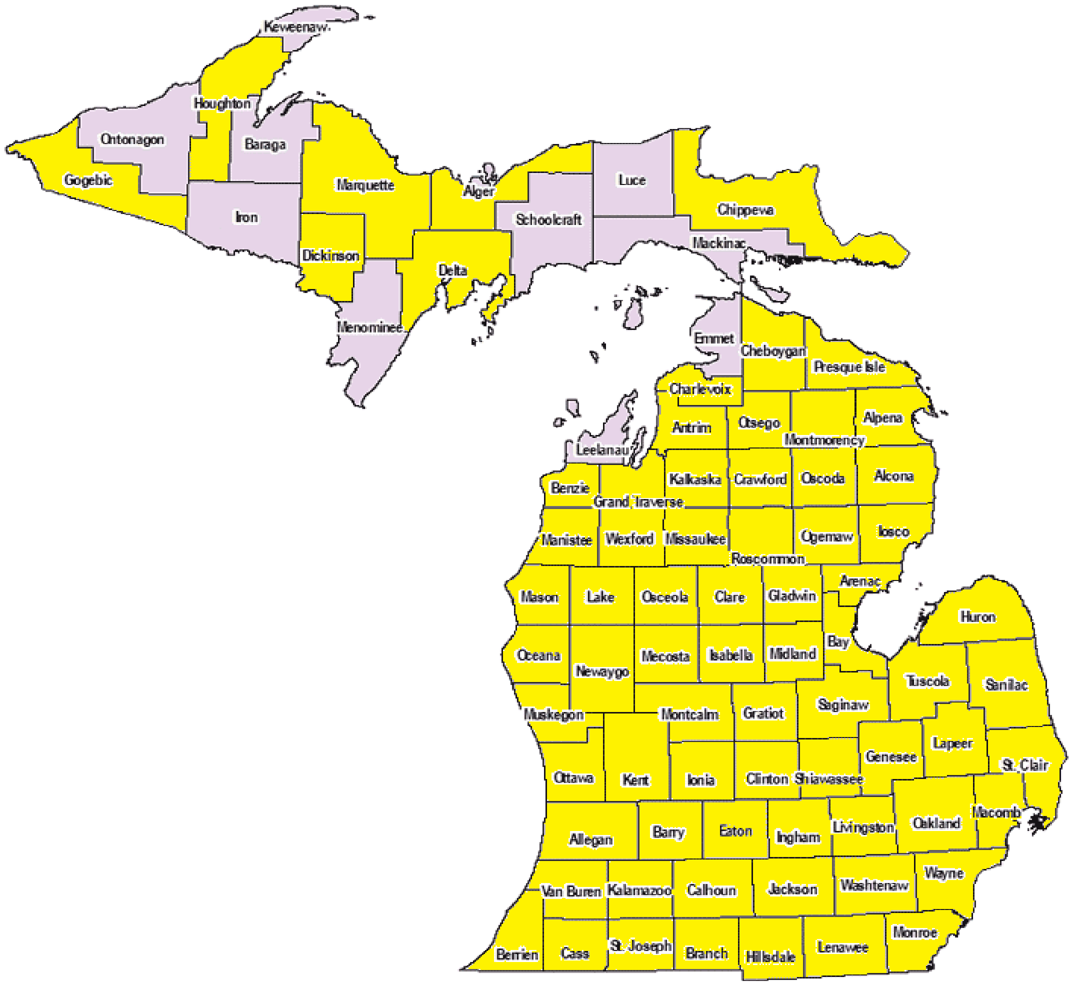
The MI 10K DPA Loan program is a $10,000 down payment assistance program available throughout the state. The MI 10K DPA Loan must be combined with a MI Home Loan.

JULY 2024

Loans in 2024 | New this month

County	#	Loan Amt	DPA Amt	Total $
Alcona	1	$ 94,500	$ 8,000	$ 102,500
Alger				$ -
Allegan	8	$ 1,353,617	$ 79,205	$ 1,432,822
Alpena	4	$ 514,654	$ 40,000	$ 554,654
Antrim				$ -
Arenac				$ -
Baraga				$ -
Barry				$ -
Bay	12	$ 1,548,540	$ 118,471	$ 1,667,011
Benzie				$ -
Berrien	7	$ 1,166,106	$ 67,912	$ 1,234,018
Branch	2	$ 351,353	$ 20,000	$ 371,353
Calhoun	15	$ 2,069,041	$ 143,184	$ 2,212,225
Cass	2	$ 168,750	$ 20,000	$ 188,750
Charlevoix				$ -
Cheboygan	2	$ 323,112	$ 18,010	$ 341,122
Chippewa	1	$ 90,800	$ 10,000	$ 100,800
Clare	2	$ 323,552	$ 20,000	$ 343,552
Clinton	2	$ 343,618	$ 18,436	$ 362,054
Crawford				$ -
Delta	1	$ 94,400	$ 9,850	$ 104,250
Dickinson				$ -
Eaton	2	$ 341,440	$ 20,000	$ 361,440
Emmet				$ -
Genesee	25	$ 3,375,460	$ 236,076	$ 3,611,536
Gladwin	2	$ 125,950	$ 19,149	$ 145,099
Gogebic	1	$ 79,250	$ 9,892	$ 89,142
Grand Traverse	1	$ 202,050	$ 10,000	$ 212,050
Gratiot	7	$ 760,979	$ 63,041	$ 824,020
Hillsdale	2	$ 317,211	$ 16,868	$ 334,079
Houghton	2	$ 329,365	$ 20,000	$ 349,365
Huron	2	$ 247,253	$ 15,799	$ 263,052
Ingham	20	$ 2,897,862	$ 195,593	$ 3,093,455
Ionia	3	$ 546,681	$ 30,000	$ 576,681
Iosco				$ -
Iron				$ -
Isabella	4	$ 569,616	$ 40,000	$ 609,616
Jackson	14	$ 1,750,116	$ 136,028	$ 1,886,144
Kalamazoo	13	$ 1,821,709	$ 125,819	$ 1,947,528
Kalkaska	1	$ 194,000	$ 10,000	$ 204,000
Kent	14	$ 2,679,828	$ 134,179	$ 2,814,007
Keweenaw				$ -
Lake				$ -
Lapeer	1	$ 156,040	$ 10,000	$ 166,040
Leelanau				$ -
Lenawee	7	$ 1,172,863	$ 68,900	$ 1,241,763
Livingston	1	$ 179,450	$ 10,000	$ 189,450
Luce				$ -
Mackinac				$ -
Macomb	34	$ 5,465,682	$ 333,287	$ 5,798,969
Manistee	2	$ 209,177	$ 13,711	$ 222,888

Marquette	3	$	352,700	$	29,850	$	382,550
Mason	1	$	183,800	$	10,000	$	193,800
Mecosta	6	$	902,229	$	53,737	$	955,966
Menominee						$	-
Midland	7	$	983,927	$	66,287	$	1,050,214
Missaukee						$	-
Monroe	10	$	1,403,015	$	95,279	$	1,498,294
Montcalm	2	$	373,191	$	17,599	$	390,790
Montmorency						$	-
Muskegon	17	$	2,590,219	$	162,190	$	2,752,409
Newaygo	4	$	625,137	$	39,324	$	664,461
Oakland	13	$	2,122,170	$	129,290	$	2,251,460
Oceana	1	$	135,800	$	10,000	$	145,800
Ogemaw	1	$	120,000	$	9,652	$	129,652
Ontonagon						$	-
Osceola	3	$	473,695	$	28,813	$	502,508
Oscoda						$	-
Otsego						$	-
Ottawa	1	$	95,200	$	10,000	$	105,200
Presque Isle						$	-
Roscommon	1	$	163,930	$	10,000	$	173,930
Saginaw	11	$	1,534,820	$	101,864	$	1,636,684
Saint Clair	13	$	1,756,950	$	124,294	$	1,881,244
Saint Joseph	5	$	643,778	$	48,206	$	691,984
Sanilac	1	$	153,174	$	9,734	$	162,908
Schoolcraft						$	-
Shiawassee	7	$	906,620	$	63,137	$	969,757
Tuscola	5	$	755,348	$	50,000	$	805,348
Van Buren	2	$	308,550	$	20,000	$	328,550
Washtenaw	2	$	374,050	$	20,000	$	394,050
Wayne	105	$	16,122,572	$	1,028,042	$	17,150,614
Wexford	3	$	518,464	$	28,118	$	546,582
TOTAL	**441**	**$**	**65,463,364**	**$**	**4,256,826**	**$**	**69,720,190**
Total Purchases	**486**	**$**	**72,667,978**	**$**	**4,256,826**	**$**	**76,924,804**
Percentage that used DPA	91%		90%		100%		91%


Keweenaw
Houghton
Ontonagon
Baraga
Gogebic
Marquette
Alger
Luce
Chippewa
Iron
Schoolcraft
Mackinac
Dickinson
Delta
Menominee
Emmet
Cheboygan
Presque Isle
Charlevoix
Antrim
Otsego
Montmorency
Alpena
Leelanau
Kalkaska
Crawford
Oscoda
Alcona
Benzie
Grand Traverse
Manistee
Wexford
Missaukee
Roscommon
Ogemaw
Iosco
Arenac
Mason
Lake
Osceola
Clare
Gladwin
Huron
Bay
Oceana
Newaygo
Mecosta
Isabella
Midland
Tuscola
Sanilac
Muskegon
Montcalm
Gratiot
Saginaw
Lapeer
Genesee
St. Clair
Ottawa
Kent
Ionia
Clinton
Shiawassee
Macomb
Allegan
Barry
Eaton
Ingham
Livingston
Oakland
Wayne
Van Buren
Kalamazoo
Calhoun
Jackson
Washtenaw
Monroe
Berrien
Cass
St. Joseph
Branch
Hillsdale
Lenawee

2024 BOARD CALENDAR

JANUARY
VOTING ITEMS:
• Intent to Reimburse Resolution
• Short-term Warehouse Borrowing Resolution
DISCUSSION ITEMS:
• SFRB 2024 Series A (Fixed Rate, Non AMT)
• SFRB 2024 Series B (Fixed Rate, Taxable)

FEBRUARY
VOTING ITEMS:
• SFRB 2024 Series A (Fixed Rate, Non AMT)
• SFRB 2024 Series B (Fixed Rate, Taxable)
DISCUSSION ITEMS:
• FY 2023-2024 PHA Plan
• Multifamily Bond Deal

MARCH
VOTING ITEMS:
• FY 2023-2024 PHA Plan
DISCUSSION ITEMS:
• Quarterly Financials

APRIL
VOTING ITEMS:
DISCUSSION ITEMS:

MAY
VOTING ITEMS:
DISCUSSION ITEMS:
• 2024-25 Budget
• Quarterly Financials

JUNE
VOTING ITEMS:
• 2024-25 Budget
DISCUSSION ITEMS:
• Pass-Through Program

JULY
VOTING ITEMS:
• Pass-Through Program
DISCUSSION ITEMS:
• Multi-Family Bond Deal

AUGUST
VOTING ITEMS:
• Multi-Family Bond Deal
DISCUSSION ITEMS:
• Single-Family Bond Deal

SEPTEMBER
VOTING ITEMS:
• Single-Family Bond Deal
DISCUSSION ITEMS:

OCTOBER
VOTING ITEMS:
DISCUSSION ITEMS:
• Board Meeting Schedule for 2025

NOVEMBER
VOTING ITEMS:
• Approval of Board Meeting Schedule for 2025
DISCUSSION ITEMS:
• Audited Year-End 6/30/2024 Financials

DECEMBER
VOTING ITEMS:
DISCUSSION ITEMS: