CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": August 24, 2022 for Board Meeting: September 22, 2022

Project Name, County:	**Serra Apartments, Alameda County**	
Address:	**42000 Osgood Road, Fremont CA 94539**	
Type of Project:	**New Construction**	
CalHFA Project Number:	22-016-A/X/N	**Total Units: 179 (Family)**
Requested Financing by Loan Program:	$46,650,000	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount**
	Up to $25,245,000	**CalHFA Taxable Bond – Conduit Issuance Amount (includes 10% cushion)**
	$27,179,522	**CalHFA Tax-Exempt or FFB Permanent Loan with HUD Risk Sharing**
	$8,000,000	**CalHFA MIP Subsidy GAP Loan**
	$2,173,471	**CalHFA Supplement MIP Subsidy GAP Loan (refer to section 5 for further information)**

DEVELOPMENT/PROJECT TEAM

Developer:	St. Anton Communities, LLC	**Borrower:**	Serra, LP
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America, N.A.
Equity Investor:	Bank of America, N.A.	**Management Company:**	St. Anton Multifamily Inc.
Contractor:	Hurley Construction, Inc	**Architect**	KTGY Group, Inc.
Loan Officer:	N/A	**Loan Specialist:**	Jennifer Beardwood
Asset Manager:	Jessica Doan	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick Herrington & Sutcliffe LLP
Concept Meeting Date:	5/13/2022	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**Bank of America CONDUIT ISSUANCE/ CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	$46,650,000 (T/E) $22,950,000 (Tax)	$27,179,522	Original MIP: $8,000,000 Supplemental MIP: $2,173,471

				Total CalHFA MIP Subsidy Loan: $10,173,471 ($57,477/restricted unit)
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction; one 6-month extension with a 0.25% extension fee	40 year – partially amortizing due in year 17; 1st Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	BSBY + 2.15% Underwritten at 4.05% (T/E & Tax) variable rate	Underwritten Rate 6.29% (Fixed Rate locked) Estimated rate based on a 36-month forward commitment.	Greater of 1.00% Simple Interest or the Applicable Federal Rate (AFR) at time of MIP closing Underwritten at 3% (estimate)
	Loan to Value (LTV)	LTV is 79% of investment value	LTV is 61% of restricted value	N/A
	Loan to Cost	80%	30%	N/A

** The all-in fixed rate of 6.29% is the final rate locked for the loan closing.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#17 Ro Khanna	**Assembly:**	#25 Alex Lee	**State Senate:**	#10 Bob Wiekowski

Serra Apartments (the "Project") is a new construction, multi-family, mixed income Project. It consists of one elevator serviced, six-story, podium-style building with four stories of residential over two levels of parking garage. The Project will be constructed of steel and wood frame, covered with stucco and metal paneling. There will be 179 total units, 177 of which will be restricted between 30% and 80% of the Alameda County Area Median Income (AMI). There will be 121 one-bedroom units (616 s.f.), 50 two-bedroom units (865 s.f.), and 8 three-bedroom units (1,108 s.f.). One one-bedroom and one two-bedroom unit (a total of 2) will serve as managers' units. There will be 225 covered parking spaces reserved for exclusive use by the residents and onsite staff. The majority of the site is currently vacant land with a single level vacant commercial building. There are no related relocation costs for the existing structures. The site is located within .25 miles from a future BART station that is anticipated to be completed by mid-2026.

Financing Structure: The Project's financing structure includes financing from tax-exempt bonds, Federal Tax Credit Equity (4% Federal LIHTC allocation), state housing tax credit equity and Agency's permanent loan and Mixed-Income Program (original and supplemental) loans. The project will be income averaging, pursuant to TCAC regulations.

Tax Credits and/or CDLAC Status: The developer has received an allocation for 4% tax credits and bond cap from TCAC/CDLAC on June 15, 2022.

Ground Lease: Not applicable.

Project Amenities: The Project includes a community room, fitness room, employment and training classrooms, business center, computer room, three courtyards and picnic area. Unit will include central heating/air, walk-in closet, blinds, patio/balcony, dishwasher, disposal, and washer/dryer hookups

Local Resources and Services: For TCAC/CDLAC purposes, the Project is located within a high resource area per TCAC/HCD's Opportunity Area Map.

- Grocery Stores – 0.36 miles
- School – 0.67 miles
- Public Library – 0.89 miles
- Public Transit - 0.25 miles
- Park – 0.77 miles
- Hospitals/Medical Center – 0.61 miles

Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.

Commercial and/or Other (i.e., Parking) Space: The Project does not include commercial space. The Project includes approximately 94,953 (s.f.) of parking structure. There are 225 covered spaces in the parking structure. The project cost associated with these parking spaces is approximately $4,949,276, which is anticipated to be funded by taxable construction loan and/or tax credit equity. No CalHFA funds will be used to finance the parking structure. The parking lot will be reserved for exclusive use by the residents for a fee and onsite staff (up to 3 parking spaces). Parking income is not included in the project's underwriting as this income source is not supported by the appraisal. Per the developer, parking is required by city code and is part of the project's entitlements.

MISSION

3.	**CalHFA Mission/Goals**

This Project and financing proposal provide 177 units of affordable housing with a range of restricted rents between 30% AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 55 years.

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	12/12/2022	Est. Construction Loan Closing:	11/1/2022
	Estimated Construction Start:	11/1/2022	Est. Construction Completion:	1/31/2025
	Estimated Stabilization and Conversion to Perm Loan(s):		10/1/2025	

SOURCES OF FUNDS

5.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
Bank of America - TE	$46,650,000	1	4.05%	Int. Only
Bank of America - Tax	$22,950,000	2	4.05%	Int. Only
Investor Equity Contribution	$6,336,022	N/A	N/A	N/A
TOTAL	**$75,936,022**	**$424,224**	**Per Unit**	

Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Perm Loan	$27,179,522	1	Underwritten Rate: 6.29%	Balloon: 40 year partially amortizing due in 17 years
CalHFA MIP Subsidy Loan	$8,000,000	2	3%	Residual Receipts
CalHFA Supplemental MIP** Loan	$2,173,471	2	3%	Residual Receipts (Supplemental MIP Loan repayment will have priority over other MIP funding)
Deferred Developer Fees	$6,975,762	N/A	N/A	N/A
*NOI (pre-conversion)	$535,012	N/A	N/A	N/A
Tax Credit Investor Equity Contributions	$42,341,860	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$87,205,627**	**$487,182**	**Per Unit**	

*The estimated NOI is based on 3 months of full occupancy.

****Gap Funding Explanation and request for supplemental MIP subsidy loan funding:** The Sources of Funds chart shown above includes more detailed information related to each financing and/or equity source during the construction and permanent periods of development.

The chart below provides an abbreviated version of the same information combined with the "Uses" or costs related to the construction and permanent loan periods.

Construction Sources and Uses			
Sources	**Amount**	**Uses**	**Amount**
Bank of America - TE	$ 46,650,000	Total Acquisition costs	$ 8,819,969
Bank of America - Tax	$ 22,950,000	Construction/Rehab Costs	$ 47,322,021
Investor Equity Contribution	$ 6,336,022	Soft Costs	$ 2,084,860
		Hard Cost contingency	$ 2,351,965
		Soft Cost contingency	$ 245,622
		Financing Costs	$ 5,854,632
		Local Impact Fees	$ 6,013,524
		Developer Fees	$ 1,793,582
		Other Costs	$ 1,449,848
TOTAL	**$ 75,936,022**		**$ 75,936,023**

Permanent Sources and Uses			
Sources:	**Amount**	**Uses**	**Amount**
CalHFA Perm Loan	$ 27,179,522	Total Loan Payoff and Equity	$ 75,936,022
CalHFA MIP Loan	$ 8,000,000	Financing costs	$ 3,444,976
CalHFA Supplemental MIP Loan	$ 2,173,471	Soft costs	$ 17,250
NOI (pre-conversion)	$ 535,012	Operating Reserve	$ 750,961
Deferred Developer Fees	$ 6,975,762	Developer Fee	$ 7,056,418
Investor Equity Contributions	$ 42,341,860		
TOTAL	**$ 87,205,627**		**$ 87,205,627**

At the time of CalHFA's initial commitment (March of 2022), the developer estimated the total development cost (TDC) to be $89,508,258 or $500,046/unit. CalHFA issued an initial commitment based on these initial costs estimates for developer to use to apply to CDLAC for tax exempt bond cap and to CTCAC for both federal and state tax credits. On June 15, 2022 the Borrower received the related allocations from CDLAC and CTCAC.

Generally, the project's total costs changed from March through July as cost savings related predominantly to value engineering led to reductions to final Hard Cost, Hard Cost Contingency, Developer Fee and other line items by a total of $4,464,761. The developer was also successful in achieving a 1.5% increase to the Equity Investor Contribution for $616,941. Additionally, the CalHFA perm loan was re-sized due to loss of parking structure income for the supportable debt and also increase in financing costs related to higher interest rates. Increases to interest rates from the Construction Lender also resulted in a $1,893,949 increase to costs related to construction period debt service and loan fees.

The Borrower has requested a $2,173,471 increase to the MIP Subsidy Loan in an effort to offset cost increases and loan reductions outlined above and below. The summary of changes in sources and uses between initial commitment vs. current proposed are outlined below:

Summary of changes in Sources/Uses since the Initial Commitment approval				
SOURCES - Major Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**% Adjustment of IC Amount**
1 - CalHFA Perm Loan (with 25 bps cushion)	$32,570,000	$26,190,000	-$6,380,000	-16.55%
2 - Deferred developer's fee	$6,665,717	$6,975,762	$310,045	4.65%
3 - Pre-Conversion NOI	$547,622	$535,012	-$12,610	-2.30%
4 - Investor Equity Contribution	$41,724,919	$42,341,860	$616,941	1.48%
Total Changes in Sources (A)	**$81,508,258**	**$76,042,634**	**-$5,465,624**	**-5.49%**

USES - Major Cost Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**% Adjustment of IC Amount**
1 - Construction hard cost	$50,994,266	$47,322,021	-$3,672,245	-7.20%
2 - Hard cost contingency	$2,534,481	$2,351,965	-$182,516	-7.20%
3 - Construction loan cost	$5,568,931	$7,462,880	$1,893,949	34.01%
4 - Local Impact Fees	$5,609,951	$6,013,524	$403,573	7.19%
5 - Developer Fee	$9,460,000	$8,850,000	-$610,000	-6.45%
6 - Other	$15,340,629	$15,205,237	-$135,392	-0.89%
Total Changes in Uses (B)	**$89,508,258**	**$87,205,627**	**-$2,302,631**	**-2.57%**
		Current Funding Gap: (A-B)	**-$3,162,993**	
Gap Funding sources:				
		Increase in CalHFA Perm Loan (at rate locked rate)):	$989,522	
		Supplement MIP Request:	$2,173,471	
		Gap Funding Sources Total:	**$3,162,993**	
		Remaining Funding Gap:	**$0**	

Hard Cost/Soft Cost changes: The developer is a vertically integrated organization and owns the general contractor entity, Hurley Construction, Inc. To mitigate market disruptions, the Borrower met with their design team and general contractor to evaluate the original construction hard cost budget. As a result, they were able to reduce construction hard cost budget by approximately $3.6 million. As reflected on the above chart, the Borrower reduced other budget line items slightly, except for a slight increase in local impact fees and the construction loan costs, due to the increase in construction loan interest reserve driven by the current interest rate market.

Deferred Developer Fee: The current budget also reflects a decrease of the total developer's fee by $610k, and the current deferred developer's fee (DDF) is approximately $310k higher than the original budget (original developer fee $9,460,000 with $6,665,717 deferred/current developer fee $8,850,000 with $6,975,762 deferred). Through the project's final underwriting prior to construction and permanent loan conversion, efforts shall be made to mitigate a

	portion of the financing gap through restructuring of the Developer fee or direct equity contribution by the Developer. Perm Loan Reduction & Equity Contribution Adjustment: The equity contribution adjustment is anticipated to be approximately $616,941. During final underwriting, the original CalHFA permanent loan of $32.7 million was reduced by $6.38 million to $26.19 million. This was partially attributed to the elimination of parking income revenue of $456,929 (which was originally considered as part of NOI), given that it was not supported by the final appraisal report. This elimination resulted in an approximately $1,870,000 reduction to the original loan amount. Further reduction to the perm loan of $4,510,000 was attributed by increases in perm loan financing costs related to macroeconomic factors, such as inflation. Furthermore, to assist the Borrower with maximizing the perm loan amount, CalHFA is allowing the removal of the 25-bps underwriting cushion and granting a rate lock at time of final commitment. This resulted in a permanent loan increase of $989,522, to $27.18 million, which reduced the overall funding gap to $2,173,471 as shown above. The estimated funding gap after exhausting all resources available to the project totals approximately $2.17 million. The Borrower has requested an increase to the MIP Subsidy Loan of $2,173,471. Pursuant to the TCAC/CDLAC requirements this project must begin construction by December 2022. A $2.18 million increase in the MIP supplemental subsidy ($12,142/unit) results in an overall MIP Regulated Unit amount of $57,477 per restricted unit. The original MIP and Supplemental MIP total $10,173,471. **Subsidy Efficiency:** The Initial MIP commitment for this Project was $8,000,000 ($45,198 per MIP restricted units). The Current proposed MIP commitment is $10,173,471 ($57,477 per MIP restricted units). Staff is recommending an exception to the per project Allocation Limit of $8,000,000 given that the property meets the per unit maximums. Approval of this exception is further detailed in the “Underwriting Standards or Term Sheet Variations” below. **Tax Credit Type(s), Amount(s), Pricing(s), and per total units:** • 4% Federal Tax Credits: $37,719,860 ($213,106 per TCAC restricted unit). • State Tax Credits: $6,168,746 ($34,852 per TCAC restricted unit). **Rental Subsidies**: The Project will not be subsidized by project-based vouchers. **Other State Subsidies:** The Project will not be funded by other state funds. **Other Locality Subsidies:** The Project will not be funded by locality funds. **Cost Containment Strategy:** The developer is using its affiliated company, Hurley Construction, Inc., as its General Contractor. The developer had established cost containment strategies that include: 1) engaging the General Contractor to provide pre-construction services including: conceptual design review, estimating, value engineering, and a critical path schedule, 2) reviewing the GMP contract for any exclusions or exceptions to mitigate project cost increases, and 3) requiring that the General Contractor provide a minimum of 3 bids for each major trade and all other trades, if available. **High Cost Explanation:** Not applicable.
6.	Equity – Cash Out (estimate): Not applicable.

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**
•	The Project has received 4% federal and state tax credits which is projected to generate equity representing approximately 49% of total sources.

- The Project will serve low-income families ranging between 30% to 80% of AMI. On average, the rents are between 26% to 76% below market rents based on current appraisal.
- The Loan-to-Value will be 61%, which is well below and meets the Agency's maximum allowable LTV of 90%. This results in less risk to the Agency.

8. Project Weaknesses with Mitigants:

- The developer/sponsor have limited experience with CalHFA (2 portfolio projects); however, they have extensive experience in developing similar affordable projects in this region. In addition, the locality is familiar with the developer and strongly supports the project.
  The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 6.5%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.29%). Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan and a portion of the supplemental MIP loan leaving an outstanding balance of approximately $316,235. The Agency's original MIP subsidy loan and the remaining supplemental MIP loan in the estimated amount of $11,916,235 (principal and accrued interest) is expected to be outstanding. This is expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
- Phase I dated 2/9/2022 recommended that a lead-based paint (LBP) survey and asbestos-containing materials (ACM) survey be conducted based on the age of the existing structure on the site. The ACM and LBP reports are complete. The development budget includes an estimated amount of $30,000, which is the anticipated costs associated with addressing these environmental issues. Remediation of all environmental findings is a part of the construction plan and budget. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans.
- The Project budget indicates a deficit of approximately $2.17 million. The Borrower requested a $2.17 million increase to the initially committed MIP subsidy loan to facilitate the progression of this shovel ready project to construction. However, the project is only eligible for an additional $2.17 million of supplemental MIP funds. Refer to section 5 for detailed project gap analysis.

9. Underwriting Standards or Term Sheet Variations

Pursuant to MIP loan term sheet, no project may receive more than the lesser of (i) $8 million project cap, (ii) the aggregate MIP loan amount based on up to $60k per MIP regulated unit for a project located within the high/highest resource area per TCAC/HCD opportunity map, or (iii) MIP loan not to exceed 50% of the CalHFA perm loan. This project is located in a high resource area. Per the term sheet and project economics, the applicable allocation limit is $8 million project cap. However, the current proposal is to allow the Borrower to use the $57,477 per unit maximum to increase the MIP loan allocation by $2,173,471 for a total of $10,173,471 which is beyond the allocation limit of $8 million that is applicable to the project. This is an exception to MIP term sheet and is recommended by Multifamily Underwriting and Credit Staff for approval to facilitate the progression of a shovel ready project without delay; the project received tax credit and bond cap allocations from TCAC/CDLAC Bond on June 15, 2022 and is ready to proceed to construction loan closing by December 2022.

10. Project Specific Conditions of Approval

Approval is conditioned upon:

- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- The Project's proposed operating expense does not meet TCAC minimums, therefore, Borrower must provide evidence that the proposed operating expense is sufficient to operate the project via supporting documentation acceptable to CalHFA. In addition, approvals of the proposed operating expense from the investor, all lenders, and TCAC are required.
- The CalHFA subsidy (including the supplemental MIP subsidy loan) will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated hereto or 2) an amount as determined by the Agency in the event the financial

assumptions change prior to construction loan closing and/or permanent loan closing.

- All MIP Loan principal and interest will due and payable at maturity. Outstanding Supplemental MIP loan funds will have first repayment priority whether the source of repayment is cash flow during the term of the loan or repayment via refinance, partner contribution, or other source at loan maturity.
- Any default as to any loan by the Agency for the Development shall constitute a default under any other loan by the Agency for the Development.
- The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earliest of year 15 of operations is complete or full repayment of the DDF has occurred. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to CalHFA as the only Residual Receipt lender. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and any residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders, if added subsequent to this approval, must also agree to defer the payments on their loans.
- Final environmental plan must be provided and approved by CalHFA prior to construction loan closing. In addition, evidence of environmental clearance must be provided and approved by CalHFA prior to permanent loan closing.
- The locality is requiring the Borrower to encumber the Property by recording an ordinance agreement. Prior to construction loan closing and closing of the CalHFA loan(s), the ordinance agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.

11. Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions. As noted earlier, the supplemental MIP subsidy loan of $2,173,471 was not part of the Initial Commitment approved by the SLC, and hence approval is being sought for this financing through the subject Final Commitment Approval.

AFFORDABILITY

12. CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 10% of the total units at 50% of AMI and 30% of the total units at 60% AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of the total units (18) be restricted at or below 30% of AMI, 20% of total units (36 units) be restricted at or below 50% of AMI, 10% of total units (18 units) between 60% and 80% of AMI be restricted with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 105 restricted units will be restricted at or below 120% AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

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

- The City will restrict 18 units at or below 80% of AMI for a term of 55 years.

Rent Limit Summary Table

AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	18	-	12	5	1	-	10.1%
40%	0	-	-	-	-	-	0.0%
50%	36	-	24	10	2	-	20.1%
60%	95	-	64	27	4	-	53.1%
80%	28	-	20	7	1	-	15.6%

100%	0	-	-	-	-	-	0.0%
Manager's Unit	2	-	1	1	-	-	1.1%
Total	179	0	121	50	8	0	100.0%

The average affordability restriction is 58% of AMI based on 177 TCAC-restricted units.

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY									
Agency	Number of Units Restricted For Each AMI Category							Units	Percentage
	30%	40%	50%	60%	80%	120%	200%	Regulated	Regulated
CalHFA Bond	0	0	18	54	0	0	0	72	40%
CalHFA MIP	18	0	36	0	18	105	0	177	99%
TCAC	18	0	36	95	28	0	0	177	99%
City of Fremont - Housing Ordinance	0	0	0	0	18	0	0	18	10%

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Upper	Below Poverty line:	2.21%
Minority Census Tract:	77.61%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A.
Operating Expense Reserve (OER):	$753,954* OER amount is size based on 3 months of operating expenses, first lien debt service, and annual replacement reserves deposits. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12 month period to the original level.
Transitional Operating Reserve (TOR):	N/A.

15. Cash Flow Analysis

1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
End Year DSCR:	1.59	**Annual Replacement Reserve Per Unit:**	250/unit
Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

*A minimum of 3 to 6 months operating expense, reserves, and debt service (“OER”) is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, that they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC’s general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they’ve met this requirement.

16. Loan Security

The CalHFA loan(s) will be secured by a first lien deed of trust against the above-described Project site and improvements.

17.	Balloon Exit Analysis	Applicable: ☒ Yes ☐ No

The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 6.5%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.29%). Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan and a portion of the supplemental MIP loan leaving an outstanding balance of approximately $316,235. The Agency's original MIP subsidy loan and the remaining supplemental MIP loan in the estimated amount of $11,916,235 (principal and accrued interest) is expected to be outstanding. This is expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18.	Appraisal Review	**Dated:** April 19, 2022

- The Appraisal dated April 19, 2022, prepared by Pacific Real Estate Appraisal, values the land at $14,930,000.
- The cap rate of 4.50% and projected $1,998,375 of net operating income, which is slightly lower than the proposed Project's net operating income of $2,140,048 ($141,672 less), were used to determine the appraised value of the subject site, which leads to a more conservative LTV estimate.
- The proposed operating expense of $1.155 million is approximately $74k lower than the average operating expense for comparable projects per the appraisal report of $1.229 million. A portion of the difference ($26,850) is attributed by the fact that the appraisal report assumed a higher annual replacement reserve deposit of $400 per unit, while the developer is budgeting an annual replacement reserve deposit of $250 per unit (this is consistent with CalHFA's standard underwriting for new construction family projects). In addition, the developer has provided 2 comparable projects located in the bay area currently in their portfolio that are operating with slightly lower annual operating expense per unit. The management company has also provided a certification indicating that they will be able to manage the project per the proposed operating expense budget. Based on the appraisal and the supporting documents provided by the developer, the proposed operating expense is reasonable.
- The as-restricted stabilized value is $44,410,000, which results in the Agency's permanent first lien loan to value (LTV) of 61%. The combined LTV, including MIP subsidy loan (original and supplemental), is 84%.
- The absorption rate is 22 Units/Month respectively. Stabilized occupancy is estimated within 8 months of completion. This is a more recent and conservative estimate compared to the market study that that was dated February 7, 2022.

	Market Study:	Laurin Associates	**Dated:** February 7, 2022

Regional Market Overview

- The Primary Market Area are the cities of Fremont and Newark (population of 283,771) and the Secondary Market Area ("SMA") was deemed unnecessary due to the high demand for affordable units in the PMA.
- The general population in the PMA is anticipated to increase by 2.10% by 2024.
- Unemployment in the PMA is 3.4%, which evidences a strong employment area.
- Median home value in the PMA and SMA was not provided. There are currently 91,982 households in the PMA.

Local Market Area Analysis

- **Supply:**
  - There are currently 17 affordable family project(s) in the PMA, and they are 99.80% occupied with long wait lists.

- There are 2 affordable projects with a total of 131 units planned or under construction.

- **Demand/Absorption:**
  - The project will need to capture 4.8% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 45 units per month and reach stabilized occupancy within 4 months of opening.
  - Penetration rate for the project will be 8.8% of the total units.
  - Stabilized occupancy overall is estimated within 4 months of completion.

DEVELOPMENT SUMMARY

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

- The property is located on the west side of Osgood Road, in the City of Fremont, Alameda County.
- The majority of the site is currently vacant, with level topography at street grade, measuring approximately 2.68 acres and is generally rectangular in shape.
- The site is zoned R-3-70 (TOD), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood, therefore the Project will not be subject to flood insurance.
- The site consists of an existing commercial structure that is currently vacant. Demolition of the existing structure will be completed at the start of construction.

20. Form of Site Control & Expiration Date

The current site owner, St. Anton Communities, LLC, purchased the property from Gloria J. Roberson on October 7, 2015, for an amount of $7,200,000. St. Anton Communities, LLC, and the Project owner, Serra, LP, entered into a Purchase and Sale Agreement dated February 10, 2022, which expires on January 1, 2023, for the same amount of $7,200,000.

21. Current Ownership Entity of Record

Title is currently vested in St. Anton Communities, LLC as the fee owner.

22. Environmental Review Findings — **Dated:** February 9, 2022

- A Phase I Environmental Site Assessment performed by EnviroApplications, Inc., dated February 9, 2022, revealed no evidence of recognized environmental conditions, however, due to the age of the existing building on site, the Phase I report recommended lead-based paint and asbestos surveys. The asbestos and LBP survey has been completed. The development budget includes an estimated amount of $30,000, which is the anticipated costs associated with addressing these environmental issues. Remediation of all environmental findings is a part of the construction plan and budget. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans. In addition, the report noted minor trash and debris to be properly containerized and disposed of at an appropriate recycling and disposal facility upon removal.
- A NEPA review has been initiated and will be completed prior to closing.

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

This new Project will be built to State and City of Fremont Building Codes so no seismic review is required. The site is not in a designated earthquake fault zone.

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

The Project is new construction that involve demolition of an existing vacant commercial building; therefore, relocation is not applicable.

PROJECT DETAILS

25. Residential Areas:

	Residential Square Footage:	126,650	**Residential Units per Acre:**	67

		Community Area Sq. Ftg:	4,241	**Total Parking Spaces:**	225
		Supportive Service Areas:	Included above	**Total Building Sq. Footage:**	130,891
26.	**Mixed-Use Project:** ☐				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	N/A	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	The subject will consist of one six-story, podium style building with four stories of residential use over two levels of parking garage. The building will be constructed of steel and wood frame covered with stucco and metal paneling.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ **Yes** ☐ **No**			

- The subject site is new construction.
- The majority of the site is vacant, with a vacant commercial building on the west side of the site that will undergo demolition upon commencement of construction. Cost have been allocated for noted site demolition.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a 10% (not to exceed) for builder overhead, profit, and general requirements, which aligns with TCAC's allowable limit. TCAC's allowable limit is 14%.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee.
- During construction, the cost of the parking garage structure will be paid by taxable loan from Bank of America. At permanent loan closing, the parking garage structure will be paid off by investor equity:

	Construction	**Permanent**
Parking Structure Cost	$ 4,949,273	$ 4,949,273
Bank of America – Taxable Loan	$ 4,949,273	$0
Investor Equity Contributions	$0	$ 4,949,273

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: PacH Anton South Holdings, LLC, a California limited liability company; 0.0050% interest
  - Sole Member & Manager: Pacific Housing, Inc., a California nonprofit public benefit corporation
- Administrative General Partner: St. Anton Serra, LLC, a California limited liability company; 0.0050% interest
  - Sole Member & Manager: Blue Bronco, LLC a California limited liability company, 100% interest
- Investor Limited Partner: Bank of America, N.A.; 99.99% interest

31. Developer/Sponsor

The Developer, St. Anton Communities, LLC, currently has 3 projects (2 affordable) with a total of 439 units in their pre-development pipeline. There are currently 4 affordable projects with a total of 570 units that are currently under construction. St. Anton Communities, LLC, has completed 4 projects with 943 total units within the past five years in California. The Developer has a portfolio of 40 projects including affordable, market rate and mixed income, of which two projects (Highlands Point and Saratoga II Senior Apartments) are in the CalHFA portfolio.

32.	**Management Agent**
The Project will be managed by St. Anton Multifamily, Inc., which has extensive experience in managing similar affordable housing projects in the area. The company currently manages and has 21 projects in its portfolio, of which 2 project are in CalHFA's portfolio; Highlands Point and Saratoga II Senior Apartments, which do not currently have CalHFA loans, are performing in compliance with the terms of their Regulatory Agreements.	
33.	**Service Provider** **Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**
Pacific Housing, Inc. will provide supportive services to all tenants including health and wellness education, skill building, peer counselling, and after school programs for children.	
34.	**Contractor** **Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The general contractor is Hurley Construction, Inc. (an affiliated entity), which has extensive experience in constructing similar affordable housing projects in California, however, CalHFA is not familiar with the general contractor. The locality is familiar with this general contractor and staff received positive feedback regarding the firm's current and prior performance from background and reference checks which implies that the general contractor will have the capacity and ability to complete the development within budget and on time.	
35.	**Architect** **Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is KTGY Group, Inc., which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. KTGY Group, Inc. and the developer have worked on 10 project that are either completed or under construction and are working on 5 projects that are in development stage.	
36.	**Local Review via Locality Contribution Letter**
The locality, City of Fremont, returned the local contribution letter stating they strongly support the project.	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY	Final Commitment
Acquisition, Rehab, Construction & Permanent Loans	Project Number 22016

Project Full Name	Serra Apartments	**Borrower Name:**	Serra, LP
Project Address	42000 Osgood Road	**Managing GP:**	PacH Anton South Holdings, LLC
Project City	Fremont	**Developer Name:**	St. Anton Communities, LLC
Project County	Alameda	**Investor Name:**	Bank of America, N.A.
Project Zip Code	94539	**Prop Management:**	St. Anton Multifamily, Inc
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.68
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	126,650
Total Residential Units:	179	**Residential Units Per Acre:**	66.79
Total Number of Buildings:	1		
Number of Stories:	6	**Covered Parking Spaces:**	225
Unit Style:	Flat	**Total Parking Spaces:**	225
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Bank of America - TE	46,650,000	1.000%	36	--	4.050%
Bank of America - Tax	22,950,000	1.000%	36	--	4.050%
Investor Equity Contribution	6,336,022	NA	NA	NA	NA
Total:	**75,936,022**	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	27,179,522	1.000%	17	40	6.290%
MIP	8,000,000	1.000%	17	NA	3.000%
Supplemental MIP	2,173,471	1.000%	17.00	NA	3.000%
--	--	NA	NA	NA	NA
Deferred Developer Fees	6,975,762	NA	NA	NA	NA
NOI (pre-conversion)	535,012	NA	NA	NA	NA
Investor Equity Contributions	42,341,860	NA	NA	NA	NA
Total:	**87,205,627**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	4/19/22	**Capitalization Rate:**	4.50%
Investment Value ($)	58,822,128	**Restricted Value ($)**	44,410,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	31%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	61%
		Combined CalHFA Perm Loan to Value	84%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

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

Permanent Loan

Operating Expense Reserve Deposit	$753,954	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$250	Cash

Date Prepared: 8/17/22 Senior Staff Date: 8/24/22

UNIT MIX AND RENT SUMMARY	Final Commitment
Serra Apartments	Project Number 22016

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	1	616	121	181.5
Flat	2	1	865	50	150
Flat	3	2	1,108	8	36
Flat	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				179	367.5

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	80%	120%	200%
CalHFA Bond	0	0	18	54	0	0	0
CalHFA MIP	18	0	36	0	18	105	0
TCAC	18	0	36	95	28	0	0
City of Fremont - Housing Ordinace	0	0	0	0	18	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Average Restricted Rents Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
1 Bedroom	CTCAC	30%	12	$727	$2,800	$2,073	26%
	CTCAC	50%	24	$1,263		$1,537	45%
	CTCAC	60%	64	$1,531		$1,269	55%
	CTCAC	80%	20	$2,067		$733	74%
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
2 Bedrooms	CTCAC	30%	5	$858	$3,400	$2,542	25%
	CTCAC	50%	10	$1,501		$1,899	44%
	CTCAC	60%	27	$1,823		$1,577	54%
	CTCAC	80%	7	$2,466		$934	73%
	HCD	100%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	-	-	-		-	-
3 Bedrooms	CTCAC	30%	1	$988	$4,100	$3,112	24%
	CTCAC	50%	2	$1,730		$2,370	42%
	CTCAC	60%	4	$2,102		$1,998	51%
	CTCAC	80%	1	$2,845		$1,255	69%
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
Date Prepared:	8/17/22					Senior Staff Date:	8/24/22

SOURCES & USES OF FUNDS					Final Commitment
Serra Apartments			Project Number	22016	
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
Bank of America - TE	46,650,000				0.0%
Bank of America - Tax	22,950,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	6,336,022				0.0%
Perm		27,179,522	27,179,522	151,841	31.2%
MIP		8,000,000	8,000,000	44,693	9.2%
Supplemental MIP		2,173,471	2,173,471	12,142	2.5%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
NOI (pre-conversion)		535,012	535,012	2,989	0.6%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		6,975,762	6,975,762	38,971	8.0%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		42,341,860	42,341,860	236,547	48.6%
TOTAL SOURCES OF FUNDS	**75,936,022**	**87,205,627**	**87,205,627**	**487,182**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**75,936,023**	**87,205,627**	**87,205,627**	**487,182**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(1)**	**0**	**(0)**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**75,936,022**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	-	-	-	-	0.0%
Demolition Costs	86,625	-	86,625	484	0.1%
Legal & Other Closing Costs	16,315	-	16,315	91	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	1,517,029	-	1,517,029	8,475	1.7%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Site Acquisition)	7,200,000	-	7,200,000	40,223	8.3%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**8,819,969**	**-**	**8,819,969**	**49,274**	**10.1%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	-	-	-	-	0.0%
Structures (Hard Cost)	42,762,992	-	42,762,992	238,899	49.0%
General Requirements	2,138,149	-	2,138,149	11,945	2.5%
Contractor Overhead	2,138,149	-	2,138,149	11,945	2.5%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	282,731	-	282,731	1,580	0.3%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**47,322,021**	**-**	**47,322,021**	**264,369**	**54.3%**

SOURCES & USES OF FUNDS					Final Commitment
Serra Apartments			**Project Number**	**22016**	
USES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT USES OF FUNDS**		
	$	**$**	**USES ($)**	**PER UNIT ($)**	**%**
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,336,517	-	1,336,517	7,467	1.5%
Supervision	175,000	-	175,000	978	0.2%
TOTAL ARCHITECTURAL FEES	**1,511,517**	**-**	**1,511,517**	**8,444**	**1.7%**
SURVEY & ENGINEERING FEES					
Engineering	-	-	-	-	0.0%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	-	-	-	-	0.0%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,351,965	-	2,351,965	13,139	2.7%
Soft Cost Contingency Reserve	245,622	-	245,622	1,372	0.3%
TOTAL CONTINGENCY RESERVES	2,597,587	-	2,597,587	14,512	3.0%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Bank of America - TE	4,490,664	-	4,490,664	25,088	0.051495
Bank of America - Tax	-	-	-	-	0
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Bank of America - TE	466,500	-	466,500	2,606	0.5%
Bank of America - Tax	229,500	-	229,500	1,282	0.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	6,000	-	6,000	34	0.0%
CalHFA Inspection Fees	18,000	-	18,000	101	0.0%
Real Estate Taxes During Rehab	-	-	-	-	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	259,170	-	259,170	1,448	0.3%
Title & Recording Fees	113,700	-	113,700	635	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	62,300	-	62,300	348	0.1%
Other - Origination Fees	32,900	-	32,900	184	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**5,678,734**	**-**	**5,678,734**	**31,725**	**6.5%**

SOURCES & USES OF FUNDS					Final Commitment
Serra Apartments			Project Number	22016	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	135,898	135,898	271,795	1,518	0.3%
MIP	40,000	40,000	80,000	447	0.1%
Supplemental MIP	-	21,735	21,735	121	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Funding Fee	-	110,000	110,000	615	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Issuance, Origination, Interest	-	3,137,343	3,137,343	17,527	3.6%
TOTAL PERMANENT LOAN COSTS	**175,898**	**3,444,976**	**3,620,873**	**20,228**	**4.2%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	17,750	17,250	35,000	196	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	100,000	-	100,000	559	0.1%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	80,000	-	80,000	447	0.1%
Other	-	-	-	-	0.0%
TOTAL LEGAL FEES	**197,750**	**17,250**	**215,000**	**1,201**	**0.2%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	2,993	750,961	753,954	4,212	0.9%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Additional Reserve per TCAC App)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**2,993**	**750,961**	**753,954**	**4,212**	**0.9%**
REPORTS & STUDIES					
Appraisal Fee	10,000	-	10,000	56	0.0%
Market Study Fee	9,000	-	9,000	50	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	30,075	-	30,075	168	0.0%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	35,550	-	35,550	199	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Third Party Reports)	290,968	-	290,968	1,626	0.3%
TOTAL REPORTS & STUDIES	**375,593**	**-**	**375,593**	**2,098**	**0.4%**

SOURCES & USES OF FUNDS					Final Commitment
Serra Apartments			Project Number	22016	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	213,034	-	213,034	1,190	0.2%
CDLAC Fees	24,360	-	24,360	136	0.0%
Local Permits & Fees	973,336	-	973,336	5,438	1.1%
Local Impact Fees	6,013,524	-	6,013,524	33,595	6.9%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	191,125	-	191,125	1,068	0.2%
Accounting & Audits	15,000	-	15,000	84	0.0%
Advertising & Marketing Expenses	30,000	-	30,000	168	0.0%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**7,460,379**	**-**	**7,460,379**	**41,678**	**8.6%**
SUBTOTAL PROJECT COSTS	**74,142,441**	**80,149,209**	**78,355,627**	**437,741**	**89.9%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,793,582	7,056,418	8,850,000	49,441	10.1%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Legal)	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**1,793,582**	**7,056,418**	**8,850,000**	**49,441**	**10.1%**
TOTAL PROJECT COSTS	**75,936,023**	**87,205,627**	**87,205,627**	**487,182**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Serra Apartments	**Project Number**		**22016**

INCOME	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	$ 3,358,128	$ 18,760	101.92%
Unrestricted Unit Rents	54,396	304	1.65%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	55,848	312	1.69%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 3,468,372**	**$ 19,376**	**105.26%**
Less: Vacancy Loss	**$ 173,418**	**$ 969**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 3,294,954**	**$ 20,345**	**100.00%**

OPERATING EXPENSES	AMOUNT	PER UNIT	%
Administrative Expenses	$ 192,556	$ 1,076	$ 0
Management Fee	98,849	552	3.00%
Social Programs & Services	15,000	84	0.46%
Utilities	250,600	1,400	7.61%
Operating & Maintenance	341,540	1,908	10.37%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	42	0.23%
Other Monitoring Fees	7,073	40	0.21%
Real Estate Taxes	9,845	55	0.30%
Other Taxes & Insurance	187,193	1,046	5.68%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 1,110,156**	**$ 6,202**	**33.69%**
Replacement Reserve	$ 44,750	$ 250	1.36%
TOTAL OPERATING EXPENSES	**$ 1,154,906**	**$ 6,452**	**35.05%**
NET OPERATING INCOME (NOI)	**$ 2,140,048**	**$ 11,956**	**64.95%**

DEBT SERVICE PAYMENTS	AMOUNT	PER UNIT	%
Perm	$ 1,860,911	$ 10,396	56.48%
Supplemental MIP	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,860,911**	**$ 10,396**	**56.48%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 279,137**	**$ 1,559**	**8.47%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.15**	**to 1**	

Date: 8/17/22 Senior Staff Date: 08/24/22

PROJECTED PERMANENT LOAN CASH FLOWS — **Serra Apartments**

Final Commitment — **Project Number** 22016

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
RENTAL INCOME	**CPI**														
Restricted Unit Rents	2.50%	3,358,128	3,442,081	3,528,133	3,616,337	3,706,745	3,799,414	3,894,399	3,991,759	4,091,553	4,193,842	4,298,688	4,406,155	4,516,309	4,629,217
Unrestricted Unit Rents	2.50%	54,396	55,756	57,150	58,579	60,043	61,544	63,083	64,660	66,276	67,933	69,631	71,372	73,157	74,985
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	55,848	57,244	58,675	60,142	61,646	63,187	64,767	66,386	68,045	69,746	71,490	73,277	75,109	76,987
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,468,372**	**3,555,081**	**3,643,958**	**3,735,057**	**3,828,434**	**3,924,145**	**4,022,248**	**4,122,804**	**4,225,874**	**4,331,521**	**4,439,809**	**4,550,805**	**4,664,575**	**4,781,189**
VACANCY ASSUMPTIONS	**Vacancy**														
Restricted Unit Rents	5.00%	167,906	172,104	176,407	180,817	185,337	189,971	194,720	199,588	204,578	209,692	214,934	220,308	225,815	231,461
Unrestricted Unit Rents	5.00%	2,720	2,788	2,857	2,929	3,002	3,077	3,154	3,233	3,314	3,397	3,482	3,569	3,658	3,749
Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,792	2,862	2,934	3,007	3,082	3,159	3,238	3,319	3,402	3,487	3,575	3,664	3,755	3,849
Parking & Storage Income	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**173,419**	**177,754**	**182,198**	**186,753**	**191,422**	**196,207**	**201,112**	**206,140**	**211,294**	**216,576**	**221,990**	**227,540**	**233,229**	**239,059**
EFFECTIVE GROSS INCOME (EGI)		**3,294,953**	**3,377,327**	**3,461,760**	**3,548,304**	**3,637,012**	**3,727,937**	**3,821,136**	**3,916,664**	**4,014,581**	**4,114,945**	**4,217,819**	**4,323,264**	**4,431,346**	**4,542,130**
OPERATING EXPENSES	**CPI / Fee**														
Administrative Expenses	3.50%	207,556	214,820	222,339	230,121	238,175	246,511	255,139	264,069	273,312	282,878	292,778	303,025	313,631	324,608
Management Fee	3.00%	98,849	101,320	103,853	106,449	109,110	111,838	114,634	117,500	120,437	123,448	126,535	129,698	132,940	136,264
Utilities	3.50%	250,600	259,371	268,449	277,845	287,569	297,634	308,051	318,833	329,992	341,542	353,496	365,868	378,674	391,927
Operating & Maintenance	3.50%	341,540	353,494	365,866	378,672	391,925	405,642	419,840	434,534	449,743	465,484	481,776	498,638	516,090	534,154
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	7,073	7,073	7,073	7,073	7,073	7,073	7,073	7,073	7,073	7,073	7,073	7,073	7,073	7,073
Real Estate Taxes	1.25%	9,845	9,968	10,093	10,219	10,347	10,476	10,607	10,739	10,874	11,010	11,147	11,287	11,428	11,570
Other Taxes & Insurance	3.50%	187,193	193,745	200,526	207,544	214,808	222,327	230,108	238,162	246,497	255,125	264,054	273,296	282,861	292,762
Required Reserve Payments	1.00%	44,750	45,198	45,649	46,106	46,567	47,033	47,503	47,978	48,458	48,942	49,432	49,926	50,425	50,930
TOTAL OPERATING EXPENSES		**1,154,906**	**1,192,488**	**1,231,348**	**1,271,528**	**1,313,075**	**1,356,034**	**1,400,455**	**1,446,389**	**1,493,886**	**1,543,002**	**1,593,791**	**1,646,312**	**1,700,623**	**1,756,788**
NET OPERATING INCOME (NOI)		**2,140,048**	**2,184,839**	**2,230,412**	**2,276,776**	**2,323,937**	**2,371,903**	**2,420,680**	**2,470,275**	**2,520,694**	**2,571,944**	**2,624,028**	**2,676,953**	**2,730,723**	**2,785,342**
DEBT SERVICE PAYMENTS	**Lien #**														
Perm	1	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911	1,860,911
Supplemental MIP	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**	**1,860,911**
CASH FLOW AFTER DEBT SERVICE		**279,136**	**323,927**	**369,501**	**415,865**	**463,026**	**510,992**	**559,769**	**609,364**	**659,783**	**711,032**	**763,117**	**816,041**	**869,811**	**924,430**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.20**	**1.22**	**1.25**	**1.27**	**1.30**	**1.33**	**1.35**	**1.38**	**1.41**	**1.44**	**1.47**	**1.50**
Date Prepared:	08/17/22									Senior Staff Date:	8/24/22				
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382	10,693	11,014
LESS: Partnership Management Fee	2%	19,404	19,792	20,188	20,592	21,004	21,424	21,852	22,289	22,735	23,190	23,653	24,126	24,609	25,101
net CF available for distribution		**252,232**	**296,410**	**341,356**	**387,078**	**433,581**	**480,874**	**528,962**	**577,851**	**627,548**	**678,057**	**729,384**	**781,533**	**834,509**	**888,315**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Deferred developer fee repayment	6,975,762	6,975,762	6,723,530	6,427,119	6,085,763	5,698,685	5,265,104	4,784,230	4,255,269	3,677,418	3,049,871	2,371,814	1,642,430	860,897	26,388
	100%	252,232	296,410	341,356	387,078	433,581	480,874	528,962	577,851	627,548	678,057	729,384	781,533	834,509	26,388
			-	-	-	-	-	-	-	-	-	-	-	-	-
		6,723,530	6,427,119	6,085,763	5,698,685	5,265,104	4,784,230	4,255,269	3,677,418	3,049,871	2,371,814	1,642,430	860,897	26,388	-

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Payments for Residual Receipt Payments		*50%*													
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	-	-	430,964
MIP	*78.64%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental MIP	*21.36%*	-	-	-	-	-	-	-	-	-	-	-	-	-	430,964
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-	-	-	-	-	430,964
Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS	*Interest Rate*														
MIP---Simple	*3.00%*	8,000,000	8,240,000	8,480,000	8,720,000	8,960,000	9,200,000	9,440,000	9,680,000	9,920,000	10,160,000	10,400,000	10,640,000	10,880,000	11,120,000
Supplemental MIP---Simple	*3.00%*	2,173,471	2,238,675	2,303,879	2,369,083	2,434,288	2,499,492	2,564,696	2,629,900	2,695,104	2,760,308	2,825,512	2,890,716	2,955,921	3,021,125
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PROJECTED PERMANENT LOAN CASH FL0WS				
Final Commitment				
	YEAR	15	16	17
RENTAL INCOME	CPI			
Restricted Unit Rents	2.50%	4,744,947	4,863,571	4,985,160
Unrestricted Unit Rents	2.50%	76,860	78,782	80,751
Commercial Rents	2.00%	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-
Other Project Based Subsidy	1.50%	-	-	-
Income during renovations	0.00%	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-
Laundry Income	2.50%	78,912	80,885	82,907
Parking & Storage Income	2.50%	-	-	-
Miscellaneous Income	2.50%	-	-	-
GROSS POTENTIAL INCOME (GPI)		**4,900,719**	**5,023,237**	**5,148,818**
VACANCY ASSUMPTIONS	Vacancy			
Restricted Unit Rents	5.00%	237,247	243,179	249,258
Unrestricted Unit Rents	5.00%	3,843	3,939	4,038
Commercial Rents	0.00%	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-
Other Project Based Subsidy	3.00%	-	-	-
Income during renovations	20.00%	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-
Laundry Income	5.00%	3,946	4,044	4,145
Parking & Storage Income	0.00%	-	-	-
Miscellaneous Income	0.00%	-	-	-
TOTAL PROJECTED VACANCY LOSS		**245,036**	**251,162**	**257,441**
EFFECTIVE GROSS INCOME (EGI)		**4,655,683**	**4,772,075**	**4,891,377**
OPERATING EXPENSES	CPI / Fee			
Administrative Expenses	3.50%	335,970	347,729	359,899
Management Fee	3.00%	139,670	143,162	146,741
Utilities	3.50%	405,645	419,842	434,537
Operating & Maintenance	3.50%	552,849	572,199	592,226
Ground Lease Payments	3.50%	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	7,073	7,073	7,073
Real Estate Taxes	1.25%	11,715	11,862	12,010
Other Taxes & Insurance	3.50%	303,008	313,614	324,590
Required Reserve Payments	1.00%	51,439	51,953	52,473
TOTAL OPERATING EXPENSES		**1,814,869**	**1,874,933**	**1,937,049**
NET OPERATING INCOME (NOI)		**2,840,814**	**2,897,141**	**2,954,328**
DEBT SERVICE PAYMENTS	Lien #			
Perm	1	1,860,911	1,860,911	1,860,911
Supplemental MIP	2	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,860,911**	**1,860,911**	**1,860,911**
CASH FLOW AFTER DEBT SERVICE		**979,902**	**1,036,230**	**1,093,417**
DEBT SERVICE COVERAGE RATIO		**1.53**	**1.56**	**1.59**
Date Prepared:	08/17/22			

LESS: Asset Management Fee	3%	11,344	11,685	12,035
LESS: Partnership Management Fee	2%	25,603	26,115	26,638
net CF available for distribution		**942,955**	**998,430**	**1,054,744**

	YEAR	15	16	17
Deferred developer fee repayment	6,975,762	-		
	100%	-		
		-	-	-
		-	-	-

Payments for Residual Receipt Payments				
RESIDUAL RECEIPTS LOANS	*Payment %*	471,477	499,215	527,372
MIP	*78.64%*	-	-	-
Supplemental MIP	*21.36%*	471,477	499,215	527,372
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
Total Residual Receipts Payments	**100.00%**	471,477	499,215	527,372

Balances for Residual Receipt Payments				
RESIDUAL RECEIPTS LOANS	*Interest Rate*			
MIP---Simple	*3.00%*	11,360,000	11,600,000	11,840,000
Supplemental MIP---Simple	*3.00%*	2,655,365	2,249,092	1,815,081
0---Compounding	*0.00%*	-	-	-
0---Compounding	*0.00%*	-	-	-
0---Compounding	*0.00%*	-	-	-
0---Compounding	*0.00%*	-	-	-

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM (2022)

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

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

FINANCING STRUCTURE:

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

1. Tax-exempt bond and 4% tax credit project where at least 51% of the units in the project must be tax-credit-financed

   OR

2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

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

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

Qualifications (continued)

READINESS:

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

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

Qualifications (continued)

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

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

EVIDENCE OF COST CONTAINMENT:

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

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

EVIDENCE OF SUBSIDY EFFICIENCY:

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

- A maximum of 1.20 Debt Service Coverage Ratio ("DSCR") at year 1 ("Initial DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case-by-case basis, if deemed necessary. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained through the term of the CalHFA permanent first lien loan,
- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio,
- A separate project cash flow that supports any commercial component of a mixed-use project,
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation,
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards,
- Developer Fee requirements matching those required under the 4% federal and/or state tax credit reservation,
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA),

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

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements to receive a minimum of 3 points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).
Permanent First Lien Loan	Must be provided by CalHFA. The permanent loan must meet an initial minimum DSCR of at least 1.15 and must maintain the year 1 DSCR underwritten at the time of final loan approval and final commitment through the term of the CalHFA permanent first lien loan. The Initial DSCR must not exceed 1.20.
Construction First Lien Loan	Must be provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to, in its sole and absolute discretion, recycle all or a portion of any bond volume cap related to a paydown of the bond-financed loans, at the conversion of the construction financing to permanent financing and payoff of the construction loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (the "Bond Recycling"). The bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.
Limitations	1. MIP cannot be combined with the CTCAC 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) with the exception of the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein. 3. Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	**BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, CDLAC requires a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").

Mixed-Income Project Occupancy Requirements (Continued)	**MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** **Affordability Requirements:** 1. To qualify, a project must meet the following affordability restrictions, which are based on the HUD and locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years: a. 30% of total units at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI, b. 10% of total units between 60% and 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and c. Remaining 60% of total units at or below 120% of AMI (with the exception of any non-restricted manager's unit(s)) OR at the affordability restrictions consistent with CTCAC requirements. d. The minimum range between the lowest and highest occupancy target levels must be at least 40%. (Deviations from the above requirements will only be considered if Market Study supports such deviations.) 2. If applicable, tax credit transactions that are income-averaged must have a maximum average affordability up to 60% of AMI across all CTCAC restricted units.
Mixed-Income Project Occupancy Requirements (Continued)	**MAXIMUM ALLOWABLE RENTS:** Rents for all restricted units must be at least 10% below market rents for the MIP affordability term as evidenced by a current market study or appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval and may be monitored on an ongoing basis for the MIP affordability term. The report shall be current within 180 days of Agency's final commitment and may be subject to required updating if the report expires prior to construction loan closing. For underwriting purposes, CTCAC and locality maximum rents for the respective target income limits must be used. Any proposed rent adjustments above 5% of the approved rents subsequent to construction loan closing may be considered if supported by a recent or updated market study or appraisal that is dated within 180 days of MIP loan closing, at CalHFA's sole discretion. Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents not to exceed 30% of the applicable income restriction required in the Agency's Regulatory Agreement.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $60,000 per MIP regulated units, unless an exception is approved by Agency in its sole discretion. a. Maximum loan per restricted (tax credit or CalHFA) units between 30%-120% AMI shall be up to $50,000. b. Projects located within the Highest or High Resource areas pursuant to CTCAC regulations designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit. Opportunity Map Home Page: www.treasurer.ca.gov/ctcac/opportunity.asp 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.

Mixed-Income Subordinate Loan Rates & Terms	1. **Interest Rate**: Greater of 1% simple interest or the applicable federal rate (AFR) at time of MIP closing. 2. **Loan Term**: The MIP loan term shall be coterminous with the CalHFA permanent first lien loan. 3. **Lien Position**: Second lien position, after CalHFA permanent first lien loan. 4. **Loan Payment**: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. Deviation from the net cash flow split may be granted 1) to meet equity investor's deferred developer's fee requirement as evidence by the limited partnership agreement, and 2) is subject to approval(s) by other residual receipt lender(s), as applicable. 5. **Affordability Term**: 55 years. 6. **Prepayment**: May be prepaid at any time without penalty. 7. **Subordination**: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s) and requires subordination at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. **Funded**: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	**Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). **Conduit Bond Program Fees:** Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees. **Other Fees:** Refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 01/25/2022

CalHFA
California Housing Finance Agency

TAX-EXEMPT PERMANENT LOAN PROGRAM

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

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

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

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

TAX-EXEMPT PERMANENT LOAN PROGRAM

<table>
<tr><td>Rate & Terms
(subject to change)</td><td>
Interest Rate:

17-Year Balloon Loans: 15-Year “AAA” Municipal Market Data (MMD) plus CalHFA spread
30-Year Balloon and Fully Amortizing Loans: 30-Year “AAA” MMD plus CalHFA spread
Estimated CalHFA Spread: 2.00% to 3.00%
Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years.

Amortization/Term:

Amortization: Up to 40 Year Amortization
Term: Fully Amortizing, and 17- or 30-Year Balloons available1
Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost.
Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension.
Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost.

1. Balloon loans subject to agency approved exit strategy.
</td></tr>
<tr><td>Loan Closing Requirements</td><td>

90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
90% of tax credit investor equity shall have been paid into the Project.
Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees.
For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.
Deposit Account Control Agreement between CalHFA, the Borrower and lending institution is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.

</td></tr>
<tr><td>Prepayment</td><td>
The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of:

5% of the principal balance after the end of year 10
4% of the principal balance after the end of year 11
3% of the principal balance after the end of year 12
2% of the principal balance after the end of year 13
1% of the principal balance after the end of year 14

All prepayments require a prior written 120-day notice to CalHFA.
</td></tr>
<tr><td>Subordinate Financing</td><td>Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing. A Lien Priority/Position Estoppel in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.</td></tr>
<tr><td>Occupancy Requirements</td><td>Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (“AMI”) with adjustments for household size (“20% @ 50% AMI”), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size (“40% @ 60% AMI”): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).</td></tr>
</table>

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

Last revised: 5/2022

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after March 1, 2022

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

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

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

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

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