

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**A G E N D A
SPECIAL MEETING**

**October 6, 2020 - 10:00 a.m.
735 East Michigan Avenue, Lansing, Michigan**

**Microsoft Teams Meeting
+1 248-509-0316
Conference ID: 903 705 099#**

Roll Call:

Public Comments:

Remarks:

Chairperson
Executive Director

Voting Items:

- Tab A Approval of Agenda
- Tab B Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Rental Housing Revenue Bonds, 2020 Series A in an Amount Not to Exceed \$200,000,000
- Tab C Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Rental Housing Revenue Bonds, 2020 Series B in an Amount Not to Exceed \$25,000,000
- Tab D Resolution Determining Mortgage Loan Feasibility, **Pine Ridge, Development No. 3924**, City of Marquette, Marquette County
- Resolution Authorizing Mortgage Loans, **Pine Ridge, Development No. 3924** City of Marquette, Marquette County
- Tab E Resolution Determining Mortgage Loan Feasibility, **Lake Superior Village MSHDA No. 3923**, City of Marquette, Marquette County
- Resolution Authorizing Mortgage Loans, **Lake Superior Village MSHDA No. 3923**, City of Marquette, Marquette County

Discussion:

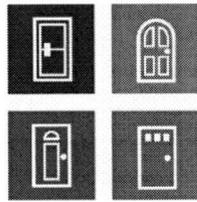
None.

Closed Session

None.

Reports:

None.



MSHDA

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: October 6, 2020

RE: Issuance of the Rental Housing Revenue Bonds, 2020 Series A-1, A-2 and B

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") Board approve the attached resolutions giving Authority staff the authorization to carry out the steps necessary to issue the Rental Housing Revenue Bonds, 2020 Series A-1, A-2 and B (the "2020 Bonds").

Proceeds from the 2020 A Bonds will fund 15 multi-family developments. The 2020 B Bonds will refund currently outstanding debt at a lower interest cost to the Authority.

EXECUTIVE SUMMARY:

The Authority plans to issue \$151,940,000 of Rental Housing Revenue Bonds. BofA Securities, Inc. (fka "Bank of America/Merrill Lynch") is the book running co-senior underwriter. JP Morgan, Barclays, Morgan Stanley, RBC Capital Markets, Wells Fargo Securities, Raymond James and Citigroup are participating as co-managers. The Authority will include other banks in a selling group to improve the pricing. The bonds will be priced on October 14th. The Authority has worked closely with our financial advisor, Tim Rittenhouse, of CSG Advisors, throughout the structuring of this financing. CSG Advisors created the Indenture cash flows as well as the rating agency cash flows, and BofA Securities, Inc. developed the 2020 Bond cash flows.

A. 2020 Series A-1 Bonds

The 2020 Series A-1 Bonds ("2020 A-1") in the amount \$126,815,000 are being issued as tax-exempt fixed rate Non-AMT uninsured debt. The bond proceeds will be used to fund fourteen multi-family developments and a portion of a fifteenth (approx. \$125.5 million). Approximately \$1,309,000 will be used to pay costs of issuance. The capital reserve requirement will be met through a security arrangement where, if necessary, the Authority will cover a debt service shortfall from funds that have not been pledged to the repayment of Rental Housing Revenue Bonds. This security arrangement allows the Authority the opportunity to avoid issuing bonds and utilize the proceeds to cover the capital reserve requirement (the highest one year's debt service). Being that the bond interest cost would exceed the investment return in the capital reserve account, the Authority will avoid negative arbitrage.

B. 2020 Series A-2 Bonds and Eastern Elementary, MSHDA #1232

The 2020 Series A-2 Bonds ("2020 A-2 Bonds") in the amount of \$2,050,000 are being issued as tax-exempt fixed rate Non-AMT uninsured debt. The 2020 A-2 Bond proceeds will be used to finance a portion of the Eastern Elementary mortgage. This is the second mortgage to take advantage of the Authority's Below Market Rate Bond Program ("BMRB"). The BMRM Program gives investors an opportunity to purchase Authority bonds at below market rates and all of the benefit is passed on to the borrower through a lower mortgage interest rate.

The 2019 A-2 Bonds are being privately placed with the Michigan Strategic Fund with a 1% coupon. The Authority will add its IRS restricted spread of 1.5%, bring the lending rate to 2.5% as opposed to the current 4.25% lending rate. The \$2,050,000 of 2020 A-2 Bond proceeds will not be enough to cover the full mortgage, so these proceeds will be blended with the market rate bonds. The blended rate is 3.74%. This lower interest rate affords the developer the ability to increase the mortgage amount, fill a gap in the capital stack and require less Mortgage Resource Funds from the Authority.

C. 2020 Series B Bonds

The 2020 Series B Bonds ("2020 B") in the amount \$23,075,000 are being issued as taxable fixed rate uninsured debt. \$22,860,000 of the bond proceeds will be used to refund all outstanding Rental Housing Revenue Bonds, 2010 Series A. The 2010 A bonds have recently become optionally callable and have current coupon rates between 4.824% and 5.125%. The 2020 B, refunding bonds are anticipated to have rates between 0.722% and 2.594%, creating a net present value savings of approximately \$5.3 million, or 23.4% of the outstanding bonds. Approximately \$215,000 will be used to pay costs of issuance.

D. Preliminary Term Sheet for 2020 A-1, 2020 A-2 and 2020 B Bonds

Attached is the Preliminary Term Sheet. This Term Sheet provides detail on the structuring of the 2020 Bonds, sources and uses of the bond proceeds and how the assets that support the 2020 Bonds will be distributed among the three series.

ADVANCING THE AUTHORITY'S MISSION:

The Authority's mission will be advanced by financing the development or rehabilitation of 1,426 units of quality, affordable housing for the people of Michigan. The Authority's Guiding Principal of Decision Making, which includes making financially sound decisions and managing financial resources effectively and efficiently, will also be advanced by refunding outstanding debt at a lower interest cost to the Authority.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None

\$151,940,000
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
Rental Housing Revenue Bonds
2020 Series A-1, A-2 and B

Preliminary Term Sheet

Dated Date:	October 28, 2020
Delivery Date - 2020 Series A-1 and A-2:	October 28, 2020
Delivery Date - 2020 Series B:	October 28, 2020
First Interest Payment:	April 1, 2021
Interest Payment Dates:	April 1 and October 1
S&P Ratings: Expected	Long-Term "AA" (Stable)

BOND STRUCTURE SUMMARY

2020 A-1 (Non-AMT)

Year	Coupon	Price	Principal Due		Coupon	Price	Principal Due		Total
			April 1	October 1			October 1	October 1	
2022			\$ -				\$ -	\$ -	
2023	0.850%	100.00%	325,000	0.900%	100.00%	450,000			775,000
2024 (1)	0.950%	100.00%	465,000	1.000%	100.00%	31,685,000			32,150,000
2025	1.100%	100.00%	485,000	1.150%	100.00%	490,000			975,000
2026	1.250%	100.00%	505,000	1.300%	100.00%	515,000			1,020,000
2027	1.400%	100.00%	530,000	1.450%	100.00%	540,000			1,070,000
2028	1.600%	100.00%	555,000	1.650%	100.00%	560,000			1,115,000
2029	1.750%	100.00%	580,000	1.800%	100.00%	590,000			1,170,000
2030	1.900%	100.00%	600,000	1.950%	100.00%	620,000			1,220,000
2031	2.000%	100.00%	625,000	2.050%	100.00%	645,000			1,270,000
2035			-	2.250%	100.00%	5,670,000			5,670,000
2040			-	2.550%	100.00%	8,855,000			8,855,000
2045			-	2.700%	100.00%	10,915,000			10,915,000
2050			-	2.750%	100.00%	13,470,000			13,470,000
2055			-	2.850%	100.00%	16,600,000			16,600,000
2063	3.000%	100.00%	30,540,000			-			30,540,000
									\$ 126,815,000

2020 B (Taxable)

Year	Coupon	Price	Principal Due		Coupon	Price	Principal Due		Total
			April 1	October 1			October 1	October 1	
2021	1.237%	100.00%	\$ 485,000	1.287%	100.00%	\$ 495,000		\$ 980,000	
2022	1.287%	100.00%	505,000	1.337%	100.00%	520,000		1,025,000	
2023	1.359%	100.00%	530,000	1.409%	100.00%	545,000		1,075,000	
2024	1.461%	100.00%	555,000	1.511%	100.00%	570,000		1,125,000	
2025	1.511%	100.00%	580,000	1.561%	100.00%	600,000		1,180,000	
2026	1.757%	100.00%	615,000	1.807%	100.00%	630,000		1,245,000	
2027	1.857%	100.00%	650,000	1.907%	100.00%	665,000		1,315,000	
2028	2.124%	100.00%	680,000	2.174%	100.00%	695,000		1,375,000	
2029	2.224%	100.00%	710,000	2.274%	100.00%	735,000		1,445,000	
2030	2.274%	100.00%	750,000	2.324%	100.00%	770,000		1,520,000	
2031	2.324%	100.00%	790,000	2.374%	100.00%	810,000		1,600,000	
2035			-	2.674%	100.00%	9,190,000		9,190,000	
2040			-			-		-	
2045			-			-		-	
2050			-			-		-	
2055			-			-		-	
									\$ 23,075,000

2020 A-2 (Non-AMT)

Year	Coupon	Price	Principal Due		Coupon	Price	Principal Due		Total
			April 1	October 1			October 1	October 1	
2060 (2)			\$ -	1.00%	100.00%	\$ 2,050,000		\$ 2,050,000	
									\$ 2,050,000

Composite Issue

\$ 151,940,000

Notes:

- (1) Serial bond maturing October 1, 2024 subject to optional redemption at par on and after October 1, 2021.
(2) Bonds privately purchased by a qualified institutional buyer. (\$1,000 minimum denominations and \$1,000 increments in excess thereof).

Michigan State Housing Development Authority
 Rental Housing Revenue Bonds
 2020 Issue Planning Summary

Refunded Bonds	Outstanding Bond Par as of 9/24/2020 (Except New Money Bonds)	Bond Type	Outstanding Final Maturity	CUSIP	Variable Rate Mode	DSRF Type	Current Liquidity Facility	Liquidity Facility Expiration	Current Rmktg Agent	10/1/2020 Interest Rate Swap Notional Amount	Interest Rate Swap Counterparty	Serial Bond, Sinking Fund Bonds Called 10/1/2020	Refunding or New Money Bond Par Amount		Refunding or New Money Bond Series					
													Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	SBPA Provider	Rmktg Agent	Tax Status	
2010 Series A (Non-AMT)	\$5,910,000 6,900,000 8,875,000 3,590,000		10/1/2020 4/1/2026 4/1/2031 10/1/2040	59465MWD3 59465MWE1 59465MWF8 59465MWG6								\$525,000 0 0 1,890,000	\$5,385,000 6,900,000 8,875,000 1,700,000							
Subtotal	\$25,275,000	Fixed				MSHDA S.A.						Subtotal	\$22,860,000		2020 B					Taxable
													\$0 0 0 0							
													\$0							
													\$0							
New Money (Non-AMT) - Public	(1) \$126,815,000	Fixed	N.A.									N/A	\$126,815,000		2020 A-1					Non-AMT
New Money (Non-AMT) - Private	(2) \$2,050,000	Fixed	N.A.									N/A	\$2,050,000		2020 A-2					Non-AMT
Total	\$154,140,000									\$0		\$2,415,000	\$151,725,000	\$0						

Refunded Bonds	Payment Dates	Refunding Bond Closing	Optional Redemption Date	Optional Redemption Price	Outstanding Bonds Optional Redemption Notice Period	Trustee Targeted Redemption Notice Date	Bondholder Targeted Redemption Notice Date
2010 Series A (Non-AMT)	4/1 and 10/1	10/28/2020	11/30/2020	100%	45 T / 30 BH	10/16/2020	10/29/2020

Bonds to be Retired from RHRB Available Funds

Series	Maturity/Redemption Date	Par Amount
2010 A	10/1/2020	\$2,415,000
Total		\$2,415,000

New Transaction Debt Components

Series	Tax Status	Interest Rate	Bond Type	Par Amount
2020 A-1	Non-AMT	Fixed	Fixed	\$126,815,000
2020 B	Taxable	Fixed (3)	Fixed	23,075,000
2020 A-2	Non-AMT	Fixed	Fixed	2,050,000
Total				\$151,940,000

Notes:

- (1) Additional bonds added to fund cost of issuance and underwriting fee associated with 2020 Series A Non-AMT bonds.
- (2) Bonds to be privately purchased by a qualified institutional buyer.
- (3) Additional bonds added to fund cost of issuance and underwriting fee associated with 2020 Series B Taxable bonds.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
Rental Housing Revenue Bonds
2020 Series A-1, A-2 and B

SOURCES AND USES OF FUNDS

<u>Sources</u>	2020 A-1	2020 B	2020 A-2	2020 A and B Combined	2020 A-1 and A-2 Combined
	Bond Proceeds	\$126,815,000.00	\$23,075,000.00	\$2,050,000.00	\$151,940,000.00
Refunded Series Loans (Estimated) (1)	0.00	53,926,395.42	0.00	53,926,395.42	0.00
Available Prior Bond Capital Reserve Fund Amounts	0.00	0.00	0.00	0.00	0.00
RHRB Cash to Use for 11/30/2020 S.F/Optional Redemption (2010 A)	0.00	0.00	0.00	0.00	0.00
[Reserved]	0.00	0.00	0.00	0.00	0.00
[Reserved]	0.00	0.00	0.00	0.00	0.00
MSHDA Contribution	(3,473.45)	3,855.66	6,341.32	6,723.52	2,867.87
Total Sources	\$126,811,526.55	\$77,005,251.07	\$2,056,341.32	\$205,873,118.94	\$128,867,867.87

<u>Uses</u>	2020 A-1	2020 B	2020 A-2	2020 A and B Combined	2020 A-1 and A-2 Combined
For Purchase of New Loans	\$125,502,053.00	\$0.00	\$2,050,000.00	\$127,552,053.00	\$127,552,053.00
Allocated Loans from Refunded Series (1)	0.00	53,926,395.42	0.00	53,926,395.42	0.00
Payment of Refunded Bonds	0.00	22,860,000.00	0.00	22,860,000.00	0.00
Payment of Refunded Bonds Sinking Fund Redemptions	0.00	0.00	0.00	0.00	0.00
Deposit to Capital Reserve Fund (2)	0.00	0.00	0.00	0.00	0.00
Underwriters' Compensation	917,193.37	147,477.15	0.00	1,064,670.52	917,193.37
Costs of Issuance (Est.)	392,280.18	71,378.51	6,341.32	470,000.00	398,621.50
Total Uses	\$126,811,526.55	\$77,005,251.07	\$2,056,341.32	\$205,873,118.94	\$128,867,867.87

<u>Settlement Amounts</u>	Closing Date:	Par Amount	Original Issue Prem/(Disc)	Underwriters' Fee	Purchase Price (Less: Applicable UW Fee)
2020 Series A-1	10/28/2020	\$126,815,000.00	\$0.00	\$917,193.37	\$125,897,806.63
2020 Series A-2	10/28/2020	2,050,000.00	0.00	0.00	2,050,000.00
2020 Series B	10/28/2020	23,075,000.00	0.00	147,477.15	22,927,522.85
Total		\$151,940,000.00	\$0.00	\$1,064,670.52	\$150,875,329.48

REFUNDED BONDS CAPITAL RESERVE FUND INVESTMENTS FOR TRANSFER

Cash Equivalents:	\$0.00
GNMA/FNMA/FHLMC Pools:	0.00
REMICS and Other Govt Paydowns:	0.00
US Agencies:	0.00
US Agencies-Disc/Zero Cpn:	0.00
Total	\$0.00

EXPENSES

Trustee Fee: \$ _____ per annum (payable annually commencing _____)

NOTES

- (1) All 2010 AB finance plans loans transferred to 2020 B.
- (2) Security Arrangements utilized to satisfy requirements.

GROSS SPREAD

	2020 A-1 \$ Amount	2020 B \$ Amount	2020 A-2 \$ Amount	Total \$/Bond
Management Fee	\$ 128,083	\$ 23,306	\$ -	\$1.00
Expenses	96,935	19,259	-	0.76
Takedown	692,175	104,913	-	5.25
Total	\$ 917,193.37	\$ 147,477.15	\$ -	\$7.01

Underwriting Fee Percentage	0.723%	0.639%	0.000%	0.701%
Underwriting/COI Percentage	1.033%	0.948%	0.309%	1.010%

SOURCES AND USES FOR OFFICIAL STATEMENT

<u>Sources</u>	
Bond Proceeds	\$151,940,000
Authority Contribution	6,724
Total	\$151,946,724

<u>Uses</u>	
For Purchase of New Loans	\$127,552,053
Payment of Refunded Bonds	22,860,000
Underwriters' Compensation	1,064,671
Costs of Issuance	470,000
Total	\$151,946,724

Rental Housing Revenue Bonds
2020 Series A-1, A-2 and B

NEW MORTGAGE INFORMATION: 2020 A-1 2020 A-2
First Draw Date 9/1/2020

Loan #	Project Name	Loan Origination	First Payment	Loan Prepayment Date	Maturity	Original Term (months)	Permanent Loan Amount	Program Interest Rate ⁽²⁾	Pay Rate ⁽²⁾	Loan Yield Points ⁽³⁾	Commitment Fee ⁽³⁾	Initial Closing (Begin Disbursement)	Construction Completion Date	Bond Construction Loans				Total Loan Financed	IR/PR Payoff at Maturity ⁽²⁾	
														Burn Amount	Draw Date	Payoff Date	Term (mths)			
3921	Waverly Place (Mt. Vernon Park)	04/01/2022	05/01/2022	04/01/2042	04/01/2062	480	\$10,044,638	4.250%	4.250%	2.000%	\$297,346	10/1/2020	4/1/2022	\$4,822,669	10/1/2020	10/1/2022	24	\$14,867,307		
3924	Pine Ridge Apartments	03/01/2022	04/01/2022	03/01/2042	03/01/2062	480	5,473,734	4.250%	4.250%	2.000%	195,872	9/1/2020	3/1/2022	4,319,865	9/1/2020	9/1/2022	24	9,793,599		
3923	Lake Superior Village	04/01/2022	05/01/2022	04/01/2042	04/01/2062	480	7,696,955	4.250%	4.250%	2.000%	264,888	10/1/2020	4/1/2022	5,547,422	10/1/2020	10/1/2022	24	13,244,377		
3852	Greenbriar	05/01/2022	06/01/2022	05/01/2042	05/01/2062	480	2,513,788	4.250%	4.250%	2.000%	64,592	11/1/2020	5/1/2022	715,820	11/1/2020	11/1/2022	24	3,229,608		
3856	Brentwood	05/01/2022	06/01/2022	05/01/2042	05/01/2062	480	2,974,061	4.250%	4.250%	2.000%	75,079	11/1/2020	5/1/2022	779,909	11/1/2020	11/1/2022	24	3,753,970		
3927	Attwood Gardens	08/01/2022	09/01/2022	08/01/2042	08/01/2062	480	6,506,668	4.250%	4.250%	2.000%	180,137	2/1/2021	8/1/2022	2,500,187	2/1/2021	2/1/2023	24	9,006,855		
124-2	Chiffview	03/01/2022	04/01/2022	03/01/2042	03/01/2062	480	7,676,165	4.250%	4.250%	2.000%	153,523	9/1/2020	3/1/2022					24	7,676,165	
3857	HOM Flats at 28 West Phase 2	04/01/2022	05/01/2022	04/01/2042	04/01/2062	480	18,856,970	4.250%	4.250%	2.000%	377,139	10/1/2020	4/1/2022					24	18,856,970	
3920	HOM Flats at Felch Street	06/01/2022	07/01/2022	06/01/2042	06/01/2062	480	14,621,828	4.250%	4.250%	2.000%	325,000	12/1/2020	6/1/2022	1,628,172	12/1/2020	12/1/2022	24	16,250,000		
2256-2	Apple Ridge Apartments II	05/01/2022	06/01/2022	05/01/2042	05/01/2062	480	4,664,684	4.250%	4.250%	2.000%	93,294	11/1/2020	5/1/2022					24	4,664,684	
246-2	Pine Oak	03/01/2022	04/01/2022	03/01/2042	03/01/2062	480	5,595,378	4.250%	4.250%	2.000%	111,908	9/1/2020	3/1/2022					24	5,595,378	
3912	Savannah-Wilshire	04/01/2022	05/01/2022	04/01/2042	04/01/2062	480	1,590,855	4.250%	4.250%	2.000%	80,824	10/1/2020	4/1/2022	2,450,357	10/1/2020	10/1/2022	24	4,041,212		
924-2	Lakewood Manor	03/01/2022	04/01/2022	03/01/2042	03/01/2062	480	1,633,581	4.250%	4.250%	2.000%	66,958	9/1/2020	3/1/2022	1,714,332	9/1/2020	9/1/2022	24	3,347,913		
3935	Center Ridge Arms	08/01/2022	09/01/2022	08/01/2042	08/01/2062	480	2,801,704	4.250%	4.250%	2.000%	109,000	2/1/2021	8/1/2022	2,648,296	2/1/2021	2/1/2023	24	5,450,000		
1232	Oakwood Apartments	08/01/2022	09/01/2022	08/01/2042	08/01/2062	480	243,791	4.250%	4.250%	2.000%	4,876	2/1/2021	8/1/2022					24	243,791	
1234	Eastern Elementary	08/01/2021	09/01/2021	08/01/2041	08/01/2061	480	3,450,959	3.740%	3.740%	2.000%	150,604	2/13/2020	8/1/2021	4,079,265	2/13/2020	2/1/2022	23	7,530,224		
Total						480	\$96,345,759	4.232%	4.232%		\$2,551,041			\$31,206,294				\$127,552,053	\$ -	

ADDITIONAL QUALIFIED RESIDENTIAL PROJECTS (TEFRA COMPLIANT)

Project Name	Units	Original			
		Term	Amount	Rate	Pay Rate
Carriage Place	234	480	\$10,489,265	4.250%	4.250%
Field St. /St. Paul Manor II	86	480	3,591,244	4.250%	4.250%
Hartland Senior Living	146	480	31,494,413	4.250%	4.250%
LaJoya Gardens	28	480	1,526,216	4.250%	4.250%
Union Suites at Michael	101	480	10,303,329	4.250%	4.250%
Dansbury Park Manor	151	480	12,005,915	4.250%	4.250%
Total	746	480	\$57,404,467	4.250%	4.250%

Notes:

- (1) Cashflow model assumes 30-day lag for all loan receipts. Mortgage yield based on 15-day lag.
- (2) Pay rate used to determine loan principal amortization. Pay rate used to determine amount of current interest paid monthly. Difference between interest rate and pay rate is paid by the developer in lump sum at loan maturity (simple interest, no compounding).
- (3) For mortgage yield purposes, assume that MSHDA receives loan yield points at bond closing.
- (4) Permanent loan financed by 2020 Series A-2. Remainder of construction loan financed by 2020 Series A-1.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
Rental Housing Revenue Bonds
2020 Series A-1, A-2 and B

REFUNDED BOND INFORMATION

Total Bonds Refunded on:	11/30/2020	\$22,860,000
Total Remarketed Bonds:		0
Total Serial Maturities or Sinking Fund Redemption on:	10/1/2020	6,605,000
Total Bonds to be Retired		<u>\$29,465,000</u>

RHRB 2010 Series A (Non-AMT)

Optional Redemption Price (11/30/2020): 100.0%

Maturity		Par Outstanding 9/24/2020	Coupon	10/1/2020 Mat/Spec Red	11/30/2020 Refunding	CUSIP
10/1/2020	(Fixed)	\$5,910,000	4.375%	\$525,000	\$5,385,000	59465MWD3
4/1/2026	(Fixed)	6,900,000	4.875%	0	6,900,000	59465MWE1
4/1/2031	(Fixed)	8,875,000	5.000%	0	8,875,000	59465MWF8
10/1/2040	(Fixed)	3,590,000	5.125%	1,890,000	1,700,000	59465MWG6
		<u>\$25,275,000</u>		<u>\$2,415,000</u>	<u>\$22,860,000</u>	

Serial Bonds Maturities and Sinking Funds

First Principal Payment Date 4/1/2021

Initial	2020 A-1 (Non-AMT)							2020 B (Taxable)		2020 A-2 (Non-AMT)		
	Serial Bonds	Term Bond	Term Bond	Term Bond	Term Bond	Term Bond	Term Bond	Serial Bonds	Term Bond	Initial	Term Bond	
	October 1, 2022	April 1, 2032	April 1, 2036	April 1, 2041	April 1, 2046	April 1, 2051	April 1, 2056	April 1, 2021	April 1, 2032	Final	October 1, 2021	
Final	October 1, 2031	October 1, 2035	October 1, 2040	October 1, 2045	October 1, 2050	October 1, 2055	April 1, 2063	Final	October 1, 2031	October 1, 2035	Final	October 1, 2060
	\$40,765,000	\$5,670,000	\$8,855,000	\$10,915,000	\$13,470,000	\$16,600,000	\$30,540,000	\$13,885,000	\$9,190,000			\$2,050,000
4/1/2021	-	-	-	-	-	-	-	485,000	-	4/1/2021	-	-
10/1/2021	-	-	-	-	-	-	-	495,000	-	10/1/2021	-	\$18,000
4/1/2022	-	-	-	-	-	-	-	505,000	-	4/1/2022	-	18,000
10/1/2022	-	-	-	-	-	-	-	520,000	-	10/1/2022	-	19,000
4/1/2023	325,000	-	-	-	-	-	-	530,000	-	4/1/2023	-	19,000
10/1/2023	450,000	-	-	-	-	-	-	545,000	-	10/1/2023	-	19,000
4/1/2024	465,000	-	-	-	-	-	-	555,000	-	4/1/2024	-	19,000
10/1/2024	31,685,000	-	-	-	-	-	-	570,000	-	10/1/2024	-	19,000
4/1/2025	485,000	-	-	-	-	-	-	580,000	-	4/1/2025	-	19,000
10/1/2025	490,000	-	-	-	-	-	-	600,000	-	10/1/2025	-	19,000
4/1/2026	505,000	-	-	-	-	-	-	615,000	-	4/1/2026	-	20,000
10/1/2026	515,000	-	-	-	-	-	-	630,000	-	10/1/2026	-	20,000
4/1/2027	530,000	-	-	-	-	-	-	650,000	-	4/1/2027	-	20,000
10/1/2027	540,000	-	-	-	-	-	-	665,000	-	10/1/2027	-	20,000
4/1/2028	555,000	-	-	-	-	-	-	680,000	-	4/1/2028	-	20,000
10/1/2028	560,000	-	-	-	-	-	-	695,000	-	10/1/2028	-	20,000
4/1/2029	580,000	-	-	-	-	-	-	710,000	-	4/1/2029	-	21,000
10/1/2029	590,000	-	-	-	-	-	-	735,000	-	10/1/2029	-	21,000
4/1/2030	600,000	-	-	-	-	-	-	750,000	-	4/1/2030	-	21,000
10/1/2030	620,000	-	-	-	-	-	-	770,000	-	10/1/2030	-	21,000
4/1/2031	625,000	-	-	-	-	-	-	790,000	-	4/1/2031	-	21,000
10/1/2031	645,000	-	-	-	-	-	-	810,000	-	10/1/2031	-	22,000
4/1/2032	-	655,000	-	-	-	-	-	-	830,000	4/1/2032	-	22,000
10/1/2032	-	670,000	-	-	-	-	-	-	850,000	10/1/2032	-	22,000
4/1/2033	-	685,000	-	-	-	-	-	-	875,000	4/1/2033	-	22,000
10/1/2033	-	700,000	-	-	-	-	-	-	900,000	10/1/2033	-	22,000
4/1/2034	-	715,000	-	-	-	-	-	-	920,000	4/1/2034	-	23,000
10/1/2034	-	735,000	-	-	-	-	-	-	945,000	10/1/2034	-	23,000
4/1/2035	-	745,000	-	-	-	-	-	-	965,000	4/1/2035	-	23,000
10/1/2035	-	765,000	-	-	-	-	-	-	2,905,000	10/1/2035	-	23,000
4/1/2036	-	-	805,000	-	-	-	-	-	-	4/1/2036	-	23,000
10/1/2036	-	-	815,000	-	-	-	-	-	-	10/1/2036	-	24,000
4/1/2037	-	-	840,000	-	-	-	-	-	-	4/1/2037	-	24,000
10/1/2037	-	-	860,000	-	-	-	-	-	-	10/1/2037	-	24,000
4/1/2038	-	-	875,000	-	-	-	-	-	-	4/1/2038	-	24,000
10/1/2038	-	-	890,000	-	-	-	-	-	-	10/1/2038	-	24,000
4/1/2039	-	-	915,000	-	-	-	-	-	-	4/1/2039	-	24,000
10/1/2039	-	-	930,000	-	-	-	-	-	-	10/1/2039	-	25,000
4/1/2040	-	-	950,000	-	-	-	-	-	-	4/1/2040	-	25,000
10/1/2040	-	-	975,000	-	-	-	-	-	-	10/1/2040	-	25,000
4/1/2041	-	-	-	990,000	-	-	-	-	-	4/1/2041	-	25,000
10/1/2041	-	-	-	1,010,000	-	-	-	-	-	10/1/2041	-	25,000
4/1/2042	-	-	-	1,035,000	-	-	-	-	-	4/1/2042	-	25,000
10/1/2042	-	-	-	1,055,000	-	-	-	-	-	10/1/2042	-	26,000
4/1/2043	-	-	-	1,080,000	-	-	-	-	-	4/1/2043	-	26,000
10/1/2043	-	-	-	1,105,000	-	-	-	-	-	10/1/2043	-	26,000
4/1/2044	-	-	-	1,120,000	-	-	-	-	-	4/1/2044	-	26,000
10/1/2044	-	-	-	1,150,000	-	-	-	-	-	10/1/2044	-	26,000
4/1/2045	-	-	-	1,175,000	-	-	-	-	-	4/1/2045	-	27,000
10/1/2045	-	-	-	1,195,000	-	-	-	-	-	10/1/2045	-	27,000
4/1/2046	-	-	-	-	1,225,000	-	-	-	-	4/1/2046	-	27,000
10/1/2046	-	-	-	-	1,250,000	-	-	-	-	10/1/2046	-	27,000
4/1/2047	-	-	-	-	1,275,000	-	-	-	-	4/1/2047	-	27,000
10/1/2047	-	-	-	-	1,300,000	-	-	-	-	10/1/2047	-	28,000
4/1/2048	-	-	-	-	1,330,000	-	-	-	-	4/1/2048	-	28,000
10/1/2048	-	-	-	-	1,360,000	-	-	-	-	10/1/2048	-	28,000
4/1/2049	-	-	-	-	1,385,000	-	-	-	-	4/1/2049	-	28,000
10/1/2049	-	-	-	-	1,415,000	-	-	-	-	10/1/2049	-	29,000
4/1/2050	-	-	-	-	1,445,000	-	-	-	-	4/1/2050	-	29,000
10/1/2050	-	-	-	-	1,485,000	-	-	-	-	10/1/2050	-	29,000
4/1/2051	-	-	-	-	-	1,505,000	-	-	-	4/1/2051	-	30,000
10/1/2051	-	-	-	-	-	1,540,000	-	-	-	10/1/2051	-	30,000
4/1/2052	-	-	-	-	-	1,575,000	-	-	-	4/1/2052	-	30,000
10/1/2052	-	-	-	-	-	1,600,000	-	-	-	10/1/2052	-	31,000
4/1/2053	-	-	-	-	-	1,645,000	-	-	-	4/1/2053	-	31,000
10/1/2053	-	-	-	-	-	1,675,000	-	-	-	10/1/2053	-	31,000
4/1/2054	-	-	-	-	-	1,710,000	-	-	-	4/1/2054	-	32,000
10/1/2054	-	-	-	-	-	1,750,000	-	-	-	10/1/2054	-	32,000
4/1/2055	-	-	-	-	-	1,780,000	-	-	-	4/1/2055	-	33,000
10/1/2055	-	-	-	-	-	1,820,000	-	-	-	10/1/2055	-	33,000
4/1/2056	-	-	-	-	-	-	1,860,000	-	-	4/1/2056	-	34,000
10/1/2056	-	-	-	-	-	-	1,900,000	-	-	10/1/2056	-	34,000
4/1/2057	-	-	-	-	-	-	1,940,000	-	-	4/1/2057	-	35,000
10/1/2057	-	-	-	-	-	-	1,980,000	-	-	10/1/2057	-	35,000
4/1/2058	-	-	-	-	-	-	2,020,000	-	-	4/1/2058	-	36,000
10/1/2058	-	-	-	-	-	-	2,070,000	-	-	10/1/2058	-	36,000
4/1/2059	-	-	-	-	-	-	2,110,000	-	-	4/1/2059	-	37,000
10/1/2059	-	-	-	-	-	-	2,155,000	-	-	10/1/2059	-	37,000
4/1/2060	-	-	-	-	-	-	2,200,000	-	-	4/1/2060	-	38,000
10/1/2060	-	-	-	-	-	-	2,245,000	-	-	10/1/2060	-	39,000
4/1/2061	-	-	-	-	-	-	2,335,000	-	-	4/1/2061	-	-
10/1/2061	-	-	-	-	-	-	2,370,000	-	-	10/1/2061	-	-
4/1/2062	-	-	-	-	-	-	2,340,000	-	-	4/1/2062	-	-
10/1/2062	-	-	-	-	-	-	2,370,000	-	-	10/1/2062	-	-
4/1/2063	-	-	-	-	-	-	645,000	-	-	4/1/2063	-	-
10/1/2063	-	-	-	-	-	-	-	-	-	10/1/2063	-	-
Total	\$ 40,765,000	\$ 5,670,000	\$ 8,855,000	\$ 10,915,000	\$ 13,470,000	\$ 16,600,000	\$ 30,540,000	Total	\$ 13,885,000	\$ 9,190,000	Total	\$ 2,050,000

Max Semiannual Principal: \$31,685,000 Max Annual Principal: \$32,170,000

Max Semi Prin. \$2,905,000 Max Ann Prin. \$3,870,000

Max Semi Prin. \$39,000

Max Ann Prin. \$77,000

1,300,000

WAL of Refunding Bonds

9.13 Years

22.78 Years

Refunded Bonds Principal Maturity Amounts

Bonds Outstanding as of October 1, 2020

		Refunding Maturity Amounts in 2020 Series B					11/30/2020
		2010 A					in Refunding
1-Oct	2020	-	-	-	-	-	-
1-Apr	2021	\$485,000	-	-	-	-	\$485,000
1-Oct	2021	495,000	-	-	-	-	495,000
1-Apr	2022	505,000	-	-	-	-	505,000
1-Oct	2022	520,000	-	-	-	-	520,000
1-Apr	2023	530,000	-	-	-	-	530,000
1-Oct	2023	545,000	-	-	-	-	545,000
1-Apr	2024	555,000	-	-	-	-	555,000
1-Oct	2024	570,000	-	-	-	-	570,000
1-Apr	2025	580,000	-	-	-	-	580,000
1-Oct	2025	600,000	-	-	-	-	600,000
1-Apr	2026	615,000	-	-	-	-	615,000
1-Oct	2026	630,000	-	-	-	-	630,000
1-Apr	2027	650,000	-	-	-	-	650,000
1-Oct	2027	665,000	-	-	-	-	665,000
1-Apr	2028	680,000	-	-	-	-	680,000
1-Oct	2028	695,000	-	-	-	-	695,000
1-Apr	2029	710,000	-	-	-	-	710,000
1-Oct	2029	735,000	-	-	-	-	735,000
1-Apr	2030	750,000	-	-	-	-	750,000
1-Oct	2030	770,000	-	-	-	-	770,000
1-Apr	2031	790,000	-	-	-	-	790,000
1-Oct	2031	810,000	-	-	-	-	810,000
1-Apr	2032	830,000	-	-	-	-	830,000
1-Oct	2032	850,000	-	-	-	-	850,000
1-Apr	2033	875,000	-	-	-	-	875,000
1-Oct	2033	900,000	-	-	-	-	900,000
1-Apr	2034	920,000	-	-	-	-	920,000
1-Oct	2034	945,000	-	-	-	-	945,000
1-Apr	2035	965,000	-	-	-	-	965,000
1-Oct	2035	990,000	-	-	-	-	990,000
1-Apr	2036	-	-	-	-	-	-
1-Oct	2036	-	-	-	-	-	-
1-Apr	2037	-	-	-	-	-	-
1-Oct	2037	-	-	-	-	-	-
1-Apr	2038	-	-	-	-	-	-
1-Oct	2038	-	-	-	-	-	-
1-Apr	2039	-	-	-	-	-	-
1-Oct	2039	-	-	-	-	-	-
1-Apr	2040	415,000	-	-	-	-	415,000
1-Oct	2040	1,285,000	-	-	-	-	1,285,000
1-Apr	2041	-	-	-	-	-	-
1-Oct	2041	-	-	-	-	-	-
1-Apr	2042	-	-	-	-	-	-
1-Oct	2042	-	-	-	-	-	-
1-Apr	2043	-	-	-	-	-	-
1-Oct	2043	-	-	-	-	-	-
1-Apr	2044	-	-	-	-	-	-
1-Oct	2044	-	-	-	-	-	-
1-Apr	2045	-	-	-	-	-	-
1-Oct	2045	-	-	-	-	-	-
1-Apr	2046	-	-	-	-	-	-
1-Oct	2046	-	-	-	-	-	-
1-Apr	2047	-	-	-	-	-	-
1-Oct	2047	-	-	-	-	-	-
1-Apr	2048	-	-	-	-	-	-
1-Oct	2048	-	-	-	-	-	-
Total		\$22,860,000	\$0	\$0	\$0	\$0	\$22,860,000
		Adjustment for any New Money Taxable Loans:					-
		Adjustment for any Underwriting Fee/COI Bonding:					0.000%
		Total					\$22,860,000
WAL of Refunded Bonds		9.93					2020 B
		Years					Taxable
							Fixed Rate

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
Rental Housing Revenue Bonds
2010 Series A Refunding Component - Estimated Net Present Value Debt Service Savings Analysis

Discount Rate
2.50%

Maturity	2020 Series C Refunding Bonds						2010 A Refunded Bonds				Difference in Total Debt Service	PV Debt Service Savings	
	Bond Principal	Rate	Period WAC	Bond Interest	Bond Balance	Total Bond Debt Service	Bond Maturing Principal	Average Interest Rate	Bond Interest	Balance			Total Debt Service
10/1/2020					\$23,075,000				\$22,860,000				
4/1/2021	\$485,000	1.237%	2.179%	\$251,416	22,590,000	\$736,416	\$485,000	4.824%	\$551,422	22,375,000	\$1,036,422	\$300,006	\$298,148
10/1/2021	495,000	1.287%	2.199%	248,417	22,095,000	743,417	495,000	4.834%	540,813	21,880,000	1,035,813	292,396	288,786
4/1/2022	505,000	1.287%	2.220%	245,231	21,590,000	750,231	505,000	4.844%	529,984	21,375,000	1,034,984	284,753	279,496
10/1/2022	520,000	1.337%	2.242%	241,982	21,070,000	761,982	520,000	4.856%	518,938	20,855,000	1,038,938	276,956	270,160
4/1/2023	530,000	1.359%	2.264%	238,505	20,540,000	768,505	530,000	4.868%	507,563	20,325,000	1,037,563	269,057	260,830
10/1/2023	545,000	1.409%	2.287%	234,904	19,995,000	779,904	545,000	4.880%	495,969	19,780,000	1,040,969	261,065	251,515
4/1/2024	555,000	1.461%	2.311%	231,064	19,440,000	786,064	555,000	4.894%	484,047	19,225,000	1,039,047	252,982	242,219
10/1/2024	570,000	1.511%	2.335%	227,010	18,870,000	797,010	570,000	4.909%	471,906	18,655,000	1,041,906	244,896	233,025
4/1/2025	580,000	1.511%	2.360%	222,704	18,290,000	802,704	580,000	4.926%	459,438	18,075,000	1,039,438	236,734	223,863
10/1/2025	600,000	1.561%	2.387%	218,322	17,690,000	818,322	600,000	4.943%	446,750	17,475,000	1,046,750	228,428	214,671
4/1/2026	615,000	1.757%	2.415%	213,639	17,075,000	828,639	615,000	4.963%	433,625	16,860,000	1,048,625	219,986	205,458
10/1/2026	630,000	1.807%	2.439%	208,236	16,445,000	838,236	630,000	4.966%	418,634	16,230,000	1,048,634	210,398	195,286
4/1/2027	650,000	1.857%	2.463%	202,544	15,795,000	852,544	650,000	4.970%	403,278	15,580,000	1,053,278	200,734	185,163
10/1/2027	665,000	1.907%	2.488%	196,509	15,130,000	861,509	665,000	4.973%	387,434	14,915,000	1,052,434	190,926	175,024
4/1/2028	680,000	2.124%	2.514%	190,168	14,450,000	870,168	680,000	4.978%	371,225	14,235,000	1,051,225	181,057	164,950
10/1/2028	695,000	2.174%	2.532%	182,947	13,755,000	877,947	695,000	4.983%	354,650	13,540,000	1,049,650	171,704	155,460
4/1/2029	710,000	2.224%	2.550%	175,392	13,045,000	885,392	710,000	4.988%	337,709	12,830,000	1,047,709	162,318	146,052
10/1/2029	735,000	2.274%	2.568%	167,497	12,310,000	902,497	735,000	4.995%	320,403	12,095,000	1,055,403	152,906	136,732
4/1/2030	750,000	2.274%	2.586%	159,140	11,560,000	909,140	750,000	5.002%	302,488	11,345,000	1,052,488	143,348	127,391
10/1/2030	770,000	2.324%	2.606%	150,612	10,790,000	920,612	770,000	5.010%	284,206	10,575,000	1,054,206	133,594	117,988
4/1/2031	790,000	2.324%	2.626%	141,665	10,000,000	931,665	790,000	5.020%	265,438	9,785,000	1,055,438	123,773	108,637
10/1/2031	810,000	2.374%	2.650%	132,485	9,190,000	942,485	810,000	5.022%	245,688	8,975,000	1,055,688	113,203	98,744
4/1/2032	830,000	2.674%	2.674%	122,870	8,360,000	952,870	830,000	5.024%	225,438	8,145,000	1,055,438	102,567	88,913
10/1/2032	850,000	2.674%	2.674%	111,773	7,510,000	961,773	850,000	5.026%	204,688	7,295,000	1,054,688	92,914	80,046
4/1/2033	875,000	2.674%	2.674%	100,409	6,635,000	975,409	875,000	5.029%	183,438	6,420,000	1,058,438	83,029	71,087
10/1/2033	900,000	2.674%	2.674%	88,710	5,735,000	988,710	900,000	5.033%	161,563	5,520,000	1,061,563	72,853	61,988
4/1/2034	920,000	2.674%	2.674%	76,677	4,815,000	996,677	920,000	5.038%	139,063	4,600,000	1,059,063	62,386	52,753
10/1/2034	945,000	2.674%	2.674%	64,377	3,870,000	1,009,377	945,000	5.046%	116,063	3,655,000	1,061,063	51,686	43,435
4/1/2035	965,000	2.674%	2.674%	51,742	2,905,000	1,016,742	965,000	5.058%	92,438	2,690,000	1,057,438	40,696	33,988
10/1/2035	2,905,000	2.674%	2.674%	38,840	-	2,943,840	990,000	5.079%	68,313	1,700,000	1,058,313	(1,885,527)	(1,564,975)
4/1/2036	-	0.000%	-	-	-	-	-	5.125%	43,563	1,700,000	43,563	43,563	35,933
10/1/2036	-	0.000%	-	-	-	-	-	5.125%	43,563	1,700,000	43,563	43,563	35,710
4/1/2037	-	0.000%	-	-	-	-	-	5.125%	43,563	1,700,000	43,563	43,563	35,489
10/1/2037	-	0.000%	-	-	-	-	-	5.125%	43,563	1,700,000	43,563	43,563	35,269
4/1/2038	-	0.000%	-	-	-	-	-	5.125%	43,563	1,700,000	43,563	43,563	35,051
10/1/2038	-	0.000%	-	-	-	-	-	5.125%	43,563	1,700,000	43,563	43,563	34,834
4/1/2039	-	0.000%	-	-	-	-	-	5.125%	43,563	1,700,000	43,563	43,563	34,618
10/1/2039	-	0.000%	-	-	-	-	-	5.125%	43,563	1,700,000	43,563	43,563	34,404
4/1/2040	-	0.000%	-	-	-	-	415,000	5.125%	43,563	1,285,000	458,563	458,563	359,911
10/1/2040	-	0.000%	-	-	-	-	1,285,000	5.125%	32,928	-	1,317,928	1,317,928	1,027,995
4/1/2041	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/2041	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2042	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/2042	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2043	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/2043	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2044	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/2044	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2045	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/2045	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2046	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/2046	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2047	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/2047	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2048	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/2048	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$23,075,000			\$5,135,786		\$28,210,786	\$22,860,000		\$10,747,597		\$33,607,597	\$5,396,811	\$4,916,048

Less: 2020 Series B Underwriting Fee/Cost of Issuance 218,856
NPV Debt Service Savings \$5,134,903

NPV D.S. Savings as a Percent of Refunded Bonds 22.5%

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
Rental Housing Revenue Bonds
2020 Series B

TRANSFERRED MORTGAGE INFORMATION

<u>From RHRB 2010 Series AB</u>			Projected Unpaid	Transfer	Interest	Remaining	Original
Loan ID	Project Name	Mortgage as of	Transfer	Rate	Term	Term	Term
		Transfer Date	Date				
1	3197-1 Across The Park - A	\$ 4,172,926	11/30/2020	6.750%	302	420	
2	3197-2 Across The Park - B	-	11/30/2020	6.250%	0	108	
3	3166 Bay Pointe Apartments	4,664,400	11/30/2020	4.950%	267	420	
4	3119 Braidwood Manor	3,543,493	11/30/2020	6.450%	264	420	
5	832-2 Brookwood Apt-B	511,848	11/30/2020	10.000%	83	420	
6	832 Brookwood Apt-A	1,011,381	11/30/2020	10.000%	83	420	
7	3083 Cambridge Woods Apartment	1,774,985	11/30/2020	5.000%	309	420	
8	863 Chene Park Commons	2,428,856	11/30/2020	9.000%	87	360	
9	830 Court Street	99,645	11/30/2020	9.000%	298	360	
10	3129 Gateway Village of Frankfort	695,244	11/30/2020	6.750%	315	420	
11	902-6 Gladeshire - Preservation	606,606	11/30/2020	6.750%	311	420	
12	3382 Grandview Estates	1,125,782	11/30/2020	6.750%	314	420	
13	3364 Grandview Tower A Loan	2,673,272	11/30/2020	6.750%	302	420	
14	574-16 Greentree - Preservation	2,777,287	11/30/2020	6.750%	296	420	
15	3341 Hearthsides Apartments	3,642,346	11/30/2020	6.750%	313	420	
16	3110 Heron Manor	4,250,914	11/30/2020	4.150%	295	420	
17	848-16 Jefferson Meadows Preservation	1,712,022	11/30/2020	7.000%	256	420	
18	507-1 Longfellow Tower-A	3,102,077	11/30/2020	6.750%	293	420	
19	3105 Midtown Village	193,688	11/30/2020	6.750%	331	420	
20	672-1 Phoenix Place - A	2,708,544	11/30/2020	6.750%	297	420	
21	955 Pinehurst	1,524,214	11/30/2020	8.500%	155	420	
22	1406 Roosevelt Hill	194,133	11/30/2020	9.000%	6	360	
23	552-1 Silver Maple Village	3,902,484	11/30/2020	6.750%	293	420	
24	3369-1 Spring Lake Village - A	6,580,282	11/30/2020	6.750%	302	420	
25	3369-2 Spring Lake Village - B	29,964	11/30/2020	6.250%	1	420	
			\$ 53,926,395		6.575%	273	417

<u>To RHRB 2020 Series B</u>			Projected Unpaid	Transfer	Interest	Remaining	Original
Loan ID	Project Name	Mortgage as of	Transfer	Rate	Term	Term	Term
		Transfer Date	Date				
1	3197-1 Across The Park - A	\$ 4,172,926	11/30/2020	6.750%	302	420	
2	3197-2 Across The Park - B	-	11/30/2020	6.250%	0	108	
3	3166 Bay Pointe Apartments	4,664,400	11/30/2020	4.950%	267	420	
4	3119 Braidwood Manor	3,543,493	11/30/2020	6.450%	264	420	
5	832-2 Brookwood Apt-B	511,848	11/30/2020	10.000%	83	420	
6	832 Brookwood Apt-A	1,011,381	11/30/2020	10.000%	83	420	
7	3083 Cambridge Woods Apartment	1,774,985	11/30/2020	5.000%	309	420	
8	863 Chene Park Commons	2,428,856	11/30/2020	9.000%	87	360	
9	830 Court Street	99,645	11/30/2020	9.000%	298	360	
10	3129 Gateway Village of Frankfort	695,244	11/30/2020	6.750%	315	420	
11	902-6 Gladeshire - Preservation	606,606	11/30/2020	6.750%	311	420	
12	3382 Grandview Estates	1,125,782	11/30/2020	6.750%	314	420	
13	3364 Grandview Tower A Loan	2,673,272	11/30/2020	6.750%	302	420	
14	574-16 Greentree - Preservation	2,777,287	11/30/2020	6.750%	296	420	
15	3341 Hearthsides Apartments	3,642,346	11/30/2020	6.750%	313	420	
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17	848-16 Jefferson Meadows Preservation	1,712,022	11/30/2020	7.000%	256	420	
18	507-1 Longfellow Tower-A	3,102,077	11/30/2020	6.750%	293	420	
19	3105 Midtown Village	193,688	11/30/2020	6.750%	331	420	
20	672-1 Phoenix Place - A	2,708,544	11/30/2020	6.750%	297	420	
21	955 Pinehurst	1,524,214	11/30/2020	8.500%	155	420	
22	1406 Roosevelt Hill	194,133	11/30/2020	9.000%	6	360	
23	552-1 Silver Maple Village	3,902,484	11/30/2020	6.750%	293	420	
24	3369-1 Spring Lake Village - A	6,580,282	11/30/2020	6.750%	302	420	
25	3369-2 Spring Lake Village - B	29,964	11/30/2020	6.250%	1	420	
			\$ 53,926,395		6.575%	273	417

Summary of Refunded Bonds
(As of October 1, 2020)

Series	CUSIP #	Original Issue Date	Serial/S.F. or Maturity Date	Coupon	6/30/2020 Outstanding	10/1/2020 S.F./Spec Redmptn	Refunded Principal
2010A	59465MWD3	8/24/2010	10/1/2020	4.375%	\$525,000	\$525,000	\$0
2010A	59465MWD3	8/24/2010	4/1/2021	4.375%	485,000	0	485,000
2010A	59465MWD3	8/24/2010	10/1/2021	4.375%	495,000	0	495,000
2010A	59465MWD3	8/24/2010	4/1/2022	4.375%	505,000	0	505,000
2010A	59465MWD3	8/24/2010	10/1/2022	4.375%	520,000	0	520,000
2010A	59465MWD3	8/24/2010	4/1/2023	4.375%	530,000	0	530,000
2010A	59465MWD3	8/24/2010	10/1/2023	4.375%	545,000	0	545,000
2010A	59465MWD3	8/24/2010	4/1/2024	4.375%	555,000	0	555,000
2010A	59465MWD3	8/24/2010	10/1/2024	4.375%	570,000	0	570,000
2010A	59465MWD3	8/24/2010	4/1/2025	4.375%	580,000	0	580,000
2010A	59465MWD3	8/24/2010	10/1/2025	4.375%	600,000	0	600,000
2010A	59465MWE1	8/24/2010	4/1/2026	4.875%	615,000	0	615,000
2010A	59465MWE1	8/24/2010	10/1/2026	4.875%	630,000	0	630,000
2010A	59465MWE1	8/24/2010	4/1/2027	4.875%	650,000	0	650,000
2010A	59465MWE1	8/24/2010	10/1/2027	4.875%	665,000	0	665,000
2010A	59465MWE1	8/24/2010	4/1/2028	4.875%	680,000	0	680,000
2010A	59465MWE1	8/24/2010	10/1/2028	4.875%	695,000	0	695,000
2010A	59465MWE1	8/24/2010	4/1/2029	4.875%	710,000	0	710,000
2010A	59465MWE1	8/24/2010	10/1/2029	4.875%	735,000	0	735,000
2010A	59465MWE1	8/24/2010	4/1/2030	4.875%	750,000	0	750,000
2010A	59465MWE1	8/24/2010	10/1/2030	4.875%	770,000	0	770,000
2010A	59465MWF8	8/24/2010	4/1/2031	5.00%	790,000	0	790,000
2010A	59465MWF8	8/24/2010	10/1/2031	5.00%	810,000	0	810,000
2010A	59465MWF8	8/24/2010	4/1/2032	5.00%	830,000	0	830,000
2010A	59465MWF8	8/24/2010	10/1/2032	5.00%	850,000	0	850,000
2010A	59465MWF8	8/24/2010	4/1/2033	5.00%	875,000	0	875,000
2010A	59465MWF8	8/24/2010	10/1/2033	5.00%	900,000	0	900,000
2010A	59465MWF8	8/24/2010	4/1/2034	5.00%	920,000	0	920,000
2010A	59465MWF8	8/24/2010	10/1/2034	5.00%	945,000	0	945,000
2010A	59465MWF8	8/24/2010	4/1/2035	5.00%	965,000	0	965,000
2010A	59465MWF8	8/24/2010	10/1/2035	5.00%	990,000	0	990,000
2010A	59465MWG6	8/24/2010	10/1/2039	5.125%	1,055,000	1,055,000	0
2010A	59465MWG6	8/24/2010	4/1/2040	5.125%	1,250,000	835,000	415,000
2010A	59465MWG6	8/24/2010	10/1/2040	5.125%	1,285,000	0	1,285,000
Total:					\$25,275,000	\$2,415,000	\$22,860,000

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF RENTAL HOUSING REVENUE BONDS, 2020 SERIES A
IN AN AMOUNT NOT TO EXCEED \$200,000,000

October 6, 2020

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

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

WHEREAS, the Members of the Authority have determined that it is necessary and desirable that the Authority issue at this time a Series of Bonds to be designated “*Rental Housing Revenue Bonds, 2020 Series A*” to provide moneys to carry out the purposes of the Authority; and

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Chief Financial Officer, the Deputy Director of Finance, if any, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or the Vice Chairperson of the Authority (each, together with any person duly appointed to act in such capacity, hereinafter individually referred to as an “Authorized Representative”) the power to determine certain terms and conditions of the 2020 Series A Bonds (as hereinafter defined), subject to limits established herein and in the General Resolution; and

WHEREAS, pursuant to the Act, the Authority is authorized to pledge loans for multi-family housing developments financed by the Authority from moneys on deposit in the Authority’s Mortgage Resource Fund as additional security for the payment of the 2020 Series A Bonds.

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

ARTICLE I
AUTHORITY AND DEFINITIONS

101. 2020 Series A Resolution. This resolution (hereinafter referred to as the “Resolution” or the “2020 Series A Resolution”) is adopted in accordance with the provisions of Article II of the General Resolution and pursuant to the authority contained in the Act.

102. Definitions. All terms which are defined in Section 103 of Article I of the General Resolution shall have the same meanings in this 2020 Series A Resolution including the

preambles thereto. Any reference to a title or position at the Authority shall include any person duly appointed to act in such capacity. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

“2020 Series A Additional Loans” means, collectively, the mortgage loans financed by the Authority with moneys from its Mortgage Resource Fund, the proceeds of which were used to finance multi-family housing developments as described and set forth in the Purchase Contract, if any.

“2020 Series A Additional Revenues” means (a) all principal and interest payments received by the Authority in connection with the 2020 Series A Additional Loans, including prepayments, (b) any moneys received or recovered from the sale, assignment or other disposition of a mortgage loan constituting part of the 2020 Series A Additional Loans, (c) any moneys received or recovered, less the expenses necessarily incurred by the Authority in connection with the collection of such amount, relating to a mortgage loan constituting part of the 2020 Series A Additional Loans, in respect of (i) the condemnation of premises, (ii) proceedings taken in the event of a default by a mortgagor, (iii) any claim settlement for mortgage insurance, guarantee or hazard insurance in respect of such mortgage loan, and (iv) the sale or disposition of such mortgage loan which is in default, and (d) to the extent not included in (a) through (c) above, moneys on deposit in the 2020 Series A Bond Payment Fund and investment earnings thereon.

“2020 Series A Bonds” means the Bonds authorized by Article II of this Resolution.

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

“Cede & Co.” means Cede & Co., the nominee of DTC, or any successor nominee of DTC with respect to the 2020 Series A Bonds.

“Closing Date” means the date on which the 2020 Series A Bonds are issued and delivered to the Purchasers, or designee(s), in exchange for payment by the Purchasers therefor.

“Direct Purchaser” means the Michigan Strategic Fund.

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

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

“Placed Bonds” means the subseries of 2020 Series A Bonds, if any, sold pursuant to a Placement Contract.

“Placement Contract” means the contract of purchase between the Authority and the Direct Purchaser dated as of September 30, 2020 providing for the sale of a subseries of 2020 Series A Bonds.

“Purchase Contract” means, collectively, the Placement Contract and the Underwriter’s Contract.

“Purchasers” means, collectively, the Direct Purchaser and the Underwriters.

“Securities Depository” means (i) DTC and its successors and assigns, if any, or (ii) any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2020 Series A Bonds and which is selected by the Authority as provided in Section 403(c).

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

“Serial Bonds” means the 2020 Series A Bonds issued as Serial Bonds as authorized under Section 203(b) hereof.

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

“Term Bonds” means the 2020 Series A Bonds issued as Term Bonds, as authorized under Section 203(c) hereof.

“Underwriter” means BofA Securities, Inc. on behalf of itself and such underwriters as may be named in the Underwriter’s Contract.

“Underwriter’s Contract” means the contract of purchase between the Authority and the Underwriter providing for the sale of the 2020 Series A Bonds other than the Placed Bonds.

ARTICLE II
AUTHORIZATION OF 2020 SERIES A BONDS

201. Principal Amount, Designation and Series. A Series of Bonds is hereby authorized to be issued and sold pursuant to the provisions of the General Resolution in an aggregate principal amount of not to exceed \$200,000,000. Such Series of Bonds may be issued in one or more subseries and shall be designated “*Rental Housing Revenue Bonds, 2020 Series A.*”

202. Purpose. The purposes for which the 2020 Series A Bonds are being issued are: (i) financing or purchasing Mortgage Loans; (ii) making a deposit to the Capital Reserve Fund (unless a Cash Equivalent is provided in lieu of such deposit, as provided below, or sufficient moneys are on deposit therein); and (iii) paying all or a portion of the Costs of Issuance of the 2020 Series A Bonds, all as shall be determined by an Authorized Representative and set forth in the Purchase Contract.

203. Interest Rates, Principal Amounts and Maturity Dates.

(a) The 2020 Series A Bonds shall be dated and shall be issued on or before December 31, 2020, as approved by an Authorized Representative. The 2020 Series A Bonds shall be issued as current interest bearing Bonds and not as Capital Appreciation Bonds. The 2020 Series A Bonds shall bear interest from the date thereof to their maturity or prior redemption, such interest to be payable semiannually on April 1 and October 1 of each year, commencing on the first April 1 or October 1 following the Closing Date. Interest with respect to the 2020 Series A Bonds shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

(b) The 2020 Series A Bonds may all be issued in whole or in part as Serial Bonds which shall mature on any April 1 or October 1 in the years and principal amounts and bear interest as approved by an Authorized Representative. The principal amounts of the Serial Bonds, if any, the maturities, the rates of interest, and their designation as Serial Bonds shall be set forth in the Purchase Contract and the approval of such principal amounts, maturities, rates of interest and designation of the Serial Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

(c) The 2020 Series A Bonds may also be issued in whole or in part as Term Bonds which shall mature on any April 1 or October 1 in the years and principal amounts and bear interest as approved by an Authorized Representative. The principal amounts of the Term Bonds, if any, the maturities, rates of interest and their designation as Term Bonds shall be set forth in the Purchase Contract, and the approval of the principal amounts, maturities, rates of interest and designation of the Term Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

(d) In making the determination with respect to interest rates, designation as Serial Bonds or Term Bonds and the maturities of the 2020 Series A Bonds, and with respect to the

purchase prices of the 2020 Series A Bonds and the compensation to be paid to the Underwriter, the Authorized Representative making such determinations shall be limited as follows:

(i) The rate of interest on any 2020 Series A Bond shall not exceed 5.0% per annum.

(ii) The compensation to be paid to the Underwriter in connection with the sale of the 2020 Series A Bonds shall not be more than 1.0% of the original aggregate principal amount of the 2020 Series A Bonds.

(iii) The schedule of maturities and the amount of each maturity for the entire Series and each subseries, if any, of the 2020 Series A Bonds, taking into account the Redemption Requirements, if any, established pursuant to Section 205 hereof, shall be established in a manner that will permit the Authorized Representative to file the Cash Flow Statement required by Section 914 of the General Resolution.

(iv) The final maturity of the 2020 Series A Bonds shall not be later than October 1, 2063.

(v) The maximum amount of scheduled principal payments (adjusted for any previously scheduled Redemption Requirements) and Redemption Requirements due with respect to the 2020 Series A Bonds on any April 1 or October 1 shall not exceed \$50,000,000.

204. Denominations, Numbers and Letters. The 2020 Series A Bonds shall be issued as fully-registered bonds in the denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2020 Series A Bonds; except that if so designated in the applicable Purchase Contract, one or more maturities of the 2020 Series A Bonds designated as Term Bonds may be issued as fully-registered bonds in the denominations of One Thousand Dollars (\$1,000) or any integral multiple thereof, not exceeding the aggregate principal amount for each maturity of such 2020 Series A Bonds. The 2020 Series A Bonds shall be lettered "A," and shall be numbered consecutively from 1 upwards. Any Authorized Representative may further designate one or more subseries of 2020 Series A Bonds as may be necessary or appropriate in connection with the issuance of the 2020 Series A Bonds, which shall be evidenced by the subseries designations, if any, set forth in each Purchase Contract.

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

The Term Bonds to be redeemed pursuant to this Section shall be selected in accordance with the selection provisions established by an Authorized Representative, which shall be

evidenced by the selection provisions set forth in each Purchase Contract executed by the Authority.

206. Special Redemptions. To the extent set forth in each Purchase Contract, the 2020 Series A Bonds shall be redeemable at the option of the Authority, at a Redemption Price equal to the principal amount thereof, plus a premium, if applicable (but such Redemption Price not to exceed (a) 102% of the principal amount of the 2020 Series A Bonds to be so redeemed if such 2020 Series A Bonds to be redeemed were issued at a price equal to or not greater than 100.00%, or (b) the greater of (A) 102% of (B) the original issue price of the 2020 Series A Bonds to be so redeemed if such 2020 Series A Bonds to be redeemed were issued at a price in excess of 100.00%), plus accrued interest to the redemption date, at any time in whole or in part, from Recovery Payments, from Mortgage Prepayments, from unexpended 2020 Series A Bond proceeds not applied to purchase or finance Mortgage Loans, and from moneys available therefor pursuant to Section 603(5) of the General Resolution. The maturities of the 2020 Series A Bonds which are to be redeemable from such sources, and the first eligible redemption date for redemption of each maturity from each such source shall be established by an Authorized Representative, which shall be evidenced by the special redemption provisions set forth in the Purchase Contract executed by the Authority.

The 2020 Series A Bonds to be redeemed pursuant to this Section shall be selected from the Outstanding maturities of 2020 Series A Bonds in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in the Purchase Contract executed by the Authority.

No notice of any special redemption shall be given by the Trustee for 2020 Series A Bonds unless at the time of the giving of such notice there are sufficient funds on deposit with the Trustee to pay the Redemption Price of such 2020 Series A Bonds.

207. Optional Redemption. The 2020 Series A Bonds shall be subject to redemption at the option of the Authority at the times, if any, and at the Redemption Prices (but not to exceed 102% of the principal amount of the 2020 Series A Bonds to be so redeemed) set forth in each Purchase Contract (plus interest accrued thereon to the date of redemption), in any order of maturity from any moneys available therefor, in whole or in part and if in part, in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in each Purchase Contract executed by the Authority.

208. Sale of 2020 Series A Bonds. An Authorized Representative is authorized to negotiate and execute, on behalf of the Authority, the Underwriter's Contract, in substantially the form previously delivered to this Board, with such changes as may be necessary and desirable and not materially adverse to the Authority, for purchase of the 2020 Series A Bonds other than the Placed Bonds at an aggregate purchase price not less than 98% of the principal amount thereof, excluding Underwriter's discount. Approval of the Underwriter's Contract, and the purchase price set forth therein, shall be evidenced by the execution of the Underwriter's Contract by an Authorized Representative of the Authority.

The execution and delivery of the Placement Contract on September 30, 2020 by an Authorized Representative on behalf of the Authority, in substantially the form previously delivered to this Board, with such changes, omissions, insertions and revisions as an Authorized Representative deemed advisable or appropriate, is hereby ratified and confirmed.

ARTICLE III REQUIREMENTS IN FUNDS

301. Deposit of 2020 Series A Bond Proceeds.

(a) The proceeds of the 2020 Series A Bonds shall be deposited into the Bond Proceeds Fund and shall be invested by the Trustee pursuant to written instructions (or oral instructions promptly confirmed in writing) from the Authority only in Permitted Investments.

(b) Promptly after deposit of the proceeds of sale of the 2020 Series A Bonds in the Bond Proceeds Fund, the Trustee shall transfer for deposit in the Capital Reserve Fund an amount from available funds which, when added to the amount then on deposit in or credited thereto, shall constitute an amount at least equal to the Capital Reserve Fund Requirement; provided, however, that the Authority may, in lieu of or in replacement of or in addition to the deposits to the Capital Reserve Fund, obtain and pledge to the Capital Reserve Fund a Letter or Letters of Credit, Security Arrangement and/or Surety Bond, which Letter of Credit shall be exclusively available to be drawn on and which Security Arrangement or Surety Bond shall unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund. Any moneys so replaced by a Letter of Credit, Security Arrangement or Surety Bond shall be withdrawn by the Trustee and paid to the Bond Proceeds Fund. The amount of moneys on deposit in the Capital Reserve Fund, or the amount of a Letter or Letters of Credit pledged to and exclusively available to be drawn on or a Security Arrangement or Arrangements or Surety Bond or Bonds pledged to unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund which, when combined with any moneys on deposit therein, and any other Letters of Credit, Security Arrangements or Surety Bonds pledged thereto and exclusively available to be drawn on or which shall unconditionally and irrevocably guarantee payment for the purposes thereof, shall equal the Capital Reserve Fund Requirement.

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

(2) of this sentence shall be the product of (x) the aggregate amount of the payment pursuant to such clause *second* above, less the amount drawn pursuant to clause (1) of this sentence, and (y) the fraction, the numerator of which is the remaining amount available to be drawn under the Cash Equivalent, and the denominator of which is the aggregate amount of the Cash Equivalents which do not represent Cash Equivalents described in clause (1) of this sentence.

For purposes of calculating the Capital Reserve Fund Requirement for the 2020 Series A Bonds, the Authority shall reduce the amount of principal maturity of the 2020 Series A Bonds maturing on the last maturity date by an amount no greater than the lesser of (i) the moneys or securities in the Capital Reserve Fund as of the date of calculation or (ii) the principal amount to be paid on the last maturity date of the 2020 Series A Bonds.

(c) All moneys representing accrued interest on the 2020 Series A Bonds, if any, shall be deposited to the credit of the General Receipts Fund (to be applied to the payment of interest on the 2020 Series A Bonds on the first April 1 or October 1 following the Closing Date).

(d) The Authority may pay from its Operating Fund all or a portion of the Costs of Issuance of the 2020 Series A Bonds.

ARTICLE IV FORM, EXECUTION AND DELIVERY OF 2020 SERIES A BONDS

401. Form of Bonds of 2020 Series A Bonds. Subject to the provisions of the General Resolution, the 2020 Series A Bonds and the Certificate of Authentication with respect thereto are hereby approved in substantially the form and tenor attached as Exhibit A, with such changes as are necessary or appropriate to reflect the provisions of Article II.

402. Execution and Delivery of 2020 Series A Bonds. (a) The 2020 Series A Bonds shall be (i) executed in the name of the Authority by the manual or facsimile signatures of the Chairperson and either the Executive Director or the Chief Financial Officer of the Authority, or any person duly appointed and acting in either such capacity, and the corporate seal of the Authority (or facsimile thereof) shall be impressed or imprinted thereon and (ii) authenticated by the manual signature of an authorized signer of the Trustee.

(b) The 2020 Series A Bonds shall be caused to be delivered by an Authorized Representative to the Purchasers upon payment of the purchase price plus accrued interest, if any, on the 2020 Series A Bonds from the date thereof to the date of delivery in immediately available federal funds to the Authority at the time or times and place or places of delivery.

(c) Initially, one fully-registered 2020 Series A Bond for each maturity of 2020 Series A Bonds or for each maturity of each subseries of the 2020 Series A Bonds, as applicable (each a "global 2020 Series A Bond"), in the aggregate principal amount of such maturity, shall be issued in the name of Cede & Co., as nominee of DTC.

403. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2020 Series A Bonds shall be in the form of global 2020 Series A Bonds, shall be registered in the name of the Securities Depository or its nominee and ownership thereof shall be maintained in book entry form by the Securities Depository for the account of the Agent Members thereof. Except as provided in subsection (c) of this Section, 2020 Series A Bonds may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository selected by the Authority, or to a nominee of such successor Securities Depository.

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

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the 2020 Series A Bonds;

(ii) the delivery to any Agent Member, beneficial owner of the 2020 Series A Bonds or other Person, other than the Securities Depository, of any notice with respect to the 2020 Series A Bonds;

(iii) the payment to any Agent Member, beneficial owner of the Bonds or other Person, other than the Securities Depository, of any amount with respect to the principal of, premium, if any, or interest on, the 2020 Series A Bonds;

(iv) any consent given by Cede & Co. as Bondholder of the 2020 Series A Bonds or any successor nominee of a Securities Depository as Bondholder of such Bonds; or

(v) the selection by the Securities Depository or any Agent Member of any beneficial owners to receive payment if any 2020 Series A Bonds are redeemed in part.

So long as the certificates for the 2020 Series A Bonds are not issued pursuant to subsection (c) of this Section, the Authority and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such 2020 Series A Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, premium, if any, and interest on such 2020 Series A Bond;

(ii) giving notices of redemption and other matters with respect to such 2020 Series A Bond; and

(iii) registering transfers with respect to such 2020 Series A Bond.

(c) If at any time the Securities Depository notifies the Authority or the Trustee that it is unwilling or unable to continue as Securities Depository with respect to the 2020 Series A

Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the Authority within 90 days after the Authority or the Trustee receives notice or becomes aware of such condition, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2020 Series A Bonds as provided in subsection (d) below. In addition, the Authority may determine at any time that the 2020 Series A Bonds shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) above shall no longer apply to the 2020 Series A Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2020 Series A Bonds as provided in subsection (d) below.

(d) Certificates for the 2020 Series A Bonds issued in exchange for global certificates shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such certificates representing the 2020 Series A Bonds to the Persons in whose names such 2020 Series A Bonds are so registered as soon as practicable.

404. Conflict With Letter of Representations. Notwithstanding any other provision of this 2020 Series A Resolution to the contrary, so long as any 2020 Series A Bond is registered in the name of a nominee of DTC, all payments with respect to the principal or Redemption Price of and interest, if any, on such 2020 Series A Bond, and all notices with respect to such 2020 Series A Bond shall be made and given, respectively, to DTC as provided in the Blanket Issuer Letter of Representations between DTC and the Authority.

ARTICLE V
PLEDGE OF 2020 SERIES A ADDITIONAL LOANS

501. 2020 Series A Bond Payment Fund.

(a) There is hereby created and established a 2020 Series A Bond Payment Fund. All 2020 Series A Additional Revenues, if any, as received by the Authority, shall be deposited in the 2020 Series A Bond Payment Fund. Moneys in the 2020 Series A Bond Payment Fund shall be used solely for the purpose of paying principal and Redemption Price of and interest on the 2020 Series A Bonds when due and for no other purpose. Moneys in the 2020 Series A Bond Payment Fund shall be used to make such payments of the principal and Redemption Price of and interest on the 2020 Series A Bonds before any Pledged Funds are used for such purpose.

(b) Amounts in the 2020 Series A Bond Payment Fund shall be taken into account when preparing a Cash Flow Statement in accordance with Section 914 of the General Resolution.

502. Pledge of 2020 Series A Additional Loans.

(a) The 2020 Series A Additional Loans, including all monies representing the 2020 Series A Additional Revenues, if any, and all mortgages securing the 2020 Series A Additional Loans and promissory notes related to such mortgages are hereby pledged to the Trustee for the benefit of the Holders of the 2020 Series A Bonds as additional security for the payment of the principal and Redemption Price of and interest on the 2020 Series A Bonds. Subject to Section 804 of the General Resolution, the 2020 Series A Additional Loans and the related mortgages and promissory notes shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof, and neither this 2020 Series A Resolution nor any instruments by which such pledge is created need be recorded. For purposes of the General Resolution and this 2020 Series A Resolution, the 2020 Series A Additional Loans are not Mortgage Loans and the 2020 Series A Additional Revenues are not Pledged Funds.

(b) The pledge of the 2020 Series A Additional Loans as provided in subsection (a) above shall be released when the 2020 Series A Bonds are no longer Outstanding. Following the release of the pledge of the 2020 Series A Additional Loans and the related mortgages and promissory notes, the Authority shall be able to use the 2020 Series A Additional Loans and the related mortgages and promissory notes and the 2020 Series A Additional Revenues for any lawful purpose, free and clear of the lien of such pledge.

ARTICLE VI
MISCELLANEOUS

601. Ratification of Actions. The actions of any Authorized Representative heretofore taken pursuant to the provisions of the General Resolution, including, but not limited to: the

publishing of notices and the conducting of a hearing with respect to the issuance of the 2020 Series A Bonds, the making of presentations to security rating agencies, the undertaking of discussions and negotiations with underwriters or groups of underwriters regarding offers to purchase the 2020 Series A Bonds, the use and distribution of the Preliminary Official Statement relating to the 2020 Series A Bonds by the Underwriter, and the execution and delivery of the Placement Contract, be, and they hereby are, ratified and confirmed in all respects.

602. Additional Actions. (a) Any Authorized Representative is hereby authorized and directed to execute such other documents and certifications and to perform such other acts as may be necessary or convenient for the proper sale, execution and delivery of the 2020 Series A Bonds subject to, and as may be required by the Purchase Contract, the General Resolution and this 2020 Series A Resolution.

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

603. Authorization of Procurement of Letter of Credit, Security Arrangement and Surety Bond and Execution of Agreements; Notice to the Trustee. (a) Any Authorized Representative hereby is authorized to obtain a Letter or Letters of Credit, a Security Arrangement or Arrangements and/or a Surety Bond or Bonds for application in lieu of or in replacement of the deposit of moneys to the Capital Reserve Fund as specifically authorized in this 2020 Series A Resolution, and for application as generally authorized with respect to all moneys deposited to the Capital Reserve Fund. In connection with the procurement of the foregoing Letter(s) of Credit and/or Surety Bond(s), the Authorized Representative is authorized to negotiate and execute a reimbursement agreement with a banking institution or an agreement with an insurance company, as appropriate. The annual fees (in addition to any expense reimbursements) paid to the banking institution for the procurement of the Letter(s) of Credit shall not exceed three percent (3.00%) of the amount of the Letter(s) of Credit, and the fee to be paid by the Authority for a Surety Bond shall not exceed three percent (3.00%) of the amount of the Surety Bond. The Authority shall give the Trustee sixty (60) days' written notice prior to the expiration of any Letter of Credit obtained pursuant to this 2020 Series A Resolution.

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

604. Preliminary Official Statement. The Preliminary Official Statement of the Authority with respect to the offering of the 2020 Series A Bonds, dated September 28, 2020, which is in substantially the form previously delivered to the Board, with such changes, omissions, insertions, revisions and supplements as an Authorized Representative deemed advisable or appropriate (the “Preliminary Official Statement”), is hereby ratified and approved and the distribution thereof by the Underwriter is hereby authorized, with such additional changes, omissions, insertions, revisions and supplements as an Authorized Representative shall deem advisable or appropriate.

605. Final Official Statement. The Preliminary Official Statement of the Authority is hereby authorized and approved as the final Official Statement of the Authority, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate, and such final Official Statement is approved for execution on behalf of the Authority and distribution to the Underwriter and to the Direct Purchaser, if the Direct Purchaser purchase the Placed Bonds. Any Authorized Representative is hereby authorized to execute such final Official Statement and deliver it to the Underwriter for distribution on behalf of the Authority and the Direct Purchaser, if the Direct Purchaser purchase the Placed Bonds.

606. Rebate Fund. The Authority shall not be required to make any deposits to the Rebate Fund in connection with the 2020 Series A Bonds. The Authority hereby agrees to comply with Section 148(f) of the Internal Revenue Code of 1986, as amended, and shall pay or cause to be paid to the United States, from available Authority funds, such amounts and at such times as shall be required by Section 148(f) with respect to the 2020 Series A Bonds.

607. Covenant as to Sale of Mortgage Loans. The Authority covenants and agrees that it will not sell any Mortgage Loan and use the proceeds of such sale to redeem 2020 Series A Bonds as provided in Section 206 hereof except for Mortgage Loans (i) that are in default, (ii) that must be sold in order to preserve the exclusion of interest on the 2020 Series A Bonds from gross income for federal income tax purposes, or (iii) that do not comply with the Authority’s program requirements.

608. Covenant as to Purchase of 2020 Series A Bonds. The Authority covenants that it has not required and shall not require a Mortgagor or “related person” as defined in Section 147 of the Internal Revenue Code of 1986, as amended, to purchase 2020 Series A Bonds pursuant to any arrangement, formal or informal, in an amount related to a Mortgage Loan.

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

610. Notice of Redemption.

(a) The Trustee shall cause a notice of any redemption of 2020 Series A Bonds, either in whole or in part, to be sent by registered or certified mail or by overnight delivery, to the Securities Depository at least two (2) business days (a business day being a day when such Securities Depository is open for business) prior to the date of general mailing of any notice of redemption. On the date of such general mailing, the Trustee shall cause notice of redemption to be posted electronically on Electronic Municipal Markets Access or its successor entity.

(b) In addition, a second duplicate notice in writing shall be mailed by certified mail, postage prepaid, return receipt requested, to any registered owner of 2020 Series A Bonds to be redeemed who has not presented and surrendered such 2020 Series A Bonds to the Trustee for redemption within thirty (30) days after the date of redemption.

(c) In addition to the requirements set forth in Section 405 of the General Resolution, a notice of any such redemption shall include the following information with respect to the 2020 Series A Bonds to be so redeemed: the complete title of the 2020 Series A Bonds, the CUSIP numbers of the 2020 Series A Bonds to be redeemed, the date of general mailing of such notice of redemption, the complete name of the Trustee including a telephone number for inquiries, the maturity date and the interest rate (if applicable) of the 2020 Series A Bonds.

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

(e) Failure to receive any such notices by any such registered owner shall not affect the validity of the proceedings for the redemption of the 2020 Series A Bonds.

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

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

613. Continuing Disclosure. The 2020 Series A Bonds are hereby made subject to the Third Master Continuing Disclosure Undertaking Rental Housing Revenue Bonds approved by the Authority on July 1, 2019, and the Authority agrees to abide by the provisions thereof so long as any of the 2020 Series A Bonds are Outstanding.

614. Notice to Rating Agency. The Authority shall give written notice to S&P Global Ratings at 55 Water Street, 38th Floor, New York, New York 10041 and

pubfin_structured@spglobal.com, and, if Moody's Investors Service, Inc. ("Moody's") is then rating the 2020 Series A Bonds, to Moody's at 7 World Trade Center, 23rd Floor, New York, New York 10007, of the occurrence of any of the following events with respect to the 2020 Series A Bonds:

- (a) a change in the Trustee;
- (b) a redemption or defeasance of all the Outstanding 2020 Series A Bonds;
- (c) any amendment or supplement to this 2020 Series A Resolution or the General Resolution (other than a Series Resolution); or
- (d) an acceleration of payment of principal of and interest on the 2020 Series A Bonds.

615. Effective Date. This 2020 Series A Resolution shall take effect immediately. In the event that the 2020 Series A Bonds are not delivered to the Purchasers on or before December 31, 2020, the authority granted in this 2020 Series A Resolution shall lapse.

EXHIBIT A
(Form of 2020 Series A[-_] Bond)

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

No. A- _____ \$ _____

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RENTAL HOUSING REVENUE BOND, 2020 SERIES A[-_]

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
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Registered Owner: _____

Principal Amount: _____

The Michigan State Housing Development Authority (the “Authority”), a public body corporate and politic, organized and existing under and by virtue of the laws of the State of Michigan, acknowledges itself indebted to, and for value received, hereby promises to pay the registered owner specified above, or registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the corporate trust office of U.S. Bank National Association, St. Paul, Minnesota (the “Trustee”), as Trustee under the Resolution of the Authority adopted November 15, 1990, as amended and supplemented authorizing the issuance of Michigan State Housing Development Authority Rental Housing Revenue Bonds (the “General Resolution”) or its successor as Trustee, and to pay to the registered owner by check or draft mailed to the registered owner as shown on the registration books of the Trustee on the fifteenth day of the month preceding the interest payment date at the registered address interest on such Principal Amount from the Date of Original Issue specified above or such later date to which interest has been paid, until paid at the Interest Rate per annum specified above, initially payable on April 1, 2021, and thereafter on the first day of April and October. The principal or Redemption Price (as defined in the General Resolution) of this Bond is payable upon presentation in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

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

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

This Bond is one of a series of Bonds designated “Rental Housing Revenue Bonds, 2020 Series A” (the “2020 Series A[-_] Bonds”), issued in the initial aggregate principal amount of _____ Dollars (\$ _____) under the General Resolution and a Series Resolution adopted on October 6, 2020 (the “Series Resolution”) (the General Resolution and the Series Resolution are collectively herein called the “Resolutions”). The proceeds of the 2020 Series A[-_] Bonds will be utilized by the Authority to purchase or finance Mortgage Loans (as defined in the General Resolution) and to pay all or a portion of the Costs of Issuance of the 2020 Series A[-_] Bonds. The Bonds will be secured by a pledge of the Pledged Funds (as defined in the General Resolution) which include the mortgage repayments required to be paid on the Mortgage Loans financed or purchased with the proceeds of the Bonds. Copies of the Resolutions are on file in the office of the Authority and at the principal corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act are made for a description of the pledges and covenants securing the 2020 Series A[-_] Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2020 Series A[-_] Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee in Lansing, Michigan by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered 2020 Series A[-_] Bond or Bonds, in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon the payment of the charges, if any, therein prescribed.

The 2020 Series A[-_] Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of [Five Thousand Dollars (\$5,000) or any integral multiple thereof] [One Thousand Dollars (\$1,000) or any multiple thereof], not exceeding the aggregate principal amount for each maturity of such 2020 Series A[-_] Bonds.

The 2020 Series A[-_] Bonds are subject to redemption prior to maturity as provided in the Series Resolution.

In the event the Authority shall exercise its option to redeem any or all of the 2020 Series A[-_] Bonds, notice of such redemption shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any 2020 Series A[-_] Bonds or portions of 2020 Series A[-_] Bonds to be redeemed. Such mailing shall be a condition precedent to such redemption, but failure to receive such notice by the owner shall not affect the validity of the proceedings for the redemption of 2020 Series A[-_] Bonds. Notice of redemption having been given as aforesaid, the 2020 Series A[-_] Bonds or portions thereof so called for redemption shall become due and payable as herein provided, and from and after the date fixed for redemption, interest on the 2020 Series A[-_] Bonds or portions thereof so called for redemption shall cease to accrue and become payable provided the Authority has deposited moneys for such redemption as required by the General Resolution.

This Bond shall not be valid or become obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Michigan and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law, and that the issue of the 2020 Series A[-_] Bonds, together with all other indebtedness of the Authority is within every debt and other limits prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this Bond to be executed in its name by the facsimile signature of its Chairperson and its corporate seal (or a facsimile thereof) to be impressed hereon and attested by the facsimile signature of its Chief Financial Officer, all as of the Date of Original Issue set forth above.

ATTEST:

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

By: _____
(Facsimile)
Its: Chief Financial Officer

By: _____
(Facsimile)
Its: Chairperson

(Seal)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the 2020 Series A[-_] Bonds described in the within-mentioned Series Resolution.

U.S. Bank National Association,
Trustee

By: _____
Authorized Signer

[End of 2020 Series A[-_] Bond Form]

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF RENTAL HOUSING REVENUE BONDS, 2020 SERIES B
IN AN AMOUNT NOT TO EXCEED \$25,000,000

October 6, 2020

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

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

WHEREAS, the Members of the Authority have determined that it is necessary and desirable that the Authority issue at this time a Series of Bonds to be designated “*Rental Housing Revenue Bonds, 2020 Series B*” to provide moneys to carry out the purposes of the Authority; and

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Chief Financial Officer, the Deputy Director of Finance, if any, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or the Vice Chairperson of the Authority (each, together with any person duly appointed to act in such capacity, hereinafter individually referred to as an “Authorized Representative”) the power to determine certain terms and conditions of the 2020 Series B Bonds (as hereinafter defined), subject to limits established herein and in the General Resolution; and

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

ARTICLE I
AUTHORITY AND DEFINITIONS

101. 2020 Series B Resolution. This resolution (hereinafter referred to as the “Resolution” or the “2020 Series B Resolution”) is adopted in accordance with the provisions of Article II of the General Resolution and pursuant to the authority contained in the Act.

102. Definitions. All terms which are defined in Section 103 of Article I of the General Resolution shall have the same meanings in this 2020 Series B Resolution including the preambles thereto. Any reference to a title or position at the Authority shall include any person duly appointed to act in such capacity. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

“2020 Series B Bonds” means the Bonds authorized by Article II of this Resolution.

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

“Cede & Co.” means Cede & Co., the nominee of DTC, or any successor nominee of DTC with respect to the 2020 Series B Bonds.

“Closing Date” means the date on which the 2020 Series B Bonds are issued and delivered to the Underwriter, or designee(s), in exchange for payment by the Underwriter therefor.

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

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

“Prior Bonds” means the Authority’s Rental Housing Revenue Bonds, 2010 Series A.

“Purchase Contract” means the contract of purchase between the Authority and the Underwriter providing for the sale of the 2020 Series B Bonds.

“Securities Depository” means (i) DTC and its successors and assigns, if any, or (ii) any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2020 Series B Bonds and which is selected by the Authority as provided in Section 403(c).

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

“Serial Bonds” means the 2020 Series B Bonds issued as Serial Bonds as authorized under Section 203(b) hereof.

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

“Term Bonds” means the 2020 Series B Bonds issued as Term Bonds, as authorized under Section 203(c) hereof.

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

ARTICLE II
AUTHORIZATION OF 2020 Series B BONDS

201. Principal Amount, Designation and Series. A Series of Bonds is hereby authorized to be issued and sold pursuant to the provisions of the General Resolution in an aggregate principal amount of not to exceed \$25,000,000. Such Series of Bonds may be issued in one or more subseries and shall be designated “*Rental Housing Revenue Bonds, 2020 Series B (Federally Taxable).*”

202. Purpose. The purposes for which the 2020 Series B Bonds are being issued are: (i) redeeming all or a portion of the Prior Bonds; (ii) making a deposit to the Capital Reserve Fund (unless a Cash Equivalent is provided in lieu of such deposit, as provided below, or sufficient moneys are on deposit therein); and (iii) paying all or a portion of the Costs of Issuance of the 2020 Series B Bonds, all as shall be determined by an Authorized Representative and set forth in the Purchase Contract.

203. Interest Rates, Principal Amounts and Maturity Dates.

(a) The 2020 Series B Bonds shall be dated and shall be issued on or before December 31, 2020, as approved by an Authorized Representative. The 2020 Series B Bonds shall be issued as current interest bearing Bonds and not as Capital Appreciation Bonds. The 2020 Series B Bonds shall bear interest from the date thereof to their maturity or prior redemption, such interest to be payable semiannually on April 1 and October 1 of each year, commencing on the first April 1 or October 1 following the Closing Date. Interest with respect to the 2020 Series B Bonds shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

(b) The 2020 Series B Bonds may all be issued in whole or in part as Serial Bonds which shall mature on any April 1 or October 1 in the years and principal amounts and bear interest as approved by an Authorized Representative. The principal amounts of the Serial Bonds, if any, the maturities, the rates of interest, and their designation as Serial Bonds shall be set forth in the Purchase Contract and the approval of such principal amounts, maturities, rates of interest and designation of the Serial Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

(c) The 2020 Series B Bonds may also be issued in whole or in part as Term Bonds which shall mature on any April 1 or October 1 in the years and principal amounts and bear interest as approved by an Authorized Representative. The principal amounts of the Term Bonds, if any, the maturities, rates of interest and their designation as Term Bonds shall be set forth in the Purchase Contract, and the approval of the principal amounts, maturities, rates of interest and designation of the Term Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

(d) In making the determination with respect to interest rates, designation as Serial Bonds or Term Bonds and the maturities of the 2020 Series B Bonds, and with respect to the purchase prices of the 2020 Series B Bonds and the compensation to be paid to the Underwriter, the Authorized Representative making such determinations shall be limited as follows:

(i) The rate of interest on any 2020 Series B Bond shall not exceed 5.0% per annum.

(ii) The compensation to be paid to the Underwriter in connection with the sale of the 2020 Series B Bonds shall not be more than 1.0% of the original aggregate principal amount of the 2020 Series B Bonds.

(iii) The schedule of maturities and the amount of each maturity for the entire Series and each subseries, if any, of the 2020 Series B Bonds, taking into account the Redemption Requirements, if any, established pursuant to Section 205 hereof, shall be established in a manner that will permit the Authorized Representative to file the Cash Flow Statement required by Section 914 of the General Resolution.

(iv) The final maturity of the 2020 Series B Bonds shall not be later than October 1, 2040.

(v) The maximum amount of scheduled principal payments (adjusted for any previously scheduled Redemption Requirements) and Redemption Requirements due with respect to the 2020 Series B Bonds on any April 1 or October 1 shall not exceed \$25,000,000.

204. Denominations, Numbers and Letters. The 2020 Series B Bonds shall be issued as fully-registered bonds in the denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2020 Series B Bonds. The 2020 Series B Bonds shall be lettered "A," and shall be numbered consecutively from 1 upwards.

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

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

206. Special Redemptions. To the extent set forth in each Purchase Contract, the 2020 Series B Bonds shall be redeemable at the option of the Authority, at a Redemption Price equal to the principal amount thereof, plus a premium, if applicable (but such Redemption Price not to exceed 102% of the principal amount of the 2020 Series B Bonds to be so redeemed), plus accrued interest to the redemption date, at any time in whole or in part, from Recovery Payments, from Mortgage Prepayments, from unexpended 2020 Series B Bond proceeds not applied to purchase or finance Mortgage Loans, and from moneys available therefor pursuant to Section 603(5) of the General Resolution. The maturities of the 2020 Series B Bonds which are to be redeemable from such sources, and the first eligible redemption date for redemption of each maturity from each such source shall be established by an Authorized Representative, which shall be evidenced by the special redemption provisions set forth in the Purchase Contract executed by the Authority.

The 2020 Series B Bonds to be redeemed pursuant to this Section shall be selected from the Outstanding maturities of 2020 Series B Bonds in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in the Purchase Contract executed by the Authority.

No notice of any special redemption shall be given by the Trustee for 2020 Series B Bonds unless at the time of the giving of such notice there are sufficient funds on deposit with the Trustee to pay the Redemption Price of such 2020 Series B Bonds.

207. Optional Redemption. The 2020 Series B Bonds shall be subject to redemption at the option of the Authority at the times, if any, and at the Redemption Prices (but not to exceed 102% of the principal amount of the 2020 Series B Bonds to be so redeemed) set forth in each Purchase Contract (plus interest accrued thereon to the date of redemption), in any order of maturity from any moneys available therefor, in whole or in part and if in part, in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in each Purchase Contract executed by the Authority.

208. Sale of 2020 Series B Bonds. An Authorized Representative is authorized to negotiate and execute, on behalf of the Authority, the Purchase Contract, in substantially the form previously delivered to this Board, with such changes as may be necessary and desirable and not materially adverse to the Authority, for purchase of the 2020 Series B Bonds at an aggregate purchase price not less than 98% of the principal amount thereof, excluding Underwriter's discount. Approval of the Purchase Contract, and the purchase price set forth therein, shall be evidenced by the execution of the Purchase Contract by an Authorized Representative of the Authority.

ARTICLE III
REQUIREMENTS IN FUNDS

301. Deposit of 2020 Series B Bond Proceeds.

(a) The proceeds of the 2020 Series B Bonds shall be deposited into the Bond Proceeds Fund and shall be invested by the Trustee pursuant to written instructions (or oral instructions promptly confirmed in writing) from the Authority only in Permitted Investments.

(b) Promptly after deposit of the proceeds of sale of the 2020 Series B Bonds in the Bond Proceeds Fund, the Trustee shall transfer for deposit in the Capital Reserve Fund an amount from available funds which, when added to the amount then on deposit in or credited thereto, shall constitute an amount at least equal to the Capital Reserve Fund Requirement; provided, however, that the Authority may, in lieu of or in replacement of or in addition to the deposits to the Capital Reserve Fund, obtain and pledge to the Capital Reserve Fund a Letter or Letters of Credit, Security Arrangement and/or Surety Bond, which Letter of Credit shall be exclusively available to be drawn on and which Security Arrangement or Surety Bond shall unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund. Any moneys so replaced by a Letter of Credit, Security Arrangement or Surety Bond shall be withdrawn by the Trustee and paid to the Bond Proceeds Fund. The amount of moneys on deposit in the Capital Reserve Fund, or the amount of a Letter or Letters of Credit pledged to and exclusively available to be drawn on or a Security Arrangement or Arrangements or Surety Bond or Bonds pledged to unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund which, when combined with any moneys on deposit therein, and any other Letters of Credit, Security Arrangements or Surety Bonds pledged thereto and exclusively available to be drawn on or which shall unconditionally and irrevocably guarantee payment for the purposes thereof, shall equal the Capital Reserve Fund Requirement.

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

For purposes of calculating the Capital Reserve Fund Requirement for the 2020 Series B Bonds, the Authority shall reduce the amount of principal maturity of the 2020 Series B Bonds maturing on the last maturity date by an amount no greater than the lesser of (i) the moneys or securities in the Capital Reserve Fund as of the date of calculation or (ii) the principal amount to be paid on the last maturity date of the 2020 Series B Bonds.

(c) All moneys representing accrued interest on the 2020 Series B Bonds, if any, shall be deposited to the credit of the General Receipts Fund (to be applied to the payment of interest on the 2020 Series B Bonds on the first April 1 or October 1 following the Closing Date).

(d) The Authority may pay from its Operating Fund all or a portion of the Costs of Issuance of the 2020 Series B Bonds.

ARTICLE IV
FORM, EXECUTION AND DELIVERY OF
2020 Series B BONDS

401. Form of Bonds of 2020 Series B Bonds. Subject to the provisions of the General Resolution, the 2020 Series B Bonds and the Certificate of Authentication with respect thereto are hereby approved in substantially the form and tenor attached as Exhibit A, with such changes as are necessary or appropriate to reflect the provisions of Article II.

402. Execution and Delivery of 2020 Series B Bonds. (a) The 2020 Series B Bonds shall be (i) executed in the name of the Authority by the manual or facsimile signatures of the Chairperson and either the Executive Director or the Chief Financial Officer of the Authority, or any person duly appointed and acting in either such capacity, and the corporate seal of the Authority (or facsimile thereof) shall be impressed or imprinted thereon and (ii) authenticated by the manual signature of an authorized signer of the Trustee.

(b) The 2020 Series B Bonds shall be caused to be delivered by an Authorized Representative to the Underwriter upon payment of the purchase price plus accrued interest, if any, on the 2020 Series B Bonds from the date thereof to the date of delivery in immediately available federal funds to the Authority at the time or times and place or places of delivery.

(c) Initially, one fully-registered 2020 Series B Bond for each maturity of 2020 Series B Bonds or for each maturity of each subseries of the 2020 Series B Bonds, as applicable (each a “global 2020 Series B Bond”), in the aggregate principal amount of such maturity, shall be issued in the name of Cede & Co., as nominee of DTC.

403. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2020 Series B Bonds shall be in the form of global 2020 Series B Bonds, shall be registered in the name of the Securities Depository or its nominee and ownership thereof shall be maintained in book entry form by the Securities Depository for the account of the Agent Members thereof. Except as provided in subsection (c) of this Section, 2020 Series B Bonds may be transferred, in whole but not in part,

only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository selected by the Authority, or to a nominee of such successor Securities Depository.

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

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the 2020 Series B Bonds;

(ii) the delivery to any Agent Member, beneficial owner of the 2020 Series B Bonds or other Person, other than the Securities Depository, of any notice with respect to the 2020 Series B Bonds;

(iii) the payment to any Agent Member, beneficial owner of the Bonds or other Person, other than the Securities Depository, of any amount with respect to the principal of, premium, if any, or interest on, the 2020 Series B Bonds;

(iv) any consent given by Cede & Co. as Bondholder of the 2020 Series B Bonds or any successor nominee of a Securities Depository as Bondholder of such Bonds; or

(v) the selection by the Securities Depository or any Agent Member of any beneficial owners to receive payment if any 2020 Series B Bonds are redeemed in part.

So long as the certificates for the 2020 Series B Bonds are not issued pursuant to subsection (c) of this Section, the Authority and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such 2020 Series B Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, premium, if any, and interest on such 2020 Series B Bond;

(ii) giving notices of redemption and other matters with respect to such 2020 Series B Bond; and

(iii) registering transfers with respect to such 2020 Series B Bond.

(c) If at any time the Securities Depository notifies the Authority or the Trustee that it is unwilling or unable to continue as Securities Depository with respect to the 2020 Series B Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the Authority within 90 days after the Authority or the Trustee receives notice or becomes aware of such condition, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2020 Series B Bonds as provided in subsection (d) below. In addition, the Authority may

determine at any time that the 2020 Series B Bonds shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) above shall no longer apply to the 2020 Series B Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2020 Series B Bonds as provided in subsection (d) below.

(d) Certificates for the 2020 Series B Bonds issued in exchange for global certificates shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such certificates representing the 2020 Series B Bonds to the Persons in whose names such 2020 Series B Bonds are so registered as soon as practicable.

404. Conflict With Letter of Representations. Notwithstanding any other provision of this 2020 Series B Resolution to the contrary, so long as any 2020 Series B Bond is registered in the name of a nominee of DTC, all payments with respect to the principal or Redemption Price of and interest, if any, on such 2020 Series B Bond, and all notices with respect to such 2020 Series B Bond shall be made and given, respectively, to DTC as provided in the Blanket Issuer Letter of Representations between DTC and the Authority.

ARTICLE V MISCELLANEOUS

501. Ratification of Actions. The actions of any Authorized Representative heretofore taken pursuant to the provisions of the General Resolution, including, but not limited to: the publishing of notices and the conducting of a hearing with respect to the issuance of the 2020 Series B Bonds, the making of presentations to security rating agencies, the undertaking of discussions and negotiations with underwriters or groups of underwriters regarding offers to purchase the 2020 Series B Bonds, and the use and distribution of the Preliminary Official Statement relating to the 2020 Series B Bonds by the Underwriter, be, and they hereby are, ratified and confirmed in all respects.

502. Additional Actions. (a) Any Authorized Representative is hereby authorized and directed to execute such other documents and certifications and to perform such other acts as may be necessary or convenient for the proper sale, execution and delivery of the 2020 Series B Bonds subject to, and as may be required by the Purchase Contract, the General Resolution and this 2020 Series B Resolution.

(b) The Chief Financial Officer or Deputy Director of Finance, if any, is hereby authorized to pay from the Operating Fund all amounts necessary to comply with Section 506 hereof.

503. Authorization of Procurement of Letter of Credit, Security Arrangement and Surety Bond and Execution of Agreements; Notice to the Trustee. (a) Any Authorized Representative hereby is authorized to obtain a Letter or Letters of Credit, a Security Arrangement or Arrangements and/or a Surety Bond or Bonds for application in lieu of or in

replacement of the deposit of moneys to the Capital Reserve Fund as specifically authorized in this 2020 Series B Resolution, and for application as generally authorized with respect to all moneys deposited to the Capital Reserve Fund. In connection with the procurement of the foregoing Letter(s) of Credit and/or Surety Bond(s), the Authorized Representative is authorized to negotiate and execute a reimbursement agreement with a banking institution or an agreement with an insurance company, as appropriate. The annual fees (in addition to any expense reimbursements) paid to the banking institution for the procurement of the Letter(s) of Credit shall not exceed three percent (3.00%) of the amount of the Letter(s) of Credit, and the fee to be paid by the Authority for a Surety Bond shall not exceed three percent (3.00%) of the amount of the Surety Bond. The Authority shall give the Trustee sixty (60) days' written notice prior to the expiration of any Letter of Credit obtained pursuant to this 2020 Series B Resolution.

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

504. Preliminary Official Statement. The Preliminary Official Statement of the Authority with respect to the offering of the 2020 Series B Bonds, dated September 28, 2020, which is in substantially the form previously delivered to the Board, with such changes, omissions, insertions, revisions and supplements as an Authorized Representative deemed advisable or appropriate (the "Preliminary Official Statement"), is hereby ratified and approved and the distribution thereof by the Underwriter is hereby authorized, with such additional changes, omissions, insertions, revisions and supplements as an Authorized Representative shall deem advisable or appropriate.

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

506. [Reserved].

507. Covenant as to Sale of Mortgage Loans. The Authority covenants and agrees that it will not sell any Mortgage Loan and use the proceeds of such sale to redeem 2020 Series B Bonds as provided in Section 206 hereof except for Mortgage Loans (i) that are in default, or (ii) that do not comply with the Authority's program requirements.

508. Covenant as to Purchase of 2020 Series B Bonds. The Authority covenants that it has not required and shall not require a Mortgagor or "related person" as defined in Section 147

of the Internal Revenue Code of 1986, as amended, to purchase 2020 Series B Bonds pursuant to any arrangement, formal or informal, in an amount related to a Mortgage Loan.

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

510. Notice of Redemption.

(a) The Trustee shall cause a notice of any redemption of 2020 Series B Bonds, either in whole or in part, to be sent by registered or certified mail or by overnight delivery, to the Securities Depository at least two (2) business days (a business day being a day when such Securities Depository is open for business) prior to the date of general mailing of any notice of redemption. On the date of such general mailing, the Trustee shall cause notice of redemption to be posted electronically on Electronic Municipal Markets Access or its successor entity.

(b) In addition, a second duplicate notice in writing shall be mailed by certified mail, postage prepaid, return receipt requested, to any registered owner of 2020 Series B Bonds to be redeemed who has not presented and surrendered such 2020 Series B Bonds to the Trustee for redemption within thirty (30) days after the date of redemption.

(c) In addition to the requirements set forth in Section 405 of the General Resolution, a notice of any such redemption shall include the following information with respect to the 2020 Series B Bonds to be so redeemed: the complete title of the 2020 Series B Bonds, the CUSIP numbers of the 2020 Series B Bonds to be redeemed, the date of general mailing of such notice of redemption, the complete name of the Trustee including a telephone number for inquiries, the maturity date and the interest rate (if applicable) of the 2020 Series B Bonds.

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

(e) Failure to receive any such notices by any such registered owner shall not affect the validity of the proceedings for the redemption of the 2020 Series B Bonds.

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

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

513. Continuing Disclosure. The 2020 Series B Bonds are hereby made subject to the Third Master Continuing Disclosure Undertaking Rental Housing Revenue Bonds approved by the Authority on July 1, 2019, and the Authority agrees to abide by the provisions thereof so long as any of the 2020 Series B Bonds are Outstanding.

514. Notice to Rating Agency. The Authority shall give written notice to S&P Global Ratings at 55 Water Street, 38th Floor, New York, New York 10041 and pubfin_structured@spglobal.com, and, if Moody's Investors Service, Inc. ("Moody's") is then rating the 2020 Series B Bonds, to Moody's at 7 World Trade Center, 23rd Floor, New York, New York 10007, of the occurrence of any of the following events with respect to the 2020 Series B Bonds:

- (a) a change in the Trustee;
- (b) a redemption or defeasance of all the Outstanding 2020 Series B Bonds;
- (c) any amendment or supplement to this 2020 Series B Resolution or the General Resolution (other than a Series Resolution); or
- (d) an acceleration of payment of principal of and interest on the 2020 Series B Bonds.

515. Effective Date. This 2020 Series B Resolution shall take effect immediately. In the event that the 2020 Series B Bonds are not delivered to the Underwriter on or before December 31, 2020, the authority granted in this 2020 Series B Resolution shall lapse.

EXHIBIT A
(Form of 2020 Series B Bond)

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

No. A- _____ \$ _____

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RENTAL HOUSING REVENUE BOND, 2020 SERIES B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
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Registered Owner: _____

Principal Amount: _____

The Michigan State Housing Development Authority (the “Authority”), a public body corporate and politic, organized and existing under and by virtue of the laws of the State of Michigan, acknowledges itself indebted to, and for value received, hereby promises to pay the registered owner specified above, or registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the corporate trust office of U.S. Bank National Association, St. Paul, Minnesota (the “Trustee”), as Trustee under the Resolution of the Authority adopted November 15, 1990, as amended and supplemented authorizing the issuance of Michigan State Housing Development Authority Rental Housing Revenue Bonds (the “General Resolution”) or its successor as Trustee, and to pay to the registered owner by check or draft mailed to the registered owner as shown on the registration books of the Trustee on the fifteenth day of the month preceding the interest payment date at the registered address interest on such Principal Amount from the Date of Original Issue specified above or such later date to which interest has been paid, until paid at the Interest Rate per annum specified above, initially payable on April 1, 2021, and thereafter on the first day of April and October. The principal or Redemption Price (as defined in the General Resolution) of this Bond is payable upon presentation in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

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

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

This Bond is one of a series of Bonds designated “Rental Housing Revenue Bonds, 2020 Series B” (the “2020 Series B Bonds”), issued in the initial aggregate principal amount of _____ Dollars (\$ _____) under the General Resolution and a Series Resolution adopted on October 6, 2020 (the “Series Resolution”) (the General Resolution and the Series Resolution are collectively herein called the “Resolutions”). The proceeds of the 2020 Series B Bonds will be utilized by the Authority to redeem certain outstanding bonds of the Authority and to pay all or a portion of the Costs of Issuance of the 2020 Series B Bonds. The Bonds will be secured by a pledge of the Pledged Funds (as defined in the General Resolution). Copies of the Resolutions are on file in the office of the Authority and at the principal corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act are made for a description of the pledges and covenants securing the 2020 Series B Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2020 Series B Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee in Lansing, Michigan by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered 2020 Series B Bond or Bonds, in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon the payment of the charges, if any, therein prescribed.

The 2020 Series B Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof, not exceeding the aggregate principal amount for each maturity of such 2020 Series B Bonds.

The 2020 Series B Bonds are subject to redemption prior to maturity as provided in the Series Resolution.

In the event the Authority shall exercise its option to redeem any or all of the 2020 Series B Bonds, notice of such redemption shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any 2020 Series B Bonds or portions of 2020 Series B Bonds to be redeemed. Such mailing shall be a condition precedent to such redemption, but failure to receive such notice by the owner shall not affect the validity of the proceedings for the redemption of 2020 Series B Bonds. Notice of redemption having been given as aforesaid, the 2020 Series B Bonds or portions thereof so called for redemption shall become due and payable as herein provided, and from and after the date fixed for redemption, interest on the 2020 Series B Bonds or portions thereof so called for redemption shall cease to accrue and become payable provided the Authority has deposited moneys for such redemption as required by the General Resolution.

This Bond shall not be valid or become obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Michigan and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law, and that the issue of the 2020 Series B Bonds, together with all other indebtedness of the Authority is within every debt and other limits prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this Bond to be executed in its name by the facsimile signature of its Chairperson and its corporate seal (or a facsimile thereof) to be impressed hereon and attested by the facsimile signature of its Chief Financial Officer, all as of the Date of Original Issue set forth above.

ATTEST:

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

By: _____
(Facsimile)
Its: Chief Financial Officer

By: _____
(Facsimile)
Its: Chairperson

(Seal)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

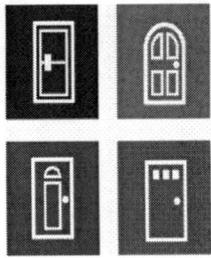
Date of Authentication:

This Bond is one of the 2020 Series B Bonds described in the within-mentioned Series Resolution.

U.S. Bank National Association,
Trustee

By: _____
Authorized Signer

[End of 2020 Series B Bond Form]



MSHDA

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: October 6, 2020
RE: Pine Ridge Apartments, Development No. 3924

RECOMMENDATION:

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

PROJECT SUMMARY:

MSHDA No:	3924
Development Name:	Pine Ridge Apartments
Development Location:	City of Marquette, Marquette County, Michigan
Sponsor:	Marquette Housing Commission
Mortgagor:	Pine Ridge Marquette Limited Dividend Housing Association Limited Partnership
Number of Units:	140 affordable family units
Total Development Cost:	\$18,833,844
TE Bond Construction Loan:	\$9,793,599
TE Bond Permanent Loan:	\$5,473,734
MSHDA Gap Funds:	\$346,000 HOME Funds; \$346,000 Mortgage Resource Funds
Sponsor Loans:	\$6,326,686
Deferred Developer Fee:	\$555,000

EXECUTIVE SUMMARY:

Pine Ridge Apartments consists of 140 family units in the City of Marquette in Michigan's Upper Peninsula (the "Development"). The property is owned by the Marquette Housing Commission. The Development operates under the Department of Housing and Urban Development's ("HUD") public housing program and currently receives subsidy through annual capital and operating funds. The Development will participate in the HUD Residential Assistance Demonstration ("RAD") program, which will allow for a new Housing Assistance Payment ("HAP") contract with a 20-year term for project-based Section 8.

In 2019, the Marquette Housing Commission partnered with Chesapeake Community Advisors as a development consultant for the proposed renovations. The existing apartments include a mix of 1, 2, and 3-bedroom units. In order to extend the useful life of the Development so it can continue to provide quality affordable housing, capital improvements are necessary. The renovation plan anticipates new kitchens, baths, unit fixtures, appliances, windows, mechanical systems, and site improvements. The new equipment and improvements will have a focus on energy efficiency.

The Sponsor does not have previous Authority experience; however, they have partnered with Chesapeake Community Advisors, which has a successful track record with Authority-financed developments. I am recommending Board approval for the following reasons:

- The Development's affordability will be extended for up to 50 years for all units.
- All units will be refurbished to meet the physical needs of the Development.
- Financing the Development results in a new earning asset for the Authority.
- As an existing family development with an excellent occupancy and operational history, this proposal should be low risk to the Authority.

ADVANCING THE MISSION AND COMMUNITY IMPACT/SUPPORT:

- Advancing the Authority's Mission—preserving this development will serve the people of Michigan by maintaining quality housing and retaining affordable residential apartments in Marquette County for up to 50 years.
- Pine Ridge Apartments will complete a RAD conversion, which will create 100% Section 8 units for all tenants.
- The development needs an extensive rehabilitation to continue providing safe, efficient units for all residents.
- Residential Impact—no displacement to existing residents will occur as a result of this preservation; renovation will be conducted in a manner to minimize disruption to current residents.
- Community support is evidenced by the City of Marquette granting a 4% PILOT.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Sponsor is working with HUD to approve the RAD conversion. HUD has issued an initial Commitment to enter into a Housing Assistance Payment ("CHAP"). The expectation is that the RAD conversion will be completed, and the CHAP will be approved, simultaneously with the Authority closing.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

October 6, 2020

RECOMMENDATION:

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

<u>MSHDA No.:</u>	3924
<u>Development Name:</u>	Pine Ridge Apartments
<u>Development Location:</u>	City of Marquette, Marquette County
<u>Sponsor:</u>	Marquette Housing Commission
<u>Mortgagor:</u>	Pine Ridge Marquette Limited Dividend Housing Association Limited Partnership
<u>TE Bond Construction Loan:</u>	\$9,793,599 (52% of TDC)
<u>TE Bond Permanent Loan:</u>	\$5,473,734
<u>MSHDA HOME Loan:</u>	\$346,000
<u>MSHDA MRF Loan:</u>	\$346,000
<u>Total Development Cost:</u>	\$18,833,844
<u>Mortgage Term:</u>	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the MRF loan
<u>Interest Rate:</u>	4.25% for the tax-exempt bond loan; 1% simple interest for the HOME loan and 3% simple interest for the MRF loan
<u>Program:</u>	Tax-Exempt Bond and Gap Financing Programs
<u>Number of Units:</u>	140 family units of rehabilitation
<u>Unit Configuration:</u>	135 one-bedroom, one-bathroom units; 5 two-bedroom, one bath units
<u>Builder:</u>	First Contracting, Inc.
<u>Syndicator:</u>	Cinnaire
<u>Date Application Received:</u>	November 15, 2019
<u>HDO:</u>	Ryan Koenigsknecht

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

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

The Sponsor is working with Department of Housing and Urban Development (“HUD”) to approve the Residential Assistance Demonstration (“RAD”) conversion. HUD has issued an initial Commitment to enter into a Housing Assistance Payment (“CHAP”). The expectation is that the RAD conversion will be completed, and the CHAP will be approved, simultaneously with the Authority closing.

EXECUTIVE SUMMARY:

Pine Ridge Apartments consists of 140 family units in the City of Marquette in Michigan’s Upper Peninsula (the “Development”). The property is owned by the Marquette Housing Commission. The Development operates under the HUD’s public housing program and currently receives subsidy through annual capital and operating funds. The Development will participate in the HUD RAD program which will allow for a new Housing Assistance Payment (“HAP”) contract with a 20-year term for project-based Section 8.

In 2019, the Marquette Housing Commission partnered with Chesapeake Community Advisors as a development consultant for the proposed renovations. The existing apartments include a mix of 1, 2, and 3-bedroom units. In order to extend the useful life of the Development so it can continue to provide quality affordable housing, capital improvements are necessary. The renovation plan anticipates new kitchens, baths, unit fixtures, appliances, windows, mechanical systems, and site improvements. The new equipment and improvements will have a focus on energy efficiency.

Structure of the Transaction and Funding:

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

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the “Mortgage Loan”). The construction loan will be in the amount of \$9,793,599 at 4.25% interest with an 21-month term (a 16-month construction term and a 5-month holding period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the 21-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the “Permanent Financing Date”).
- A permanent loan will be provided by the Authority in the amount of \$5,473,734. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of 4.25%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.
- A subordinate loan using an Authority Mortgage Resource Fund Loan (the “MRF Loan”) in the amount of \$346,000 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.

**Mortgage Feasibility/Commitment Staff Report
Pine Ridge Apartments, MSHDA No. 3924
City of Marquette, Marquette County
October 6, 2020**

- A subordinate loan using HOME funds (the “HOME Loan”) in the amount of \$346,000 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.
- The Sponsor is providing a loan in the amount of \$849,067. See Special Condition No 2.
- The Seller is providing a seller’s note in the amount of \$5,355,000. See Special Condition No. 3.
- Equity support comes from an investment related to the 4% LIHTC in the estimate amount of \$5,517,674.
- A HUD RAD conversion will convert all 140 into a new 20-year HAP Contract providing rental subsidy for all tenants.
- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the absorption period in the amount of \$391,369.
- The Sponsor has agreed to defer \$550,000 of the developer fee to help fill the remaining funding gap.
- An amount equal to one month’s gross rent potential will be funded in the Development’s operating account.
- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development’s unanticipated operating needs. This reserve will be held by the Authority.
- A syndicator reserve in the amount of \$231,436 is required by the equity investor for additional months of operating reserves. This reserve will be held and controlled pursuant to the terms of the Mortgagor’s Amended and Restated Limited Partnership Agreement.
- The Development will be renovated, and a new replacement reserve requirement imposed, based upon a capital needs assessment (“CNA”), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

Scope of Rehabilitation:

The following improvements to the property are included in the Scope of Work:

- Provide 10 barrier-free parking spots
- Stripe and seal coat both parking lots
- Privacy fence between property and neighbors to the east
- Add security cameras to the parking lot

- Repair irrigation system
- Update landscaping
- Complete remodel of kitchens including appliances and finishes
- Replace doors with rated wood door, new spring-loaded hinges, peep, remove and replace lockset and deadbolt
- Replace hollow core wood door and frames for all bathroom doors
- Paint all walls and ceilings
- Replace tubs
- Replace kitchen ranges
- Replace refrigerators
- Replace thermostats with Danfoss valve type
- Replace call systems
- Replace lighting fixtures with LED for all apartments
- Replace boilers, controls, pumps, chemical feed pumps, combustion air damper
- Provide maintenance to domestic hot water and pumps
- Replace generator
- Replace all panels including apartment panels
- Periodic repairs to the security system
- Replace phone-based entry intercom system
- Repair soffits
- Replace all 380 windows including partial window replacement in community room

Affordability Requirements:

The low income housing tax credit (“LIHTC”) regulatory agreement will require that all of the dwelling units in the property assisted by LIHTC remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project (“MTSP”) area median income (“AMI”). The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants. There will be no tenant displacement as a result of this transaction, and all tenant households will receive Section 8 assistance.

Site Selection:

The site is acceptable according to MSHDA’s Chief Marketing Analyst.

Market Evaluation:

The market study has been reviewed and approved by the Authority’s Chief Market Analyst.

Valuation of the Property:

An appraisal dated November 1, 2019 estimates the value at \$5,855,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of \$5,517,674). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the HAP Contract has terminated or expired. Thereafter, Limited Dividend Payments shall not exceed 25% per annum.

2. Income Limits:

The income limitations for 140 units of this proposal are as follows:

- a. 3 units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income as determined by HUD, adjusted for family size.
- b. 140 units (135 one-bedroom units, 5 two-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the HAP Contract for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.
- c. 140 units (135 one-bedroom units, 5 two-bedroom units) must be available for occupancy by households whose incomes do not exceed 60% MTSP income limits, adjusted for family size, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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

family size.

3. Limitations on Rental Rates:

The Total Housing Expense (contract rent plus tenant-paid utilities) for 140 units is subject to the following limitations:

- a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 3 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 (135 one-bedroom units, 5 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 140 units (135 one-bedroom units, 5 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. 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 \$375,648). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund (“Replacement Reserve”) with an initial deposit in an amount of \$6,060 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of \$300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year’s deposit, increased by 3%, or (ii) a percentage of the Development’s projected annual rental income or gross rent potential (“GRP”) for the year using the percentage obtained by dividing the first year’s deposit by the first year’s GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority’s Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

9. One Month’s Gross Rent Potential:

At Initial Closing, the Mortgagor shall deposit an amount equal to one month’s gross rent potential (\$88,525) into the Development’s operating account.

10. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into written 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.

11. 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.

12. Owner/Architect Agreement:

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

13. Trade Payment Breakdown:

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

14. Section 3 Requirements:

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide 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.

15. Equal Opportunity and Fair Housing:

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative

Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

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

16. Cost Certification:

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

17. Environmental Review and Indemnification:

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

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

18. Title Insurance Commitment and Survey:

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursement, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment 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 a surveyor's certificate of facts together with an ALTA survey certified to the 2016 minimum standards, and that appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

19. 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.

20. Designation of Authority Funds:

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

21. Management & Marketing:

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

- a. Management Agreement
- b. Marketing/Construction Transition Plan

22. 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.

23. 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.

24. 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.

25. 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.

26. Section 8 Required Approvals - HUD and MSHDA:

This transaction is subject to certain HUD approvals including, but not limited to 1) the RAD Conversion and HAP Contract and 2) previous participation approval (HUD Form 2530) for the Mortgagor, its partners, and property management agent. Prior to the Initial Closing, the HUD approvals must be obtained and must be consistent with the loan structure and intent of the transaction as described in this report. The approvals by HUD are subject to review and concurrence by the Authority's Director of Legal Affairs. The Mortgagor must enter into all agreements as may be required by HUD and to abide by all terms, conditions, and requirements of the Section 8 Program and all other Authority rules, guidelines, and procedures as required under the Regulatory Agreement.

27. HAP Extension:

At Initial Closing, the Mortgagor must enter into an agreement to apply for and accept any HAP or other HUD subsidy extensions available in the future, subject to Authority approval.

28. 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.

29. 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.

30. 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.

31. Uniform Relocation Act Compliance:

If the Development is occupied at Initial Closing and any occupants of the Development will be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

32. 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 HOME Program, and the

Housing Choice Voucher Program.

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.

2. Sponsor Loan:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority's Director of Legal Affairs and Director of Development. The Sponsor loan must:

- a) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
- b) be payable solely from approved Limited Dividend payments, and not from other development funds;
- c) be expressly subordinate to all Authority mortgage loans; and
- d) have a loan term exceeding the term of all Authority mortgage loans.

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

3. Seller's Note:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority's Director of Legal Affairs and Director of Development. The Sponsor loan must:

- e) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
- f) be payable solely from approved Limited Dividend payments, and not from other development funds;
- g) be expressly subordinate to all Authority mortgage loans; and
- h) have a loan term exceeding the term of all Authority mortgage loans.

At or prior to Initial Closing, the final, executed Sponsor loan documents must become

effective and initial funding of the loan must be made in an amount approved by the Director of Development.

4. **Syndicator Reserve:**

The Mortgagor shall fund a syndicator held reserve (“Syndicator Reserve”) with a one-time deposit in the amount of \$231,436 paid from equity proceeds according to the terms of the Mortgagor’s limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator. The purpose of this reserve will be to fund any unanticipated operating shortfalls.

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** Pine Ridge Marquette Limited Dividend Housing Association
Limited Partnership

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: Marquette Housing Commission
Address: 316 Pine Street
Marquette, MI 49855

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: Marquette Housing Commission
Address: 316 Pine Street
Marquette, MI 49855

Individuals Assigned: Sharon Maki
Telephone: 906-226-7559
E-mail: smaki@mqthc.org

1. **Experience:** The Sponsor does not have experience working on Authority-financed developments. They are partnering with Chesapeake Community Advisors as a consultant who does have experience working on MSHDA financed developments.

2. **Interest in the Mortgagor and Members:**
Affordable Housing Solutions of the Upper Peninsula – 0.01%; Cinnaire 99.99%

B. **Architect:**

Name: MCSA Group, Inc.

**Mortgage Feasibility/Commitment Staff Report
Pine Ridge Apartments, MSHDA No. 3924
City of Marquette, Marquette County
October 6, 2020**

Address: 529 Greenwood Avenue S.E.
East Grand Rapids, MI 49506

Individual Assigned: Kathleen Waters
Telephone: 616-451-1935
E-Mail: kwaters@mcsagroup.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301052402, exp. 10/31/2021.

C. Attorney:

Name: Warner Norcross + Judd LLP
Address: 120 N. Washington Square
Suite 410
Lansing, MI 48933

Individual Assigned: Tracey Lackman
Telephone: 517-679-7400
E-Mail: tlackman@wnj.com

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

D. Builder:

Name: First Contracting, Inc.
Address: 701 S. Main Street
Ovid, MI 48866

Individual Assigned: Brian Fleming
Telephone: 989-834-1500
E-mail: brian@firstcontracting.net

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 2101137238, with an expiration date of 5/31/2020.

E. Management and Marketing Agent:

Name: Marquette Housing Commission
Address: 316 Pine Street
Marquette, MI 49855

Individual Assigned: Sharon Maki

Telephone: 906-226-7559
E-mail: smaki@mqthc.org

1. **Experience:** This firm does not have experience managing Authority-financed developments specifically with tax credits involved. The Marquette Housing Commission plans to manage the day to day operations onsite but will contract with KMG Prestige to ensure they adhere to all the compliance issues associated with LIHTC. The two organizations will split the project's management fee.

F. Development Team Recommendation: GO

IV. SITE DATA:

- A. Land Control/Purchase Price:**
Purchase Agreement that was submitted with an execution date of November 12, 2019 between Marquette Housing Commission (the "Seller") and Pine Ridge Marquette Limited Dividend Housing Association Limited Partnership (the "Purchaser") to expire one year from the execution date and a purchase price of \$5,855,000.
- B. Site Location:**
316 Pine Street, Marquette, MI 49855.
- C. Size of Site:**
Two land acres.
- D. Density:**
Appropriate for current use.
- E. Physical Description:**
 1. **Present Use:** Multi-family residential.
 2. **Existing Structures:** 1 residential building, one storage building.
 3. **Relocation Requirements:** None.
- F. Zoning:**
Project is located in a Multi-Family Residential Zone.
- G. Contiguous Land Use:**
 1. North: Single-family residential
 2. South: Single-family residential
 3. East: Single-family residential

4. West: Single-family residential

H. Tax Information:

The project has obtained a 4% PILOT from the City of Marquette.

I. Utilities:

Gas – Semco Energy

Electricity – Marquette Board of Light and Power

Water/Sewer – City of Marquette

J. Community Facilities:

1. Shopping:

The site is located about a ¼ mile from a downtown district on Washington Street that has a few different shopping options.

2. Recreation:

Harbor Festival Park, Phil Niemisto Pocket Park, and Founders Landing are all located within a mile of the development.

3. Public Transportation:

Marquette County Transit Authority operates throughout Marquette County 365 days a year. They provide service with 9 fixed routes Monday-Saturday.

4. Road Systems

There are not many major roadways in the Upper Peninsula. The closest main road to the site is US 41.

5. Medical Services and other Nearby Amenities:

UP Health System is located less than a mile from the development.

6. Description of Surrounding Neighborhood:

The surrounding neighborhood is primarily single-family residential.

7. Local Community Expenditures Apparent:

None

8. Indication of Local Support:

The development has obtained a 4% PILOT from the City of Marquette.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority (see Standard Condition No. 17).

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 Design and Construction Manager prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	October 2020
B. Initial Closing and Disbursement:	October 2020
C. Construction Completion:	February 2022
D. Cut-Off Date:	July 2022

XII. ATTACHMENTS:

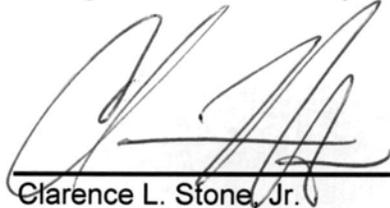
A. Development Proforma

APPROVALS:

Chad Benson Digitally signed by Chad Benson
Date: 2020.10.06
08:55:54 -04'00'

Chad Benson
Acting Director of Development

Date



Clarence L. Stone, Jr.
Director of Legal Affairs

10/6/2020

Date



Gary Heidel
Acting Executive Director

10/6/20

Date

MEMORANDUM

TO: Jeff Sykes, Teena Briggs, Michelle Jurkovic, Steve Kantola, Rick Norton,
Tyler Hull

FROM: Ryan Koenigs knecht

DATE: September 9, 2020

RE: Pine Ridge Apartments, #3924
Mortgage Loan Modification #1

Developer: Marquette Housing Commission – Pine Ridge and Lake Superior Village are the first projects they have done with MSHDA financing.

Location: The property is located at 316 Pine Street, in the City of Marquette, Marquette County.

Reason for Change:

- The Tax-Exempt Bond increased due to the interest rate being lowered from 4.625% to 4.25%
- The interest rate reduction allowed MSHDA to lower the soft funds that were needed
- The HOME Units went from 4 to 3 due to the decrease in HOME funds
- The construction contract was increased to 16 months with a 5-month holding period to meet the 50% test
- Construction period interest was adjusted after putting together a Pay-in schedule
- Income from Operations was lowered to reflect the number of vacant units during construction
- The total construction contract increased slightly
- The total equity contribution was updated after receiving the Letter of Intent from the Syndicator
- The deferred developer fee increased as part of their requirement with HUD for using the RAD program
- Due to the increase in deferred developer fee, the Sponsor was able to lower their Sponsor Loan
- Some soft costs were updated to match their actual costs

The following summarizes the changes to the pro forma and Commitment Staff Report for Pine Ridge Apartments, #3924, which have occurred since Authority Board Approval on May 21, 2020. With the approval of senior staff, this memorandum authorizes an amendment to the mortgage loan commitment authorized on May 21, 2020.

Board Report Changes

<u>TE Bond Construction Loan:</u>	\$9,817,780 (52% of TDC) \$9,793,599 (52% of TDC)
<u>TE Bond Permanent Loan:</u>	\$5,186,559 \$5,473,734
<u>MSHDA HOME Loan:</u>	\$490,000 \$346,000
<u>MSHDA MRF Loan:</u>	\$490,000 \$346,000
<u>Total Development Cost:</u>	\$18,880,346 \$18,833,844
<u>Interest Rate:</u>	4.625% 4.25% for the tax-exempt bond loan; 1% simple interest for the HOME loan and 3% simple interest for the MRF loan

Structure of the Transaction and Funding:

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the “Mortgage Loan”). The construction loan will be in the amount of ~~\$9,817,780~~ **\$9,793,599** at ~~4.625%~~ **4.25%** interest with an ~~1821-~~month term (a ~~1216-~~month construction term and a ~~65-~~month holding period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the 18-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the “Permanent Financing Date”).
- A permanent loan will be provided by the Authority in the amount of ~~\$5,186,559~~ **\$5,473,734**. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of ~~4.625%~~ **4.25%**, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.
- A subordinate loan using an Authority Mortgage Resource Fund Loan (the “MRF Loan”) in the amount of ~~\$490,000~~ **\$346,000** will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.
- A subordinate loan using HOME funds (the “HOME Loan”) in the amount of ~~\$490,000~~ **\$346,000** will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.
- The Sponsor is providing a loan in the amount of ~~\$974,686~~ **\$849,067**. See Special Condition No 2.
- Equity support comes from an investment related to the 4% LIHTC in the estimate amount of ~~\$5,578,576~~ **\$5,517,674**.

- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the absorption period in the amount of ~~\$540,634~~ **\$391,369**.
- The Sponsor has agreed to defer ~~\$297,894~~ **\$555,000** of the developer fee to help fill the remaining funding gap.
- A syndicator reserve in the amount of \$231,436 is required by the equity investor for additional months of operating reserves. This reserve will be held and controlled pursuant to the terms of the Mortgagor's Amended and Restated Limited Partnership Agreement. See Special Condition No. 4.

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of ~~\$5,578,576~~ **\$5,517,674**). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the HAP Contract has terminated or expired. Thereafter, Limited Dividend Payments shall not exceed 25% per annum.

2. Income Limits:

- a. ~~4-3~~ units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income as determined by HUD, adjusted for family size.

3. Limitations on Rental Rates:

- a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the ~~4~~ **3** Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

Special Conditions:

4. **Syndicator Reserve:**

The Mortgagor shall fund a syndicator held reserve (“Syndicator Reserve”) with a one-time deposit in the amount of \$231,436 paid from equity proceeds according to the terms of the Mortgagor’s limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator. The purpose of this reserve will be to fund any unanticipated operating shortfalls.

Board Approved Proforma

The foregoing summarizes the changes to the proforma:

Development Rental Schedule

- No changes

Development Expenses

- The Mortgage Interest Rate and Pay Rates were reduced from 4.625% to 4.25%.
- The Part A Mortgage increased from \$5,186,559 to \$5,473,734.

Development Sources and Uses

Construction/Rehabilitation

- On-site Improvements decreased by \$53,492 to \$166,508.
- Landscape/Irrigation decreased by \$35,000 to \$0.
- Structures increased by \$95,385 to \$5,681,136.
- General Requirements increased by \$414 to \$350,859.
- Builder Overhead increased by \$146 to \$123,970.
- Builder Profit increased by \$447 to \$379,348.
- Total Construction Contract increased by \$7,900 from \$6,755,921 to \$6,763,821.

Professional Fees

- Design Architect Fees increased by \$84,663 from \$240,000 to \$324,663.
- Supervisory Architect Fees increased by \$11,166 from \$70,000 to \$81,166.
- Engineering/Survey decreased by \$25,000 from \$50,000 to \$25,000.

Interim Construction Costs

- The Construction Period from a 12-month construction contract with a 6-month holding period to a 16-month construction period and a 5-month holding period.
- Property and Casualty Insurance increased by \$35,000 from \$65,000 to \$100,000.
- Construction Period Interest decreased by \$262,405 from \$790,166 to \$527,761.
- Investor 3rd Party Inspections increased by \$2,000 from \$15,000 to \$17,000.

Permanent Financing

- Loan Commitment Fee to MSHDA decreased by \$6,244 from \$215,956 to \$209,712.

Other Costs (In Basis)

- Environmental Studies decreased by \$5000 from \$60,000 to \$55,000.
- Temporary Tenant Relocation decreased by \$78,000 from \$198,000 to \$120,000.
- Construction Contingency increased by \$789 from \$675,592 to \$676,381.
- Appraisal and C.N.A. decreased by \$9000 from \$33,000 to \$24,000.
- Building permits not to be included in construction contract increased by \$2000 from \$30,000 to \$32,000.

Other Costs (NOT in Basis)

- Tax Credit Fees decreased by \$914 from \$39,693 to \$38,779.
- Syndication Legal Fees decreased by \$13,733 from \$50,000 to \$36,267.

Project Reserves

- Syndicator Held Reserve of \$231,436 was added.

Total Construction Hard Costs:

- Total Construction Hard Costs increased by \$7,900 from \$6,755,921 to \$6,763,821 as mentioned above.

Total Non-Construction (“Soft”) Costs

- Total Non-Construction (“Soft”) Costs decreased by \$33,242 from \$4,268,446 to \$4,235,204 based on the changes mentioned above.

Developer Overhead and Fee

- The Developer Fee decreased by \$21,159 from \$2,000,979 to \$1,979,820.

Total Development Cost

- Total Development Cost decreased by \$46,502 from \$18,880,346 to \$18,833,844.

Total Development Sources

- MSHDA Permanent Mortgage increased by \$287,175 from \$5,186,559 to \$5,473,734.
- Equity from Tax Credit Syndication decreased by \$60,902 from \$5,578,576 to \$5,517,674.
- MSHDA HOME decreased by \$144,000 from \$490,000 to \$346,000.
- Mortgage Resource Funds decreased by \$144,000 from \$490,000 to \$346,000.
- Income from Operations decreased by \$119,265 from \$510,634 to \$391,369.
- Sponsor Loan MHC decreased by \$122,619 from \$971,686 to \$849,067.
- Deferred Developer Fee increased by \$257,109 from \$297,891 to \$555,000.

Total Permanent Sources

- Total Permanent Sources decreased by \$46,502 from \$18,880,346 to \$18,833,844.

MSHDA Construction Loan

- MSHDA Construction Loan decreased by \$24,181 from \$9,817,780 to \$9,793,559.

Pine Ridge Apartments, #3924
Modification #1
September 9, 2020

ATTACHMENTS:

- ZNOI & Debt page from the proforma
- ZSources and Uses page from the proforma

Pine Ridge Apartments, #3924
Modification #1
September 9, 2020

APPROVALS:



Chad Benson
Acting Director of Development

Date

Clarence L. Stone, Jr.

Clarence Stone
Director of Legal Affairs

APPROVED
By Clarence Stone at 9:14 am, Sep 14, 2020

Date



Gary Heidel
Acting Executive Director

Date

Development Pine Ridge Apartments
 Financing Tax Exempt
 MSHDA No. 3924
 Step Modification
 Date 09/09/2020
 Type Acquisition/Rehab

TOTAL DEVELOPMENT COSTS	Mortgage	Mortgage	% in Basis	Included in	Board	Board	Included in	Difference
	Mod Per			Mod Total	Tax Credit	Approved	Approved	
	Unit			Basis	Per Unit	Total	Basis	Mod vs. Board
Acquisition								
Land	964	135,000		0	964	135,000	0	0
Existing Buildings	40,857	5,720,000		5,720,000	40,857	5,720,000	5,720,000	0
Other:	0	0		0	0	0	0	0
Subtotal	41,821	5,855,000			41,821	5,855,000		0
Construction/Rehabilitation								
Off Site Improvements	0	0		0	0	0	0	0
On-site Improvements	1,189	166,508		166,508	1,571	220,000	220,000	(53,492)
Landscaping and Irrigation	0	0		0	250	35,000	35,000	(35,000)
Structures	40,580	5,681,136		5,681,136	39,898	5,585,751	5,585,751	95,385
Community Building and/or Maintenance Facility	0	0		0	0	0	0	0
Construction not in Tax Credit basis (i.e. Carports)	0	0		0	0	0	0	0
General Requirements % of Contract 6.00%	Within Range	2,506	350,859	350,859	2,503	350,445	350,445	414
Builder Overhead % of Contract 2.00%	Within Range	886	123,970	123,970	884	123,824	123,824	146
Builder Profit % of Contract 6.00%	Within Range	2,710	379,348	379,348	2,706	378,901	378,901	447
Bond Premium, Permits, Cost Cert.	443	62,000		62,000	443	62,000	62,000	0
Other:	0	0		0	0	0	0	0
Subtotal	48,313	6,763,821			48,257	6,755,921		7,900
	15%/\$15,000 test:	met			15%/\$15,000 test:	met		
Professional Fees								
Design Architect Fees	2,319	324,663		324,663	1,714	240,000	240,000	84,663
Supervisory Architect Fees	580	81,166		81,166	500	70,000	70,000	11,166
Engineering/Survey	179	25,000		25,000	357	50,000	50,000	(25,000)
Legal Fees	750	105,000		105,000	750	105,000	105,000	0
Subtotal	3,827	535,829			3,321	465,000		70,829
Interim Construction Costs								
Property and Casualty Insurance	714	100,000		80,000	464	65,000	52,000	35,000
Construction Loan Interest	527,761	3,770	527,761	402,104	5,644	790,166	63213280%	(262,405)
Title Work	679	95,000		95,000	679	95,000	95,000	0
Construction Taxes	0	0		0	0	0	0	0
Investor 3rd Party Inspections	121	17,000		17,000	107	15,000	15,000	2,000
Subtotal	5,284	739,761			6,894	965,166		(225,405)
Permanent Financing								
Loan Commitment Fee to MSHDA	2%	1,498	209,712	0	1,543	215,956	0	(6,244)
Other:	0	0	0	0	0	0	0	0
Subtotal	1,498	209,712			1,543	215,956		(6,244)
Other Costs (In Basis)								
Application Fee	14	2,000		2,000	14	2,000	2,000	0
Market Study	46	6,500		6,500	46	6,500	6,500	0
Environmental Studies	393	55,000		55,000	429	60,000	60,000	(5,000)
Cost Certification	214	30,000		30,000	214	30,000	30,000	0
Equipment and Furnishings	714	100,000		100,000	714	100,000	100,000	0
Temporary Tenant Relocation	857	120,000		120,000	1,414	198,000	198,000	(78,000)
Construction Contingency	4,831	676,381		574,924	4,826	675,592	574,253	789
Appraisal and C.N.A.	171	24,000		24,000	236	33,000	33,000	(9,000)
Building Permits not to be included in the const. contract	229	32,000		32,000	214	30,000	30,000	2,000
Subtotal	7,471	1,045,881			8,108	1,135,092		(89,211)
Other Costs (NOT In Basis)								
Start-Up and Organization	129	18,000		0	129	18,000	0	0
Tax Credit Fees (based on 2017 QAP)	38,779	277	38,779	0	284	39,693	0	(914)
Compliance Monitoring Fee (based on 2017 QAP)	475	66,500		0	475	66,500	0	0
Marketing Expense	4	500		0	4	500	0	0
Syndication Legal Fees	259	36,267		0	357	50,000	0	(13,733)
Rent Up Allowance	0.0 months	0	0	0	0	0	0	0
Other:	0	0		0	0	0	0	0
Subtotal	1,143	160,046			1,248	174,693		(14,647)

Summary of Acquisition Price		As of 01/00/00	
Attributed to Land	135,000	1st Mortgage Balance	0
Attributed to Existing Structure	5,720,000	Subordinate Mortgage(s)	0
Other:	0	Subordinate Mortgage(s)	0
Fixed Price to Seller	5,855,000	Subordinate Mortgage(s)	0
Premium/(Deficit) vs Existing Debt			5,855,000

Construction Loan Term	
	Months
Construction Contract	16
Holding Period (50% Test)	5
Construction Loan Period	21

Appraised Value		Value As of: 11/01/19	
"Encumbered As-Is" value as determined by appraisal:	5,855,000	Override	
Plus 5% of Appraised Value:	0		
LESS Fixed Price to the Seller:	5,855,000		
Surplus/(Gap)	Within Range		0

			<u>Mortgage</u>	<u>Mortgage</u>	<u>Included in</u>	<u>Board</u>	<u>Board</u>	<u>Included in</u>	<u>Difference</u>
			<u>Mod Per</u>	<u>Mortgage Mod</u>	<u>Tax Credit</u>	<u>Approved</u>	<u>Approved</u>	<u>Tax Credit</u>	<u>Difference</u>
			<u>Unit</u>	<u>Total</u>	<u>Basis</u>	<u>Per Unit</u>	<u>Total</u>	<u>Basis</u>	<u>Mod vs. Board</u>
Project Reserves									
Operating Assurance Reserve	4.0 months	Funded in Cash	2,683	375,648	0	2,683	375,648	0	0
Replacement Reserve		Required	6,060	848,366	0	6,060	848,366	0	0
Operating Deficit Reserve		Less than GRF	0	0	0	0	0	0	0
Rent Subsidy Reserve			0	0	0	0	0	0	0
Syndicator Held Reserve			0	0	0	0	0	0	0
Rent Lag Escrow			0	0	0	0	0	0	0
Tax and Insurance Escrows			0	0	0	0	0	0	0
Syndicator He			1,653	231,436	0	0	0	0	231,436
Other:			0	0	0	0	0	0	0
Subtotal			10,396	1,455,450		8,743	1,224,014		231,436
Miscellaneous									
Deposit to Development Operating Account (1MGRP)			632	88,525	0	632	88,525	0	0
Other (Not in Basis):			0	0	0	0	0	0	0
Other (In Basis):			0	0	0	0	0	0	0
Other (In Basis):			0	0	0	0	0	0	0
Subtotal			632	88,525		632	88,525		0
Total Acquisition Costs			41,821	5,855,000		41,821	5,855,000		0
Total Construction Hard Costs			48,313	6,763,821		48,257	6,755,921		7,900
Total Non-Construction ("Soft") Costs			30,251	4,235,204		30,489	4,268,446		(33,242)

Developer Overhead and Fee									
Maximum	1,979,820		14,142	1,979,820	1,979,820	14,293	2,000,979	2,000,979	(21,159)
7.5% of Acquisition/Project Reserves		Override		5% Attribution Test					
15% of All Other Development Costs				met	LIHTC Basis			LIHTC Basis	
Total Development Cost			134,527	18,833,844	16,537,997	134,860	18,880,346	16,769,786	(46,502)

TOTAL DEVELOPMENT SOURCES									
		% of TDC							
MSHDA Permanent Mortgage		29.06%	39,098	5,473,734		37,047	5,186,559		287,175
Conventional/Other Mortgage		0.00%	0	0		0	0		0
Equity Contribution from Tax Credit Syndication		29.30%	39,412	5,517,674	# of Units	39,847	5,578,576	# of Units	(60,902)
MSHDA NSP Funds		0.00%	0	0	0.00	0	0	0.00	0
MSHDA HOME or Housing Trust Funds		1.84%	2,471	346,000	3.00	3,500	490,000		(144,000)
Mortgage Resource Funds		1.84%	2,471	346,000		3,500	490,000		(144,000)
Other MSHDA		0.00%	0	0		0	0		0
Local HOME		0.00%	0	0		0	0		0
Income from Operations		2.08%	2,795	391,369		3,647	510,634		(119,265)
Other Equity		0.00%	0	0		0	0		0
Transferred Reserves:		0.00%	0	0		0	0		0
Other: Seller Note Loan		28.43%	38,250	5,355,000	Deferred	38,250	5,355,000	Deferred	0
Other: Sponsor Loan MHC		4.51%	6,065	849,067	Dev Fee	6,941	971,686	Dev Fee	(122,619)
Deferred Developer Fee		2.95%	3,964	555,000	28.03%	2,128	297,891	14.89%	257,109
Total Permanent Sources				18,833,844			18,880,346		(46,502)

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

MSHDA Construction Loan		52.00%	69,954	9,793,599	70,127	9,817,780	(24,181)
Construction Loan Rate	4.250%					4,631,221	
Repaid from equity prior to final closing			4,319,865				

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP	
Acquisition	6,012,750	Acquisition	184,591
Construction	13,682,821	Construction	420,063
Acquisition Credit %	3.07%	Total Yr Credit	604,654
Rehab/New Const Credit %	3.07%	Equity Price	\$0.9233
Qualified Percentage	100.00%	Equity Effective Price	\$0.9126
QCT/DDA Basis Boost	130%	Equity Contribution	5,582,212
Historic?	No		5,517,674

Existing Reserve Analysis	
DCE Interest	0
Insurance:	0
Taxes:	0
Rep. Reser	0
ORC:	0
DCE Princip	0
Other:	0

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	5,517,674
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capita Contributions	
Other Equity Sources	
New Owner's Equity	5,517,674

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
PINE RIDGE APARTMENTS, MSHDA DEVELOPMENT NO. 3924
CITY OF MARQUETTE, MARQUETTE COUNTY

October 6, 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 the Marquette Housing Commission (the "Applicant") for a multifamily housing project to be located in the City of Marquette, Marquette County, Michigan, having an estimated total development cost of Eighteen Million Eight Hundred Thirty-Three Thousand Eight Hundred Forty-Four Dollars (\$18,833,844), a total estimated maximum mortgage loan amount of Nine Million Seven Hundred Ninety-Three Thousand Five Hundred Ninety-Nine Dollars (\$9,793,599) and a Mortgage Resource Fund loan in the amount of Three Hundred Forty-Six Thousand Dollars (\$346,000) (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 Eleven Million Five Hundred Fifty-Six Thousand Four Hundred Forty-Seven Dollars (\$11,556,447).

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 October 6, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING MORTGAGE LOAN
PINE RIDGE APARTMENTS, MSHDA DEVELOPMENT NO. 3924
CITY OF MARQUETTE, MARQUETTE COUNTY

October 6, 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 the Marquette Housing Commission (the "Applicant") for a construction mortgage loan in the amount of Nine Million Seven Hundred Ninety-Three Thousand Five Hundred Ninety-Nine Dollars (\$9,793,599), and a permanent mortgage loan in the amount of Five Million Four Hundred Seventy-Three Thousand Seven Hundred Thirty-Four Dollars (\$5,473,734), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Eighteen Million Eight Hundred Thirty-Three Thousand Eight Hundred Forty-Four Dollars (\$18,833,844), to be known as Pine Ridge Apartments, located in the City of Marquette, Marquette County, Michigan, and to be owned by Pine Ridge Marquette 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 Three Hundred Forty-Six Thousand Dollars (\$346,000) (the "MRF Loan") and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Three Hundred Forty-Six Thousand Dollars (\$346,000) (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 Nine Million Seven Hundred Ninety-Three Thousand Five Hundred Ninety-Nine Dollars (\$9,793,599), and permanent financing in an amount not to exceed Five Million Four Hundred Seventy-Three Thousand Seven Hundred Thirty-Four Dollars (\$5,473,734), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of Four and 25/1000 percent (4.25%) 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 Eleven Million Five Hundred Fifty-Six Thousand Four Hundred Forty-Seven Dollars (\$11,556,447). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MRF 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 MRF Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Three Hundred Forty-Six Thousand Dollars (\$346,000), 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.

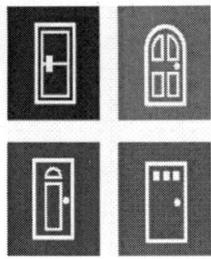
5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the mortgage loan authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment 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 as follows:

- (a) So long as the Housing Assistance Payments Contract or any other federal subsidy is in effect, the rate of return shall be twelve percent (12%) of the Mortgagor's equity, as determined by the Authority.
- (b) Following the expiration or termination of the Housing Assistance Payments Contract or other federal subsidy, the rate of return shall not exceed twenty-five percent (25%) of the Mortgagor's equity, as determined by the Authority.
- (b) The Mortgagor's return on equity shall be fully cumulative.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated October 6, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.



MSHDA

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: October 6, 2020
RE: Lake Superior Village, Development No. 3923

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize a waiver of the loan parameter concerning annual payments equal to 50% of surplus cash and 4) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in the staff report.

PROJECT SUMMARY:

MSHDA No:	3923
Development Name:	Lake Superior Village
Development Location:	City of Marquette, Marquette County, Michigan
Sponsor:	Marquette Housing Commission
Mortgagor:	Lake Superior Village Limited Dividend Housing Association Limited Partnership
Number of Units:	116 affordable family units
Occupancy Rate:	93% occupied
Total Development Cost:	\$26,010,831
TE Bond Construction Loan:	\$13,244,377
TE Bond Permanent Loan:	\$7,696,955
MSHDA Gap Funds:	\$535,277 HOME; \$535,277 Mortgage Resource Fund
Other Funds:	
• Sponsor Loans:	\$8,032,240
• Deferred Developer Fee:	\$610,000

EXECUTIVE SUMMARY:

Lake Superior Village consists of 116 family units in the City of Marquette in Michigan's Upper Peninsula (the "Development"). The Development is owned by the Marquette Housing Commission and operates under the United States Department of Housing and Urban Development ("HUD") public housing program. It currently receives subsidy through annual capital and operating funds. The Development will participate in the HUD Rental Assistance Demonstration ("RAD") program, which will allow for a new Housing Assistance Payment ("HAP") contract with a 20-year term.

Based on RAD Notice Revision 4 published September 5, 2019, the Development received a \$100 increase per unit per month because of its Opportunity Zone location.

In 2019, the Marquette Housing Commission partnered with Chesapeake Community Advisors as a development consultant for the proposed renovations. The existing townhomes include a mix of two, three, and four-bedroom units. In order to extend the useful life of the Development so it can continue to provide quality affordable housing, capital improvements are necessary.

I am recommending Board approval for the following reasons:

- The Development's affordability will be extended for up to 50 years for all units.
- All units will be refurbished to meet the physical needs of the Development.
- Financing the Development results in a new earning asset for the Authority.
- As an existing family development with an excellent occupancy and operational history, this proposal is low risk to the Authority.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

- The Development will complete a RAD conversion, which will create 100% Section 8 units for all tenants.
- The Development will undergo an extensive rehabilitation to continue providing safe and efficient units for all residents.
- There will not be tenant displacement as a result of this transaction.
- Municipal support is evidenced by the 4% payment in lieu of taxes ("PILOT") approved by the City of Marquette.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Authority's multifamily direct lending parameters (Section II.B.2(f)) state that annual payments equal to 50% of cash available for distribution are required on gap loans after 12 years or the year in which the sum of all surplus cash available for distribution equals the amount of deferred developer fee. In this case, the 50% payment will begin immediately following the first year after construction completion because the development fee is over \$2.1 million. Furthermore, any cost savings and residual receipts during the construction period will be used to pay down the gap loans.

The Sponsor is working with HUD to approve the RAD conversion. HUD has issued an initial Commitment to enter into a Housing Assistance Payment ("CHAP") contract. The expectation is

that the RAD conversion will be completed, and the CHAP will be approved simultaneously with the Authority closing.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

October 6, 2020

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize a waiver of a certain loan parameter concerning annual payments equal to 50% of surplus cash and 4) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

<u>MSHDA No.:</u>	3923
<u>Development Name:</u>	Lake Superior Village
<u>Development Location:</u>	City of Marquette, Marquette County
<u>Sponsor:</u>	Marquette Housing Commission
<u>Mortgagor:</u>	Lake Superior Village Limited Dividend Housing Association Limited Partnership
<u>TE Bond Construction Loan:</u>	\$13,244,377 (52% of TDC)
<u>TE Bond Permanent Loan:</u>	\$7,696,955
<u>MSHDA HOME Loan:</u>	\$535,277
<u>MSHDA MRF Loan:</u>	\$535,277
<u>Total Development Cost:</u>	\$26,010,831
<u>Mortgage Term:</u>	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the MRF loan
<u>Interest Rate:</u>	4.25% for the tax-exempt bond loan; 1% simple interest for the HOME loan and 3% simple interest for the MRF loan
<u>Program:</u>	Tax-Exempt Bond and Gap Financing Programs
<u>Number of Units:</u>	116 family units of rehabilitation
<u>Unit Configuration:</u>	42 two-bedroom, one bath townhome units; 60 three-bedroom, one bath townhome units; 14 four-bedroom, one bath townhome units
<u>Builder:</u>	First Contracting, Inc.
<u>Syndicator:</u>	Cinnaire
<u>Date Application Received:</u>	November 15, 2019
<u>HDO:</u>	Ryan Koenigskecht

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

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

The Authority's lending parameters (Section II.B.2(f)) state that annual payments equal to 50% of cash available for distribution are required on gap loans after 12 years or the year in which the sum of all surplus cash available for distribution equals the amount of deferred developer fee. In this case, the 50% payment will begin immediately following the first year after construction completion because the development fee is over \$2.1 million. Furthermore, any cost savings and residual receipts during the construction period will be used to pay down the gap loan (see Special Condition No. 4).

The Sponsor is working with the United States Department of Housing and Urban Development ("HUD") to approve the Residential Assistance Demonstration ("RAD") conversion. HUD has issued an initial Commitment to enter into a Housing Assistance Payment ("CHAP"). The expectation is that the RAD conversion will be completed, and the CHAP will be approved simultaneously with the Authority closing.

EXECUTIVE SUMMARY:

Lake Superior Village consists of 116 family units in the City of Marquette in Michigan's Upper Peninsula (the "Development"). The Development is owned by the Marquette Housing Commission and operates under the United States Department of Housing and Urban Development ("HUD") public housing program. It currently receives subsidy through annual capital and operating funds. The Development will participate in the HUD Rental Assistance Demonstration ("RAD") program, which will allow for a new Housing Assistance Payment ("HAP") contract with a 20-year term.

Based on RAD Notice Revision 4 published September 5, 2019, the Development received a \$100 increase per unit per month because of its Opportunity Zone location.

In 2019, the Marquette Housing Commission partnered with Chesapeake Community Advisors as a development consultant for the proposed renovations. The existing townhomes include a mix of two, three, and four-bedroom units. In order to extend the useful life of the Development so it can continue to provide quality affordable housing, capital improvements are necessary.

Structure of the Transaction and Funding:

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

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of \$13,244,377 at 4.25% interest with an 20-month term (a 16-month construction term and a 4-month holding period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the 20-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").
- A permanent loan will be provided by the Authority in the amount of \$7,696,955. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves

**Mortgage Feasibility/Commitment Staff Report
Lake Superior Village, MSHDA No. 3923
City of Marquette, Marquette County
October 6, 2020**

and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of 4.25%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.

- A subordinate loan using an Authority MRF Loan (the “MRF Loan”) in the amount of \$535,277 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.
- A subordinate loan using HOME funds (the “HOME Loan”) in the amount of \$535,277 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.
- The Sponsor is providing a loan in the amount of \$1,842,240. See Special Condition No 2.
- The Seller is providing a seller’s note in the amount of \$6,190,000. See Special Condition No. 3.
- Equity support comes from an investment related to the 4% low income housing tax credit (“LIHTC”) in the estimate amount of \$8,029,862.
- A HUD RAD conversion will convert all 116 units into a new 20-year HAP Contract providing rental subsidy for all tenants.
- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the absorption period in the amount of \$571,220.
- The Sponsor has agreed to defer \$610,000 of the developer fee to help fill the remaining funding gap.
- An amount equal to one month’s gross rent potential will be funded in the Development’s operating account.
- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development’s unanticipated operating needs. This reserve will be held by the Authority.
- A syndicator reserve in the amount of \$300,000 is required by the equity investor for additional months of operating reserves. This reserve will be held and controlled pursuant to the terms of the Mortgagor’s Amended and Restated Limited Partnership Agreement.
- The Development will be renovated, and a new replacement reserve requirement imposed, based upon a capital needs assessment (“CNA”), to ensure an extension of the

useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

Scope of Rehabilitation:

The following improvements to the property are included in the Scope of Work:

- Resurface parking and roadways
- New playground and equipment
- New LED site lighting
- Add security cameras to parking lots
- Complete remodel to the community kitchen including appliances and finishes
- Paint all walls and ceilings
- Replace all flooring
- Replace siding, windows, exterior doors, and roof
- Provide central fire alarm system
- Replace bathroom floors
- Replace 114 bathroom tubs
- Replace 130 toilets and vanities
- Replace exhaust fans
- Replace kitchen cabinets in 76 units
- Replace 114 range and refrigerators
- Provide 114 fire stop cannisters
- Abate all 58 furnace rooms. Include drywall, TSI pipe wrap
- Replace 114 furnaces. Reroute condensate piping to eliminate the elbows and winter ice
- Replace 114 thermostats
- Replace 114 domestic hot water heaters
- Replace all storm doors

Affordability Requirements:

The LIHTC regulatory agreement will require that all of the dwelling units in the property assisted by LIHTC remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project (“MTSP”) area median income (“AMI”). The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants. There will be no tenant displacement as a result of this transaction, and all tenant households will receive Section 8 assistance.

Site Selection:

The site is acceptable according to MSHDA’s Chief Marketing Analyst.

Market Evaluation:

The market study has been reviewed and approved by the Authority's Chief Market Analyst.

Valuation of the Property:

An appraisal dated November 1, 2019 estimates the value at \$6,990,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of \$8,029,862). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the HAP Contract has terminated or expired. Thereafter, Limited Dividend Payments shall not exceed 25% per annum.

2. Income Limits:

The income limitations for One Hundred Sixteen (116) units of this proposal are as follows:

- a. 3 units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income as determined by HUD, adjusted for family size.
- b. 116 units (42 two-bedroom units, 60 three-bedroom units, and 14 four-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the HAP Contract for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.
- c. 116 units (42 two-bedroom units, 60 three-bedroom units, and 14 four-bedroom units) must be available for occupancy by households whose incomes do not exceed 60% MTSP income limits, adjusted for family size, until latest of (i) the

expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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

3. Limitations on Rental Rates:

The Total Housing Expense (contract rent plus tenant-paid utilities) 116 units is subject to the following limitations:

- a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 3 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 (42 two-bedroom units, 60 three-bedroom units, and 14 four-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 116 units (42 two-bedroom units, 60 three-bedroom units, and 14 four-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. 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 \$437,706). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of \$2,611 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of \$300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. One Month's Gross Rent Potential:

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential (\$113,494) into the Development's operating account.

9. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into written 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 first year after construction completion. Interest will continue to accrue on each loan until paid in full.

Following the first year after construction completion, 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.

10. Architectural Plans and Specifications; Contractor’s Qualification Statement:

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

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

11. Owner/Architect Agreement:

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

12. Trade Payment Breakdown:

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority’s Design and Construction Manager.

13. Section 3 Requirements:

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

14. Equal Opportunity and Fair Housing:

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

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

15. Cost Certification:

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

16. Environmental Review and Indemnification:

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

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

17. Title Insurance Commitment and Survey:

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursement, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment 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 a surveyor's certificate of facts together with an ALTA survey certified to the 2016 minimum standards, and that appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

18. Organizational Documents/Equity Pay-In Schedule:

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

19. Designation of Authority Funds:

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

20. Management & Marketing:

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

- a. Management Agreement
- b. Marketing/Construction Transition Plan

21. Guaranties:

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of 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.

22. Financial Statements:

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

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

23. Future Contributions:

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

24. 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.

25. Section 8 Required Approvals - HUD and MSHDA:

This transaction is subject to certain HUD approvals including, but not limited to 1) assignment of the HAP Contract and 2) previous participation approval (HUD Form 2530) for the Mortgagor, its partners, and property management agent. Prior to the Initial Closing, the HUD approvals must be obtained and must be consistent with the loan structure and intent of the transaction as described in this report. The approvals by HUD are subject to review and concurrence by the Authority's Director of Legal Affairs. The Mortgagor must enter into all agreements as may be required by HUD and to abide by all terms, conditions, and requirements of the Section 8 Program and all other Authority rules, guidelines, and procedures as required under the Regulatory Agreement.

26. HAP Extension:

At Initial Closing, the Mortgagor must enter into an agreement to apply for and accept any HAP or other HUD subsidy extensions available in the future, subject to Authority approval.

27. 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.

28. 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.

29. 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.

30. Uniform Relocation Act Compliance:

If the Development is occupied at Initial Closing and any occupants of the Development will be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the

Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

31. 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 HOME Program, and the Housing Choice Voucher Program.

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.

2. Sponsor Loan:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority's Director of Legal Affairs and Director of Development. The Sponsor loan must:

- a) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
- b) be payable solely from approved Limited Dividend payments, and not from other development funds;
- c) be expressly subordinate to all Authority mortgage loans; and
- d) have a loan term exceeding the term of all Authority mortgage loans.

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

3. Seller's Note:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority's Director of Legal Affairs and Director of Development. The Sponsor loan must:

- e) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
- f) be payable solely from approved Limited Dividend payments, and not from other development funds;
- g) be expressly subordinate to all Authority mortgage loans; and
- h) have a loan term exceeding the term of all Authority mortgage loans.

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

4. Residual receipts and cost savings at the end of the construction period:

Any cost savings and residual receipts identified in any post-construction cost certification or audit that would otherwise be used to pay down deferred developer fee will be applied to the MRF loan interest, then principal, and then the HOME Loan interest and then principal if available.

5. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve ("Syndicator Reserve") with a one-time deposit in the amount of \$300,000 paid from equity proceeds according to the terms of the Mortgagor's limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator. The purpose of this reserve will be to fund any unanticipated operating shortfalls.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Lake Superior Village Limited Dividend Housing Association
Limited Partnership

II. GUARANTOR(S):

A. Guarantor #1:

Name: Marquette Housing Commission
Address: 316 Pine Street
Marquette, MI 49855

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Marquette Housing Commission
Address: 316 Pine Street
Marquette, MI 49855

Mortgage Feasibility/Commitment Staff Report
Lake Superior Village, MSHDA No. 3923
City of Marquette, Marquette County
October 6, 2020

Individuals Assigned: Sharon Maki
Telephone: 906-226-7559
E-mail: smaki@mqthc.org

1. **Experience:** The Sponsor does not have experience working on Authority-financed developments. They are partnering with Chesapeake Community Advisors as a consultant who does have experience working on MSHDA financed developments.
2. **Interest in the Mortgagor and Members:**
Affordable Housing Solutions of the Upper Peninsula – 0.01%; Cinnaire 99.99%

B. Architect:

Name: MCSA Group, Inc.
Address: 529 Greenwood Avenue S.E.
East Grand Rapids, MI 49506

Individual Assigned: Kathleen Waters
Telephone: 616-451-1935
E-Mail: kwaters@mcsagroup.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301052402, exp. 10/31/2021.

C. Attorney:

Name: Warner Norcross + Judd LLP
Address: 120 N. Washington Square
Suite 410
Lansing, MI 48933

Individual Assigned: Tracey Lackman
Telephone: 517-679-7400
E-Mail: tlackman@wnj.com

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

D. Builder:

Name: First Contracting, Inc.
Address: 701 S. Main Street
Ovid, MI 48866

Individual Assigned: Brian Fleming
Telephone: 989-834-1500

E-mail: brian@firstcontracting.net

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 2101137238, with an expiration date of 5/31/2023.

E. Management and Marketing Agent:

Name: Marquette Housing Commission
Address: 316 Pine Street
Marquette, MI 49855

Individual Assigned: Sharon Maki
Telephone: 906-226-7559
E-mail: smaki@mqthc.org

1. **Experience:** This firm does not have experience managing Authority-financed developments specifically with tax credits involved. The Marquette Housing Commission plans to manage the day to day operations onsite but will contract with KMG Prestige to ensure they adhere to all the compliance issues associated with LIHTC. The two organizations will split the project's management fee.

F. Development Team Recommendation: GO

IV. SITE DATA:

- A. Land Control/Purchase Price:**
Purchase agreement that was submitted with an execution date of November 12, 2019 between Marquette Housing Commission (the "Seller") and Lake Superior Village Limited Dividend Housing Association Limited Partnership (the "Purchaser") to expire one year from the execution date and a purchase price of \$6,990,000.
- B. Site Location:**
125 Dobson Place, Marquette, MI 49855
- C. Size of Site:**
9 land acres
- D. Density:**
Appropriate for current use.
- E. Physical Description:**
 1. **Present Use:** Multi-family residential

2. Existing Structures: 32 apartment buildings, one office building, and one community/maintenance building.
3. Relocation Requirements: None

F. Zoning:

Project is located in a Multi-Family Residential Zone

G. Contiguous Land Use:

1. North: Residential
2. South: Residential
3. East: Recreation Area
4. West: Residential

H. Tax Information:

The project has obtained a 4% payment in lieu of taxes ("PILOT") from the City of Marquette.

I. Utilities:

Gas – Semco Energy
Electricity – Marquette Board of Light and Power
Water/Sewer – City of Marquette

J. Community Facilities:

1. Shopping:
There are not many shopping options nearby. There is a St. Vincent de Paul store less than a quarter mile away that helps people in need with low price options on food and clothes.
2. Recreation:
Haley Field is located right next to the development that has baseball/softball fields and open space.
3. Public Transportation:
Marquette County Transit Authority operates throughout Marquette County 365 days a year. They provide service with 9 fixed routes Monday-Saturday.
4. Road Systems:
There are not many major roadways in the Upper Peninsula. The closest main road to the site is US 41.

5. Medical Services and other Nearby Amenities:
UP Health System is located less than a mile from the development.
6. Description of Surrounding Neighborhood:
The surrounding neighborhood is primarily single-family residential.
7. Local Community Expenditures Apparent:
None
8. Indication of Local Support:
The project has obtained a 4% PILOT from the City of Marquette.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority (see Standard Condition No. 16).

VI. DESIGN AND COSTING STATUS:

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

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

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's 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 Design and Construction Manager prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

- | | |
|---|---------------|
| A. Mortgage Loan Commitment: | October 2020 |
| B. Initial Closing and Disbursement: | October 2020 |
| C. Construction Completion: | February 2022 |
| D. Cut-Off Date: | June 2022 |

XII. ATTACHMENTS:

- A. Development Proforma**

Mortgage Feasibility/Commitment Staff Report
Lake Superior Village, MSHDA No. 3923
City of Marquette, Marquette County
October 6, 2020

APPROVALS:

Digitally signed by Chad
Benson
Date: 2020.10.06
08:55:19 -04'00'

Chad Benson
Acting Director of Development

Date



Clarence L. Stone, Jr.
Director of Legal Affairs

10/6/2020

Date



Gary Heidel
Acting Executive Director

10/6/20

Date



Ryan Koenigs knecht
John A. Hundt

MEMORANDUM

TO: Jeff Sykes, Teena Briggs, Michelle Jurkovic, Steve Kantola, Rick Norton,
Tyler Hull

FROM: Ryan Koenigs knecht

DATE: September 9, 2020

RE: Lake Superior Village, #3923
Mortgage Loan Modification #1

Developer: Marquette Housing Commission – Pine Ridge and Lake Superior Village are the first projects they have done with MSHDA financing.

Location: The property is located at 125 Dobson Street, in the City of Marquette, Marquette County.

Reason for Change:

- The Tax-Exempt Bond construction loan increased due to the interest rate being lowered from 4.625% to 4.25%
- The Tax-Exempt Bond permanent loan decreased due to the loss of \$15,500 of non-rental income that is no longer available to the project and an increase in the annual insurance expense
- The interest rate reduction allowed MSHDA to lower the soft funds that were needed
- The HOME Units went from 4 to 3 due to the decrease in HOME funds
- Insurance expense was increased after receiving the actual cost to provide coverage
- The construction contract was increased to 16 months with a 5-month holding period to meet the 50% test
- Construction period interest was adjusted after putting together a Pay-in schedule
- Income from Operations was lowered to reflect the number of vacant units during construction
- The total construction contract increased
- Syndicator Held Reserve was added
- The total equity contribution was updated after receiving the Letter of Intent from the Syndicator
- The deferred developer fee increased as part of their requirement with HUD for using the RAD program
- Due to the increase in construction costs, the Sponsor increased their Sponsor Loan
- Some soft costs were updated to match their actual costs

The following summarizes the changes to the pro forma and Commitment Staff Report for Lake Superior Village, #3923, which have occurred since Authority Board Approval on June 25, 2020. With the approval of senior staff, this memorandum authorizes an amendment to the mortgage loan commitment authorized on June 25, 2020.

Board Report Changes

<u>TE Bond Construction Loan:</u>	\$12,744,377 (52% of TDC) \$13,244,377 (50.92% of TDC)
<u>TE Bond Permanent Loan:</u>	\$7,807,132 \$7,696,955
<u>MSHDA HOME Loan:</u>	\$756,564 \$535,277
<u>MSHDA MRF Loan:</u>	\$756,565 \$535,277
<u>Total Development Cost:</u>	\$24,508,417 \$26,010,831
<u>Interest Rate:</u>	4.625% 4.25% for the tax-exempt bond loan; 1% simple interest for the HOME loan and 3% simple interest for the MRF loan

Structure of the Transaction and Funding:

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of ~~\$12,744,377~~ **\$13,244,377** at ~~4.625%~~ **4.25%** interest with an ~~18~~**20**-month term (a ~~12~~**16**-month construction term and a ~~6~~**4**-month holding period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the 18-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").
- A permanent loan will be provided by the Authority in the amount of ~~\$7,807,132~~ **\$7,696,955**. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of ~~4.625%~~ **4.25%**, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.
- A subordinate loan using an Authority Mortgage Resource Fund Loan (the "MRF Loan") in the amount of ~~\$756,565~~ **\$535,277** will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.
- A subordinate loan using HOME funds (the "HOME Loan") in the amount of

~~\$756,564~~**\$535,277** will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.

- The Sponsor is providing a loan in the amount of ~~\$750,000~~**\$1,842,240**. See Special Condition No 2.
- Equity support comes from an investment related to the 4% LIHTC in the estimate amount of ~~\$7,402,674~~**\$8,029,862**.
- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the absorption period in the amount of ~~\$743,325~~**\$571,220**.
- The Sponsor has agreed to defer ~~\$132,157~~**\$610,000** of the developer fee to help fill the remaining funding gap.
- A syndicator reserve in the amount of \$300,000 is required by the equity investor for additional months of operating reserves. This reserve will be held and controlled pursuant to the terms of the Mortgagor's Amended and Restated Limited Partnership Agreement. See Special Condition No. 4.

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of ~~\$7,402,674~~**\$8,029,862**). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the HAP Contract has terminated or expired. Thereafter, Limited Dividend Payments shall not exceed 25% per annum.

2. Income Limits:

- a. 4-3 units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income as determined by HUD, adjusted for family size.

3. Limitations on Rental Rates:

- a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 3 Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

Special Conditions:

4. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve ("Syndicator Reserve") with a one-time deposit in the amount of \$300,000 paid from equity proceeds according to the terms of the Mortgagor's limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator. The purpose of this reserve will be to fund any unanticipated funding shortfalls.

Board Approved Proforma

The foregoing summarizes the changes to the proforma:

Development Rental Schedule

- Non-rental income was reduced from \$15,500 to \$0.
- Total Project Revenue decreased by \$15,500 from \$1,377,428 to \$1,361,928.

Development Expenses

- The Mortgage Interest Rate and Pay Rates were reduced from 4.625% to 4.25%.
- Insurance expense increased by \$16,690 from \$28,040 to \$45,000.
- Total expenses increased by \$16,690 from \$884,385 to \$901,345.
- The Part A Mortgage decreased from \$7,807,132 to \$7,696,955.

Development Sources and Uses

Construction/Rehabilitation

- On-site Improvements decreased by \$1,086,041 from \$1,959,720 to \$873,679.
- Structures increased by \$1,954,337 from \$6,802,091 to \$8,756,428.
- General Requirements increased by \$52,098 from \$525,709 to \$577,806.
- Builder Overhead increased by \$18,408 from \$185,750 to \$204,158.
- Builder Profit increased by \$56,328 from \$568,396 to \$624,724
- Bond premium, permits, cost cert decreased by \$3,000 from \$88,000 to \$85,000.
- Total Construction Contract increased by \$992,130 from \$10,129,666 to \$11,121,796.

Professional Fees

- Design Architect Fees increased by \$133,846 from \$400,000 to \$533,846.
- Supervisory Architect Fees increased by \$23,462 from \$110,000 to \$133,462.
- Engineering/Survey decreased by \$55,000 from \$75,000 to \$20,000.
- Legal Fees decreased by \$50,000 from \$115,000 to \$65,000.

Interim Construction Costs

- The Construction Period from a 12-month construction contract with a 6-month holding period to a 16-month construction period and a 4-month holding period.
- Property and Casualty Insurance increased by \$124,097 from \$100,000 to \$224,097.
- Construction Period Interest decreased by \$307,094 from \$974,482 to \$667,388.
- Construction Taxes was added for \$32,000
- Utilities and Inv Inspections increased by \$87,000 from \$15,000 to \$102,000.

Permanent Financing

- Loan Commitment Fee to MSHDA increased by \$1,149 from \$285,150 to \$286,299

Other Costs (In Basis)

- Temporary Tenant Relocation decreased by \$25,500 from \$175,500 to \$150,000.
- Construction Contingency increased by \$99,213 from \$1,012,967 to \$1,112,180.
- Appraisal and C.N.A. decreased by \$8,952 from \$33,000 to \$24,048.

Other Costs (NOT in Basis)

- Start-Up and Organization increased by \$12,317 from \$15,000 to \$27,317.
- Tax Credit Fees increased by \$3,248 from \$51,857 to \$55,105.
- Marketing Expense of \$500 was removed.
- Syndication Legal Fees decreased by \$34,956 from \$50,000 to \$15,044.

Project Reserves

- Operating Assurance Reserve decreased by \$479 from \$437,706 to \$437,227.
- Syndicator Held Reserve of \$300,000 was added.

Total Construction Hard Costs:

- Total Construction Hard Costs increased by \$992,130 from \$10,129,666 to \$11,121,796

Total Non-Construction (“Soft”) Costs

- Total Non-Construction (“Soft”) Costs increased by \$333,851 from \$4,696,173 to \$5,030,024.

Developer Overhead and Fee

- The Developer Fee increased by \$176,433 from \$2,692,579 to \$2,869,012.

Total Development Cost

- Total Development Cost increased by \$1,502,414 from \$24,508,417 to \$26,010,831.

Total Development Sources

- MSHDA Permanent Mortgage decreased by \$110,177 from \$7,807,132 to \$7,696,955.

Lake Superior Village, #3923
Modification #1
September 9, 2020

- Equity from Tax Credit Syndication increased by \$627,188 from \$7,402,674 to \$8,029,862.
- MSHDA HOME decreased by \$221,287 from \$756,564 to \$535,277.
- Mortgage Resource Funds decreased by \$221,288 from \$756,565 to \$535,277.
- Income from Operations decreased by \$142,105 from \$713,325 to \$571,220.
- Sponsor Loan MHC increased by \$1,092,240 from \$750,000 to \$1,842,240.
- Deferred Developer Fee increased by \$477,843 from \$132,157 to \$610,000.

Total Permanent Sources

- Total Permanent Sources increased by \$1,502,414 from \$24,508,417 to \$26,010,831.

MSHDA Construction Loan

- MSHDA Construction Loan increased by \$500,000 from \$12,744,377 to \$13,244,377.

ATTACHMENTS:

- ZRevenue page from the proforma
- ZNOI & Debt page from the proforma
- ZSources and Uses page from the proforma

Lake Superior Village, #3923
Modification #1
September 9, 2020

APPROVALS:



Chad Benson
Acting Director of Development

Date

Clarence L. Stone, Jr.

Clarence Stone
Director of Legal Affairs

APPROVED

By Clarence Stone at 9:41 am, Sep 14, 2020

Date

Gary Heidel

Gary Heidel
Acting Executive Director

Date

Development Lake Superior Village
 Financing Tax Exempt
 MSHDA No. 3923
 Step Modification
 Date 09/09/2020
 Type Acquisition/Rehab

Income Limits for	Marquette County (Effective April 24, 2019)					
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	14,550	16,620	18,690	20,760	22,440	24,090
40% of area median	19,400	22,160	24,920	27,680	29,920	32,120
50% of area median	24,250	27,700	31,150	34,600	37,400	40,150
60% of area median	29,100	33,240	37,380	41,520	44,880	48,180

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing		Current Section 8		% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed		Differential Under/ (over)	Differential %	Effective AMI%	Contract Rent/Sq. Foot			
								Expense	Gross Rent	Contract Rent	Housing Expense							Rent Limited By								
60% Area Median Income Units																										
Yes RAD Conversion Assistance																										
Family Occupancy																										
A	0	Apartment	0	1.0	450	565	0	565	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	46.60%	\$1.26				
B	42	Townhome	2	1.0	800	853	0	853	429,912	0	31.6%	36.2%	33,600	31.2%	33,600		N/A	N/A	81	8.67%	54.77%	\$1.07				
C	58	Townhome	3	1.0	1,000	1,035	0	1,035	720,360	0	52.9%	50.0%	58,000	53.9%	58,000		1,080	TC Rent	45	4.17%	57.50%	\$1.04				
D	13	Townhome	4	1.0	1,000	1,112	0	1,112	173,472	0	12.7%	11.2%	13,000	12.1%	13,000		1,204	TC Rent	92	7.64%	55.39%	\$1.11				
E	0	Townhome	4	1.5	1,250	1,108	0	1,108	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	55.19%	\$0.89				
F	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
G	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
H	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
I	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
J	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
								1,323,744	0	97.2%	97.4%	104,600	97.2%	104,600												
50% Area Median Income Units																										
0% Tenant AMI Restriction (if different from rent restriction)																										
Yes RAD Conversion Assistance																										
Family Occupancy																										
A	0	Apartment	0	1.0	450	565	0	565	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	46.60%	\$1.26				
B	0	Townhome	2	1.0	800	853	0	853	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	54.77%	\$1.07				
C	2	Townhome	3	1.0	1,000	1,035	0	1,035	24,840	0	1.8%	1.7%	2,000	1.9%	2,000	Low HOME	900	TC Rent	(135)	-15.00%	57.50%	\$1.04				
D	1	Townhome	4	1.0	1,000	1,112	0	1,112	13,344	0	1.0%	0.9%	1,000	0.9%	1,000	Low HOME	1,003	TC Rent	(109)	-10.87%	55.39%	\$1.11				
E	0	Townhome	4	1.5	1,250	1,108	0	1,108	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	55.19%	\$0.89				
F	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
G	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
H	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
I	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
J	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	0.00%	N/A				
								38,184	0	2.8%	2.6%	3,000	2.8%	3,000												
										107,600			107,600													
Total Units		116																	Gross Rent Potential		1,361,928	HOME Units SF/Total Units SF		2.8%	Within Range	
Income Aveaging		60%																	Average Monthly Rent		978	# HOME Units/# Total Units		2.6%	Within Range	
Set Aside		100%																	Gross Square Footage		107,600					

Utility Allowances

Non-Rental Income

Misc. and Interest	0
Laundry	0
Carports	0
Other:	0
Other:	0
Other:	0

	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Ovende
A	0	0	0	0	0	0	
B	0	0	0	0	0	0	
C	0	0	0	0	0	0	
D	0	0	0	0	0	0	
E	0	0	0	0	0	0	
F	0	0	0	0	0	0	
G	0	0	0	0	0	0	
H	0	0	0	0	0	0	

Total Income	Annual	Monthly
Rental Income	1,361,928	113494
Non-Rental Income	0	0
Total Project Revenue	1,361,928	113494

TOTAL DEVELOPMENT COSTS	Mortgage		Included in Tax Credit Basis	Board Approved		Included in Tax Credit Basis	Difference Mod vs. Board	Mortgage		Included in Tax Credit Basis	Board Approved		Included in Tax Credit Basis	Difference Mod vs. Board	4 Month OAR	
	Mod Per Unit	Mortgage Mod Total		Per Unit	Approved Total			Mod Per Unit	Mortgage Mod Total		Per Unit	Approved Total				
Acquisition																
Land	5,302	615,000	0	5,302	615,000	0	0	0	0	0	3,773	437,706	0	(479)	433.951	
Existing Buildings	54,957	6,375,000	6,375,000	54,957	6,375,000	6,375,000	0	0	0	0	2,611	302,917	0	0		
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Subtotal	60,259	6,990,000		60,259	6,990,000		0	0	0	0	6,386	740,623	0	299,521		
Construction/Rehabilitation																
Off Site Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
On-site Improvements	7,532	873,679	873,679	16,894	1,959,720	1,959,720	(1,086,041)	0	0	0	0	0	0	0		
Landscape and Irrigation	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Structures	75,486	8,756,428	8,756,428	58,639	6,802,091	6,802,091	1,954,337	0	0	0	0	0	0	300,000		
Community Building and/or Maintenance Facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Construction not in Tax Credit basis (i.e. Carports)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
General Requirements % of Contract 6.00%	4,981	577,806	577,806	4,532	525,709	525,709	52,098	0	0	0	978	113,494	0	0		
Builder Overhead % of Contract 2.00%	1,760	204,158	204,158	1,601	185,750	185,750	18,408	0	0	0	0	0	0	0		
Builder Profit % of Contract 6.00%	5,366	624,724	624,724	4,900	568,396	568,396	568,396	0	0	0	0	0	0	0		
Bond Premium, Permits, Cost Cert.	733	85,000	85,000	759	88,000	88,000	(3,000)	0	0	0	0	0	0	0		
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Subtotal	95,878	11,121,796		87,325	10,129,666		992,130	95,878	11,121,796		6,386	740,623	0	299,521		
15%/\$15,000 test:		met			met											
Professional Fees																
Design Architect Fees	4,602	533,846	533,846	3,448	400,000	400,000	133,846	0	0	0	23,212	2,692,579	2,692,579	176,433		
Supervisory Architect Fees	1,151	133,462	133,462	948	110,000	110,000	23,462	0	0	0	40,484	4,696,173	4,696,173	333,851		
Engineering/Survey	172	20,000	20,000	647	75,000	75,000	(55,000)	0	0	0	0	0	0	0		
Legal Fees	560	65,000	65,000	991	115,000	115,000	(59,000)	0	0	0	0	0	0	0		
Subtotal	6,485	752,308		6,034	700,000		52,308	24,733	2,869,012	2,869,012	23,212	2,692,579	2,692,579	176,433		
Maximum of Acquisition/Project Reserves								7.5%	of Acquisition/Project Reserves	Override	5%	Attribution Test	met			
15% of All Other Development Costs																
Interim Construction Costs																
Property and Causality Insurance	1,932	224,097	224,097	862	100,000	100,000	124,097	0	0	0	0	0	0	0		
Construction Loan Interest	667,388	5,753	667,388	533,910	8,401	974,482	682,137	(307,094)	0	0	0	0	0	0		
Title Work	1,034	120,000	78,000	1,034	120,000	78,000	0	0	0	0	0	0	0	0		
Construction Taxes	276	32,000	32,000	0	0	0	32,000	0	0	0	0	0	0	0		
Utilities and In:	879	102,000	102,000	129	15,000	15,000	87,000	0	0	0	0	0	0	0		
Subtotal	9,875	1,145,485		10,427	1,209,482		(63,997)	224,231	26,010,831	23,567,601	211,278	24,508,417	22,163,224	1,502,414		
Permanent Financing																
Loan Commitment Fee to MSHDA	2%	2,468	286,299	0	2,468	286,150	0	1,149	0	0	0	0	0	0	0	
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Subtotal	2,468	286,299		2,468	286,150		1,149	64,761	64,761	0	64,761	64,761	0	0		
Other Costs (In Basis)																
Application Fee	17	2,000	2,000	17	2,000	2,000	0	0	0	0	0	0	0	0		
Market Study	56	6,500	6,500	56	6,500	6,500	0	0	0	0	0	0	0	0		
Environmental Studies	647	75,000	75,000	647	75,000	75,000	0	0	0	0	0	0	0	0		
Cost Certification	259	30,000	30,000	259	30,000	30,000	0	0	0	0	0	0	0	0		
Equipment and Furnishings	776	90,000	90,000	776	90,000	90,000	0	0	0	0	0	0	0	0		
Temporary Tenant Relocation	1,293	150,000	112,500	1,513	175,500	131,625	(25,500)	0	0	0	0	0	0	0		
Construction Contingency	9,588	1,112,180	1,112,180	8,732	1,012,967	1,012,967	99,213	0	0	0	0	0	0	0		
Appraisal and C.N.A.	207	24,048	24,048	284	33,000	33,000	(8,952)	0	0	0	0	0	0	0		
Other: Buildr	431	50,000	50,000	431	50,000	50,000	0	0	0	0	0	0	0	0		
Subtotal	13,274	1,539,728		12,715	1,474,967		64,761	64,761	64,761	0	64,761	64,761	0	0		
Other Costs (NOT In Basis)																
Start-Up and Organization	235	27,317	0	129	15,000	0	12,317	0	0	0	0	0	0	0		
Tax Credit Fees (based on 2017 QAP) #####	475	55,105	0	447	51,857	0	3,248	0	0	0	0	0	0	0		
Compliance Monitoring Fee (based on 2017 QAP)	475	55,100	0	475	55,100	0	0	0	0	0	0	0	0	0		
Marketing Expense	0	0	0	4	500	0	(500)	0	0	0	0	0	0	0		
Syndication Legal Fees	130	15,044	0	431	50,000	0	(34,956)	0	0	0	0	0	0	0		
Rent Up Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Subtotal	1,315	152,566		1,487	172,457		(19,891)	109,865	12,744,377	109,865	12,744,377	4,937,245	500,000			

Summary of Acquisition Price		As of 01/00/00		Construction Loan Term	
Attributed to Land	615,000	1st Mortgage Balance	0	Construction Contract	Months
Attributed to Existing Structure	#####	Subordinate Mortgage(s)	0		18
Other:	0	Subordinate Mortgage(s)	0	Holding Period (50% Test)	4
Fixed Price to Seller	#####	Subordinate Mortgage(s)	0	Construction Loan Period	20
Premium/(Deficit) vs Existing Debt	6,990,000				

Appraised Value		Value As of: 11/01/19	
'Encumbered As-Is' value as determined by appraisal:	6,990,000	Override	
Plus 5% of Appraised Value:	0		
LESS Fixed Price to the Seller:	6,990,000		
Surplus/(Gap)	Within Range	0	

Project Reserves		Mortgage		Board Approved		Included in Tax Credit Basis		Difference Mod vs. Board	
Mod Per Unit	Mortgage Mod Total	Per Unit	Approved Total	Mod Per Unit	Approved Total	Mod Per Unit	Approved Total	Mod Per Unit	Approved Total
Operating Assurance Reserv	4.0 months Funded in Cas	3,769	437,227	0	0	3,773	437,706	0	(479)
Replacement Reserve	Required	2,611	302,917	0	0	2,611	302,917	0	0
Operating Deficit Reserve	Less than GRF	0	0	0	0	0	0	0	0
Rent Subsidy Reserves		0	0	0	0	0	0	0	0
Syndicator Held Reserve		0	0	0	0	0	0	0	0
Rent Lag Escrow		0	0	0	0	0	0	0	0
Tax and Insurance Escrows		0	0	0	0	0	0	0	0
Syndicator H/H		2,586	300,000	0	0	0	0	0	300,000
Other:		0	0	0	0	0	0	0	0
Subtotal		8,967	1,040,144			6,386	740,623		299,521
Miscellaneous									
Deposit to Development Operating Account (1MGRP)		978	113,494	0	0	978	113,494	0	0
Other (Not in Basis):		0	0	0	0	0	0	0	0
Other (In Basis):		0	0	0	0	0	0	0	0
Other (In Basis):		0	0	0	0	0	0	0	0
Subtotal		978	113,494			978	113,494		0
Total Acquisition Costs		60,259	6,990,000			60,259	6,990,000		0
Total Construction Hard Costs		95,878	11,121,796			87,325	10,129,666		992,130
Total Non-Construction ("Soft") Costs		43,362	5,030,024			40,484	4,696,173		333,851
Developer Overhead and Fee		24,733	2,869,012			23,212	2,692,579		176,433
Maximum of Acquisition/Project Reserves	7.5% of Acquisition/Project Reserves	Override	5% Attribution Test	met					
15% of All Other Development Costs									
Total Development Cost		224,231	26,010,831			211,278	24,508,417		1,502,414
TOTAL DEVELOPMENT SOURCES									
MSHDA Permanent Mortgage	29.59%	66,353	7,696,955	% of TDC		67,303	7,807,132	(110,177)	
Conventional/Other Mortgage	0.00%	0	0			0	0	0	
Equity Contribution from Tax Credit Syndication	30.87%	69,223	8,029,862	# of Units		63,816	7,402,674	627,188	
MSHDA NSP Funds	0.00%	0	0	0.00		0	0	0	
MSHDA HOME or Housing Trust Funds	2.06%	4,614	535,277	3.00		6,522	756,564	(221,287)	
Mortgage Resource Funds	2.06%	4,614	535,277			6,522	756,565	(221,288)	
Other MSHD	0.00%	0	0			0	0	0	
Local HOME	0.00%	0	0			0	0	0	
Income from Operations	2.20%	4,924	571,220			6,149	713,325	(142,105)	
Other Equity	0.00%	0	0			0			

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
LAKE SUPERIOR VILLAGE, MSHDA DEVELOPMENT NO. 3923
CITY OF MARQUETTE, MARQUETTE COUNTY

October 6, 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 the Marquette Housing Commission (the "Applicant") for a multifamily housing project to be located in the City of Marquette, Marquette County, Michigan, having an estimated total development cost of Twenty-Six Million Ten Thousand Eight Hundred Thirty-One Dollars (\$26,010,831), a total estimated maximum mortgage loan amount of Thirteen Million Two Hundred Forty-Four Thousand Three Hundred Seventy-Seven Dollars (\$13,244,377) and a Mortgage Resource Fund loan in the amount of Five Hundred Thirty-Five Thousand Two Hundred Seventy-Seven Dollars (\$535,277) (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 Fifteen Million Six Hundred Twenty-Eight Thousand Three Hundred Sixty-Five Dollars (\$15,628,365).

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 October 6, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING MORTGAGE LOAN
LAKE SUPERIOR VILLAGE, MSHDA DEVELOPMENT NO. 3923
CITY OF MARQUETTE, MARQUETTE COUNTY

October 6, 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 the Marquette Housing Commission (the "Applicant") for a construction mortgage loan in the amount of Thirteen Million Two Hundred Forty-Four Thousand Three Hundred Seventy-Seven Dollars (\$13,244,377) and a permanent mortgage loan in the amount of Seven Million Six Hundred Ninety-Six Thousand Nine Hundred Fifty-Five Dollars (\$7,696,955), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Twenty-Six Million Ten Thousand Eight Hundred Thirty-One Dollars (\$26,010,831), to be known as Lake Superior Village, located in the City of Marquette, Marquette County, Michigan, and to be owned by Lake Superior Village 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 Five Hundred Thirty-Five Thousand Two Hundred Seventy-Seven Dollars (\$535,277) (the "MRF Loan") and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Five Hundred Thirty-Five Thousand Two Hundred Seventy-Seven Dollars (\$535,277) (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 Thirteen Million Two Hundred Forty-Four Thousand Three Hundred Seventy-Seven Dollars (\$13,244,377), and permanent financing in an amount not to exceed Seven Million Six Hundred Ninety-Six Thousand Nine Hundred Fifty-Five Dollars (\$7,696,955), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of four and 25/1000 percent (4.25%) 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 Fifteen Million Six Hundred Twenty-Eight Thousand Three Hundred Sixty-Five Dollars (\$15,628,365). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MRF 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 MRF Loan (together

with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Five Hundred Thirty-Five Thousand Two Hundred Seventy-Seven Dollars (\$535,277), 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 as follows:

- (a) So long as the Housing Assistance Payments Contract or any other federal subsidy is in effect, the rate of return shall be twelve percent (12%) of the Mortgagor's equity, as determined by the Authority.
- (b) Following the expiration or termination of the Housing Assistance Payments Contract or other federal subsidy, the rate of return shall not exceed twenty-five percent (25%) of the Mortgagor's equity, as determined by the Authority.
- (c) The Mortgagor's return on equity shall be fully cumulative.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated October 6, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

9. The Authority hereby waives its Multifamily Direct Lending Parameter, II Eligibility and Resource Availability, B(2)(f) Repayment: to remove the payment deferral and require payment equal to 50% of surplus cash on or before the date on which any Limited Dividend Payment is distributed, but in no event later than April 30th of that year.

