b. Fourteen (14) units (2 one-bedroom units and 12 two-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the Housing Assistance Payments Contract (the "HAP Contract") for so long as the HAP Contract between the Mortgagor and the City Of Detroit in effect (including extensions and renewals), or for such longer period as determined by HUD.

c. Fourteen (14) units (2 one-bedroom units and 12 two-bedroom units) must be available for occupancy by households whose incomes do not exceed up to 60% of area median income based upon the Multifamily Tax Subsidy Project ("MTSP") limits, adjusted for family size as determined by HUD, until latest of (i) the expiration of the Low Income Housing Tax Credit ("LIHTC") "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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

3. **Limitations on Rental Rates:**

The Total Housing Expense (contract rent plus tenant-paid utilities) for fourteen (14) units is subject to the following limitations:

a. During the Period of Affordability required under the HOME program (20 years), the Total Housing Expense for the nine Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

b. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents for all HAP-assisted units (2 one-bedroom units, and 12 two-bedroom units) ("Contract Rents") that comply with the rent levels established by the HAP Contract and that do not exceed the rent levels approved by HUD.

c. The Total Housing Expense for all Fourteen (14) units (2 one-bedroom units, and 12 two-bedroom units), may not exceed one-twelfth (1/12th) of 30% of the MTSP 60% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

For the initial lease term of the first household occupying each rent restricted unit in the

Development the initial rent may not exceed 105% of the rent approved in this Mortgage Loan Feasibility/Commitment Staff Report or the maximum allowed per median income, whichever is less. Rental increases on occupied units during any 12-month period will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Exceptions to this limitation may be granted by MSHDA's Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually.

Exceptions to the foregoing limitations may be granted by the Authority's Director of Asset Management to pay for extraordinary increases in operating expenses (exclusive of Limited Dividend Payments) or to enable the owner to amortize a Mortgage Loan increase to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases.

4. Covenant Running with the Land:

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the Development, the Mortgagor must agree to subject the property to the extended low income use commitment required by Section 42 of the Internal Revenue Code.

5. Restriction on Prepayment and Subsequent Use:

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

a. 1% of the balance being prepaid;
b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements

6. **Operating Assurance Reserve:**

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months' of estimated Development operating expenses (estimated to be $81,037 The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. **Replacement Reserve:**

At initial closing, the Mortgager must establish a replacement reserve fund (Replacement Reserve) with an initial deposit of $700 per unit. The Mortgagor must agree to further fund the replacement reserve fund ("Replacement Reserve") by making annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of $300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. **Authority Subordinate Loan(s):**

At Initial Closing, the Mortgagor must enter into agreements relating to the MRF Loan and the HOME Loan. The MRF Loan and the HOME Loan will each be secured by a subordinate mortgage. The HOME Loan will bear simple interest at 1% with a 50-year term, and the MRF Loan will bear simple interest at 3% with a 50-year term. No loan payments will be required on either the MRF Loan or the HOME Loan until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on each loan until paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, repayment of the MRF Loan and the HOME Loan will commence according to the following:

- So long as both of the Mortgage Loan and the MRF Loan remain outstanding, then repayment of the MRF Loan will be made from fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HOME Loan.

- If the MRF Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the MRF Loan, repayment of the HOME Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.

- Upon payment in full of the Mortgage Loan, if both the MRF Loan and the HOME Loan remain outstanding, then the outstanding balance of the MRF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments on the HOME Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.

- Upon payment in full of both the Mortgage Loan and the MRF Loan, the outstanding balance of the HOME Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan.

- The entire principal balance and any accrued interest of the MRF Loan and the HOME Loan will be due and payable after 50 years.

Notwithstanding the foregoing, in the event of any sale or refinance of the Development, the MRF Loan and the HOME Loan will be due and payable at that time.

9. Architectural Plans and Specifications; Contractor's Qualification Statement:

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document A305 as required by the Authority's Chief Architect.

10. <u>Owner/Architect Agreement</u>:

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Director of Legal Affairs.

11. <u>Trade Payment Breakdown:</u>

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority's Manager of Construction Costing.

12. <u>Section 3 Requirements:</u>

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide the contractor's "Section 3 Hiring Plan" which must be reviewed and found acceptable to the Authority's Section 3 Compliance Officer. In addition, the general contractor must agree to adhere to follow-up reporting requirements as established by the Authority.

13. <u>Equal Opportunity and Fair Housing:</u>

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

In addition, prior to Mortgage Loan Commitment, the general contractor's Equal Employment Opportunity Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer.

14. <u>Cost Certification</u>:

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

15. <u>Environmental Review and Indemnification</u>:

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Director of Legal Affairs.

16. Title Insurance Commitment and Survey:

Prior to Mortgage Loan Commitment, the Mortgagor must provide updated title insurance commitments; including zoning, pending disbursements, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitments must contain only exceptions to the insurance acceptable to the Authority's Director of Legal Affairs.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide an ALTA survey certified to the 2016 minimum standards, together with surveyor's certificate of facts that is certified and appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

17. Organizational Documents/Equity Pay-In Schedule:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Director of Development and Director of Legal Affairs.

At or prior to Initial Closing, the final, executed syndication partnership agreement must become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

18. Designation of Authority Funds:

The Authority reserves the express right, in its sole discretion, to substitute alternate subordinate funding sources.

19. Management & Marketing:

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Director of Asset Management:

a. Management Agreement
b. Marketing Addendum
c. Tenant Selection Plan
d. Pet Policy

20. Guaranties:

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of HOME recapture liability, an operating deficit guaranty and a performance completion guaranty. The required guaranties, the terms thereof and the parties who shall be required to deliver the guaranty must be determined and approved by the Authority's Director of Development.

21. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than six months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

22. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or future contributions not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

23. Ownership of Development Reserves:

At the Initial Closing, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. However, the Authority's claim to these funds shall be subject to any lawful claim to such funds by HUD. This agreement must be acceptable to the Authority's Director of Legal Affairs.

24. HUD Authority to Use Grant Funds:

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

25. HUD Subsidy Layering Review:

Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

26. Application for Disbursement:

Prior to Initial Closing, the Mortgagor must submit an "Application for Disbursement" along with supporting documentation, which must be found acceptable to the Authority's Director of Development.

Special Conditions:

1. Legal Requirements:

The Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Director of Legal Affairs for the items listed below:

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.
- The purchase documents, including DLBA's retained reverter rights, must be acceptable to the Authority, and both the Mortgagor and DLBA must execute the Mortgage Loan and Regulatory Agreement.

2. **Local HOME Loan:**

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the City of Detroit's HOME Loan, a funding schedule and intercreditor and subordination terms acceptable to the Authority's Director of Legal Affairs and Director of Development.

At or prior to Initial Closing, the final, executed City of Detroit HOME Loan documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development.

At or prior to Initial Closing, the final, executed City of Detroit's HOME Loan Intercreditor and Subordination Agreement must be approved by the Authority's Director of Legal Affairs.

3. **Liquidity Escrow:**

Sponsor must establish and fund a Liquidity Escrow equal to 3% of the aggregate total of the Mortgage Loan and the Mortgage Resource Fund Loan. The Liquidity Escrow must be funded at Initial Closing, will be held and controlled by the Authority and will be eligible for release upon final closing of the Mortgage Loan in accordance with the terms of the parties' Liquidity Escrow Agreement.

4. **Special Needs Reserve:**

A special needs reserve will be established in the amount of $126,000 and will be held and controlled by Mortgagor. This will provide initial funding for case management services for the tenants. Many of the services provided will be eligible for reimbursement through Medicare, Medicaid, Veterans Administration, Social Security or private insurance carriers. The following services will be provided for the tenants:

1. Training for obtaining and maintaining housing
2. Psychological rehabilitation services
3. Connecting tenant with health care services
4. Nutrition counseling
5. Skill training
6. Budgeting/ Money Management
7. Meal preparation and planning
8. Time management and resource availability
9. Skill training is available to program participants at several different levels

10. Literacy training
11. GED programming

Each tenant will have 8 hours per month of case management. The reserve will receive future funding through reimbursements from the various entities identified above to sustain the program going forward. All program participants will be informed of income supports and benefits available to them through Veteran's Administration, Department of Human Services, Department of Community Health, Social Security Administration, etc. When applicable, the project case manager will assist participants in the application and if necessary, the appeal process to ensure that participants receive the entitlements and services for which they qualify.

5. **Davis-Bacon and Cross-cutting Federal Requirements**

At Initial Closing, the general contractor must agree to comply with all federal prevailing wage requirements, the requirements of the Davis-Bacon and Related Acts, and other applicable federal regulations as required under the terms of the Housing Choice Voucher Program. The mortgagor shall obtain a memorandum of agreement to monitor with the Detroit Housing Commission and any required general decision.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Mack Alter Homes Limited Dividend Housing Association Limited Partnership

II. GUARANTOR(S):

A. Guarantor #1:

Name: Nova Development Group of Detroit, L.L.C.
Address: 12801 Kercheval
Detroit, MI 48215

B. Guarantor #2:

Name: Andrew G. Creamer, Jr
Address: 12801 Kercheval
Detroit, MI 48215

C. Guarantor #3

Name: Douglas J Dillard
Address: 16550 Chapel Street
Detroit, MI 48219

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Nova Development Group of Detroit, L.L.C.
Address: 12801 Kercheval
Detroit, MI 48219

Individuals Assigned:	Andrew G. Creamer, Jr
Telephone:	313-378-1036
Fax:	313-822-8901
E-mail:	Acreamer@aol.com

Consultant:

Name:	Owen Derry
Address:	Development Finance Associates 3547 Normandy Drive Detroit, MI 48306

1. **Experience**: The Sponsor/ Consultant has experience working on Authority-financed developments.

2. **Interest in the Mortgagor and Members**: Nova Development Detroit .01%
Cinnaire 99.99%

B. **Architect:**

Name:	Steven Flum, Inc.
Address:	3105 Holbrook Avenue Hamtramck, MI 48212

Individual Assigned:	Steven C. Flum
Telephone:	313-831-2844
Fax:	Not provided
E-Mail:	sflum@stevencflum.com

1. **Experience**: Architect has previous experience with Authority-financed developments.

2. **Architect's License**: License number 1301036304, exp. 10/31/2020

C. **Attorney:**

Name:	Mallory, Cunningham, Lapka, Scott & Selin, PLLC
Address:	605 South Capitol Avenue Lansing, MI 48933

Individual Assigned:	Tom Lapka
Telephone:	517-482-0222
Fax:	517-482-9019
E-Mail:	toml@mclpc.com

1. **Experience**: This firm has experience in closing Authority-financed developments.

D. Builder:

Name:	West Construction Services
Address:	79 Oakland Ave Pontiac, MI 48342
Individual Assigned:	Kyle Westberg
Telephone:	248-758-9925
Fax:	248-758-9926
E-mail:	kwestberg@westconstruction.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration**: License number 2102130602, with an expiration date of 5/31/2020

E. Management and Marketing Agent:

Name:	Continental Management, LLC
Address:	32600 Telegraph Bingham Farms, MI 48025
Individual Assigned:	Van Fox
Telephone:	248-833-0550
Fax:	248-833-0551
E-mail:	vanfox@mhthousing.net

1. **Experience:** This firm has significant experience managing Authority-financed developments.

F. Development Team Recommendation: Go

IV. SITE DATA:

A. Land Control/Purchase Price:
Purchase price is $7,180

B. Site Location:
The site address is 3151 Alter Road, located south of Mack Avenue, approximately 6 miles east of Downtown Detroit

C. Size of Site:
.49 Acres

D. Density:
Deemed appropriate

E. Physical Description:

1. Present Use: Vacant
2. Existing Structures: None
3. Relocation Requirements: No

F. Zoning:
Site is zoned for multifamily dwellings in accordance with Detroit Zoning Ordinance 61, variances granted by Zoning Board of Appeal

G. Contiguous Land Use:

1. North: Strip Mall
2. South: residential
3. East: residential
4. West: residential

H. Tax Information:
4% PILOT resolution approved by the City Council of Detroit February 2020.

I. Utilities: DTE Energy will provide electricity and natural gas to the site and the City of Detroit Water and Sewage Department will provide water and sewer services

J. Community Facilities:

1. Shopping:
A strip mall is located adjacent to the site with an Aldi's, Rite Aid, Secretary of State's office, credit union, optometrist, Foot Locker, Detroit Police substation, Metro PCS, Family Dollar and the Chicken Shack. Several restaurants/bars are in the area and a gas station is located just across Mack Avenue.
2. Recreation:
Chandler Park is 1.1 miles from the site, which features a water park, aquarium, golf course, soccer field, tennis courts, picnic areas, and miles of walking trails
3. Public Transportation:
The bus stop is located at the corner of Mack and Alter
4. Road Systems
Alter road connects with Mack avenue to the north and Jefferson Avenue to the south and is just a few miles east of an I-94 onramp
5. Medical Services and other Nearby Amenities:
There are 4 area hospitals about a mile from the site (Henry Ford, Beaumont, Mack Medical Center and New Hope Medical Center)

6. Description of Surrounding Neighborhood:
   The neighborhood is primarily older residential structures, with retail around the corner on Mack Avenue
7. Local Community Expenditures Apparent:
   The land bank has been removing blighted homes in the neighborhood to make room for new development
8. Indication of Local Support:
   The City of Detroit has committed to providing a HOME loan as well as Section 8 vouchers for all tenants.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority (see Standard Condition No. 15.).

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to initial closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HOME requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Chief Market Analyst and found to be acceptable. The Authority's Chief Market Analyst has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

The contractor's Equal Employment Opportunity Plan is currently being reviewed and must be approved by the Authority's Equal Employment Opportunity Officer prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application level management and marketing information, to be approved prior to initial closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The sponsor's/guarantor's and the builder's financial statements have been submitted and are to be approved prior to initial closing by the Authority's Director of Rental Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	March 2020
B. Initial Closing and Disbursement:	April 2020
C. Construction Completion:	April 2021
D. Cut-Off Date:	September 2021

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

3-18-2020

Michael Witt
Acting Chief Housing Investment Officer
Date

3-18-2020

Clarence L. Stone, Jr.
Director of Legal Affairs
Date

3/18/20

Gary Heidel
Acting Executive Director
Date

Development	Mack Alter
Financing	Tax Exempt
MSHDA No.	3805
Step	Commitment
Date	03/26/2020
Type	New Construction

Instructions

Income Limits for	Wayne County			(Effective April 24,2019)		
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	16,050	18,330	20,610	22,890	24,750	26,580
40% of area median	21,400	24,440	27,480	30,520	33,000	35,440
50% of area median	26,750	30,550	34,350	38,150	41,250	44,300
60% of area median	32,100	36,660	41,220	45,780	49,500	53,160

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential: Under/ (over)	Differential %	Effective AMI%	Contract Rent/Sq. Foot
60%	Area Median Income Units																					
30%	Tenant AMI Restriction (if different from rent restriction)																					
Yes	Local PHA Project Based Voucher Units																					
Family	Occupancy																					
A	1	Apartment	1	1.0	603	745	83	828	8,940		5.7%	7.1%	603	5.0%	603		859	TC Rent	31	3.61%	57.8%	$1.24
B	4	Apartment	2	1.5	914	960	103	1,063	46,060		29.5%	28.6%	3,656	30.0%	3,656		1,030	TC Rent	(33)	-3.20%	61.9%	$1.05
									55,020	0	35.2%	35.7%	4,259	35.0%	4,259							
50%	Area Median Income Units																					
30%	Tenant AMI Restriction (if different from rent restriction)																					
Yes	Local PHA Project Based Voucher Units																					
Family	Occupancy																					
A	1	Apartment	1	1.0	603	745	83	828	8,940	0	5.7%	7.1%	603	5.0%	603	Low HOME	716	TC Rent	(112)	-15.64%	57.8%	$1.24
B	8	Apartment	2	1.5	914	960	103	1,063	92,160	0	59.0%	57.1%	7,312	60.1%	7,312	Low HOME	858	TC Rent	(205)	-23.89%	61.9%	$1.05
									101,100	0	64.8%	64.3%	7,915	65.0%	7,915							
Mgrs									0	0	0.0%	0.0%	0	0.0%	0							
													12,174		**12,174**							

Total Units	**14**
Income Average	53.57%
Set Aside	100.00%

Gross Rent Potential	**156,120**
Average Monthly Rent	**929**
Gross Square Footage	**12,174**

HOME Units SF/Total Units SF	65.0%	**Within Range**
# HOME Units/# Total Units	64.3%	**Within Range**

1

Annual Non-Rental Income

Misc. and interest	1,000
Laundry	
Carports	
Other:	
Other:	
	1,000

Utility Allowances

	Tenant-Paid	Tenant-Paid	Tenant-Paid	Owner-Paid			
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A	46		37			83	
B	61		42			103	
C						0	
D						0	
E						0	
F						0	
G						0	
H						0	

Total Income	**Annual**	**Monthly**
Rental Income	156,120	13,010
Non-Rental Income	1,000	83
Total Project Revenue	157,120	13,093

Development	Mack Alter
Financing	Tax Exempt
MSHDA No.	3805
Step	Commitment
Date	03/26/2020
Type	New Construction

Mortgage Assumptions:

Debt Coverage Ratio	1.2	
Mortgage Interest Rate	4.900%	
Pay Rate	4.900%	
Mortgage Term	40	years
Income from Operations	No	

Instructions

Total Development Income Potential			Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income			11,151	156,120	1.0%	6	2.0%
Annual Non-Rental Income			71	1,000	1.0%	6	2.0%
Total Project Revenue			11,223	157,120			
Total Development Expenses							
						Future Vacancy	
Vacancy Loss	8.00%	of annual rent potential	892	12,490		6	5.0%
Management Fee	527	per unit per year	527	7,378	3.0%	1	3.0%
Administration			1,564	21,900	3.0%	1	3.0%
Project-paid Fuel			397	5,552	3.0%	6	3.0%
Common Electricity			107	1,500	4.0%	6	3.0%
Water and Sewer			857	12,000	5.0%	6	5.0%
Operating and Maintenance			1,777	24,874	3.0%	1	3.0%
Real Estate Taxes			0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to: All Units	356	4,983			
Insurance			285	3,990	3.0%	1	3.0%
Replacement Reserve	300	per unit per year	300	4,200	3.0%	1	3.0%
Other: City of Detroit Home			179	2,500	3.0%	1	3.0%
Other:			0		3.0%	1	3.0%

	% of Revenue			
Total Expenses	64.52%	**7,240**	**101,367**	
Base Net Operating Income		3,982	55,753	Override
Part A Mortgage Payment	29.57%	3,319	46,461	
Part A Mortgage		**58,149**	**814,091**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	5.91%	664	9,292	

Development Mack Alter
Financing Tax Exempt
MSHDA No. 3805
Step Commitment
Date 03/26/2020
Type New Construction

Instructions

TOTAL DEVELOPMENT COSTS		Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition						
Land		513	7,180	0%	0	0
Existing Buildings		0		100%	0	0
Other: Holding expenses, recording fees		170	2,379	0%	0	0
	Subtotal	683	9,559			
Construction/Rehabilitation						
Off Site Improvements		0		100%	0	0
On-site Improvements		22,861	320,053	100%	320,053	0
Landscaping and Irrigation		1,822	25,509	100%	25,509	25,509
Structures		143,356	2,006,986	100%	2,006,986	2,006,986
Community Building and/or Maintenance Facility		0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)		0		0%	0	0
General Requirements % of Contract 5.99%	Within Range	10,106	141,483	100%	141,483	141,483
Builder Overhead % of Contract 2.00%	Within Range	3,571	49,991	100%	49,991	49,991
Builder Profit % of Contract 5.99%	Within Range	10,927	152,972	100%	152,972	152,972
Permits, Bond Premium, Tap Fees, Cost Cert.		4,560	63,840	100%	63,840	63,840
Other: Site security, cost certification		732	10,243	100%	10,243	10,243
	Subtotal	197,934	2,771,077			
	15% of acquisition and $15,000/unit test:		met			
Professional Fees						
Design Architect Fees		4,347	60,860	100%	60,860	60,860
Supervisory Architect Fees		1,087	15,215	100%	15,215	15,215
Engineering/Survey		657	9,200	100%	9,200	9,200
Other:		0		100%	0	0
	Subtotal	6,091	85,275			
Interim Construction Costs						
Property & Casualty Insurance		607	8,500	100%	8,500	8,500
Construction Loan Interest	Override 135037	9,646	135,037	67%	90,025	90,025
Title Work		931	13,030	100%	13,030	0
Legal Fees (in Tax Credit Basis)		5,963	83,480	100%	83,480	0
Construction Taxes		179	2,500	100%	2,500	2,500
Other: Predevelopment loan app fee		75	1,050	100%	1,050	1,050
	Subtotal	17,400	243,597			
Permanent Financing						
Loan Commitment Fee to MSHDA	2%	3,424	47,935	0%	0	0
Other:		0		0%	0	0
	Subtotal	3,424	47,935			
Other Costs (In Basis)						
Application Fee		143	2,000	100%	2,000	2,000
Market Study		1,250	17,500	100%	17,500	17,500
Environmental Studies		1,146	16,050	100%	16,050	16,050
Cost Certification		857	12,000	100%	12,000	12,000
Equipment and Furnishings		71	1,000	100%	1,000	0
Temporary Tenant Relocation		0		100%	0	0
Construction Contingency		9,897	138,554	100%	138,554	138,554
Appraisal and C.N.A.		0		100%	0	0
Other:		0		100%	0	0
	Subtotal	13,365	187,104			
Other Costs (NOT In Basis)						
Start-up and Organization		0		0%	0	0
Tax Credit Fees (based on 2017 QAP) 10,544	Within Range	750	10,498	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)		475	6,650	0%	0	0
Marketing Expense		107	1,500	0%	0	0
Syndication Legal Fees		821	11,500	0%	0	0
Rent Up Allowance 3.0 months		873	12,216	0%	0	0
Other:		0		0%	0	0
	Subtotal	3,026	42,364			

		Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Project Reserves						
Operating Assurance Reserv 6.0 months	Funded in Cas	5,788	81,037	0%	0	0
Replacement Reserve	Required	700	9,800	0%	0	0
Operating Deficit Reserve		0	0	0%	0	0
Rent Subsidy Reserve		0	0	0%	0	0
Syndicator Held Reserve		0		0%	0	0
Liquidity Escrow		0		0%	0	0
Tax and Insurance Escrows		0	0	0%	0	0
Other: Special needs case mgt and services reserve		9,000	126,000	0%	0	0
Other:		0		0%	0	0
	Subtotal	15,488	216,837			
Miscellaneous						
Deposit to Development Operating Account (1MGRF	Not Required	0	0	0%	0	0
Other (Not in Basis):		0	0	0%	0	0
Other (In Basis):		0	0	100%	0	0
Other (In Basis):		0	0	100%	0	0
	Subtotal	0	0			
Total Acquisition Costs		683	9,559			
Total Construction Hard Costs		197,934	2,771,077			
Total Non-Construction ("Soft") Costs		58,794	823,112		78	
Developer Overhead and Fee						
Maximum 692,272		49,448	692,272	100%	692,272	692,272
7.5% of Acquisition/Project Reserves	Override		5% Attribution Test			
20% of All Other Development Costs			met			
					LIHTC Basis	Historic Basis
Total Development Cost		306,859	4,296,020		3,934,390	3,516,749

TOTAL DEVELOPMENT SOURCES	% of TDC	Per Unit	Total
MSHDA Permanent Mortgage	18.95%	58,149	814,091
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution from Tax Credit Syndication	33.86%	103,912	1,454,767
MSHDA NSP Funds	0.00%	0	
MSHDA HOME or Housing Trust Funds	1.89%	5,815	81,409
Mortgage Resource Funds	1.89%	5,815	81,409
Other MSHDA:	0.00%	0	
Local HOME	37.92%	116,353	1,628,940
Income from Operations	0.00%	0	0
Other Equity	0.00%	0	
Transferred Reserves:	0.00%	0	0
Other:	0.00%	0	
Other:	0.00%	0	
Deferred Developer Fee	5.48%	16,815	235,404
Total Permanent Sources			4,296,020

# of Units	Gap to Hard Debt Ratio
0.00	20%
9.00	

Deferred Dev Fee
34.00%

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	0

MSHDA Construction Loan	52.00%	159,566	2,233,930
Construction Loan Rate 4.900%			
Repaid from equity prior to final closing			1,419,839

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP		
Acquisition	0	Acquisition	0	
Construction	5,114,707	Construction	163,159	Override
Acquisition Credit %	3.19%	Total Yr Credit	163,159	165,233
Rehab/New Const Credit %	3.19%	Equity Price	$0.8801	
Qualified Percentage	100.00%	Equity Effective Price	$0.8805	Override
QCT/DDA Basis Boost	130%	Equity Contribution	1,454,070	1,454,767
Historic?	No			

Existing Reserve Analysis
DCE Interest:
Insurance:
Taxes:
Rep. Reserve:
ORC:
DCE Principal:
Other:

Summary of Acquisition Price		As of	
Attributed to Land	7,180	1st Mortgage Balance	
Attributed to Existing Structure	0	Subordinate Mortgage(s)	
Other: Holding expenses, recc	2,379	Subordinate Mortgage(s)	
Fixed Price to Seller	9,559	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	9,559

Construction Loan Term	Months
Construction Contract	12
Holding Period (50% Test)	6
Construction Loan Period	18

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	1,454,767
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	1,454,767

Appraised Value	Value As of:	
"Encumbered As-Is" value as determined by appraisal:		
Plus 5% of Appraised Value:		0
LESS Fixed Price to the Seller:		9,559
Surplus/(Gap)	Out of Range	(9,559)

Override

Cash Flow Projections

Development Mack Alter
Financing Tax Exempt
MSHDA No. 3805
Step Commitment
Date 03/26/2020
Type New Construction

	Initial Inflator	Starting in Yr	Future Inflator	1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	1.0%	6	2.0%	156,120	157,681	159,258	160,851	162,459	165,708	169,022	172,403	175,851	179,368
Annual Non-Rental Income	1.0%	6	2.0%	1,000	1,010	1,020	1,030	1,041	1,061	1,083	1,104	1,126	1,149
Total Project Revenue				**157,120**	**158,691**	**160,278**	**161,881**	**163,500**	**166,770**	**170,105**	**173,507**	**176,977**	**180,517**
Expenses													
Vacancy Loss	8.0%	6	5.0%	12,490	12,614	12,741	12,868	12,997	8,285	8,451	8,620	8,793	8,968
Management Fee	3.0%	1	3.0%	7,378	7,599	7,827	8,062	8,304	8,553	8,810	9,074	9,346	9,627
Administration	3.0%	1	3.0%	21,900	22,557	23,234	23,931	24,649	25,388	26,150	26,934	27,742	28,575
Project-paid Fuel	3.0%	6	3.0%	5,552	5,719	5,890	6,067	6,249	6,436	6,629	6,828	7,033	7,244
Common Electricity	4.0%	6	3.0%	1,500	1,560	1,622	1,687	1,755	1,807	1,862	1,918	1,975	2,034
Water and Sewer	5.0%	6	5.0%	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729	18,616
Operating and Maintenance	3.0%	1	3.0%	24,874	25,620	26,389	27,180	27,996	28,836	29,701	30,592	31,510	32,455
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				4,983	5,008	5,031	5,053	5,075	5,355	5,440	5,526	5,613	5,700
Insurance	3.0%	1	3.0%	3,990	4,110	4,233	4,360	4,491	4,626	4,764	4,907	5,054	5,206
Replacement Reserve	3.0%	1	3.0%	4,200	4,326	4,456	4,589	4,727	4,869	5,015	5,165	5,320	5,480
Other: City of Detroit Home	3.0%	1	3.0%	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				101,367	104,288	107,305	110,422	113,642	112,369	115,888	119,525	123,283	127,167
Debt Service													
Debt Service Part A				46,461	46,461	46,461	46,461	46,461	46,461	46,461	46,461	46,461	46,461
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**147,828**	**150,749**	**153,766**	**156,883**	**160,103**	**158,830**	**162,349**	**165,986**	**169,744**	**173,628**
Cash Flow/(Deficit)				**9,292**	**7,942**	**6,512**	**4,998**	**3,397**	**7,940**	**7,756**	**7,521**	**7,233**	**6,889**
Cash Flow Per Unit				664	567	465	357	243	567	554	537	517	492
Debt Coverage Ratio on Part A Loan				1.20	1.17	1.14	1.11	1.07	1.17	1.17	1.16	1.16	1.15
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves	3%

Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis

			1	2	3	4	5	6	7	8	9	10
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
Initial Balance		241	241	248	255	263	271	279	288	296	305	314
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0
Interest			7	7	8	8	8	8	9	9	9	9
Ending Balance at Maintained DCR			248	255	263	271	279	288	296	305	314	324
Maintained Cash Flow Per Unit			664	567	465	357	243	567	554	537	517	492
Maintained Debt Coverage Ratio on Part A Loan			1.20	1.17	1.14	1.11	1.07	1.17	1.17	1.16	1.16	1.15
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		0										
Non-standard ODR		241										

Operating Assurance Reserve Analysis

			1	2	3	4	5	6	7	8	9	10
		73,914										
Required in Year:	1	Initital Deposit										
Initial Balance		73,914	73,914	76,131	78,415	80,768	83,191	85,686	88,257	90,905	93,632	96,441
Interest Income			2,217	2,284	2,352	2,423	2,496	2,571	2,648	2,727	2,809	2,893
Ending Balance			76,131	78,415	80,768	83,191	85,686	88,257	90,905	93,632	96,441	99,334

Deferred Developer Fee Analysis

		1	2	3	4	5	6	7	8	9	10
Initial Balance		235,404	226,112	218,169	211,657	206,659	203,262	195,322	187,566	180,045	172,811
Dev Fee Paid		9,292	7,942	6,512	4,998	3,397	7,940	7,756	7,521	7,233	6,889
Ending Balance	Repaid in y(#N/A	226,112	218,169	211,657	206,659	203,262	195,322	187,566	180,045	172,811	165,923

Mortgage Resource Fund Loan

			1	2	3	4	5	6	7	8	9	10
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		81,409	81,409	81,409	81,409	81,409	81,409	81,409	81,409	81,409	81,409	81,409
Current Yr Int			2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442
Accrued Int			0	2,442	4,885	7,327	9,769	12,211	14,654	17,096	19,538	21,980
Subtotal		% of Cash Flow	83,851	86,294	88,736	91,178	93,620	96,063	98,505	100,947	103,390	105,832
Annual Payment Due		50%	0	0	0	0	0	0	0	0	0	0
Year End Balance			83,851	86,294	88,736	91,178	93,620	96,063	98,505	100,947	103,390	105,832

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator		11	12	13	14	15	16	17	18	19	20
Income														
Annual Rental Income	1.0%	6	2.0%		182,955	186,614	190,347	194,154	198,037	201,997	206,037	210,158	214,361	218,649
Annual Non-Rental Income	1.0%	6	2.0%		1,172	1,195	1,219	1,244	1,268	1,294	1,320	1,346	1,373	1,401
Total Project Revenue					**184,127**	**187,810**	**191,566**	**195,397**	**199,305**	**203,291**	**207,357**	**211,504**	**215,734**	**220,049**
Expenses														
Vacancy Loss	8.0%	6	5.0%		9,148	9,331	9,517	9,708	9,902	10,100	10,302	10,508	10,718	10,932
Management Fee	3.0%	1	3.0%		9,915	10,213	10,519	10,835	11,160	11,495	11,840	12,195	12,561	12,937
Administration	3.0%	1	3.0%		29,432	30,315	31,224	32,161	33,126	34,119	35,143	36,197	37,283	38,402
Project-paid Fuel	3.0%	6	3.0%		7,461	7,685	7,916	8,153	8,398	8,650	8,909	9,177	9,452	9,735
Common Electricity	4.0%	6	3.0%		2,095	2,158	2,223	2,290	2,358	2,429	2,502	2,577	2,654	2,734
Water and Sewer	5.0%	6	5.0%		19,547	20,524	21,550	22,628	23,759	24,947	26,194	27,504	28,879	30,323
Operating and Maintenance	3.0%	1	3.0%		33,429	34,431	35,464	36,528	37,624	38,753	39,915	41,113	42,346	43,617
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					5,788	5,877	5,966	6,055	6,145	6,235	6,325	6,416	6,506	6,597
Insurance	3.0%	1	3.0%		5,362	5,523	5,689	5,859	6,035	6,216	6,403	6,595	6,793	6,996
Replacement Reserve	3.0%	1	3.0%		5,644	5,814	5,988	6,168	6,353	6,543	6,740	6,942	7,150	7,365
Other: City of Detroit Home	3.0%	1	3.0%		3,360	3,461	3,564	3,671	3,781	3,895	4,012	4,132	4,256	4,384
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					131,182	135,331	139,621	144,056	148,641	153,382	158,285	163,355	168,599	174,023
Debt Service														
Debt Service Part A					46,461	46,461	46,461	46,461	46,461	46,461	46,461	46,461	46,461	46,461
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**177,643**	**181,792**	**186,082**	**190,517**	**195,102**	**199,844**	**204,746**	**209,816**	**215,060**	**220,484**
Cash Flow/(Deficit)					**6,485**	**6,017**	**5,484**	**4,880**	**4,203**	**3,448**	**2,611**	**1,688**	**674**	(435)
Cash Flow Per Unit					463	430	392	349	300	246	186	121	48	(31)
Debt Coverage Ratio on Part A Loan					1.14	1.13	1.12	1.11	1.09	1.07	1.06	1.04	1.01	0.99
Debt Coverage Ratio on Conventional/Other Financing					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves	3%													
Operating Deficit Reserve (ODR) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
Initial Balance				**241**	324	333	343	354	364	375	386	398	410	422
Total Annual Draw to achieve 1.0 DCR					0	0	0	0	0	0	0	0	0	(435)
Total Annual Deposit to achieve Maintained DCR					0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR					0	0	0	0	0	0	0	0	0	(435)
Interest					10	10	10	11	11	11	12	12	12	13
Ending Balance at Maintained DCR					333	343	354	364	375	386	398	410	422	(0)
Maintained Cash Flow Per Unit					463	430	392	349	300	246	186	121	48	0
Maintained Debt Coverage Ratio on Part A Loan					1.14	1.13	1.12	1.11	1.09	1.07	1.06	1.04	1.01	1.00
Maintained Debt Coverage Ratio on Conventional/Other					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR				0										
Non-standard ODR				**241**										
Operating Assurance Reserve Analysis				73,914										
Required in Year:	1			Initital Deposit										
Initial Balance				**73,914**	99,334	102,314	105,384	108,545	111,801	115,155	118,610	122,168	125,833	129,608
Interest Income					2,980	3,069	3,162	3,256	3,354	3,455	3,558	3,665	3,775	3,888
Ending Balance					102,314	105,384	108,545	111,801	115,155	118,610	122,168	125,833	129,608	133,497
Deferred Developer Fee Analysis														
Initial Balance					165,923	159,438	153,421	147,937	143,057	138,854	135,406	132,795	131,107	130,433
Dev Fee Paid					6,485	6,017	5,484	4,880	4,203	3,448	2,611	1,688	674	FALSE
Ending Balance	Repaid in y‹ #N/A				159,438	153,421	147,937	143,057	138,854	135,406	132,795	131,107	130,433	130,433
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**81,409**	81,409	81,409	81,409	81,409	81,409	81,409	81,409	81,409	81,409	81,409
Current Yr Int					2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442
Accrued Int					24,423	26,865	29,307	31,750	34,192	36,634	39,076	41,519	43,961	46,403
Subtotal				% of Cash Flow	108,274	110,716	113,159	115,601	118,043	120,485	122,928	125,370	127,812	130,255
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					108,274	110,716	113,159	115,601	118,043	120,485	122,928	125,370	127,812	130,255

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
MACK ALTER, MSHDA DEVELOPMENT NO. 3805
DETROIT, WAYNE COUNTY

March 26, 2020

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by Nova Development Group of Detroit, L.L.C. (the "Applicant") for a multifamily housing project to be located in the City of Detroit, Wayne County, Michigan, having an estimated total development cost of Four Million Two Hundred Ninety Six Thousand Twenty Dollars ($4,296,020), a total estimated maximum mortgage loan amount of Two Million Two Hundred Thirty Three Thousand Nine Hundred Thirty Dollars ($2,233,930) and a Mortgage Resource Fund loan in the amount of Eighty One Thousand Four Hundred Nine Dollars ($81,409) (hereinafter referred to as the "Application"); and

WHEREAS, a housing association to be formed by the Applicant may become eligible to receive a mortgage loan from the Authority under the provisions of the Act and the Authority's General Rules; and

WHEREAS, the Acting Executive Director has forwarded to the Authority his analysis of the Application and his recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

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

1. The following determinations be and they hereby are made:

    a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.

    b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.

    c. The proposed housing project will meet a social need in the area in which it is to be located.

d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.

e. The proposed housing project is a feasible housing project.

f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Two Million Three Hundred Fifty One Thousand Five Hundred Sixty Dollars ($2,351,560).

2. The proposed housing project be and it is hereby determined to be feasible for a mortgage loan on the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Report of the Authority Staff presented to the meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Applicant.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated March 26, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN
MACK ALTER, MSHDA DEVELOPMENT NO. 3805
DETROIT, WAYNE COUNTY

March 26, 2020

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by Nova Development Group of Detroit, L.L.C. (the "Applicant") for a construction mortgage loan in the amount of Two Million Two Hundred Thirty Three Thousand Nine Hundred Thirty Dollars ($2,233,930), and a permanent mortgage loan in the amount of Eight Hundred Fourteen Thousand Ninety-One Dollars ($814,091), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Four Million Two Hundred Ninety Six Thousand Twenty Dollars ($4,296,020), to be known as Mack Alter, located in the City of Detroit, Wayne County, Michigan, and to be owned by Mack Alter Homes Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund loan in the estimated amount of Eighty One Thousand Four Hundred Nine Dollars ($81,409) (the "Mortgage Resource Fund Loan") and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Eighty One Thousand Four Hundred Nine Dollars ($81,409) (the "HOME Loan"); and

WHEREAS, the Acting Executive Director has forwarded to the Authority his analysis of the Application and his recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Acting Executive Director and, on the basis of the Application and recommendation, has made determinations that:

(a) The Mortgagor is an eligible applicant;

(b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;

(c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;

(d) The proposed housing project will meet a social need in the area in which it is to be located;

(e) The proposed housing project may reasonably be expected to be marketed successfully;

(f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;

(g) The construction or rehabilitation will be undertaken in an economical manner and it will not be of elaborate design or materials; and

(h) In light of the estimated total project cost of the proposed housing project, the amount of the mortgage loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

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

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and of the Mortgage Loan Commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. A construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project in an amount not to exceed Two Million Two Hundred Thirty Three Thousand Nine Hundred Thirty Dollars ($2,233,930), and permanent financing in an amount not to exceed Eight Hundred Fourteen Thousand Ninety-One Dollars ($814,091), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of Four and 90/100 percent (4.9%) per annum. The amount of proceeds of tax exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Two Million Three Hundred Fifty One Thousand Five Hundred Sixty Dollars ($2,351,560). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The Mortgage Resource Fund Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment

for a Mortgage Resource Fund Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Eighty One Thousand Four Hundred Nine Dollars ($81,409), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

4. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

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

6. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be twelve percent (12%) per annum initially. Following the payment in full of the Mortgage Resource Fund Loan and the HOME Loan, the Mortgagor's rate of return may be increased by one percent (1%) annually until a cap of twenty-five percent (25%) is reached.

8. A waiver is granted of the financial capacity requirements for the sponsor and guarantors, as set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated March 26, 2020.

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

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director

DATE: March 26, 2020

RE: Crystal Lake Apartments, MSHDA No. 823

RECOMMENDATION:

I recommend the Michigan State Housing Development Authority (the "Authority") approve a loan from the General Operating Fund to Crystal Limited Dividend Housing Association Limited Partnership in the amount of $638,000 to cover the costs of rehabilitation of Crystal Lake Apartments. I also recommend approval of an amendment to the tenant subsidy section of the regulatory agreement.

EXECUTIVE SUMMARY:

Crystal Lake Apartments is a 144-unit family community located in the City of Pontiac (the "Development"). The Development was originally constructed in 1988 under the Authority's 80/20 Program. By 2010 the physical condition of the Development was starting to deteriorate, and the reserve escrows were already depleted. The Authority approved Crystal Lake Apartments for a rehabilitation as part of the Reinvestment and Innovation Program ("RIP").

One of the conditions of the Authority's RIP program was that developments were required to have a minimum of 15 years remaining on their first mortgage; Crystal Lake Apartments did not meet this requirement. For the Development to remain a part of the RIP program a waiver was approved on the condition that a tenant subsidy would be established upon payoff of the first mortgage and used to subsidize rents for tenants earning less than 60% of area median income ("AMI").

Due to the complex nature of monitoring and operating the tenant subsidy escrow, a simpler solution has been proposed. A new mortgage will be issued to Crystal Lake Apartments in the amount of $638,000. The loan will fully amortize in December 2026, which coincides with the end of the Section 1602 15-year compliance period. Loan proceeds will be used for a minor rehabilitation of the property. As a condition of the new loan, the tenant subsidy requirement will be amended.

Rather than fund the tenant subsidy from annual surplus cash, ownership has requested to transfer $150,000 from the Development's Operating Assurance Reserve to fund a subsidy escrow. The subsidy will be available to any resident earning 60% of AMI or less while residing in a market rate unit. Any such resident will pay 30% of their income while the subsidy will pay the remainder of the market rate rent.

RESIDENT IMPACT AND AFFORDABILITY

Currently there are 29 units reserved for those at 50% of AMI and below and those restrictions will remain in place through the RIP Extended Use Period ending in 2041. Therefore, this proposal, if approved, will not negatively impact residents at 50% of AMI who are occupying the 29 units.

The Tenant Subsidy Escrow will be made available to any resident at 60% of AMI or below who resides in a market rate unit while paying more than 30% of their income for rent. Any resident earning 60% of AMI or less will pay 30% of their income while the Tenant Subsidy Escrow will pay the remainder of the market rate rent. Therefore, this proposal, if approved, should not negatively impact residents at 60% of AMI or below.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

ACTION REPORT

DATE:	March 26, 2020
ASSET MANAGER:	Justin Wieber
MSHDA #:	823
DEVELOPMENT NAME:	Crystal Lake Apartments
LOCATION:	850 Golf Drive, Pontiac, MI 48053
CUT-OFF DATE:	April 8, 1990
ASSIGNED ATTORNEY:	Richard Norton
MANAGEMENT AGENT:	Huntington Management
MANAGING GENERAL PARTNER (S):	Crystal GP, LLC
LIMITED PARTNERS:	Armen Kalaydjian, Amanda Richardson, Adam Kalaydjian, Joseph Yaker, Rebecca Yaker Bird

RECOMMENDATION:

I recommend approval of a loan from the General Operating Fund to Crystal Limited Dividend Housing Association Limited Partnership in the amount of $638,000 to cover the costs of rehabilitation of Crystal Lake Apartments. I also recommend approval of an amendment to the tenant subsidy section of the regulatory agreement.

I. BACKGROUND:

Crystal Lake Apartments (the "Development') is a 144-unit family community located in the City of Pontiac. The Development consists of six residential buildings and one community building. There are thirty-seven (37) one-bedroom units and one-hundred-seven (107) two-bedroom units. The Development was originally constructed in 1988 under the Authority's 80/20 Program.

By 2010 the physical condition of the Development was starting to deteriorate, and the reserve escrows were already depleted. The Authority approved Crystal Lake Apartments for a rehabilitation as part of the Reinvestment and Innovation Program ("RIP"). Crystal Lake Apartments received a mortgage loan of $4,095,471 in Section 1602 funds for the rehabilitation of the property.

One of the conditions of the Authority's RIP program was that developments were required to have a minimum of 15 years remaining on their first mortgage. Crystal Lake Apartments did not meet this requirement as the Development had just under ten years remaining on the first mortgage at the time. The final payment on the first mortgage is due April 1, 2020. For the Development to remain a part of the RIP program, a waiver was approved on the condition that a tenant subsidy would be established upon payoff of the first mortgage and used to subsidize rents for tenants earning less than 60% of Area Median Income ("AMI").

Due to the complex nature of monitoring and operating the tenant subsidy escrow, a simpler solution has been proposed. A new mortgage will be issued to Crystal Lake

Apartments in the amount of $638,000. This loan will be sourced from the Authority's General Operating Account. The loan will fully amortize in December 2026, which coincides with the end of the Section 1602 15-year compliance period. Loan proceeds will be used for a minor rehabilitation of the property. As a condition of the new loan, the tenant subsidy requirement will be removed.

To take the place of the tenant subsidy, ownership has requested to transfer $150,000 from the projects Operating Assurance Reserve to fund a subsidy escrow. The subsidy will be available to any resident earning 60% of AMI or less while residing in a market rate unit. Any such resident will pay 30% of their income while the subsidy will pay the remainder of the market rate rent.

The new loan will result in a lower monthly mortgage payment for the Development. The savings resulting from the lower payment will fund additional improvements to the Development over the next six years that are not included in the scope of work for the current rehabilitation. Some of these improvements to be made in the future include new roofs, new boilers, and converting bathtubs to showers that provide more accessibility in some units.

II. CURRENT FINANCIAL CONDITION

A. The Development currently has 1 vacant unit (0.7%) with an economic vacancy of 2.09%.
B. Liquidity has declined from $522,987 in January 2019 to $427,714 in January 2020.
C. The Development currently has $3,271 in receivables, of which $0 (0%) are over 30 days.
D. The Development currently has $4,650 in payables, of which $0 (0%) are over 60 days.

III. SUMMARY OF PROPOSAL:

A. The Authority will make a loan from the General Operating Fund for $638,000 to Crystal Lake Apartments. The loan proceeds will be used for a minor rehab of the Development including asphalt paving, concrete repair, carport repair, site lighting, corridor lighting, common area carpet and vinyl replacement, and common area painting.
B. The loan shall bear interest at a rate of 4.75% and be secured by a mortgage on the Development.
C. The loan will be repaid in monthly installments of approximately $9,432 starting on May 1, 2020. The loan will fully amortize and mature on December 1, 2026.
D. The loan amount will be deposited into an Authority-held escrow account. Draw requests from the escrow will be approved by the assigned asset manager with the consent of the assigned construction specialist.
E. Existing reserves will remain in place and will continue with the same terms and requirements as previously agreed.
F. The existing 1602 Mortgage will be subordinate to the Authority's General Operating Fund Mortgage.
G. Any past loan or future advances from the Owner or its partners will be subordinate to all Authority debt.
H. All current income and rent restrictions will remain in place.

I. The regulatory agreement will be amended to remove the prior tenant subsidy reserve and identify the new tenant subsidy requirements.
J. A new subsidy escrow will be established:
   - $150,000 will transferred from the projects Operating Assurance Reserve into a subsidy escrow.
   - The subsidy escrow will be made available to any tenant residing in a Market Rate unit while earning 60% of AMI or less.
   - Any such resident will pay 30% of their income while the subsidy will cover the remainder of the Market Rate Rent.
   - Management will draw from the subsidy escrow on a quarterly basis by submitting a rent roll detailing the unit # and tenant portion of the rent.
K. Authority staff has verified that no open conditions exist, related to this development, for either the owner or agent.

IV. CURRENT DEVELOPMENT STATUS:

Program Type:	80/20 / 1602 / LIHTC
Original Mortgage Amount:	$7,919,930
Current Mortgage Balance:	$84,209
Payment Status:	Current
Current Interest Rate:	4.75%
Mortgage Prepayment Eligibility Date:	15 years from 50% occupancy
Original 1602 Mortgage Amount:	$4,095,471
Current 1602 Mortgage Balance:	$4,095,471
1602 Initial Compliance End Date:	December 31, 2026
1602 Ex. Use Comp. End Date:	December 31, 2041
LIHTC Initial Compliance End Date:	December 31, 2004
LIHTC Ext. Use Comp. End Date:	N/A (pre-1990)

Vacancy: 1 Unit is Vacant or 0.7%
Economic Vacancy 2.09%

Reserve and Escrow Balances as of February 20, 2020:

Replacement Reserve:	$ 207,302
ORC:	$ 80,385
Operating Assurance:	$ 789,734

Financial Status:

Liquidity:	$ 427,714
One Month's Rent Potential:	$ 132,991

Prior Authority Action:
- September 29, 1994 – Resolution Authorizing Partial Conveyance of Development Site
- March 24, 2010 – Resolution of Acknowledgement and Delegating Authority to Authorize Loans under the Reinvestment and Innovation Program
- July 28, 2010 – Resolution of Acknowledgement and Delegating Authority to Authorize and Modify Loans Under the Reinvestment and Innovation Program

V. RENT SCHEDULES:

Bedroom	# Units	# Units Vacant	Current Rents	Utility Allowance
1 BR - 50%	7	0	$636	$61
2 BR - 50%	22	0	$757	$71
1 BR - MKT	30	0	$899	
2 BR - MKT	85	1	$999	
TOTAL	**144**	**1**		

SPECIAL CONDITIONS AND/OR REQUIREMENTS:

A. The Mortgagor must enter into agreements to evidence and secure the General Operating Fund loan and modifications of current loan documents as deemed necessary by the Director of Legal Affairs to effectuate the terms and conditions outlined in this report.

B. The Mortgagor must deliver attorney opinions, title policies, endorsements and any other items required by the Directory of Legal Affairs to document and support the General Operating Fund loan.

APPROVED:

Troy Thelen
Acting Director of Asset Management

3-17-20
Date

Kelly Rose
Chief Housing Solutions Officer

3 17 2020
Date

Clarence L. Stone, Jr.
Director of Legal Affairs

3/17/2020
Date

Gary Heidel
Acting Executive Director

3/17/20
Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING GENERAL OPERATING FUND LOAN AND AMENDMENT TO REGULATORY AGREEMENT CRYSTAL LAKE APARTMENTS, MSHDA DEVELOPMENT NO. 823 CITY OF PONTIAC, COUNTY OF OAKLAND

March 26, 2020

WHEREAS, on October 13, 1988 the Michigan State Housing Development Authority (the "Authority") entered into a mortgage loan in the original principal amount of $7,919,930 (the "First Mortgage Loan") for the acquisition and construction of Crystal Lake Apartments, MSHDA Development No. 823 (the "Development"); and

WHEREAS, on September 2, 2010, the Authority entered into a mortgage loan in the original principal amount of $4,095,471 (the "Section 1602 Mortgage Loan") for rehabilitation of the Development; and

WHEREAS, in conjunction with the Section 1602 Mortgage Loan, the Authority and Mortgagor entered into an Amended and Restated Regulatory Agreement (the "Regulatory Agreement"); and

WHEREAS, the Development needs additional rehabilitation as described in the Action Report; and

WHEREAS, the Mortgagor has requested a General Operating Fund Loan from the Authority in the amount of $638,000 (the "OFL") to fund rehabilitation; and

WHEREAS, the Mortgagor has also requested an amendment to the tenant subsidy escrow section of the Regulatory Agreement; and

WHEREAS, the Acting Executive Director has reviewed the proposal of the Mortgagor and has recommended approval of the OFL and amendment to the Regulatory Agreement, all in accordance with the terms and conditions set forth in the accompanying Action Report; and

WHEREAS, the Authority concurs in the recommendation of the Acting Executive Director.

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

1. The OFL is hereby authorized in an initial principal amount not to exceed Six Hundred Thirty-Eight Thousand Dollars ($638,000), and on such terms and subject to the conditions set forth in the Action Report attached hereto, which terms and conditions are hereby incorporated by reference as if fully set forth herein.

2. The Authority hereby approves the amendment to the Regulatory Agreement, as described in the attached Action Report.

3. The Executive Director, the Chief Housing Solutions Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, or any person duly appointed and acting in any such capacity (each an "Authorized Officer"), each is hereby authorized to waive, modify or supplement any of said terms and conditions contained in the Action Report as may be deemed necessary to effectuate the ability of the Development to operate in a manner that is satisfactory to the Authority.