

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A

March 28, 2019

735 East Michigan Avenue, Lansing, Michigan
 3028 W. Grand Blvd., Suite 4-602, Detroit Michigan
 10:00 a.m.

Roll Call:Public Comments:Remarks:

Chairperson
 Executive Director

Voting Issues:

Tab A Approval of Agenda

CONSENT AGENDA ITEMS

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

Tab B Minutes – February 28, 2019

Tab C Resolution Authorizing Agent for Property Improvement Program
 Mortgage Loan Servicing - AmeriNat

REGULAR VOTING ITEMS

Tab D Michigan State Housing Development Authority Resolution Authorizing Issuance and Sale of Michigan State Housing Development Authority Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (**Teal Run I Apartments Project**) to Finance a Loan to Pedcor Investments – 1998 – XXXV, Limited Dividend Housing Association Limited Partnership, a Michigan Limited Partnership, so as to Enable the Borrower to Refund the Michigan State Housing Development Authority Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Teal Run I Apartments Project) Series 2007A; Authorizing the Execution of Various Documents Relating to the Bond; and Determining and Authorizing Other Matters Relative Thereto

Tab E Michigan State Housing Development Authority Resolution Authorizing Issuance and Sale of Michigan State Housing Development Authority Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (**Berrien Woods III Apartments Project**) to Finance a Loan to Pedcor Investments-2000 – XLVII, Limited Dividend Housing Association Limited Partnership, a Michigan Limited

Partnership, so as to Enable the Borrower to Refund the Michigan State Housing Development Authority Adjustable Rate Limited Obligation Multifamily Housing Revenue Bonds Series 2000A (Berrien Woods III Apartments); Authorizing the Execution of Various Documents Relating to the Bond; and Determining and Authorizing Other Matters Relative Thereto

Tab F Michigan State Housing Development Authority Resolution Authorizing Issuance and Sale of Michigan State Housing Development Authority Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (**Sand Creek I Apartments Project**) to Finance a Loan to Sand Creek Apartments Limited Dividend Housing Association Limited Partnership, a Michigan Limited Partnership, so as to Enable the Borrower to Refund the Michigan State Housing Development Authority Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Sand Creek Apartments, Phase I Project) Series 2007A; Authorizing the Execution of Various Documents Relating to the Bond; and Determining and Authorizing Other Matters Relative Thereto

Tab G Michigan State Housing Development Authority Resolution Authorizing Issuance and Sale of Michigan State Housing Development Authority Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (**Sand Creek II Apartments Project**) to Finance a Loan to Pedcor Investments-2001-XLIX, Limited Dividend Housing Association Limited Partnership, a Michigan Limited Partnership, so as to Enable the Borrower to Refund the Michigan State Housing Development Authority Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Sand Creek II Apartments Project), Series 2007A; Authorizing the Execution of Various Documents Relating to the Bond; and Determining and Authorizing Other Matters Relative Thereto

Tab H Resolution Determining Mortgage Loan Feasibility, **Apartments at 28 West, MSHDA Development No. 3848**, City of Wyoming, Kent County

Resolution Authorizing Mortgage Loan, **Apartments at 28 West, MSHDA Development No. 3848**, City of Wyoming, Kent County

Tab I Resolution Approving Five-Year Public Housing Agency Plan, Annual PHA Plan and Amendments to Administrative Plan for the Housing Choice Voucher Program

NEW RESOLUTION – REMOVING EXECUTIVE DIRECTOR

NEW RESOLUTION – APPOINTMENT OF ACTING EXECUTIVE DIRECTOR

Closed Session

None.

Discussion Issues:

None.

Reports:

Tab 1 Homeownership Production Report

Tab 2 Hardest Hit Report

Tab 3 Current and Historical Homeownership Data

**Michigan State Housing Development Authority
Minutes of Authority Meeting
February 28, 2019**

AUTHORITY MEMBERS PRESENT (Lansing):

Carl English
Luke Terry
Jennifer Grau
Paul Ajegba
Deb Muchmore
Sarah Esty for Robert Gordon
Rachael Eubanks
Tyrone Hamilton

AUTHORITY MEMBERS ABSENT:

OTHERS PRESENT (Lansing/Detroit):

Earl J. Poleski, Executive Director
Brian Mills, Chief of Staff
Maria Ostrander, Executive
Mary Cook, Executive
Clarence L. Stone, Jr., Legal Affairs
Willard G. Moseng, Legal Affairs
Margaret Meyers, Legal Affairs
Laurie Kelly, Legal Affairs
Scott Grammer, Legal Affairs
Diana Bitely, Legal Affairs
Jeffrey Sykes, Chief Financial Officer
Chris Hall, Technical Support Services
Katie Bach, Governmental & Media Affairs
Mike Witt, Asset Management
Jennifer Ferguson, Office of Employee Services
Kelly Rose, Rental Assistance and Homeless Solutions
Troy Thelen, Asset Management
John Hundt, Rental Development
Mary Townley, Homeownership
Ron Farnum, Office of Attorney General
James Kiefer, Dykema
Cory Hoeppner, BBC Capital
Tim Rittenhouse, CSG Advisors
Kris Nied, Miller Canfield
Ron Liscomb, Miller Canfield
Lisa Hagan, Hawkins, Delafield
Tom Coomes, Citi
Joe Tate, Michigan Legislature

Vice Chairperson Luke Terry opened the meeting at 10:04 a.m.

There being no public comments, Mr. Terry noted that Goldenrods for Tabs E and I were distributed at the table.

Election of Board Chair

Mr. Terry asked for nominations for the Board Chair. Paul Ajegba nominated Rachael Eubanks. There were no other nominations. Ms. Eubanks was elected unanimously as Board Chair.

Election of Vice Chair

Mr. Terry asked for nominations for the Board Vice Chair. Carl English nominated Luke Terry. There were no other nominations. Mr. Terry was elected unanimously as Vice Chair.

Executive Director's Report

Mr. Poleski welcomed the new board members and congratulated the newly elected Chair and Vice Chair.

- **Bond Cap** Mr. Poleski reported that the Authority is working to make a legislative change to the Authority's statutory bond cap. Under the Authority's Act, the Authority is limited to having \$3.4 billion of outstanding debt. Since Authority staff anticipate meeting the bond cap before the end of this year and possibly exceeding it next year, they are making efforts to ensure that the necessary legislative changes are made to keep up with demand.
- **Upcoming Budget Timeline** Mr. Poleski explained that MSHDA's budget year is July 1 – June 30. He reported that Authority staff have begun the process of preparing the budget and plan to submit a draft budget to the board in April or May, with an anticipated adoption in June. He further explained that the Qualified Action Plan ("QAP") is amended bi-annually and submitted to the board for adoption. Authority staff implement the changes to the QAP through which the Authority implements the Federal Low Income Housing Tax Credit program. Authority staff will begin amending the QAP this year for adoption next year.

Voting Issues:

Agenda (Tab A): Mr. Terry requested a motion to approve the agenda. Deb Muchmore moved approval of the agenda. Luke Terry supported. The agenda was unanimously approved

Consent Agenda (Tabs B-D) Deb Muchmore moved approval of the consent agenda. Carl English supported. The consent agenda was approved. The consent agenda included the following resolutions:

- Tab B Minutes – December 12, 2018
- Tab C Closed Session Minutes – December 12, 2018
- Tab D Resolution Authorizing Execution of a Second Amendment to Agreement for Professional Services with Swap Financial Group, LLC

REGULAR VOTING ITEMS

Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series A in an Amount not to Exceed \$250,000,000 (TAB E) was presented by Chief Financial Officer Jeff Sykes. Mr. Sykes reviewed the business aspects of the proposed issuance and sale of Single-Family Mortgage Revenue Bonds, 2019 Series A, as detailed in the board documents. James Kiefer of Dykema reviewed the proposed resolution.

Assistant Attorney General Ron Farnum and Director of Legal Affairs Clarence Stone concurred that the resolution was in proper order for the Authority's action. Carl English moved approval of

the resolution. Deb Muchmore supported.

The following Roll Call vote was taken for Tab E:

Carl English – Yes	Jennifer Grau – Yes	Deb Muchmore – Yes
Luke Terry – Yes	Paul Ajegba - Yes	Sarah Esty - Yes
Rachael Eubanks - Yes	Tyrone Hamilton - Yes	

There were 8 “yeas” and 0 “nay” votes. The resolution was unanimously approved.

Rachael Eubanks, Jennifer Grau and Sarah Esty requested additional training sessions with Chief Financial Officer Jeff Sykes on bond issues to better understand the resolutions placed before them for consideration.

Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series B in an Amount not to Exceed \$60,000,000 (TAB F) was presented by Chief Financial Officer Jeff Sykes. Mr. Sykes reviewed the business aspects of the proposed issuance and sale of Single-Family Mortgage Revenue Bonds, Series B, as detailed in the board documents. James Kiefer of Dykema reviewed the proposed resolution.

Assistant Attorney General Ron Farnum and Director of Legal Affairs Clarence Stone concurred that the resolution was in proper order for the Authority’s action. Deb Muchmore moved approval of the resolution. Rachael Eubanks supported.

The following Roll Call vote was taken for Tab F:

Carl English – Yes	Jennifer Grau – Yes	Deb Muchmore – Yes
Luke Terry – Yes	Paul Ajegba - Yes	Sarah Esty - Yes
Rachael Eubanks - Yes	Tyrone Hamilton - Yes	

There were 8 “yeas” and 0 “nay” votes. The resolution was unanimously approved.

Michigan State Housing Development Authority Resolution Approving Swap Transactions for Single-Family Mortgage Revenue Bonds (TAB G) was presented by Chief Financial Officer Jeff Sykes. Mr. Sykes reviewed the business aspects of the proposed resolution as detailed in the board documents. Kristen Nied of Miller Canfield reviewed the proposed resolution.

Assistant Attorney General Ron Farnum and Director of Legal Affairs Clarence Stone concurred that the resolution was in proper order for the Authority’s action. Carl English moved approval of the resolution. Deb Muchmore supported.

The following Roll Call vote was taken for Tab G:

Carl English – Yes	Jennifer Grau – Yes	Deb Muchmore – Yes
Luke Terry – Yes	Paul Ajegba - Yes	Sarah Esty - Yes
Rachael Eubanks - Yes	Tyrone Hamilton - Yes	

There were 8 “yeas” and 0 “nay” votes. The resolution was unanimously approved.

Resolution Declaring Official Intent to Reimburse Expenditures for Financing and Purchasing Mortgage Loans (TAB H) was presented by Chief Financial Officer Jeff Sykes. Mr. Sykes reviewed the business aspects of the proposed resolution as detailed in the board documents.

Assistant Attorney General Ron Farnum and Director of Legal Affairs Clarence Stone concurred that the resolution was in proper order for the Authority's action. Carl English moved approval of the resolution. Jennifer Grau supported.

The following Roll Call vote was taken for Tab H:

Carl English – Yes	Jennifer Grau – Yes	Deb Muchmore – Yes
Luke Terry – Yes	Paul Ajegba - Yes	Sarah Esty - Yes
Rachael Eubanks - Yes	Tyrone Hamilton - Yes	

There were 8 “yeas” and 0 “nay” votes. The resolution was unanimously approved.

Resolution Determining Mortgage Loan Feasibility/Resolution Authorizing Mortgage Loan, Marsh Ridge III, MSHDA Development No. 1045, City of Grand Rapids, Kent County— (TAB I) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the proposed resolutions as detailed in the board documents. Carl English moved approval of the resolutions. Deb Muchmore supported. The resolutions were approved.

Resolution Authorizing Modification to 1% Tax Exempt Bond Program -- (Tab J) was presented by Troy Thelen of Asset Management. Mr. Thelen reviewed the proposed resolution as detailed in the board documents. Rachael Eubanks moved approval of the resolution. Tyrone Hamilton supported. The resolution was approved.

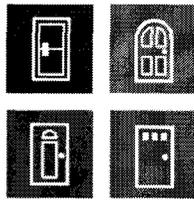
Resolution Authorizing Modification to Mortgage Terms, Elm House, MSHDA Development No. 541, City of Monroe, Monroe County (Tab K) was presented by Troy Thelen of Asset Management. Mr. Thelen reviewed the business aspects of the proposed resolution as detailed in the board documents. Jennifer Grau moved approval of the resolution. Paul Ajegba supported. The resolution was approved.

Mr. Terry noted that the following reports were included for information: Homeownership Production Report (Tab 1), Current and Historical Homeownership Data (Tab 2), and Hardest Hit Report (Tab 3).

Mr. Terry noted that the next two board meetings are scheduled for March 28 and April 25, 2019. All subcommittee meetings will now be held on the Monday before the board meeting.

There being no further business, Mr. Terry requested a motion to adjourn. Deb Muchmore moved to adjourn. Tyrone Hamilton supported the motion, and it was unanimously approved and accepted. The meeting adjourned at 11:47 a.m.





MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Earl J. Poleski, Executive Director 

DATE: March 28, 2019

RE: Appointment of Agent for PIP Mortgage Loan Assignments

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt the attached resolution appointing Amerinational Community Services, LLC, dba "AmeriNat," as its agent for servicing the Authority's Property Improvement Program (PIP) mortgage portfolio.

Executive Summary:

In September 2017 the Authority approved AmeriNat as the subservicer for the Authority's Property Improvement Program mortgage portfolio. The subservicing agreement was signed with an effective date of October 1, 2017. As part of the subservicing agreement, the Authority is to allow AmeriNat to sign documents related to the assignment of the Authority's Property Improvement Program mortgages on behalf of the Authority. The attached resolution authorizes AmeriNat to act as an agent of the Authority in connection with its role as subservicer. A copy of the proposed Power of Attorney is attached.

The Property Improvement Program offers 5, 10, 15 and 20-year amortized loans to improve homes in need of repair. Homeowners with annual household incomes up to \$105,700 and credit scores of 620 or higher are eligible for the Property Improvement Program. Improvements must substantially protect or improve the basic livability or utility of a single family or manufactured home to be eligible for the Property Improvement Program. Eligible improvements include:

- Roofing, insulation, siding, windows or doors;
- Heating and air conditioning, plumbing and roofing;
- Garage and deck construction;
- Attic and basement finishing; and
- Septic and sewer.

Issues, Policy Considerations, and Related Actions:

None

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING AGENT FOR
PROPERTY IMPROVEMENT PROGRAM
MORTGAGE LOAN SERVICING – AMERINAT**

March 28, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") has received the report of the Executive Director regarding the need for authorizing agents to sign documents related to the servicing of the Authority's Property Improvement Program ("PIP") Mortgage Loan portfolio by Amerinational Community Services, LLC dba "AmeriNat"; and

WHEREAS, the Executive Director has recommended that the Authority authorize the execution of the attached Power of Attorney related to the servicing of the Authority's PIP Mortgage Loan portfolio; and

WHEREAS, the Authority concurs in the recommendations of the Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that the Director of Legal Affairs or the Deputy Director of Legal Affairs, or any person duly authorized to act in either of the foregoing capacities, be and hereby is authorized to execute the attached Power of Attorney.

Limited Power of Attorney

Whereas, Michigan State Housing Development Authority (the "Authority"), with a business address of 735 East Michigan Avenue, P.O. Box 30044, Lansing, MI 48912, does hereby authorize, AmeriNat, a limited-liability corporation located at 217 South Newton Ave., Albert Lea, MN 56007 LLC ("Contractor"), to act on behalf of the Authority for the sole purposes of executing loan documents with respect to any mortgage loan serviced by Contractor pursuant to the Professional Services Agreement dated October, 2017 and any subsequent agreements between Contractor and the Authority, and all exhibits and schedules to such agreements, as any of them may be from time to time amended, restated, modified or supplemented through executed amendments, or addenda to:

- 1) endorse mortgage loan assignment documents on behalf of the Authority;
- 2) take any actions and execute such documents as may be necessary to fulfill Contractor's servicing obligations to the Authority with respect to endorsing such assignment documents.

All powers granted by this Power of Attorney are limited by and subject to the terms and provisions of the Professional Services Agreement. This Limited Power of Attorney is effective immediately and will continue until it is revoked or terminated. This Limited Power of Attorney shall expire upon the termination of the Professional Services Agreement. This limited power of attorney may only be used in the execution of the powers herein by (a) those Contractor officers who have been duly appointed as Executive Vice President, Senior Vice President, Vice President, Assistant Vice President, Secretary or Assistant Secretary, and/or (b) non-officers who have been duly designated by Contractor as having signing authority. The Authority shall have the right to limit such signing authority or may revoke signing authority from any officer or other authorized non-officer for any reason. The Authority agrees that any third party who receives a copy of this document may act under it.

Remainder of page intentionally left blank

In witness whereof, the Authority has caused this Limited Power of Attorney to be executed in its name by its duly authorized officer on this ____ day of _____, 2019.

Michigan State Housing Development Authority

By: _____

Its

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

On this ____ day of _____, 2019, before me a notary public in for the above county and state the undersigned officer _____ who acknowledged himself to be the _____ of the Michigan State Housing Development Authority, a public body corporate and politic of the State of Michigan, and that he as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained, on behalf of the Authority by its authority, and he acknowledged the execution of said instrument to be the voluntary act and deed of such Authority.

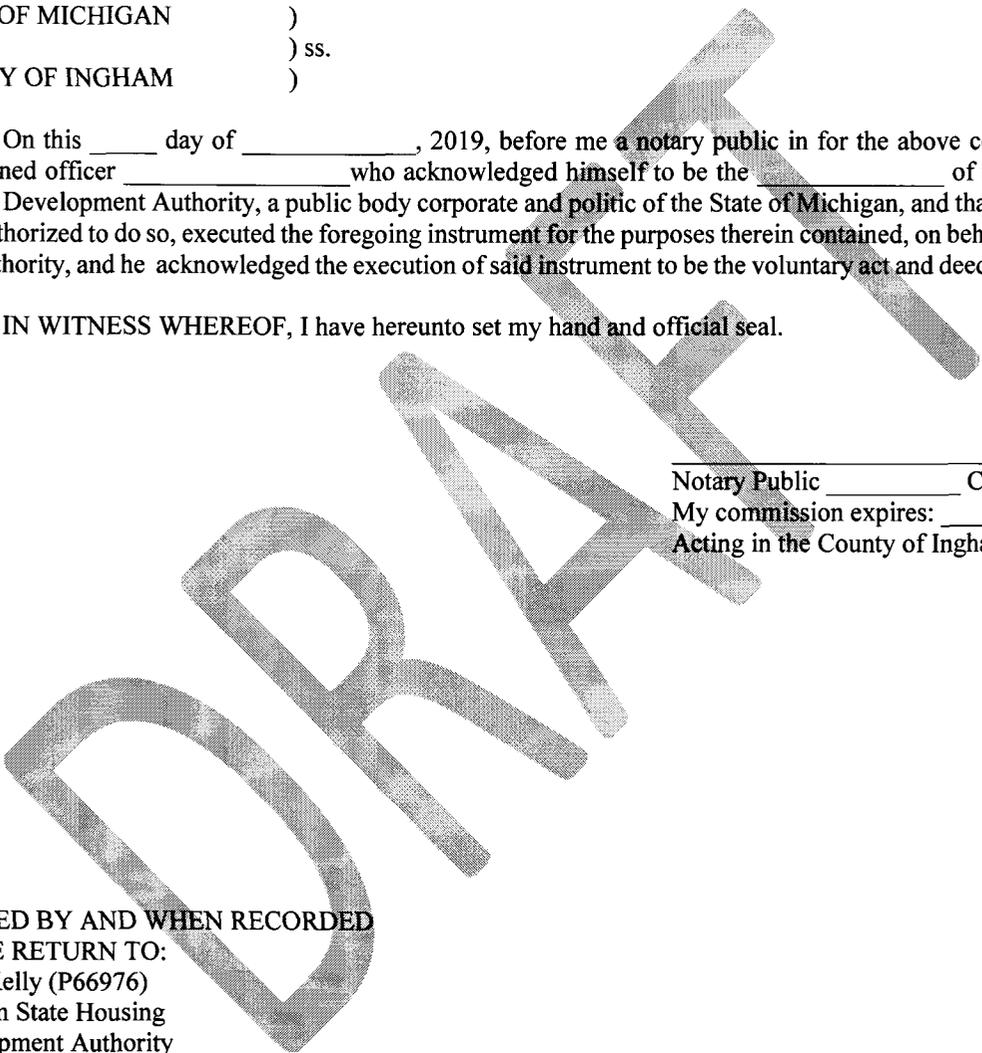
IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public _____ County, MI

My commission expires: _____

Acting in the County of Ingham

**DRAFTED BY AND WHEN RECORDED
PLEASE RETURN TO:
Laurie Kelly (P66976)
Michigan State Housing
Development Authority
P.O. Box 30044
Lansing, MI 48909**





M E M O R A N D U M

TO: Authority Members

FROM: Earl J. Poleski, Executive Director 

DATE: March 28, 2019

RE: Pedcor Investments; MSHDA 44c Developments

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt four resolutions (one relating to each of the below-referenced bonds) authorizing the issuance of bonds to refund (in whole) the respective series of related bonds to be refunded.

Borrower	Related Bonds To Be Refunded
Pedcor Investments-1998-XXXV, Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership	Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Teal Run I Apartments Project) Series 2007A
Sand Creek Apartments Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership	Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Sand Creek Apartments, Phase I Project) Series 2007A
Pedcor Investments-2001-XLIX, Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership	Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Sand Creek II Apartments Project) Series 2007A
Pedcor Investments-2000-XLVII, Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership	Adjustable Rate Limited Obligation Multifamily Housing Revenue Bonds, Series 2000A (Berrien Woods III Apartments)

Executive Summary:

The related bonds described above were issued by the Authority in 2000 or 2007, as shown in the respective bond caption. In 2017, the borrowers converted all such bonds from a Weekly Rate to a Term Interest Rate. In connection with such conversions, each borrower secured a Section 223(f) Federal Housing Administration (FHA) insured mortgage loan ("FHA Section 223(f) mortgage loan") and a letter of credit from the Federal Home Loan Bank of Indianapolis which, collectively, serve as credit enhancement for the related bonds. In addition, the FHA Section 223(f) mortgage loan is supported by mortgage-backed securities ("Ginnie Mae

Securities”) guaranteed by Ginnie Mae, a wholly-owned governmental corporation within the United States Department of Housing and Urban Development. Pursuant to the GNMA Securities program, Ginnie Mae is obligated to make monthly payments in specified amounts, irrespective of whether the borrower pays the monthly payment required under the corresponding FHA Section 223(f) mortgage loan. The borrowers now desire to refund the related bonds to be refunded with fixed rate refunding bonds. The credit enhancement for each series of refunding bonds will be the related FHA Section 223(f) mortgage loan and GNMA Securities.

The refunding bonds will not be secured by the capital reserve capital account of the Authority but will be limited obligations (and not general obligations) of the Authority, payable solely from payments made by the respective borrower and/or the related credit enhancement.

These developments meet the requirements for a refunding under Section 44c, and repayment of the bonds is reasonably secure based on the proposed credit enhancement.

Issues, Policy Considerations, and Related Actions:

The developments will benefit from fixed rate financing to the maturity date of the refunding bonds and affordable housing units will be preserved due to the low-income set aside restrictions that, pursuant to the Internal Revenue Code, continue so long as related tax-exempt financing remains outstanding.

The Authority is required to consider separate resolutions for each series of proposed refunding bonds, each of which must be approved by a roll call vote.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY RESOLUTION
AUTHORIZING ISSUANCE AND SALE OF
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LIMITED OBLIGATION MULTIFAMILY HOUSING REFUNDING REVENUE BOND,
SERIES 2019 (TEAL RUN I APARTMENTS PROJECT)
TO FINANCE A LOAN TO PEDCOR INVESTMENTS – 1998 – XXXV, LIMITED
DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, A MICHIGAN
LIMITED PARTNERSHIP, SO AS TO ENABLE THE BORROWER TO REFUND
THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY VARIABLE
RATE DEMAND LIMITED OBLIGATION MULTIFAMILY HOUSING REFUNDING
REVENUE BONDS (TEAL RUN I APARTMENTS PROJECT) SERIES 2007A;
AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATING TO THE
BOND; AND DETERMINING AND
AUTHORIZING OTHER MATTERS RELATIVE THERETO**

March 28, 2019

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

WHEREAS, Pedcor Investments-1998-XXXV, Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership (the “Borrower”), is a limited dividend housing association (as defined in the Act); and

WHEREAS, the Authority previously issued its Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Teal Run I Apartments Project) Series 2007A (the “Prior Bonds”) to obtain funds to lend to the Borrower to refinance the costs of acquiring, constructing and equipping multi-family rental housing facility and the site therefor located in the City of Battle Creek, Calhoun County, Michigan (the “Project”); and

WHEREAS, the Borrower has applied to the Authority for a loan in an amount not to exceed \$6,035,000 to repay a loan from the Authority to the Borrower relating to the Prior Bonds and thereby permit the Authority refund the Prior Bonds; and

WHEREAS, the Authority proposes to issue its Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (Teal Run I Apartments Project), in an aggregate principal amount not to exceed \$6,035,000 (the “Bond”), pursuant to this Resolution and a Financing Agreement, dated as of the first day of the month in which the Bond is delivered (the “Agreement”), among the Borrower, the Authority, Merchants Capital Corp., as lender (the “Lender”), United Fidelity Bank, fsb, as purchaser (the “Purchaser”) and U.S. Bank National Association, as trustee (the “Trustee”), to obtain funds to lend to the Borrower (the “Loan”); and

WHEREAS, Lender has agreed to (i) make a loan to the Borrower, which will be insured by the Federal Housing Administration under Section 223(f) of the National Housing Act of 1934, as amended (the “Mortgage Loan”), and will be evidenced by one or more mortgage notes

(collectively, the “Mortgage Note”) from the Borrower in favor of the Lender and secured by one or more mortgages on the Project (as defined in the Agreement) (collectively, the “Mortgage”) from the Borrower to the Lender; and (ii) deliver to the Trustee fully modified pass-through mortgage backed securities issued by the Lender (collectively, the “Ginnie Mae Certificates”), which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association; and

WHEREAS, scheduled payments on the Ginnie Mae Certificates will be pledged to secure principal and interest requirements on the Bond; and

WHEREAS, the Authority expects to receive an offer to purchase the Bond from the Purchaser pursuant to a Bond Purchase Agreement, by and among the Authority, the Purchaser and the Borrower (the “Bond Purchase Agreement”); and

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

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Deputy Director, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson and the Vice Chairperson and any persons duly authorized to act in any such capacity (each hereinafter individually referred to as an “Authorized Officer”) the power to determine certain terms and conditions of the Bond.

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

SECTION 1. Issuance of Bond; Limited Obligation. For the purpose of making the Loan requested by the Borrower and thereby assisting in the refunding of the Prior Bonds, the issuance of the Bond in an aggregate principal amount not to exceed \$6,035,000 is authorized. The Bond shall be designated “*Michigan State Housing Development Authority Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (Teal Run I Apartments Project)*” and shall be issued as single registered bond in a denomination equal to the aggregate principal amount of the Loan. The Bond shall be dated the date of delivery, and shall bear interest at a fixed rate determined by the Purchaser, as set forth in the Agreement and subject to approval by an Authorized Officer. The interest rate set forth in the Agreement and approved by any Authorized Officer shall be subject to the terms of this Resolution; provided, however, that in no event shall the interest rate on the Bond exceed 5% per annum.

The Bond shall be subject to mandatory, extraordinary and optional redemption, and may be transferred and registered, all as provided in the Agreement, with such modifications as may be approved by an Authorized Officer.

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

The Bond and the interest obligation thereon shall never constitute a debt or general obligation of the State of Michigan or the Authority within the meaning of any constitutional or statutory provision or limitation, and shall never constitute nor give rise to a charge against the general credit or taxing powers of the State of Michigan or the general funds or assets of the Authority (including funds relating to other Authority loans or activities) but shall be a limited obligation, and not a general obligation, of the Authority payable solely from those certain revenues derived from the Mortgage Note, the Mortgage and otherwise as provided in the Agreement, and moneys available from payments to be made by to the Purchaser from the Ginnie Mae Certificates.

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

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

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

SECTION 5. Execution of the Bond. The Bond shall bear the facsimile signature of the Executive Director of the Authority and shall have the official seal of the Authority (or a facsimile thereof) impressed or imprinted thereon.

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

SECTION 7. Execution and/or Delivery of the Agreement and Changes Therein. Each Authorized Officer is severally authorized to negotiate, execute, seal in his discretion, and deliver the Agreement and Bond Purchase Agreement and in substantially the form approved, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority.

SECTION 8. Sale and Delivery of the Bond. The Bond shall be sold by the Authority to the Purchaser (as evidenced by execution of the Bond Purchase Agreement by the Authority), at an aggregate purchase price to be approved by an Authorized Officer; provided, however, that:

- a) The aggregate principal amount of the Bond shall not exceed \$6,035,000.
- b) The interest rate on the Bond shall not exceed 5% per annum.
- c) The maximum principal amount coming due on the Bond in any calendar year shall not exceed \$6,035,000.

- d) The Bond may be a serial bond or term bond.
- e) The Bond shall have a stated maturity that is not later than October 1, 2042.
- f) The Bond shall be subject to mandatory and optional redemption as set forth in the form of Agreement on file with the Executive Director.
- g) Prior to the delivery of the Bond, the Authority shall have received all fees provided in Section 44c of the Act.

The Bond shall be delivered to the Purchaser as provided in the Bond Purchase Agreement upon receipt of payment therefor and upon delivery to the Trustee of each of the following:

- A. A certified copy of this Resolution.
- B. An executed counterpart of the Agreement.
- C. An executed counterpart of the Bond Purchase Agreement.
- D. An executed counterpart of the Mortgage and the Mortgage Notes.
- E. An opinion of Hawkins Delafield & Wood, LLP, as bond counsel to the Authority (“Bond Counsel”), dated as of the date of purchase of the Bond, in form acceptable to the Director of Legal Affairs and the Attorney General of the State of Michigan (the “Attorney General”).
- F. An opinion of the Attorney General dated as of the date of the purchase of the Bond, in form acceptable to the Director of Legal Affairs.
- G. An opinion or opinions of counsel to the Borrower, dated as of the date of delivery of the Bond, in form acceptable to the Director of Legal Affairs, Bond Counsel and the Attorney General.
- H. Evidence of satisfaction of the conditions precedent set forth in the Bond Purchase Agreement.
- I. A certificate dated the date of the issuance of the Bond made by the Authority, based upon a certificate of similar import from the Borrower, to the effect that the Bond proceeds will be used, and the Project will be operated, in a manner consistent with the requirements of the Internal Revenue Code of 1986, as amended, and the arbitrage regulations of the United States Department of Treasury.
- J. Such additional certificates, instruments, opinions of counsel and other documents as the Purchaser, the Lender, the Trustee, Bond Counsel or the Attorney General may reasonably deem necessary or desirable to evidence the truth and accuracy at the time of purchase of the Bond, of the representations and warranties set forth in the Bond Purchase Agreement and the Agreement, and such other matters as the Purchaser, the Lender, the Trustee, Bond Counsel, the Borrower or the Attorney General may reasonably request.

SECTION 9. Approval of Filings and Submissions with Other Governmental Agents. Each Authorized Officer is severally authorized on behalf of the Authority to apply for such rulings, orders and approvals and file or submit such elections or other documents to any governmental agency in order that the Bond may be validly issued and the interest on the Bond may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are hereby ratified and confirmed.

SECTION 10. Authorization of Other Documents and Actions. The Chairperson, the Vice Chairperson, the Executive Director, the Deputy Director, the Chief Financial Officer, the Director of Legal Affairs or the Deputy Director of Legal Affairs of the Authority, or any person duly authorized to act in any such capacity, and each of them, are hereby authorized to execute and deliver such other certificates, documents, instruments, and opinions and other papers and to take such other actions as may be required by the Agreement, or as may be necessary or convenient to effectuate the sale and delivery of the Bond and the closing of the Loan.

SECTION 11. Appointment of Trustee. U.S. Bank National Association is hereby appointed Trustee under the Agreement.

SECTION 12. Conflict and Effectiveness. All resolutions and parts of resolutions or other proceedings of the Authority in conflict herewith are repealed to the extent of such conflict. This Resolution shall become effective upon adoption. If the Bond is not sold and delivered on or before June 30, 2019, the authority granted by this Resolution shall lapse.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY RESOLUTION
AUTHORIZING ISSUANCE AND SALE OF
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LIMITED OBLIGATION MULTIFAMILY HOUSING REFUNDING REVENUE BOND,
SERIES 2019 (BERRIEN WOODS III APARTMENTS PROJECT)
TO FINANCE A LOAN TO PEDCOR INVESTMENTS-2000 – XLVII, LIMITED
DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, A MICHIGAN
LIMITED PARTNERSHIP, SO AS TO ENABLE THE BORROWER TO REFUND
THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
ADJUSTABLE RATE LIMITED OBLIGATION MULTIFAMILY HOUSING REVENUE
BONDS SERIES 2000A (BERRIEN WOODS III APARTMENTS); AUTHORIZING THE
EXECUTION OF VARIOUS DOCUMENTS RELATING TO THE BOND; AND
DETERMINING AND
AUTHORIZING OTHER MATTERS RELATIVE THERETO**

March 28, 2019

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

WHEREAS, Pedcor Investments-2000-XLVII, Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership (the “Borrower”), is a limited dividend housing association (as defined in the Act); and

WHEREAS, the Authority previously issued its Adjustable Rate Limited Obligation Multifamily Housing Revenue Bonds Series 2000A (Berrien Woods III Apartments) (the “Prior Bonds”) to obtain funds to lend to the Borrower to refinance the costs of acquiring, constructing and equipping multi-family rental housing facility and the site therefor located in the City of Niles, Berrien County, Michigan (the “Project”); and

WHEREAS, the Borrower has applied to the Authority for a loan in an amount not to exceed \$5,450,000 to repay a loan from the Authority to the Borrower relating to the Prior Bonds and thereby permit the Authority refund the Prior Bonds; and

WHEREAS, the Authority proposes to issue its Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (Berrien Woods III Apartments Project), in an aggregate principal amount not to exceed \$5,450,000 (the “Bond”), pursuant to this Resolution and a Financing Agreement, dated as of the first day of the month in which the Bond is delivered (the “Agreement”), among the Borrower, the Authority, Merchants Capital Corp., as lender (the “Lender”), United Fidelity Bank, fsb, as purchaser (the “Purchaser”) and U.S. Bank National Association, as trustee (the “Trustee”), to obtain funds to lend to the Borrower (the “Loan”); and

WHEREAS, Lender has agreed to (i) make a loan to the Borrower, which will be insured by the Federal Housing Administration under Section 223(f) of the National Housing Act of 1934, as amended (the “Mortgage Loan”), and will be evidenced by one or more mortgage notes

(collectively, the “Mortgage Note”) from the Borrower in favor of the Lender and secured by one or more mortgages on the Project (as defined in the Agreement) (collectively, the “Mortgage”) from the Borrower to the Lender; and (ii) deliver to the Trustee fully modified pass-through mortgage backed securities issued by the Lender (collectively, the “Ginnie Mae Certificates”), which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association; and

WHEREAS, scheduled payments on the Ginnie Mae Certificates will be pledged to secure principal and interest requirements on the Bond; and

WHEREAS, the Authority expects to receive an offer to purchase the Bond from the Purchaser pursuant to a Bond Purchase Agreement, by and among the Authority, the Purchaser and the Borrower (the “Bond Purchase Agreement”); and

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

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Deputy Director, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson and the Vice Chairperson and any persons duly authorized to act in any such capacity (each hereinafter individually referred to as an “Authorized Officer”) the power to determine certain terms and conditions of the Bond.

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

SECTION 1. Issuance of Bond; Limited Obligation. For the purpose of making the Loan requested by the Borrower and thereby assisting in the refunding of the Prior Bonds, the issuance of the Bond in an aggregate principal amount not to exceed \$5,450,000 is authorized. The Bond shall be designated “*Michigan State Housing Development Authority Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (Berrien Woods III Apartments Project)*” and shall be issued as single registered bond in a denomination equal to the aggregate principal amount of the Loan. The Bond shall be dated the date of delivery, and shall bear interest at a fixed rate determined by the Purchaser, as set forth in the Agreement and subject to approval by an Authorized Officer. The interest rate set forth in the Agreement and approved by any Authorized Officer shall be subject to the terms of this Resolution; provided, however, that in no event shall the interest rate on the Bond exceed 5% per annum.

The Bond shall be subject to mandatory, extraordinary and optional redemption, and may be transferred and registered, all as provided in the Agreement, with such modifications as may be approved by an Authorized Officer.

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

The Bond and the interest obligation thereon shall never constitute a debt or general obligation of the State of Michigan or the Authority within the meaning of any constitutional or statutory provision or limitation, and shall never constitute nor give rise to a charge against the general credit or taxing powers of the State of Michigan or the general funds or assets of the Authority (including funds relating to other Authority loans or activities) but shall be a limited obligation, and not a general obligation, of the Authority payable solely from those certain revenues derived from the Mortgage Note, the Mortgage and otherwise as provided in the Agreement, and moneys available from payments to be made to the Purchaser from the Ginnie Mae Certificates.

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

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

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

SECTION 5. Execution of the Bond. The Bond shall bear the facsimile signature of the Executive Director of the Authority and shall have the official seal of the Authority (or a facsimile thereof) impressed or imprinted thereon.

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

SECTION 7. Execution and/or Delivery of the Agreement and Changes Therein. Each Authorized Officer is severally authorized to negotiate, execute, seal in his discretion, and deliver the Agreement and Bond Purchase Agreement and in substantially the form approved, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority.

SECTION 8. Sale and Delivery of the Bond. The Bond shall be sold by the Authority to the Purchaser (as evidenced by execution of the Bond Purchase Agreement by the Authority), at an aggregate purchase price to be approved by an Authorized Officer; provided, however, that:

- a) The aggregate principal amount of the Bond shall not exceed \$5,450,000.
- b) The interest rate on the Bond shall not exceed 5% per annum.
- c) The maximum principal amount coming due on the Bond in any calendar year shall not exceed \$5,450,000.

- d) The Bond may be a serial bond or a term bond.
- e) The Bond shall have a stated maturity that is not later than July 1, 2032.
- f) The Bond shall be subject to mandatory and optional redemption as set forth in the form of Agreement on file with the Executive Director.
- g) Prior to the delivery of the Bond, the Authority shall have received all fees provided in Section 44c of the Act.

The Bond shall be delivered to the Purchaser as provided in the Bond Purchase Agreement upon receipt of payment therefor and upon delivery to the Trustee of each of the following:

- A. A certified copy of this Resolution.
- B. An executed counterpart of the Agreement.
- C. An executed counterpart of the Bond Purchase Agreement.
- D. An executed counterpart of the Mortgage and the Mortgage Notes.
- E. An opinion of Hawkins Delafield & Wood, LLP, as bond counsel to the Authority (“Bond Counsel”), dated as of the date of purchase of the Bond, in form acceptable to the Director of Legal Affairs and the Attorney General of the State of Michigan (the “Attorney General”).
- F. An opinion of the Attorney General dated as of the date of the purchase of the Bond, in form acceptable to the Director of Legal Affairs.
- G. An opinion or opinions of counsel to the Borrower, dated as of the date of delivery of the Bond, in form acceptable to the Director of Legal Affairs, Bond Counsel and the Attorney General.
- H. Evidence of satisfaction of the conditions precedent set forth in the Bond Purchase Agreement.
- I. A certificate dated the date of the issuance of the Bond made by the Authority, based upon a certificate of similar import from the Borrower, to the effect that the Bond proceeds will be used, and the Project will be operated, in a manner consistent with the requirements of the Internal Revenue Code of 1986, as amended, and the arbitrage regulations of the United States Department of Treasury.
- J. Such additional certificates, instruments, opinions of counsel and other documents as the Purchaser, the Lender, the Trustee, Bond Counsel or the Attorney General may reasonably deem necessary or desirable to evidence the truth and accuracy at the time of purchase of the Bond, of the representations and warranties set forth in the Bond Purchase Agreement and the Agreement, and such other matters as the Purchaser, the Lender, the Trustee, Bond Counsel, the Borrower or the Attorney General may reasonably request.

SECTION 9. Approval of Filings and Submissions with Other Governmental Agents. Each Authorized Officer is severally authorized on behalf of the Authority to apply for such rulings, orders and approvals and file or submit such elections or other documents to any governmental agency in order that the Bond may be validly issued and the interest on the Bond may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are hereby ratified and confirmed.

SECTION 10. Authorization of Other Documents and Actions. The Chairperson, the Vice Chairperson, the Executive Director, the Deputy Director, the Chief Financial Officer, the Director of Legal Affairs or the Deputy Director of Legal Affairs of the Authority, or any person duly authorized to act in any such capacity, and each of them, are hereby authorized to execute and deliver such other certificates, documents, instruments, and opinions and other papers and to take such other actions as may be required by the Agreement, or as may be necessary or convenient to effectuate the sale and delivery of the Bond and the closing of the Loan.

SECTION 11. Appointment of Trustee. U.S. Bank National Association is hereby appointed Trustee under the Agreement.

SECTION 12. Conflict and Effectiveness. All resolutions and parts of resolutions or other proceedings of the Authority in conflict herewith are repealed to the extent of such conflict. This Resolution shall become effective upon adoption. If the Bond is not sold and delivered on or before June 30, 2019, the authority granted by this Resolution shall lapse.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY RESOLUTION
AUTHORIZING ISSUANCE AND SALE OF
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LIMITED OBLIGATION MULTIFAMILY HOUSING REFUNDING REVENUE BOND,
SERIES 2019 (SAND CREEK I APARTMENTS PROJECT)
TO FINANCE A LOAN TO SAND CREEK APARTMENTS LIMITED DIVIDEND
HOUSING ASSOCIATION LIMITED PARTNERSHIP, A MICHIGAN LIMITED
PARTNERSHIP, SO AS TO ENABLE THE BORROWER TO REFUND
THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
VARIABLE RATE DEMAND LIMITED OBLIGATION MULTIFAMILY HOUSING
REFUNDING REVENUE BONDS (SAND CREEK APARTMENTS, PHASE I PROJECT)
SERIES 2007A; AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS
RELATING TO THE BOND; AND DETERMINING AND
AUTHORIZING OTHER MATTERS RELATIVE THERETO**

March 28, 2019

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

WHEREAS, Sand Creek Apartments Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership (the “Borrower”), is a limited dividend housing association (as defined in the Act); and

WHEREAS, the Authority previously issued its Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Sand Creek Apartments, Phase I Project), Series 2007A (the “Prior Bonds”) to obtain funds to lend to the Borrower to refinance the costs of acquiring, constructing and equipping multi-family rental housing facility and the site therefor located in the City of Adrian, Lenawee County, Michigan (the “Project”); and

WHEREAS, the Borrower has applied to the Authority for a loan in an amount not to exceed \$3,510,000 to repay a loan from the Authority to the Borrower relating to the Prior Bonds and thereby permit the Authority refund the Prior Bonds; and

WHEREAS, the Authority proposes to issue its Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (Sand Creek I Apartments Project), in an aggregate principal amount not to exceed \$3,510,000 (the “Bond”), pursuant to this Resolution and a Financing Agreement, dated as of the first day of the month in which the Bond is delivered (the “Agreement”), among the Borrower, the Authority, Merchants Capital Corp., as lender (the “Lender”), United Fidelity Bank, fsb, as purchaser (the “Purchaser”) and U.S. Bank National Association, as trustee (the “Trustee”), to obtain funds to lend to the Borrower (the “Loan”); and

WHEREAS, Lender has agreed to (i) make a loan to the Borrower, which will be insured by the Federal Housing Administration under Section 223(f) of the National Housing Act of 1934, as amended (the “Mortgage Loan”), and will be evidenced by one or more mortgage notes

(collectively, the “Mortgage Note”) from the Borrower in favor of the Lender and secured by one or more mortgages on the Project (as defined in the Agreement) (collectively, the “Mortgage”) from the Borrower to the Lender; and (ii) deliver to the Trustee fully modified pass-through mortgage backed securities issued by the Lender (collectively, the “Ginnie Mae Certificates”), which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association; and

WHEREAS, scheduled payments on the Ginnie Mae Certificates will be pledged to secure principal and interest requirements on the Bond; and

WHEREAS, the Authority expects to receive an offer to purchase the Bond from the Purchaser pursuant to a Bond Purchase Agreement, by and among the Authority, the Purchaser and the Borrower (the “Bond Purchase Agreement”); and

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

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Deputy Director, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson and the Vice Chairperson and any persons duly authorized to act in any such capacity (each hereinafter individually referred to as an “Authorized Officer”) the power to determine certain terms and conditions of the Bond.

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

SECTION 1. Issuance of Bond; Limited Obligation. For the purpose of making the Loan requested by the Borrower and thereby assisting in the refunding of the Prior Bonds, the issuance of the Bond in an aggregate principal amount not to exceed \$3,510,000 is authorized. The Bond shall be designated “*Michigan State Housing Development Authority Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (Sand Creek I Apartments Project)*” and shall be issued as single registered bond in a denomination equal to the aggregate principal amount of the Loan. The Bond shall be dated the date of delivery, and shall bear interest at a fixed rate determined by the Purchaser, as set forth in the Agreement and subject to approval by an Authorized Officer. The interest rate set forth in the Agreement and approved by any Authorized Officer shall be subject to the terms of this Resolution; provided, however, that in no event shall the interest rate on the Bond exceed 5% per annum.

The Bond shall be subject to mandatory, extraordinary and optional redemption, and may be transferred and registered, all as provided in the Agreement, with such modifications as may be approved by an Authorized Officer.

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

The Bond and the interest obligation thereon shall never constitute a debt or general obligation of the State of Michigan or the Authority within the meaning of any constitutional or statutory provision or limitation, and shall never constitute nor give rise to a charge against the general credit or taxing powers of the State of Michigan or the general funds or assets of the Authority (including funds relating to other Authority loans or activities) but shall be a limited obligation, and not a general obligation, of the Authority payable solely from those certain revenues derived from the Mortgage Note, the Mortgage and otherwise as provided in the Agreement, and moneys available from payments to be made by to the Purchaser from the Ginnie Mae Certificates.

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

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

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

SECTION 5. Execution of the Bond. The Bond shall bear the facsimile signature of the Executive Director of the Authority and shall have the official seal of the Authority (or a facsimile thereof) impressed or imprinted thereon.

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

SECTION 7. Execution and/or Delivery of the Agreement and Changes Therein. Each Authorized Officer is severally authorized to negotiate, execute, seal in his discretion, and deliver the Agreement and Bond Purchase Agreement and in substantially the form approved, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority.

SECTION 8. Sale and Delivery of the Bond. The Bond shall be sold by the Authority to the Purchaser (as evidenced by execution of the Bond Purchase Agreement by the Authority), at an aggregate purchase price to be approved by an Authorized Officer; provided, however, that:

- a) The aggregate principal amount of the Bond shall not exceed \$3,510,000.
- b) The interest rate on the Bond shall not exceed 5% per annum.
- c) The maximum principal amount coming due on the Bond in any calendar year shall not exceed \$3,510,000.

- d) The Bond may be a serial bond or term bond.
- e) The Bond shall have a stated maturity that is not later than October 1, 2042.
- f) The Bond shall be subject to mandatory and optional redemption as set forth in the form of Agreement on file with the Executive Director.
- g) Prior to the delivery of the Bond, the Authority shall have received all fees provided in Section 44c of the Act.

The Bond shall be delivered to the Purchaser as provided in the Bond Purchase Agreement upon receipt of payment therefor and upon delivery to the Trustee of each of the following:

- A. A certified copy of this Resolution.
- B. An executed counterpart of the Agreement.
- C. An executed counterpart of the Bond Purchase Agreement.
- D. An executed counterpart of the Mortgage and the Mortgage Notes.
- E. An opinion of Hawkins Delafield & Wood, LLP, as bond counsel to the Authority (“Bond Counsel”), dated as of the date of purchase of the Bond, in form acceptable to the Director of Legal Affairs and the Attorney General of the State of Michigan (the “Attorney General”).
- F. An opinion of the Attorney General dated as of the date of the purchase of the Bond, in form acceptable to the Director of Legal Affairs.
- G. An opinion or opinions of counsel to the Borrower, dated as of the date of delivery of the Bond, in form acceptable to the Director of Legal Affairs, Bond Counsel and the Attorney General.
- H. Evidence of satisfaction of the conditions precedent set forth in the Bond Purchase Agreement.
- I. A certificate dated the date of the issuance of the Bond made by the Authority, based upon a certificate of similar import from the Borrower, to the effect that the Bond proceeds will be used, and the Project will be operated, in a manner consistent with the requirements of the Internal Revenue Code of 1986, as amended, and the arbitrage regulations of the United States Department of Treasury.
- J. Such additional certificates, instruments, opinions of counsel and other documents as the Purchaser, the Lender, the Trustee, Bond Counsel or the Attorney General may reasonably deem necessary or desirable to evidence the truth and accuracy at the time of purchase of the Bond, of the representations and warranties set forth in the Bond Purchase Agreement and the Agreement, and such other matters as the Purchaser, the Lender, the Trustee, Bond Counsel, the Borrower or the Attorney General may reasonably request.

SECTION 9. Approval of Filings and Submissions with Other Governmental Agents. Each Authorized Officer is severally authorized on behalf of the Authority to apply for such rulings, orders and approvals and file or submit such elections or other documents to any governmental agency in order that the Bond may be validly issued and the interest on the Bond may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are hereby ratified and confirmed.

SECTION 10. Authorization of Other Documents and Actions. The Chairperson, the Vice Chairperson, the Executive Director, the Deputy Director, the Chief Financial Officer, the Director of Legal Affairs or the Deputy Director of Legal Affairs of the Authority, or any person duly authorized to act in any such capacity, and each of them, are hereby authorized to execute and deliver such other certificates, documents, instruments, and opinions and other papers and to take such other actions as may be required by the Agreement, or as may be necessary or convenient to effectuate the sale and delivery of the Bond and the closing of the Loan.

SECTION 11. Appointment of Trustee. U.S. Bank National Association is hereby appointed Trustee under the Agreement.

SECTION 12. Conflict and Effectiveness. All resolutions and parts of resolutions or other proceedings of the Authority in conflict herewith are repealed to the extent of such conflict. This Resolution shall become effective upon adoption. If the Bond is not sold and delivered on or before June 30, 2019, the authority granted by this Resolution shall lapse.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY RESOLUTION
AUTHORIZING ISSUANCE AND SALE OF
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LIMITED OBLIGATION MULTIFAMILY HOUSING REFUNDING REVENUE BOND,
SERIES 2019 (SAND CREEK II APARTMENTS PROJECT)
TO FINANCE A LOAN TO PEDCOR INVESTMENTS-2001-XLIX, LIMITED
DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, A MICHIGAN
LIMITED PARTNERSHIP, SO AS TO ENABLE THE BORROWER TO REFUND
THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
VARIABLE RATE DEMAND LIMITED OBLIGATION MULTIFAMILY HOUSING
REFUNDING REVENUE BONDS (SAND CREEK II APARTMENTS PROJECT),
SERIES 2007A; AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS
RELATING TO THE BOND; AND DETERMINING AND
AUTHORIZING OTHER MATTERS RELATIVE THERETO**

March 28, 2019

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

WHEREAS, Pedcor Investments-2001-XLIX, Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership (the “Borrower”), is a limited dividend housing association (as defined in the Act); and

WHEREAS, the Authority previously issued its Variable Rate Demand Limited Obligation Multifamily Housing Refunding Revenue Bonds (Sand Creek II Apartments Project), Series 2007A (the “Prior Bonds”) to obtain funds to lend to the Borrower to refinance the costs of acquiring, constructing and equipping multi-family rental housing facility and the site therefor located in the City of Adrian, Lenawee County, Michigan (the “Project”); and

WHEREAS, the Borrower has applied to the Authority for a loan in an amount not to exceed \$5,220,000 to repay a loan from the Authority to the Borrower relating to the Prior Bonds and thereby permit the Authority refund the Prior Bonds; and

WHEREAS, the Authority proposes to issue its Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (Sand Creek II Apartments Project), in an aggregate principal amount not to exceed \$5,220,000 (the “Bond”), pursuant to this Resolution and a Financing Agreement, dated as of the first day of the month in which the Bond is delivered (the “Agreement”), among the Borrower, the Authority, Merchants Capital Corp., as lender (the “Lender”), United Fidelity Bank, fsb, as purchaser (the “Purchaser”) and U.S. Bank National Association, as trustee (the “Trustee”), to obtain funds to lend to the Borrower (the “Loan”); and

WHEREAS, Lender has agreed to (i) make a loan to the Borrower, which will be insured by the Federal Housing Administration under Section 223(f) of the National Housing Act of 1934, as amended (the “Mortgage Loan”), and will be evidenced by one or more mortgage notes

(collectively, the “Mortgage Note”) from the Borrower in favor of the Lender and secured by one or more mortgages on the Project (as defined in the Agreement) (collectively, the “Mortgage”) from the Borrower to the Lender; and (ii) deliver to the Trustee fully modified pass-through mortgage backed securities issued by the Lender (collectively, the “Ginnie Mae Certificates”), which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association; and

WHEREAS, scheduled payments on the Ginnie Mae Certificates will be pledged to secure principal and interest requirements on the Bond; and

WHEREAS, the Authority expects to receive an offer to purchase the Bond from the Purchaser pursuant to a Bond Purchase Agreement, by and among the Authority, the Purchaser and the Borrower (the “Bond Purchase Agreement”); and

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

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Deputy Director, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson and the Vice Chairperson and any persons duly authorized to act in any such capacity (each hereinafter individually referred to as an “Authorized Officer”) the power to determine certain terms and conditions of the Bond.

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

SECTION 1. Issuance of Bond; Limited Obligation. For the purpose of making the Loan requested by the Borrower and thereby assisting in the refunding of the Prior Bonds, the issuance of the Bond in an aggregate principal amount not to exceed \$5,220,000 is authorized. The Bond shall be designated “*Michigan State Housing Development Authority Limited Obligation Multifamily Housing Refunding Revenue Bond, Series 2019 (Sand Creek II Apartments Project)*” and shall be issued as single registered bond in a denomination equal to the aggregate principal amount of the Loan. The Bond shall be dated the date of delivery, and shall bear interest at a fixed rate determined by the Purchaser, as set forth in the Agreement and subject to approval by an Authorized Officer. The interest rate set forth in the Agreement and approved by any Authorized Officer shall be subject to the terms of this Resolution; provided, however, that in no event shall the interest rate on the Bond exceed 5% per annum.

The Bond shall be subject to mandatory, extraordinary and optional redemption, and may be transferred and registered, all as provided in the Agreement, with such modifications as may be approved by an Authorized Officer.

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

The Bond and the interest obligation thereon shall never constitute a debt or general obligation of the State of Michigan or the Authority within the meaning of any constitutional or statutory provision or limitation, and shall never constitute nor give rise to a charge against the general credit or taxing powers of the State of Michigan or the general funds or assets of the Authority (including funds relating to other Authority loans or activities) but shall be a limited obligation, and not a general obligation, of the Authority payable solely from those certain revenues derived from the Mortgage Note, the Mortgage and otherwise as provided in the Agreement, and moneys available from payments to be made by to the Purchaser from the Ginnie Mae Certificates.

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

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

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

SECTION 5. Execution of the Bond. The Bond shall bear the facsimile signature of the Executive Director of the Authority and shall have the official seal of the Authority (or a facsimile thereof) impressed or imprinted thereon.

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

SECTION 7. Execution and/or Delivery of the Agreement and Changes Therein. Each Authorized Officer is severally authorized to negotiate, execute, seal in his discretion, and deliver the Agreement and Bond Purchase Agreement and in substantially the form approved, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority.

SECTION 8. Sale and Delivery of the Bond. The Bond shall be sold by the Authority to the Purchaser (as evidenced by execution of the Bond Purchase Agreement by the Authority), at an aggregate purchase price to be approved by an Authorized Officer; provided, however, that:

- a) The aggregate principal amount of the Bond shall not exceed \$5,220,000.
- b) The interest rate on the Bond shall not exceed 5% per annum.
- c) The maximum principal amount coming due on the Bond in any calendar year shall not exceed \$5,220,000.

- d) The Bond may be a serial bond or term bond.
- e) The Bond shall have a stated maturity that is not later than October 1, 2042.
- f) The Bond shall be subject to mandatory and optional redemption as set forth in the form of Agreement on file with the Executive Director.
- g) Prior to the delivery of the Bond, the Authority shall have received all fees provided in Section 44c of the Act.

The Bond shall be delivered to the Purchaser as provided in the Bond Purchase Agreement upon receipt of payment therefor and upon delivery to the Trustee of each of the following:

- A. A certified copy of this Resolution.
- B. An executed counterpart of the Agreement.
- C. An executed counterpart of the Bond Purchase Agreement.
- D. An executed counterpart of the Mortgage and the Mortgage Notes.
- E. An opinion of Hawkins Delafield & Wood, LLP, as bond counsel to the Authority (“Bond Counsel”), dated as of the date of purchase of the Bond, in form acceptable to the Director of Legal Affairs and the Attorney General of the State of Michigan (the “Attorney General”).
- F. An opinion of the Attorney General dated as of the date of the purchase of the Bond, in form acceptable to the Director of Legal Affairs.
- G. An opinion or opinions of counsel to the Borrower, dated as of the date of delivery of the Bond, in form acceptable to the Director of Legal Affairs, Bond Counsel and the Attorney General.
- H. Evidence of satisfaction of the conditions precedent set forth in the Bond Purchase Agreement.
- I. A certificate dated the date of the issuance of the Bond made by the Authority, based upon a certificate of similar import from the Borrower, to the effect that the Bond proceeds will be used, and the Project will be operated, in a manner consistent with the requirements of the Internal Revenue Code of 1986, as amended, and the arbitrage regulations of the United States Department of Treasury.
- J. Such additional certificates, instruments, opinions of counsel and other documents as the Purchaser, the Lender, the Trustee, Bond Counsel or the Attorney General may reasonably deem necessary or desirable to evidence the truth and accuracy at the time of purchase of the Bond, of the representations and warranties set forth in the Bond Purchase Agreement and the Agreement, and such other matters as the Purchaser, the Lender, the Trustee, Bond Counsel, the Borrower or the Attorney General may reasonably request.

SECTION 9. Approval of Filings and Submissions with Other Governmental Agents. Each Authorized Officer is severally authorized on behalf of the Authority to apply for such rulings, orders and approvals and file or submit such elections or other documents to any governmental agency in order that the Bond may be validly issued and the interest on the Bond may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are hereby ratified and confirmed.

SECTION 10. Authorization of Other Documents and Actions. The Chairperson, the Vice Chairperson, the Executive Director, the Deputy Director, the Chief Financial Officer, the Director of Legal Affairs or the Deputy Director of Legal Affairs of the Authority, or any person duly authorized to act in any such capacity, and each of them, are hereby authorized to execute and deliver such other certificates, documents, instruments, and opinions and other papers and to take such other actions as may be required by the Agreement, or as may be necessary or convenient to effectuate the sale and delivery of the Bond and the closing of the Loan.

SECTION 11. Appointment of Trustee. U.S. Bank National Association is hereby appointed Trustee under the Agreement.

SECTION 12. Conflict and Effectiveness. All resolutions and parts of resolutions or other proceedings of the Authority in conflict herewith are repealed to the extent of such conflict. This Resolution shall become effective upon adoption. If the Bond is not sold and delivered on or before June 30, 2019, the authority granted by this Resolution shall lapse.



M E M O R A N D U M

TO: Authority Members

FROM: Earl J. Poleski, Executive Director 

DATE: March 28, 2019

RE: Resolutions Determining Mortgage Loan Feasibility and Authorizing Mortgage Loans for Apartments at 28 West, Development No. 3848

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 Standards of Design; 4) authorize a waiver of certain Multifamily Direct Lending Parameters ("Lending Parameters"); and 5) 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.

EXECUTIVE SUMMARY:

Apartments at 28 West is the 226-unit first phase of a multi-phase project planned in Wyoming, Michigan. Officials of Wyoming have been working on a plan called "Turn on 28" to create a main street. The city's plan calls for about 400 apartment units to be part of this new main street. The plan indicates that two-story structures will spring up along the street split by commercial interests on the first floor and residential/office units on the second floor. While the Apartments at 28 West will be a stand-alone facility and slightly off the main thoroughfare, the city is in support of this project. There will be 6 buildings in total: four buildings will be 4 stories high, and the other two buildings will be two stories high. Planned amenities include in-unit washers and dryers, a dog park, playground, rooftop terraces and private gardens. The apartments will feature an open floor plan and residents will have bike storage areas, a fitness center, coffee shop and a dog washing station. Features like the coffee shop will be included in extended common area space that is designed to look and feel like commercial space to enhance the amenity feel for residents and promote community gatherings. However, these features will not generate rent or revenue.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

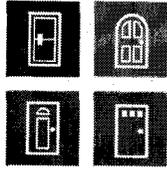
We are recommending waivers of certain provisions of the Lending Parameters that will later be made permanently. These include: (1) allowing the deferred developer fee to exceed 50% of the developer fee since the fee is projected to be repaid in less than 15 years, and (2) eliminating the limitation of tax credit rents to 95% of the maximum allowable. Waivers are also recommended to permit the operating assurance reserve to be funded at 100% construction

completion rather than initial closing as provided for in section VI.K.1 of the Lending Parameters and to permit consideration prior to final approval of a payment in lieu of taxes as required under section VII.I of the Lending Parameters.

Section II.B.2(f) of the Lending Parameters states 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 following payment to cost over-runs and payment of the deferred developer fee to the extent the fee exceeds \$2.241 million.

We are also recommending a waiver of the Standards of Design, which typically require individual balconies, because the sponsor has agreed to include common area rooftop balconies.

The Sponsor has elected to utilize income averaging, which is permanently established as a third minimum set-aside election for housing credit developments. It allows developments to target units to households with rent and income up to 80% of area median income ("AMI"), if the average AMI of the affordable units is 60% AMI or less. The development will also be subject to meeting the minimum set-aside of 40% of the units being occupied by tenants at or below 60% of AMI. For this proposal there are 22 units at 80% of AMI that will be offset by 21 units targeted to 40% AMI.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

March 28, 2019

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 Standards of Design concerning balconies; 4) authorize a waiver of certain Multifamily Direct Lending Parameters; and 5) 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>	3848
<u>Development Name:</u>	Apartments at 28 West
<u>Development Location:</u>	City of Wyoming, Kent County
<u>Sponsor:</u>	Magnus Capital Partners LLC and Vishal Arora
<u>Mortgagor:</u>	28WPhaseOne Limited Dividend Housing Association Limited Partnership
<u>TE Bond Construction Loan:</u>	\$24,109,511
<u>TE Bond Permanent Loan:</u>	\$24,109,511 (64.68% of Total Development Cost)
<u>MSHDA HOME Loan:</u>	\$1,675,000
<u>MSHDA MRF Loan:</u>	\$3,609,382
<u>Total Development Cost:</u>	\$37,276,354
<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>	5.25% 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>	226 family units of new construction
<u>Unit Configuration:</u>	96 one-bedroom and 130 two-bedroom apartments
<u>Builder:</u>	Rohde Construction
<u>Syndicator:</u>	Stratford Group
<u>Date Application Received:</u>	December 3, 2018
<u>HDO:</u>	Charles Smith

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:

This proposal benefited from interim changes that have recently been proposed to be made to the Authority's lending parameters. We are recommending waivers of certain provisions within the Authority parameters that will be made permanent moving forward. These changes include: (1) allowing the deferred fee to exceed 50% of the development fee since the fee is shown to be repaid in less than 15 years, and (2) eliminating the limitation of tax credit rents to 95% of the maximum allowable. A waiver is also recommended to permit the operating assurance reserve to be funded at 100% construction completion rather than initial closing as provided for in section VI.K.1 of the lending

The Development will also require a waiver of the Authority Multifamily Direct Lending Parameter found in Section VII.I, concerning a payment in lieu of taxes ("PILOT"). Approved PILOT ordinances were submitted with the initial application for separate phases of the Development. These phases have since been combined under the current proposal. A revised ordinance has been prepared for municipal approval, which addresses the combination of phases and other Authority requirements. However, it has not received final approval. Prior to review of this proposal by the Michigan Attorney General's Office, a PILOT ordinance, resolution, or agreement or some combination thereof, must be provided in a form acceptable to the Director of Legal Affairs, if underwritten on the basis of a PILOT. If a PILOT ordinance, resolution, or agreement or some combination thereof, acceptable in language, form and substance to the Authority's Director of Legal Affairs is provided following Initial Closing, the Authority may re-underwrite the Development using the new PILOT. See Special Condition No. 2.

The Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit." Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of area median income ("AMI") as long as the average AMI level of the affordable units in the project is 60% AMI or less. In addition to the income averaging requirement being met, the development will also be subject to meeting the minimum set-aside of 40% of the units being occupied by tenants at or below 60% of AMI. For this proposal there are 22 units at 80% AMI that will be offset by 21 units targeted to 40% AMI.

We are recommending a waiver of the Authority's Standards of Design provision that typically requires individual balconies. The decision to waive the balcony requirement for this proposal is because the sponsor has agreed to include common area rooftop balconies.

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, following payment to cost over-runs and payment of deferred developer fee in excess \$2.241 million (see Special Condition No. 3).

EXECUTIVE SUMMARY:

Apartments at 28 West is the first phase of a multi-phase project planned in Wyoming, Michigan. This phase contains 226 units with another 200 or so units planned for the next phase. The City of Wyoming currently has no "main street" or discernable downtown area and most people drive down 28th street without recognizing the area as being a City. Officials of Wyoming have been working on a plan to create a main street and the project is called "Turn on 28." The original plan surfaced in 2006 and took about 5 years to finalize. The idea is to carve out a road that runs through the current parking lots of the Wyoming Mall and Rogers Plaza Town Center, connecting it back on to 28th Street. Since the master plan was adopted in January of 2012, demolition of the Studio 28 structure, part of the Wyoming Mall and one other structure has been completed. Half of the crescent shaped "Main Street" has also been constructed and the Wyoming Mall went through a major rehabilitation which was completed in 2016. Though significant progress has been achieved the City's Master Plan indicates the entire main street concept will take about 30 years to be realized.

The city's plan calls for about 400 apartment units to be part of this new main street. The plan indicates that two story structures will spring up along the street split by commercial interests on the first floor and residential/office units on the second floor. While the Apartments at 28 West will be a stand-alone facility and slightly off the main street thoroughfare, the city is in support of this project. There will be 6 buildings in total: four buildings will be 4 stories high and the other two buildings will be two stories high.

Planned amenities include in-unit washers and dryers, a dog park, playground, rooftop terraces and private gardens. The apartments will feature an open floor plan and residents will have bike storage areas, a fitness center, coffee shop and a dog washing station. Features like the coffee shop will be included in extended common area space that is designed to look and feel like commercial space to enhance the amenity feel for residents and promote community gatherings. However, these features will not generate rent or revenue.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to new construction transactions:

- A tax-exempt bond construction and permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The Mortgage Loan will be in the amount of \$24,109,511 at 5.25% interest with 24-monthly interest only payments required under the construction loan. The permanent financing date will commence on the first day of the month following the month in which the 24-month construction loan term expires or such later date as determined by an Authorized Officer of the Authority (the "Permanent Financing Date").
- The permanent tax-exempt bond 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 5.25%, 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**.

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- A subordinate loan using an Authority MRF Loan (the "MRF Loan") in the amount of \$3,609,382 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 \$1,675,000 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.
- Equity support comes from the sale of 4% LIHTC in the estimate amount of \$4,850,000.
- 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 \$529,116.
- The Sponsor has agreed to defer \$2,503,345 of the developer fee to help fill the remaining funding gap.
- A twelve (12) month rent-up allowance in the amount identified in the attached proforma will be required to support interest payments between construction completion and the Mortgage Cut-Off Date, as determined by the Authority.
- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at 100% construction completion 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 \$341,202 is required by the equity investor. 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. 5.

Site Selection:

The Authority's Chief Market Analyst has indicated that the site meets our site selection criteria.

Market Evaluation:

According to the marketing memo there exists a very high level of demand in the Wyoming market.

Valuation of the Property:

An appraisal dated March 20, 2019, estimates the value at \$1,800,000.

CONDITIONS:

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

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of \$4,850,000). 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 MRF Loan and the HOME Loan have been repaid. Thereafter, Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. Income Limits:

The income limitations for Two-hundred-twenty-six (226) units of this proposal are as follows:

- a. Three (3) units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (20 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income, adjusted for family size as determined by HUD.
- b. Eight (8) units have been designated as High-HOME units and during the Period of Affordability required under the HOME program (20 years) must be available for occupancy by households whose incomes do not exceed 60% of the HOME published area median income, adjusted for family size as determined by HUD.
- c. Twenty-one (21) of the units (ten (10) one-bedroom, one-bath apartments and eleven (11) two-bedroom, one-bath apartments) must be available for occupancy by households whose incomes do not exceed up to **40% of AMI** to achieve and maintain the average AMI level of the affordable units in the project at 60% AMI or less based upon the Multifamily Tax Subsidy Project ("MTSP") limits, adjusted for family size as determined by HUD, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- d. Three (3) of the units (two (2) one-bedroom, one-bath apartments and one (1) two-bedroom, one-bath apartment) must be available for occupancy by households whose incomes do not exceed up to **50% of AMI** to achieve and maintain the average AMI level of the affordable units in the project at 60% AMI or less based upon the MTSP limits, adjusted for family size as determined by HUD, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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- e. Seventy (70) of the units (twenty-eight (28) one-bedroom, one-bath apartments and forty-two (42) two-bedroom, one-bath apartments) must be available for occupancy by households whose incomes do not exceed up to **60% of AMI** to achieve and maintain the average AMI level of the affordable units in the project at 60% AMI or less based upon the MTSP limits, adjusted for family size as determined by HUD, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- f. Twenty-two (22) of the units (eleven (11) one-bedroom, one-bath apartments; eleven (11) two-bedroom, one-bath apartments) must be available for occupancy by households whose incomes do not exceed up to **80% of AMI** to achieve and maintain the average AMI level of the affordable units in the project at 60% AMI or less based upon the Multifamily Tax Subsidy Project ("MTSP") limits, adjusted for family size as determined by HUD, with the exception of when the income averaging test is met, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- g. One Hundred Ten (110) units (45 one-bedroom units and 65 two-bedroom units) are market rate and may be rented without regard to income.

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 Two Hundred Twenty-Six (226) units is subject to the following limitations:

- a. During the Period of Affordability required under the HOME program (20 years), the Total Housing Expense for the 3 Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.
- b. During the Period of Affordability required under the HOME program (20 years), the Total Housing Expense for the 8 High-HOME units may not exceed the "High-HOME Rent Limit" established and published annually by HUD.
- c. The Total Housing Expense for all Twenty-One (21) units (ten (10) one-bedroom units and eleven (11) two-bedroom units), may not exceed up to one-twelfth (1/12th) of 30% of the **MTSP 40% income limit** to achieve and maintain the average AMI level of the affordable units in the project at 60% AMI or less, 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)

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50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

- d. The Total Housing Expense for all Three (3) units (two (2) one-bedroom units, and one (1) two-bedroom units), may not exceed up to one-twelfth (1/12th) of 30% of the **MTSP 50% income limit** to achieve and maintain as long as the average AMI level of the affordable units in the project at 60% AMI or less, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- e. The Total Housing Expense for all Seventy (70) units (twenty-eight (28) one-bedroom units, and forty-two (42) two-bedroom units), may not exceed up to one-twelfth (1/12th) of 30% of the **MTSP 60% income limit** to achieve and maintain as long as the average AMI level of the affordable units in the project at 60% AMI or less, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- f. The Total Housing Expense for all Twenty-Two (22) units (eleven (11) one-bedroom units, and eleven (11) two-bedroom units), may not exceed up to one-twelfth (1/12th) of 30% of the **MTSP 80% income limit** to achieve and maintain the average AMI level of the affordable units in the project at 60% AMI or less, 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.
- g. One Hundred Ten (110) units (45 one-bedroom units and 65 two-bedroom units) are market rate and may be rented without regard to income.

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

While rental increases for these units may be permitted from time to time as HUD publishes updated median income limits, the Mortgagor must further agree that rental increases for targeted units will be limited to not more than 5% for any resident household during any 12-month period.

For the initial lease term of the first household occupying each rent restricted unit above 60% AMI in the Development the initial rent may not exceed the rent approved in this Mortgage Loan Feasibility/Commitment Staff Report or the maximum allowed per median income, whichever is less. However, units at 60% AMI and below, including High and Low HOME units, may be adjusted to the maximum allowed per median income or applicable HOME limitation at the date of Certificate of Occupancy on each building. 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

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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 or prior to 100% construction completion, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months' of estimated Development operating expenses (estimated to be \$858,798). 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:

The Mortgagor must agree to establish a replacement reserve fund ("Replacement Reserve") by making annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of \$350 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

10. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into agreements relating to the MRF Loan and the HOME Loan. The MRF Loan and the HOME Loan will each be secured by a subordinate mortgage. The HOME Loan will bear simple interest at 1% with a 50-year term, and the MRF Loan will bear simple interest at 3% with a 50-year term. Loan repayment will begin immediately upon final closing. Interest will continue to accrue on each loan until paid in full.

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,

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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 Manager of Construction Costing.

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

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 Addendum

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:

Financial statements of the builder, sponsor, Vishal Arora and Magnus Capital have been reviewed by the Manager of LIHTC's and deemed them to be acceptable.

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.

29. 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. 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.

26. 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.

27. Application for Disbursement:

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

Special Conditions:

1. Legal Requirements:

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

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.
- Discrepancies identified in the title commitment(s) between the insured legal description and the tax parcel legal description must be corrected or otherwise adequately addressed.

2. PILOT Obtained Post-Board Approval or Post-Commitment:

Prior to review of this proposal by the Michigan Attorney General's Office, a PILOT ordinance, resolution, or agreement or some combination thereof, must be provided in acceptable language, form and substance to the Director of Legal Affairs.

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If a PILOT ordinance, resolution, or agreement, or some combination thereof, acceptable in language, form and substance to the Authority's Director of Legal Affairs is provided following Initial Closing, the Authority may re-underwrite the Development using the new PILOT. Any savings generated by the PILOT disclosed in the Authority's re-underwriting of the Development may be applied, at the sole discretion of an Authorized Officer of the Authority, to reduce one or all of the Authority's subordinate loans or be applied against any other obligation that the Mortgagor owes the Authority with any remainder deposited in the Development's Operating Reserve Cash account.

3. 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, in the following order to 1) cost over-runs from development, 2) the deferred developer fee to the extent the fee exceeds \$2,241 million, 3) MRF loan interest, then principal, then HOME Loan interest and then principal.

4. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve ("Syndicator Reserve") with a one-time deposit in the amount of \$341,202 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 potential operating shortfalls. The Syndicator Reserve will be treated as a separate cost and not as part of the developer fee.

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** 28WPhaseOne Limited Dividend Housing Association Limited Partnership

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: Vishal Arora
Address: 733 33rd Street, 16th floor
New York, New York 10017

B. **Guarantor #2:**

Name: Magnus28WPhaseOne LLC
Address: 733 33rd Street, 16th floor
New York, New York 10017

C. **Guarantor #3:**

Name: Magnus Capital Partners LLC
Address: 733 33rd Street, 16th floor
New York, New York 10017

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: Magnus Capital Partners LLC
Address: 733 33rd Avenue, 16th Floor
New York, New York, 10017

Individuals Assigned: Vishal Arora
Telephone: 646-790-5838
Fax: None Given
E-mail: va@magnuscapitalpartners.com

1. **Experience:** The Sponsor has no experience working on Authority-financed developments.
2. **Interest in the Mortgagor and Members:** Magnus28WPhaseOne LLC
.01% GP and Stratford Group (TBD) 99.99% LP

B. **Architect:**

Name: Hooker Dejong, Inc.
Address: 549 Ottawa Avenue, NW, Suite 102
Grand Rapids, MI 49503

Individual Assigned: David Layman
Telephone: 231-740-1387
Fax: None Provided
E-Mail: david@hdjinc.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301044071, exp. 10/31/2020.

C. **Attorney:**

Name: Warner Norcross + Judd
Address: 120 North Washington Square
Lansing, MI
48933

Individual Assigned: Tracey Lackman
Telephone: 517-679-7434
Fax: Not provided
E-Mail: tlackman@wnj.com

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

D. Builder:

Name: Rhode Construction
Address: 4087 Brockton SE
Grand Rapids, MI 49512

Individual Assigned: Chad White
Telephone: 616-698-0880
Fax: 616-698-1850
E-mail: Chad@rhodeconstruction.com

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 2102111825, with an expiration date of 5/31/2020.

E. Management and Marketing Agent:

Name: American Preferred
Address: 4930 Cascade Rd SE # C
Grand Rapids, MI 49512

Individual Assigned: Mike Woodrow
Telephone: 616-942-1792
Fax: Not provided
E-mail: mwoodrow@sbcglobal.net

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

F. Development Consultant:

Name: PRHC, LLC
Address: 1331 N Nine Mile
Sanford, MI 48657
Individual Assigned: Lori Pung
Telephone: 561-789-8206
E-mail : lori@prhcllc.com

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

IV. SITE DATA:

- A. Land Control/Purchase Price:**
\$1,782,840

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- B. Site Location:**
Located on Prairie Avenue, just South of 28th Street, Wyoming, MI
- C. Size of Site:**
Approximately 7.16 acres
- D. Density:**
Deemed appropriate
- E. Physical Description:**
1. Present Use: Former Site of Studio 28 now vacant
 2. Existing Structures: None
 3. Relocation Requirements: N/A
- F. Zoning:**
The City Planner approved the site for multifamily housing on September 24, 2018.
- G. Contiguous Land Use:**
1. North: Commercial
 2. South: Wyoming High School
 3. East: Commercial
 4. West: Commercial
- H. Tax Information:**
A 3% abatement ordinance was approved by City Council on September 4, 2018. The ordinance included a 1% PILOT and 2% Municipal Services Agreement. Revisions to the PILOT and Municipal Services Agreement are currently before the City Council.
- I. Utilities:** Letters from DTE Energy, Consumers Energy and the City of Wyoming confirm utility availability for the site.
- J. Community Facilities:**
1. Shopping:
28th street is well known for having virtually every type of retail establishment known to man. There is a Family Fare right next to the proposed site which is attached to Rogers Plaza own center which includes at least one restaurant and a Walgreens pharmacy
 2. Recreation:
There are several parks in the area and the City of Wyoming Parks and Recreation office is right across 28th street

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3. Public Transportation:
Kent County has a bus line running along 28th street near the site
4. Road Systems
The site is located on Prairie Avenue, which runs parallel with 28th street. and is about a quarter of a mile away from the onramps for 131 North and South
5. Medical Services and other Nearby Amenities:
The MedExpress urgent care is .8 miles away and Mercy Health Center and Mary Free Bed Hospital is 4 miles from site.
6. Description of Surrounding Neighborhood:
Commercial interests surround the site to the north, east and west, Wyoming High School is located to the south
7. Local Community Expenditures Apparent:
The City of Wyoming has been working on creating a main street for their town which is very near the proposed site
8. Indication of Local Support:
City of Wyoming has approved the site plans and PILOT for this site

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 Equal Employment Opportunity Officer prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	March 2019
B. Initial Closing and Disbursement:	June 2019
C. Construction Completion:	May 2020
D. Cut-Off Date:	May 2021

XII. ATTACHMENTS:

- A. Development Proforma

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APPROVALS:



Andrew Martin
Director of Development
3/21/19
Date



Clarence L. Stone, Jr.
Director of Legal Affairs
3/21/2019
Date



Ed J. Poleski
Executive Director
21 MAR 2019
Date

Development Apartments at 28 West
 Financing Tax Exempt
 MSHDA No. 3848
 Step Application
 Date 03/28/2019
 Type New Construction

Mortgage Assumptions:
 Debt Coverage Ratio 1.15
 Mortgage Interest Rate 5.250%
 Pay Rate 5.250%
 Mortgage Term 40 years
 Income from Operations No

Instructions

Total Development Income Potential

	Per Unit	Total
Annual Rental Income	12,228	2,763,564
Annual Non-Rental Income	130	29,327
Total Project Revenue	12,358	2,792,891

Total Development Expenses

Vacancy Loss	8.00% of annual rent potential	978	221,085
Management Fee	527 per unit per year	527	119,102
Administration		1,000	226,000
Project-paid Fuel		60	13,500
Common Electricity		254	57,375
Water and Sewer		249	56,250
Operating and Maintenance		1,000	226,000
Real Estate Taxes		0	
Payment in Lieu of Taxes (PILOT)	3.00% Applied to: All Units	321	72,461
Insurance		275	62,220
Replacement Reserve	350 per unit per year	350	79,100
Other:		0	
Other:		0	

Initial Inflation Factor	Beginning in Year	Future Inflation Factor
1.0%	6	2.0%
1.0%	6	2.0%
Future Vacancy		
	6	8.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	6	3.0%
4.0%	6	3.0%
5.0%	6	5.0%
3.0%	1	3.0%
5.0%	1	5.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

% of
Revenue

Total Expenses	40.57%	5,014	1,133,093	
Base Net Operating Income		7,344	1,659,798	Override
Part A Mortgage Payment	51.68%	6,386	1,443,302	
Part A Mortgage		106,679	24,109,511	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		0		
Base Project Cash Flow (excludes ODR)	7.75%	958	216,495	

Instructions

TOTAL DEVELOPMENT COSTS

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition					
Land	8.1 acres total	7,889			
Existing Buildings		0	100%	0	
Other:		0			
Subtotal	7,889	1,782,840			
Construction/Rehabilitation					
Off Site Improvements		0	100%	0	
On-site Improvements		9,925	100%	2,243,000	
Landscaping and Irrigation		0	100%	0	
Structures		89,735	100%	20,280,000	20,280,000
Community Building and/or Maintenance Facility		1,580	100%	357,000	357,000
Construction not in Tax Credit basis (i.e. Carports and Commercial Space)		0			
General Requirements % of Contract 3.20%	Within Range	3,243	100%	733,000	733,000
Builder Overhead % of Contract 1.99%	Within Range	2,084	100%	471,000	471,000
Builder Profit % of Contract 3.93%	Within Range	4,186	100%	946,000	946,000
Permits, Bond Premium, Tap Fees, Cost Cert.		2,522	100%	570,000	570,000
Other:		0	100%	0	0
Subtotal	113,274	25,600,000			
Professional Fees					
Design Architect Fees		3,250	100%	734,400	734,400
Supervisory Architect Fees		812	100%	183,600	183,600
Engineering/Survey		235	100%	53,000	53,000
Other:		0	100%	0	0
Subtotal	4,296	971,000			
Interim Construction Costs					
Property & Casualty Insurance		221	100%	50,000	50,000
Construction Loan Interest		2,800	100%	632,875	632,875
Title Work		221	100%	50,000	
Legal Fees (in Tax Credit Basis)		354	100%	80,000	
Construction Taxes		177	100%	40,000	40,000
Other:		0	100%	0	0
Subtotal	3,774	852,875			
Permanent Financing					
Loan Commitment Fee to MSHDA	2%	2,601			
Other:		0			
Subtotal	2,601	587,878			
Other Costs (In Basis)					
Application Fee		9	100%	2,000	2,000
Market Study		18	100%	4,000	4,000
Environmental Studies		133	100%	30,000	30,000
Cost Certification		88	100%	20,000	20,000
Equipment and Furnishings		531	100%	120,000	
Temporary Tenant Relocation		0	100%	0	0
Construction Contingency		2,243	100%	507,000	507,000
Appraisal and C.N.A.		0	100%	0	0
Other:		0	100%	0	0
Subtotal	3,022	683,000			
Other Costs (NOT In Basis)					
Start-up and Organization		26			5,773
Tax Credit Fees (based on 2017 QAP)	34,833	154			34,833
Compliance Monitoring Fee (based on 2017 QAP)		233			52,725
Marketing Expense		265			60,000
Syndication Legal Fees		199			45,000
Rent Up Allowance	12.0 months	6,197			1,400,430
Other:		0			0
Subtotal		7,074			1,598,761

Summary of Acquisition Price

	As of	Construction Loan Term
Attributed to Land	1,782,840	12 Months
Attributed to Existing Structure:	0	12 Months
Other:	0	12 Months
Fixed Price to Seller	1,782,840	12 Months
Premium/(Deficit) vs Existing Debt	1,782,840	

Appraised Value

	Value As of:	Override
"Encumbered As-Is" value as determined by appraisal:	March 20, 2019	
Plus 5% of Appraised Value:		
LESS Fixed Price to the Seller:		
Surplus/(Gap)	17,160	

Project Reserves

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Operating Assurance Reserv	4.0 months	3,800			858,798
Replacement Reserve	Not Required	0			0
Operating Deficit Reserve		0			0
Rent Subsidy Reserve		0			0
Syndicator Held Reserve		0			0
Rent Lag Escrow		0			0
Tax and Insurance Escrows		0			0
Other: Syndication Required Reserve		1,510			341,202
Other:		0			0
Subtotal	5,310	1,200,000			

Miscellaneous

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Deposit to Development Operating Account (1MGFR Not Required)		0			0
Other (Not in Basis):		0			0
Other (In Basis):		0	100%	0	0
Other (In Basis):		0	100%	0	0
Subtotal	0	0			

Total Acquisition Costs

Total Acquisition Costs	7,889	1,782,840
Total Construction Hard Costs	113,274	25,600,000
Total Non-Construction ("Soft") Costs	26,077	5,893,514

Developer Overhead and Fee

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Maximum		4,767,740			
7.5% of Acquisition/Project Reserves		17,699			4,000,000
15% of All Other Development Costs		0			0
Subtotal	17,699	4,000,000	100%	4,000,000	4,000,000

Total Development Cost

Total Development Cost	164,940	37,276,364
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TOTAL DEVELOPMENT SOURCES

	% of TDC	Per Unit	Total	# of Units	Gap to Hard Debt Ratio
MSHDA Permanent Mortgage	64.68%	106,679	24,109,511		
Conventional/Other Mortgage	0.00%	0	0		
Equity Contribution from Tax Credit Syndication	13.01%	21,460	4,850,000		
MSHDA NSP Funds	0.00%	0	0	0	21.92%
MSHDA HOME or Housing Trust Funds	4.49%	7,412	1,675,000	11	
MSHDA Preservation Fund	9.68%	15,971	3,609,382		
Other MSHDA:	0.00%	0	0		
Local HOME	0.00%	0	0		
Income from Operations	1.42%	2,341	529,116		
Other Equity	0.00%	0	0		
Transferred Reserves:	0.00%	0	0		
Other:	0.00%	0	0		
Other:	0.00%	0	0		
Deferred Developer Fee	6.72%	11,077	2,503,345		
Total Permanent Sources			37,276,364		

Sources Equal Uses?

Surplus/(Gap)	Balanced	0
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MSHDA Construction Loan

Construction Loan Rate	0.00%	0
Repaid from equity prior to final closing	5.250%	0

Eligible Basis for LIHTC/TCAP

	Value of LIHTC/TCAP
Acquisition	0
Construction	16,479,635
Acquisition Credit %	3.27%
Rehab/New Const Credit %	3.27%
Qualified Percentage	51.33%
QCT/DDA Basis Boost	100%
Historic?	No
Acquisition	0
Construction	538,884
Total Yr Credit	538,884
Equity Price	\$0.9000
Equity Effective Price	\$0.9001
Equity Contribution	4,849,472

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	4,850,000
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	

New Owner's Equity

New Owner's Equity	4,850,000
---------------------------	------------------

Existing Reserve Analysis:

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

Cash Flow Projections

Development Apartments at 28 West
 Financing Tax Exempt
 MSHDA No. 3848
 Step Application
 Date 03/28/2019
 Type New Construction

	Initial Inflator	Starting in Yr	Future Inflator	1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	1.0%	6	2.0%	2,763,564	2,791,200	2,819,112	2,847,303	2,875,776	2,933,291	2,991,957	3,051,796	3,112,832	3,175,089
Annual Non-Rental Income	1.0%	6	2.0%	29,327	29,620	29,916	30,215	30,517	31,128	31,750	32,385	33,033	33,694
Total Project Revenue				2,792,891	2,820,819	2,849,028	2,877,518	2,906,293	2,964,419	3,023,707	3,084,181	3,145,865	3,208,782
Expenses													
Vacancy Loss	8.0%	6	8.0%	221,085	223,296	225,529	227,784	230,062	234,663	239,357	244,144	249,027	254,007
Management Fee	3.0%	1	3.0%	119,102	122,675	126,355	130,146	134,050	138,072	142,214	146,480	150,875	155,401
Administration	3.0%	1	3.0%	226,000	232,780	239,763	246,956	254,365	261,996	269,856	277,951	286,290	294,879
Project-paid Fuel	3.0%	6	3.0%	13,500	13,905	14,322	14,752	15,194	15,650	16,120	16,603	17,101	17,614
Common Electricity	4.0%	6	3.0%	57,375	59,670	62,057	64,539	67,121	69,134	71,208	73,345	75,545	77,811
Water and Sewer	5.0%	6	5.0%	56,250	59,063	62,016	65,116	68,372	71,791	75,380	79,149	83,107	87,262
Operating and Maintenance	3.0%	1	3.0%	226,000	232,780	239,763	246,956	254,365	261,996	269,856	277,951	286,290	294,879
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				72,461	74,634	76,873	79,180	81,555	84,002	86,522	89,117	91,791	94,545
Insurance	3.0%	1	3.0%	62,220	64,087	66,009	67,989	70,029	72,130	74,294	76,523	78,818	81,183
Replacement Reserve	3.0%	1	3.0%	79,100	81,473	83,917	86,435	89,028	91,699	94,450	97,283	100,202	103,208
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				1,133,093	1,164,363	1,196,605	1,229,854	1,264,142	1,301,133	1,339,256	1,378,548	1,419,046	1,460,789
Debt Service													
Debt Service Part A				1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				2,576,395	2,607,665	2,639,908	2,673,156	2,707,444	2,744,435	2,782,558	2,821,850	2,862,348	2,904,091
Cash Flow/(Deficit)				216,495	213,154	209,120	204,362	198,849	219,984	241,149	262,331	283,517	304,691
Cash Flow Per Unit				958	943	925	904	880	973	1,067	1,161	1,255	1,348
Debt Coverage Ratio on Part A Loan				1.15	1.15	1.14	1.14	1.14	1.15	1.17	1.18	1.20	1.21
Debt Coverage Ratio on Conventional/Other Financing				N/A									

Interest Rate on Reserves 3%

Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00
Maintained Operating Reserve (No Hard Debt)	250
Initial Balance	0
Total Annual Draw to achieve 1.0 DCR	0
Total Annual Deposit to achieve Maintained DCR	(0)
Total 1.0 DCR and Maintained DCR	(0)
Interest	0
Ending Balance at Maintained DCR	0
Maintained Cash Flow Per Unit	958
Maintained Debt Coverage Ratio on Part A Loan	1.15
Maintained Debt Coverage Ratio on Conventional/Other	N/A
Standard ODR	0
Non-standard ODR	0

Operating Assurance Reserve Analysis

Required in Year:	1
Initial Deposit	858,798
Initial Balance	858,798
Interest Income	25,764
Ending Balance	884,562

Deferred Developer Fee Analysis

Initial Balance	2,503,345	2,395,097	2,288,520	2,183,960	2,081,779	1,982,355	1,872,363	1,751,788	1,620,623	1,478,864
Dev Fee Paid	108,248	106,577	104,560	102,181	99,425	109,992	120,575	131,166	141,759	152,346
Ending Balance	2,395,097	2,288,520	2,183,960	2,081,779	1,982,355	1,872,363	1,751,788	1,620,623	1,478,864	1,326,519

MSHDA Preservation Financing

Interest Rate on Subordinate Financing	3%
Principal Amount of all MSHDA Soft Funds	3,609,382
Current Yr Int	108,281
Accrued Int	0
Subtotal	108,281
Annual Payment Due	108,248
Year End Balance	3,609,416

Cash Flow Projections

	Initial Inflation	Starting in Yr	Future Inflation	11	12	13	14	15	16	17	18	19	20	
Income														
Annual Rental Income	1.0%	6	2.0%	3,238,591	3,303,362	3,369,430	3,436,818	3,505,555	3,575,666	3,647,179	3,720,123	3,794,525	3,870,416	
Annual Non-Rental Income	1.0%	6	2.0%	34,367	35,055	35,756	36,471	37,200	37,944	38,703	39,477	40,267	41,072	
Total Project Revenue				3,272,958	3,338,417	3,405,186	3,473,289	3,542,755	3,613,610	3,685,882	3,759,600	3,834,792	3,911,488	
Expenses														
Vacancy Loss	8.0%	6	8.0%	259,087	264,269	269,554	274,945	280,444	286,053	291,774	297,610	303,562	309,633	
Management Fee	3.0%	1	3.0%	160,063	164,865	169,811	174,905	180,152	185,557	191,124	196,857	202,763	208,846	
Administration	3.0%	1	3.0%	303,725	312,837	322,222	331,889	341,845	352,101	362,664	373,544	384,750	396,292	
Project-paid Fuel	3.0%	6	3.0%	18,143	18,687	19,248	19,825	20,420	21,033	21,664	22,313	22,983	23,672	
Common Electricity	4.0%	6	3.0%	80,146	82,550	85,026	87,577	90,205	92,911	95,698	98,569	101,526	104,572	
Water and Sewer	5.0%	6	5.0%	91,625	96,207	101,017	106,068	111,371	116,940	122,787	128,928	135,372	142,141	
Operating and Maintenance	3.0%	1	3.0%	303,725	312,837	322,222	331,889	341,845	352,101	362,664	373,544	384,750	396,292	
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0	
Payment in Lieu of Taxes (PILOT)				97,381	100,302	103,312	106,411	109,603	112,891	116,278	119,766	123,359	127,060	
Insurance	3.0%	1	3.0%	83,618	86,127	88,711	91,372	94,113	96,937	99,845	102,840	105,925	109,103	
Replacement Reserve	3.0%	1	3.0%	106,304	109,493	112,778	116,161	119,646	123,235	126,932	130,740	134,662	138,702	
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	
Subtotal: Operating Expenses				1,503,818	1,548,174	1,593,900	1,641,042	1,689,645	1,739,758	1,791,429	1,844,710	1,899,653	1,956,315	
Debt Service														
Debt Service Part A				1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	1,443,302	
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0	
Total Expenses				2,947,120	2,991,476	3,037,203	3,084,345	3,132,948	3,183,060	3,234,731	3,288,012	3,342,956	3,399,617	
Cash Flow/(Deficit)														
Cash Flow Per Unit				1,442	1,535	1,628	1,721	1,813	1,905	1,996	2,087	2,176	2,265	
Debt Coverage Ratio on Part A Loan				1.23	1.24	1.25	1.27	1.28	1.30	1.31	1.33	1.34	1.35	
Debt Coverage Ratio on Conventional/Other Financing				N/A										
Interest Rate on Reserves				3%										
Operating Deficit Reserve (ODR) Analysis														
Maintained Debt Coverage Ratio (Hard Debt)				1.00										
Maintained Operating Reserve (No Hard Debt)				250										
Initial Balance			Initial Deposit	0	0	0	0	0	0	0	0	0	0	
Total Annual Draw to achieve 1.0 DCR				0	0	0	0	0	0	0	0	0	0	
Total Annual Deposit to achieve Maintained DCR				0	0	0	0	0	0	0	0	0	0	
Total 1.0 DCR and Maintained DCR				0	0	0	0	0	0	0	0	0	0	
Interest				0	0	0	0	0	0	0	0	0	0	
Ending Balance at Maintained DCR				0	0	0	0	0	0	0	0	0	0	
Maintained Cash Flow Per Unit				1,442	1,535	1,628	1,721	1,813	1,905	1,996	2,087	2,176	2,265	
Maintained Debt Coverage Ratio on Part A Loan				1.23	1.24	1.25	1.27	1.28	1.30	1.31	1.33	1.34	1.35	
Maintained Debt Coverage Ratio on Conventional/Other				N/A										
Standard ODR				0										
Non-standard ODR				0										
Operating Assurance Reserve Analysis														
Required in Year:			858,798											
Initial Balance			Initial Deposit	858,798	1,154,153	1,188,778	1,224,441	1,261,174	1,299,010	1,337,980	1,378,119	1,419,463	1,462,047	1,505,908
Interest Income				34,625	35,663	36,733	37,835	38,970	40,139	41,344	42,584	43,861	45,177	
Ending Balance				1,188,778	1,224,441	1,261,174	1,299,010	1,337,980	1,378,119	1,419,463	1,462,047	1,505,908	1,551,085	
Deferred Developer Fee Analysis														
Initial Balance				1,326,519	1,163,600	990,129	806,138	611,665	406,762	288,345	-225,576	-225,576	-225,576	
Dev Fee Paid				162,919	173,471	183,991	194,472	204,904	215,275	225,576	0	0	0	
Ending Balance		Repaid in yr #	N/A	1,163,600	990,129	806,138	611,665	406,762	288,345	-225,576	-225,576	-225,576	-225,576	
MSHDA Preservation Financing														
Interest Rate on Subordinate Financing				3%										
Principal Amount of all MSHDA Soft Funds			Initial Balance	3,609,382	3,513,363	3,455,845	3,388,050	3,303,640	3,208,277	3,099,621	2,977,335	2,841,079	2,690,518	2,525,315
Current Yr Int				105,401	103,675	101,581	99,109	96,248	92,989	89,320	85,232	80,716	75,759	
Accrued Int				0	0	0	0	0	0	0	0	0	0	
Subtotal			% of Cash Flow	3,618,764	3,559,520	3,487,631	3,402,749	3,304,525	3,192,610	3,066,655	2,926,312	2,771,233	2,601,075	
Annual Payment Due				162,919	173,471	183,991	194,472	204,904	215,275	225,576	235,794	245,918	255,935	
Year End Balance				3,455,845	3,388,050	3,303,640	3,208,277	3,099,621	2,977,335	2,841,079	2,690,518	2,525,315	2,345,139	

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
APARTMENTS AT 28 WEST, MSHDA DEVELOPMENT NO. 3848
CITY OF WYOMING, KENT COUNTY

March 28, 2019

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 Magnus Capital Partners LLC and Vishal Arora (collectively, the "Applicant") for a multifamily housing project to be located in the City of Wyoming, Kent County, Michigan, having an estimated total development cost of Thirty-Seven Million Two Hundred Seventy-Six Thousand Three Hundred Fifty-Four Dollars (\$37,276,354), a total estimated maximum mortgage loan amount of Twenty-Four Million One Hundred Nine Thousand Five Hundred Eleven Dollars (\$24,109,511) and a Mortgage Resource Fund loan in the amount of Three Million Six Hundred Nine Thousand Six Hundred Eighty-Two Dollars (\$3,609,382) (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 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 Twenty-Eight Million Four Hundred Fifty Thousand Dollars (\$28,450,000).

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

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

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

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

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated March 28, 2019, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING MORTGAGE LOAN
APARTMENTS AT 28 WEST, MSHDA DEVELOPMENT NO. 3848
CITY OF WYOMING, KENT COUNTY

March 28, 2019

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 Magnus Capital Partners LLC and Vishal Arora (collectively, the "Applicant") for a construction mortgage loan in the amount of Twenty-Four Million One Hundred Nine Thousand Five Hundred Eleven Dollars (\$24,109,511), and a permanent mortgage loan in the amount of Twenty-Four Million One Hundred Nine Thousand Five Hundred Eleven Dollars (\$24,109,511), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Thirty-Seven Million Two Hundred Seventy-Six Thousand Three Hundred Fifty-Four Dollars (\$37,276,354), to be known as Apartments at 28 West, located in the City of Wyoming, Kent County, Michigan, and to be owned by 28WPhaseOne 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 Million Six Hundred Nine Thousand Three Hundred Eighty-Two Dollars (\$3,609,382) (the "MRF Loan") and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of One Million Six Hundred Seventy-Five Thousand Dollars (\$1,675,000) (the "HOME Loan"); and

WHEREAS, the 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 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 Mortgageor.

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 Mortgageor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project in an amount not to exceed Twenty-Four Million One Hundred Nine Thousand Five Hundred Eleven Dollars (\$24,109,511), and permanent financing in an amount not to exceed Twenty-Four Million One Hundred Nine Thousand Five Hundred Eleven Dollars (\$24,109,511), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of five and 25/100 percent (5.25%) 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 Twenty-Eight Million Four Hundred Fifty-Thousand Dollars (\$28,450,000). 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 Mortgageor a commitment for a MRF Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Three Million Six Hundred Nine Thousand Three Hundred Eighty-Two Dollars

(\$3,609,382), 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. 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 towards the MRF Loan, and, when the MRF Loan is repaid, towards the HOME Loan, 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 each year.

8. The Authority hereby waives its Multifamily Direct Lending Parameter, VI Underwriting Terms, P(4): Additional Considerations: to permit the deferred developer fee to exceed 50% of the total development fee.

9. The Authority hereby waives its Multifamily Direct Lending Parameter: VI Underwriting Terms, E(1) LIHTC/Tax-Exempt Bond or Taxable Bond Rent Restrictions: to permit underwritten rents equal to 100% of the maximum allowable rent rather than 95% of the maximum allowable rent.

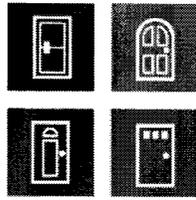
10. The Authority hereby waives its Multifamily Direct Lending Parameters, VI Underwriting Terms, I(I) and (2) Tax Abatement: to permit Authority consideration prior to receipt of a final payment in lieu of taxes ordinance in a form acceptable to the Director of Legal Affairs.

11. The Authority hereby waives its Multifamily Direct Lending Parameters, VI(K)(1) Operating Assurance Reserve: to permit the operating assurance reserve to be funded at 100% construction completion rather than initial closing.

12. The Authority hereby waives its Standards of Design, which require individual balconies, to permit common area rooftop balconies.

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

14. 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 March 28, 2019, 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: Earl J. Poleski, Executive Director 

DATE: March 28, 2019

RE: Approval of the Five-Year Public Housing Agency ("PHA") Plan, Annual PHA Plan and Administrative Plan for the Housing Choice Voucher Program

Recommendation:

I recommend that the Michigan State Housing Development Authority ("the Authority") adopt a resolution approving changes to the Five-Year PHA Plan for Fiscal Years 2019-2024 ("Five-Year Plan"), the Annual Fiscal Year 2019-20 PHA Plan ("Annual PHA Plan") and the proposed changes to the Administrative Plan for the Housing Choice Voucher Program ("HCV Program"). The Five-Year Plan and Annual PHA Plan govern the Authority's administration of the HCV Program and are documents required by the U.S. Department of Housing and Urban Development ("HUD").

Executive Summary:

The Five-Year Plan and Annual PHA Plan are a comprehensive explanation of the Authority's HCV Program, policies, operations and strategies for meeting housing needs and goals. The Administrative Plan provides more specific policy information regarding how the Authority implements the HCV Program. The Fiscal Year 2018-19 Annual PHA Plan and Administrative Plan were approved as amended by the Authority on April 25, 2018.

Attachment A contains a report on the progress made for goals set forth in the Five-Year Plan for Fiscal Years 2014-2019. New goals for the Five-Year Plan for Fiscal Years 2019-2024 include:

- Expanding the supply of assisted housing
- Improving the quality of assisted housing
- Increasing assisted housing choice
- Promoting self-sufficiency and asset development of families and individuals
- Ensuring equal opportunity in housing for all persons
- Partnering with the designated Michigan Housing Assessment Resource Agencies ("HARAs") to serve as one-stop shopping for housing

- Striving to reduce non-compliance by program participants in the Housing Choice Voucher Program

There are eight proposed changes for the Annual PHA Plan and Administrative Plan.

The first proposed change is to announce that the Authority will administer special program vouchers for the Mainstream Voucher Program and the Family Unification Program (FUP). The Mainstream vouchers will assist non-elderly disabled individuals with rental assistance that are transitioning out of institutions, at risk of institutionalization, homeless or at risk of homelessness. The FUP vouchers provide rental assistance to families for whom the lack of adequate housing is a primary factor in the imminent placement of a family's child or children, or a youth at least 18 years of age but not more than 24 years of age who left foster care or will leave foster care within 90 days.

The second proposed change is to announce that the Authority will agree to accept referrals for the Moving-Up program from Continuum of Care ("CoC") Permanent Supportive Housing ("PSH") programs or other similar state or federally funded program. The Moving-Up program provides rental assistance to individuals participating in a CoC or another state/federal funded program who have demonstrated the ability to living independently in the community without the need for intensive case management.

The third proposed change is to announce that the Authority may elect to adopt the use of Small Area Fair Market Rents ("SAFMR") in an entire metropolitan area or specified zip codes. The Authority will consider whether to apply the SAFMR to the Project-Based Voucher Program within a designated metropolitan area or specified zip code.

The fourth proposed change is to announce the Authority may review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of the analysis to establish annual income for HCV program participants. The Authority may elect, in its sole discretion, to only process changes when a participant reports a new source of income or a permanent loss of previously reported income.

The fifth proposed change is to clarify that the Authority will terminate a participant's assistance when Authority staff or contracted Housing Agents witness or are made aware of a participant's use and/or possession of marijuana resulting in: a violation of the lease, Housing Quality Standard inspection breach caused by the family, or written law enforcement report of criminal activity.

The sixth proposed change is to announce that the Authority will consider police reports containing an officer's direct knowledge as credible evidence when determining if a participant has engaged drug-related or violent criminal activity requiring program termination. Other sources of credible evidence include, but are not limited to, judgments, complaints, letters from neighbors or management agents, restraining orders, other evidence provided by police departments or the court system.

The seventh proposed change is to announce that the Authority may terminate a participant's assistance when a subsequent criminal screening shows that an arrest and/or charge has been adjudicated and the participant was found guilty or pled nolo contendere. In these instances, the termination will be based on the judicial/sentencing date.

The eighth proposed change is to announce that the Authority will permit cooperative housing types for the HCV program when an in-place family is subject to a Housing Conversion Action or

when verification is received from an applicant/participant and the property management agent that the family did not and will not purchase a membership in the cooperative while receiving HCV assistance from the Authority. If neither of these apply, this housing type is not permitted, unless approved by the Authority as a reasonable accommodation.

The changes to the Five-Year Plan, Annual PHA Plan and Administrative Plan were published and posted on the Authority's website for public review in accordance with HUD requirements. Additionally, e-mail messages announcing the changes were distributed to Authority partners including the contracted Housing Agents, Continuum of Care bodies, Housing Assessment and Resource Agencies, Family Self-Sufficiency Resource Coordinators, the Michigan Housing Council and the Community Economic Development Association of Michigan. Two public hearings were conducted in February 2019 - one in Detroit and one in Lansing, Michigan. No written or oral comments were received.

An electronic version of the previously approved FY 2018-2019 Annual PHA Plan, proposed Five-Year Plan, FY 2019-20 Annual PHA Plan and Administrative Plan changes are located on the Authority's website at www.michigan.gov/mshda in the "Spotlight" section of the page.

The Plans require Authority approval per the Quality Housing and Work Responsibility Act of 1998. The Five-Year and Annual PHA Plans will be submitted to HUD following approval by the Authority.

Issues, Policy Considerations, and Related Actions:

None

ATTACHMENT A
FY 2019-20 ANNUAL and 5-YEAR PHA PLAN
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
(MSHDA) (MI-901)

The Michigan State Housing Development Authority (MSHDA) has made the following progress on the stated goals for the FY 2014-19 PHA Five-Year Plan:

PHA Goal: Expand the supply of assisted housing

Objectives:

Apply for additional rental vouchers when opportunity arises:

Since 2014, MSHDA has applied for and/or received the following additional housing choice vouchers:

- 2017 Mainstream Voucher Program: 99 Mainstream Vouchers awarded via the 2017 NOFA.
- Family Unification Program (FUP): 81 FUP Vouchers awarded via the 2018 NOFA.
- Veterans Affairs Supportive Housing (VASH): 412 VASH vouchers awarded since 2014 for a total VASH allocation of 1,105.
- Rental Assistance Demonstration (RAD): Since the inception of RAD, MSHDA has converted over 1,200 units to Project-Based Voucher assistance.
- Housing Conversion Actions: MSHDA was awarded over 270 Tenant-Protection Vouchers by HUD for families residing in multifamily developments that experienced a contract termination or repayment of an underlying HUD mortgage.

Leverage private or other public funds to create additional housing opportunities:

Public and private funds are being leveraged in the continued development of project-based vouchers with LIHTC and developer/owner funds.

From January 1, 2014 to December 31, 2018, MSHDA awarded and/or contracted an additional 1,336 Project-Based Vouchers in conjunction with the LIHTC program for owners that commit to set-aside units for Permanent Supportive Housing. MSHDA administers a Project-Based Voucher program in over 150 developments across the state totaling over 4,200 units. This unit count includes RAD/PBV units as well.

Accept voucher portfolio transfers from other PHAs at the request of the HUD field office and maintain the housing stability for families holding the assigned vouchers.

MSHDA received no requests for voucher portfolio transfers from HUD during this timeframe.

Change the HCV subsidy standards:

Effective January 1, 2015, MSHDA subsidy standards were changed to reflect as follows:

- 1 bedroom for the head of household/co-head/spouse;
- 2 heartbeats per bedroom for all other family members

PHA Goal: Improve the quality of assisted housing

Objectives:

- Improve voucher management:

Obtain a SEMAP score equaling “high performer”.

MSHDA achieved High Performer SEMAP ratings in fiscal years 2014, 2016, 2017, and 2018.

Perform more quality control HQS inspections to monitor the quality of HQS inspections performed by contractors.

For SEMAP fiscal years 2015-2018, MSHDA staff conducted over 872 quality control HQS inspections on program units. This amount exceeds the requirements imposed under SEMAP by more than 200 quality control HQS inspections. The quality control HQS inspections represent a variety of neighborhoods and unit types. In addition, MSHDA and contracted Housing Agents routinely conduct special inspections as requested by HCV participants and landlords.

Research, develop, and implement a paperless file management system.

This continues to be an ongoing project for all divisions within MSHDA. MSHDA has implemented Content Manager to manager all landlord files. MSHDA is currently in the process of converting all software security documents into Content Manager. Additionally, MSHDA is further investigating the use of Content Manager for Accounts Receivable, Repayment Agreements, and Reasonable Accommodation. There are continued discussions on how the waiting list can utilize Content Manager with its current process. The waiting list is paperless with applications and with the Applicant Portal. MSHDA will continue to evaluate all ways that we can move towards paperless integration.

- Increase customer satisfaction:

Research, develop, and implement an on-line application system for the Project-Based Voucher Program.

An on-line application was implemented for the HCV program. Due to the complexity of MSHDA’s PBV program and number of PBV developments in the portfolio, there is ongoing research and development for implementation of an on-line application for the PBV program.

Improve the informal hearing process within the Authority by shortening time between request for informal hearing and actual hearing.

In 2016, MSHDA created an Audit, Compliance and Fraud Investigation (ACFI) unit. This unit is responsible for responding to all allegations of fraud, waste and abuse received through the fraud hotline, internal staff, external partners and various other sources. The staff within this unit are also responsible for reviewing all requests for hearing and representing MSHDA at the related administrative hearings.

In early 2018, the ACFI unit participated in a Lean Process Improvement workshop which provides a structured format for documenting key business processes; identifying

bottleneck, inefficiencies and other key issues; identifying potential solutions; and mapping a revised business process with those solutions implemented. The result of this workshop was a redesign of key business processes in the unit, clearer documentation of policies and procedures and enhanced communication both within the unit and with external parties. Weekly case meetings have been instituted where all hearing requests received from contracted Housing Agents since the last meeting are assigned to an agent. All of this has resulted in the faster completion of the initial case assessment, quicker resolution of requests for hearing and greater capacity for the unit to investigate allegations of fraud, waste and abuse. As of November 30, 2018, only 5 requests for hearings received but not yet sent for scheduling were received by the ACFI unit 60 days or more prior and these were all due to additional documentation being requested as part of consideration of circumstances for the potential to take alternative administrative action (such as entering into a repayment agreement) and potentially allowing the participant to retain their voucher.

Concentrate on efforts to improve specific management functions

Conduct intensive file audits to maintain quality control

MSHDA has undertaken significant efforts to increase the number of quality control file audits performed on participant files. The participant files are recalled from contracted Housing Agent offices and audited for established performance criteria. MSHDA also conducts special file audits when a new MSHDA policy or HUD update is released to ensure compliance with applicable changes. From January 1, 2014 through December 31, 2018, the quality control file audits for participant files are as follows:

2014:	2018
2015:	2326
2016:	2523
2017:	2796
2018:	2518

Increasing the number of participant file quality control audits has enabled MSHDA to identify areas of improvement, such as MSHDA staff and contracted Housing Agent training on specific topics and updating and/or clarifying existing Standard Operating Procedure.

Perform quarterly and monthly performance reviews on contracted Housing Agents.

MSHDA performs monthly performance reviews on all contracted Housing Agents. MSHDA generates reports from the HCV Program Management software and from HUD's Public and Indian Housing (PIH) Information Center (PIC) to measure the contractor's performance in lease-up rate, annual re-examination rate, late new admissions rate, multifamily tenant characteristics system (MTCS) errors, pre-contract housing quality standards (HQS) and annual/biennial HQS. Based on these reports and MSHDA's established guidelines for performance rating, the contractor earns a score of high performer, standard performer or troubled performer.

MSHDA performs quarterly performance reviews on all contracted Housing Agents. Quarterly performance ratings are based on file audits conducted during the specified timeframe. Individual quarterly file audits measure the contractor's performance in waiting list eligibility, reasonable rent test, adjusted income calculations, HQS enforcement and general clerical errors in file documents.

Based on these audits and MSHDA's established guidelines for performance rating, the contractor earns a score of high performer, standard performer or troubled performer.

PHA Goal: Increase assisted housing choices

Objectives:

Conduct outreach efforts to potential voucher landlords

MSHDA advertises and encourages the use of the Michigan Housing Locator Web site database. Contracted Housing Agents are required to conduct outreach in all counties they administer the HCV program in to not only recruit new landlords in areas outside of areas of poverty and minority concentration as required under SEMAP, but to recruit landlords to increase the housing stock available to HCV program applicants and participants.

Continue a HCV homeownership program (*Key to Own*)

Through the end of 2018, MSHDA has successfully closed on 497 homes with voucher participants. MSHDA'S Key to Own program enables voucher participants to move from renting to owning their own home. The Key to Own homeownership program, created in 2005, has been successful in leading voucher participants to homeownership through a nationally recognized model, and is changing lives throughout all of Michigan. In all, Key to Own has allowed MSHDA to save more than \$1.5 million per year in housing assistance payments (HAP) for the HCV program, which allows new vouchers to house families in need. Most Key to Own homeowners eventually become economically self-sufficient and transition off the voucher.

Continue to implement use of housing choice vouchers in a project-based voucher program.

MSHDA is committed to allocating up to 20 percent (20%) of its HCV budget authority for use in the Project-Based Voucher Program. To date, MSHDA's PBV program, to include RAD/PBV, totals of over 4,200 units. Since FY 2014, MSHDA has allocated over 2,900 HCVs to its PBV program.

PHA Goal: Partner with the designated Michigan Homeless Assessment and Resource Agencies (HARA) to serve as a one-stop shop for housing.

Objectives:

Continue to partner with Continuum of Care bodies on the Campaign to End Homelessness.

MSHDA continues to partner with Continuum of Care (COC) bodies to dedicate services and resources to end homelessness in Michigan through our commitment to the values and practices of Housing First. The 2016 Ending Homelessness Annual Report provides data and information collected by the Michigan Homeless Management Information System between 2014 and 2016. During this time, the total homeless population in

Michigan decreased by 9 percent and the veteran homelessness decreased by 16 percent. In 2016 alone, over 22,000 people secured permanent housing after transitioning from living on the streets or in shelters. These outcomes are attributed to improved coordination of care between the Campaign partners and prioritizing resource for those most in need. The Campaign's Action Plan is aligned with the federal plan to end homelessness which includes goals for reducing homelessness and action steps to achieve them by 2019. The 2017-2019 Action Plan Goals include housing all veterans experiencing homelessness; reducing chronic homelessness by 20% annually; reducing family homelessness by 10% annually; reducing individual homelessness by 10% annually and reducing youth homelessness by 10% annually. A variety of programs and resources are utilized to achieve these goals such as the Emergency Solutions Grant, Emergency Shelter Program, Continuum of Care Program, Low Income Housing Tax Credits, HUD Veterans Affairs Supportive Housing, McKinney-Vento Homeless Assistance Grant, SSI/SSDI Outreach, Access and Recovery, and the State Emergency Relief Program.

Conduct outreach efforts to potential agencies to partner with on other MSHDA housing projects and pilot projects

In addition to expanding the Moving-Up program identified below, MSHDA has partnered with the following agencies to make available HCVs for the following initiatives/pilot programs:

- **State Innovation Model (SIM):** In 2018, MSHDA partnered with the Michigan Department of Health and Human Services (MDHHS) to design a pilot program that provides housing and supportive services to citizens that have very high utilization levels of emergency departments and emergency services that are also experiencing homelessness. MSHDA has allocated up to 200 HCVs to be used in conjunction with this pilot program.
- **Michigan Department of Corrections (MDOC) Initiative:** In 2017, MSHDA partnered with the Michigan Department of Corrections (MDOC) to design an initiative that enables individuals exiting from correctional facilities and re-entering into the community, an opportunity for greater independence through housing and service coordination programs. Eligible applicants must be willing to engage in a jointly developed plan supporting housing and stability throughout their participation in this initiative. MSHDA has allocated up to 200 HCVs for this initiative.
- **HCVs leveraged with the Section 811 Project Rental Assistance program:** In 2014, MSHDA was awarded funding via HUD's FY 2013 NOFA for the Section 811 PRA program. The Section 811 PRA program assists people with disabilities to acquire housing and needed supports to live independently in selected housing projects. As part of the NOFA application, MSHDA agreed to leverage 100 HCVs to serve the same targeted population.
- **Mainstream Voucher Program:** In 2018, MSHDA applied to HUD for funding under the Mainstream Voucher Program and was subsequently awarded 99 vouchers. MSHDA partnered with the Michigan Department of Health and Human Services (MDHHS) for the submission of the application as well as the design of the Mainstream Voucher Program. The voucher assistance will provide the housing stability that many individuals desperately need and partnering agencies (MI Choice Waiver Agents, local Community Mental Health Agencies and Centers for Independent Living) will provide support services based on the individual's needs and affiliated program (MI Choice Waiver Program, Behavioral Health Services and Supports Program, Habilitation Supports Waiver and Independent Living Services Program).
- **Family Unification Program:** In 2018, MSHDA applied to HUD for funding under the Family Unification Program (FUP) and was subsequently awarded 81 vouchers. MSHDA partnered with the Michigan Department of Health and Human

Services (MDHHS) and local Continuum of Care Bodies for the submission of the application as well as the design of the FUP program. The FUP program will provide immediate relief to the housing barriers for FUP-eligible youth and families. MSHDA will leverage the Family Self-Sufficiency (FSS) Program for both families and youth and will grant a preference on the FSS waiting list for the targeted populations.

PHA Goal: MSHDA will strive to continue to reduce non-compliance by participants in the Housing Choice Voucher Program.

Objectives:

- Continue to investigate cases where a suspicion of non-compliance exists by the participant, family members, landlord, or property owner.**

MSHDA continues to investigate cases of suspected fraud, waste, and abuse. At initial briefing on the HCV program, applicants and participants (including port-ins) are educated about non-compliance/fraud by providing HUD's brochure "Is Fraud Worth It?" (HUD 1141) and by notifying them that appropriate action will be taken when instances of non-compliance and/or fraud are discovered. MSHDA implemented a Fraud Hotline, email address and an anonymous online reporting form that individuals can use to report allegations of fraud, waste and abuse. Each tip received through these sources are investigated by the ACFI unit.

- MSHDA shall prosecute non-compliance cases when necessary and continue to demand repayment when appropriate.**

Fraud recovery efforts for each calendar year total more than \$800,000 from both landlord and tenant fraud in MSHDA's Housing Choice Voucher program. When appropriate, requests for assistance in addressing non-compliance and/or fraud cases have been made to HUD's Office of Inspector General and the State of Michigan's Attorney General. MSHDA works with other agencies including DHHS OIG, Michigan State Police and Michigan Department of State on prosecution of multi-agency fraud cases as well. The ACFI unit has built relationships with other agencies including DHHS OIG, Michigan State Police, Michigan Department of State, Michigan Department of Treasury and local police agencies to share information to aid in the uncovering, investigating and adjudicating cases of non-compliance and fraud.

PHA Goal: Established and implement a pilot program in Detroit, Michigan to be called the Moving Up Program. MSHDA designated the use of a limited number of its own HCV vouchers for this program.

In 2014, MSHDA established the pilot program in Detroit, Michigan (Wayne County). MSHDA initially allocated up to 100 HCVs for the pilot and since then has expanded the pilot to several other counties, thus increasing the total allocation to 710 HCVs. MSHDA may continue to expand to additional CoCs and allocate more HCV as the program budget allows.

PSH providers use a common assessment tool to identify those individuals and families that have reached a level of stability that makes them a good transition to the HCV Program. These individuals and families will then be placed on a separate waiting list for this Moving-Up pilot. MSHDA has agreed to accept referrals from a CoC PSH program or other similar state or federally funded programs as the need arises.

HUD Strategic Goal: Promote self-sufficiency and asset development of families and individuals

- PHA Goal: Promote self-sufficiency and asset development of assisted households

Objectives:

- Increase the number and percentage of employed persons in assisted families:**

The contracted FSS Resource Coordinators who assist in the administration of the Family Self-Sufficiency Program continue to work with participants to obtain and maintain employment. Enrollment in the FSS program has improved the financial stability of participants by assisting them with the purchase of a home, budgeting their finances and increasing their credit scores.

- Provide or attract supportive services to improve assistance recipients' employability**

The contracted FSS Resource Coordinators are required to evaluate the FSS participant's job marketability; provide referrals to the local Michigan Works! Agency or other agencies in the community to obtain employment and if already employed, encourage methods of improving or advancing within their current career. FSS Resource Coordinators may offer FSS participants Individual Development Accounts, Financial Capability Counseling Services, Job Placement services, home buyer programs, and other housing case management to improve employment opportunities.

- Provide or attract supportive services to increase independence for the elderly or families with disabilities.**

The contracted FSS Resource Coordinators are required to evaluate FSS participants that are elderly or disabled in the same manner above to ensure supportive services are made available to increase independence. The FSS Resource Coordinator may give special consideration to or alter the suitable employment requirements of the FSS program for disabled FSS participants.

- Other: (list below)

Work to ensure that FSS families use existing local resources provided by non-profits and governmental entities promote self-sufficiency and encourage employment.

The contracted FSS Resource Coordinators continue to utilize their local resources to provide counseling services to achieve self-sufficiency and encourage participation in the statewide Michigan Works! Program to access available resources and obtain employment.

HUD Strategic Goal: Ensure Equal Opportunity in Housing for all Americans

- PHA Goal: Ensure equal opportunity and affirmatively further fair housing

Objectives:

- Undertake affirmative measures to ensure access to assisted housing regardless of race, color, religion national origin, sex, familial status, and disability.**

Equal housing opportunity for all persons, regardless of race, color, national origin, religion, age, sex, familial status, marital status, or disability, is a fundamental policy of MSHDA. MSHDA is committed to diligence in assuring equal housing opportunity and non-discrimination to all aspects of its housing financing activities. As a state created housing finance agency, MSHDA has an ethical as well as legal imperative to work aggressively to ensure that MSHDA financed housing programs comply fully with all state and federal fair housing laws required by Section 808(e) (5) of the Fair Housing Act.

Reasonable steps are always taken to affirmatively further fair housing in MSHDA's Housing Choice Voucher (HCV) Program.

- 1) The MSHDA Housing Choice Voucher Program ensures that all buildings and communications that facilitate taking applications and service delivery are accessible to persons with disabilities. If requested, services can be provided at other locations.
- 2) MSHDA prominently displays the Equal Housing Opportunity poster in its two central offices and requires that all contracted partners display the same documentation in their local offices. It is the policy of MSHDA to fully comply with all federal, state and local nondiscrimination laws and in accordance with the rules and regulations governing Fair Housing and Equal Opportunity in housing and employment.
- 3) Vacant MSHDA positions are advertised statewide via the Michigan Civil Service Commission State of Michigan Job Postings website at <https://www.governmentjobs.com/careers/michigan>. In addition, contracted Housing Agents and Local FSS Coordinators are selected through a competitive Request for Proposal Process.
- 4) MSHDA refers individuals and families covered under the Fair Housing Act to the many programs offered through MSHDA. The means of communication to raise awareness of these programs include newspapers, television, website, radio, service provider contacts in all 83 counties of Michigan, billboard advertising, and the annual Building Michigan Communities Conference held in the State's capital of Lansing. At the Initial Briefing and when participants wish to move, HCV applicants and participants are provided information on fair housing, how to find a safe and affordable unit, leasing units outside of areas of poverty or minority concentration, and leasing provisions that are prohibited under law.
- 5) MSHDA also provides the Housing Discrimination Complaint form (HUD-903.1) and the Sexual Harassment Notice released by the United States Department of Justice at program briefings. Both documents provide information on fair housing and the steps the tenant should take to submit a detailed report to HUD or the Department of Justice, Civil Rights Division. Telephone numbers are provided along with toll-free numbers that the tenant can call to submit a fair housing complaint.
- 6) When HCV or PBV waiting lists are to be opened or closed, a detailed plan of outreach is outlined in MSHDA's Administrative Plan that staff and contracted Housing Agents must follow.
- 7) Detailed policy and procedure on Reasonable Accommodation are outlined in MSHDA's Administrative Plan that staff and contracted Housing Agents must follow.
- 8) Appropriate MSHDA staff review fair housing requirements of 24 CFR Section 903.7(o) by examining current and proposed programs to ensure compliance and identify impediments to fair housing choice within these programs.

- 9) One of the Michigan State Housing Development Authority's functions in promoting fair housing choice is education.
- 10) The FSS and Key to Own Homeownership Programs are marketed to all MSHDA HCV recipients regardless of race, color, national origin, religion, age, sex, familial status, marital status, or disability. The brochure advertising these two programs is provided to MSHDA HCV participants at every new admission and annual re-examination.
- 11) In compliance with 24 CFR 8.6, the MSHDA FSS and Key to Own Homeownership Programs ensure that all buildings and communications that facilitate applications and service delivery are accessible to persons with disabilities. If requested, services can be provided at other locations. Applications to FSS and Key to Own Homeownership Programs are mailed directly to the homes of the MSHDA HCV recipient and/or their listed representative if requested.

ATTACHMENT B
FY 2019-20 ANNUAL PHA PLAN FOR HCV ONLY PHAs
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
(MSHDA) (MI-901)

B. Annual Plan

B.1 Revision of PHA Plan Elements:

Statement of Housing Needs and Strategy for Addressing Housing Needs

MSHDA is dedicated to serving the needs of the homeless and very-low and extremely low income Michigan residents. This is demonstrated in its administration of the Housing Choice Voucher Program via the following:

- designating a homeless preference for county HCV waiting lists.
- designating a disabled preference for county HCV waiting lists.
- commitment to the Michigan Campaign to End Homelessness.
- working with partner agencies serving the elderly, families with disabilities, households of various races and ethnic groups.
- working with Continuum of Care groups across the State of Michigan.
- policy of exceeding federal income targeting requirements by establishing that 80% of new admissions must be extremely low-income families and up to 20% of new admissions must be very low-income families.
- administration of the HCV VASH Program at four VA medical facility sites across the State of Michigan (presently Battle Creek, Detroit, Saginaw, and Iron Mountain).
- administration of Mainstream 1 (now called Non-Elderly Disabled or NED) and Mainstream 5 (MS5) vouchers.
- administration of MSHDA's pilot program, Affordable Assisted Housing Program (AAHP), in Macomb and Oakland Counties; which combines an HCV with the Michigan Medicaid Waiver to provide housing as an alternative to nursing home care.
- expansion of the 2014-2015 Moving-Up Pilot that partners with the Michigan Department of Community Health (MDCH) and provides a resource for previously homeless populations utilizing Permanent Supportive Housing; MSHDA commits 710 of its HCV vouchers to this pilot program.
- leveraging 100 HCVs with the Section 811 Project Rental Assistance Program.
- creation of a State Innovation Model (SIM) Pilot Program that partners with the Michigan Department of Health and Human Services (MDHHS) to provide housing and supportive services to citizens that have very high utilization levels of emergency departments and emergency services that are also experiencing homelessness. MSHDA has committed up to 200 vouchers for this pilot program.
- administration of more than 3,000 Project-Based Vouchers across the state.
- offering a PBV waiting list preference in designated PBV properties for individuals and/or families meeting the definition of Chronic Homeless, United States Veteran and Homeless Frequent Emergency Department Users with Care Need.
- implementing a recertification of homelessness at the time of PBV waiting list draw, to ensure the applicant still meets the definition of homelessness.
- administrating more than 1,200 vouchers at 22 RAD Projects across the state which converts tenant-based RAP and Rent Supplement Assistance to tenants in HUD 236 properties to Project-Based Vouchers.
- continuation of outreach efforts to find affordable and good quality units for its voucher holders.
- identification of when to open and close county waiting lists as needed across the state to maintain up-to-date lists.
- implementing biennial HQS inspections for HCV housing units.
- administration of an initiative with the Michigan Department of Corrections (MDOC) to enhance housing opportunities for persons exiting correctional facilities. MSHDA has allocated up to 200 HCVs for returning citizens that need long-term rental assistance.
- administration of the Mainstream Voucher Program in collaboration with the MDHHS. The program will provide voucher assistance to non-elderly and disabled households and partnering agencies will

provide support services based on the individual's needs and MDHHS affiliated program. MSHDA was awarded 99 vouchers from HUD for this program.

- administration of the Family Unification Program (FUP) in collaboration with the MDHHS. The program will provide voucher assistance to FUP-eligible families and FUP-eligible youth experiencing housing barriers. MSHDA was awarded 81 vouchers from HUD for this program.

Deconcentration and Other policies that Govern Eligibility, Selection and Admissions

MSHDA promotes deconcentration of poverty and promotes income mixing in all areas by educating applicants at the time of their briefing on these issues.

Waiting lists exist for all 83 Michigan counties and are opened or closed as necessary. Applications are taken electronically. As of January 2, 2019, there are 37,215 applicants on the waiting list; 32,907 are extremely low income; 3,104 are very low income; and 1,204 are low income. Families with children make up 39% of waiting list applicants; 8% are elderly and 16% are disabled.

MSHDA has a homeless preference and applications are taken from homeless families and added to the homeless preference waiting list when certified.

A disability preference is given for those applicants where the head of household, co-head or spouse are disabled. Verification of disability is obtained upon selection from the waiting list.

A county residency preference is given for those applicants who either live or work in the county and can prove residency through a verified current address or verification from an employer.

A Michigan residency preference is given for those applicants who either live or work in the state of Michigan and can prove residency through a verified current address or verification from an employer.

PBV applicants must apply through the Lead Agency/HARA or property management staff. Referrals are sent directly to the MSHDA contracted Housing Agent for placement on the PBV Waiting List.

Financial Resources

Financial Resources: Planned Sources and Uses		
Sources	Planned \$	Planned Uses
1. Federal Grants (FY 2019 grants)		
a) Public Housing Operating Fund	Not applicable	
b) Public Housing Capital Fund	Not applicable	
c) Annual Contributions for Section 8 Tenant-Based Assistance	\$175,378,869	Section 8 Eligible expenses
d) Community Development Block Grant (CDBG)	Not applicable	
e) HOME	Not applicable	
Other Federal Grants (list below)		
FSS Program	\$ 971,313	FSS Program
Sec 811 Program	\$ 5,516,950	Sec 811 PRA Program
2. Prior Year Federal Grants (unobligated funds only) (list below)	None	
3. Public Housing Dwelling Rental Income	Not applicable	
4. Other income (list below)	None	
5. Non-federal sources (list below)	None	
Total resources	\$181,867,132	

Rent Determination:

MSHDA will continue to have a \$50 Minimum Total Tenant Payment (TTP). If the MSHDA HCV budget is significantly increased, the minimum TTP amount may be adjusted downward.

Payment standards will be maintained at 110% of Fair Market Rent (FMR). MSHDA will conduct an annual review to determine payment standard levels and if necessary, may request an exception payment standard of between 111-120% of FMR for one or more counties if appropriate.

Homeownership:

MSHDA will continue administering its Section 8 Homeownership Program entitled the *Key to Own* Homeownership Program which has been operating since March 2004. The MSHDA *Key to Own* Homeownership Program has no set limits on the maximum number of participants. Currently, MSHDA has over 1,000 participants in the *Key to Own* Homeownership Program who are working on program requirements; i.e. credit scores, finding employment, debt reduction, etc. Since the program's inception, 497 MSHDA HCV participants have become homeowners.

Substantial Deviation:

MSHDA defines a substantial deviation from the 5-Year Plan to be a change in its policy, activity or program that redirects MSHDA's mission, goals, or objectives; and/or the addition of new policies, activities or programs not included in the current PHA Plan.

Significant Amendment:

The addition of new policies, activities or programs not included in the current PHA Plan may qualify as a Significant Amendment.

Safety and Crime Prevention:

The MSHDA Office of Rental Assistance and Homeless Solutions (RAHS) is committed to the implementation of the VAWA of 2013. MSHDA will continue to undertake actions to meet this requirement in the administration of the Housing Choice Voucher (HCV) Program.

MSHDA's contracted Housing Agents participate in local Continuum of Care meetings and use those contacts and others known to them through the Family Self-Sufficiency Program to assist survivors of domestic violence (including dating violence, sexual assault, or stalking) and their children when cases are made known to them.

Many of the agencies participating in the Continuum of Care groups provide temporary housing/shelter to survivors of domestic violence and their children. MSHDA staff and Housing Agents work with the partnering Continuum of Care service agencies and partnering Housing Assessment and Resource Agencies (HARAs) to find resources for domestic violence survivors, and children and adult victims of dating violence, sexual assault, or stalking to make sure the family is able to maintain their housing assistance.

MSHDA provides the Notice of Occupancy Rights under VAWA (HUD 5380) and the Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking (HUD 5382) when a family is denied admission to the program, when a family is admitted to the program and when the family is terminated from the program. In addition, MSHDA has created an Emergency Move Plan for HCV and PBV participants and provides the Emergency Transfer Request for Certain Victims of Domestic Violence, Dating Violence, Sexual Assault and Stalking (HUD 5383) upon request.

ATTACHMENT C
MSHDA FY 2019-20 ANNUAL PHA PLAN
PBV DEVELOPMENTS UNDER A CURRENT HAP OR AHAP CONTRACT

County	Development Name	# Units	City	Target Population Type
Allegan	Allegan LDHA - Scattered Sites	10	Allegan County	Hmls/Disab
Allegan	Emerald Woods	10	Plainwell	Spec Needs
Allegan	Heritage Meadows I & II	20	Plainwell	Hmls/Disab
Allegan	Lexington Square	8	Fennville	Spec Needs
Allegan	Meadow Lanes (Second HAP)	43	Holland	Income Eligible
Allegan	Mystic View I & II	20	Pullman	Hmls/Disab
Alpena	Alpena Pines	6	Alpena	Elderly
Bay	Tradewinds	30	Essexville	Income Eligible
Berrien	Country View I	14	Benton Harbor	Income Eligible
Berrien	Cobblestone Village	10	Watervliet	Spec Needs
Berrien	Fire Station	6	Benton Harbor	Hmls/Chr Hm
Berrien	Parkview	20	Niles	Hmls/Sp Needs
Berrien	Metea Court	7	Buchanan	IncElg/Eld or Disab
Benzie	Gateway Village	8	Frankfort	Hmls/Disab/DV
Calhoun	Liberty Commons	17	Battle Creek	Income Eligible
Calhoun	Oak Meadows	7	Albion	Income Eligible
Calhoun	Silver Star	75	Battle Creek	Homeless Veterans
Calhoun	Silver Star II	100	Battle Creek	Homeless Veterans
Chippewa	West Bridge	28	Sault Ste. Marie	Hmls/Disab
Chippewa	Park Place Center	6	Sault Ste. Marie	DV
Clare	White Pines II	12	Clare	Spec Needs
Clinton	Hawks Ridge	13	Bath	Hmls/Disab
Eaton	Kingston Place	8	Eaton Rapids	Elderly
Emmet	Pond Street Village	2	Mackinaw City	Spec Needs
Emmet	Townline	6	Pellston	Spec Needs
Emmet	Traverse Woods	13	Petoskey	Hmls/DV/Sp Needs
Genesee	Pineshore Apartments	12	Flint	Spec Needs/DV
Genesee	Swayze Court Apartments	28	Flint	Hmls/Sp Needs
Genesee	Willow Haven (Gateway Manor)	5	Linden	Hmls/Sp Needs
Genesee	Willow Haven II	5	Linden	Hmls/SpNeeds
Grand Traverse	Brookside Apartments	24	Traverse City	Hmls/Sp Needs
Grand Traverse	Carson Square	26	Traverse City	Hmls/ChHm/DV/Sp Needs
Grand Traverse	Keystone Village	24	Traverse City	Hmls/Sp Needs
Hillsdale	Heritage Lane Apartmt Homes	11	Jonesville	Hmls/DV/Hmls Youth
Houghton	Scott Building	5	Hancock	Hmls/DV/Sp Needs

ATTACHMENT C
MSHDA FY 2019-20 ANNUAL PHA PLAN
PBV DEVELOPMENTS UNDER A CURRENT HAP OR AHAP CONTRACT

Houghton	Quincy Haven	18	Houghton	Hmls/DV/Sp Needs
Ingham	1777 Haslett Road	10	Haslett	Hmls/DV/Disab
Ingham	Ballentine Apartments	18	Lansing	Hmls/DV/Sp Needs
Ingham	Delhi Stratford Apartments	10	Holt	Hmls/ChHm/DV/SpN/Eld
Ingham	Prestwick Village Apts.	20	Holt	Hmls/ChHm/Sp Needs
Ingham	OCOF	3	Lansing	Homeless
Iosco	Maple Tree	5	East Tawas	DV/Sp Needs
Iron	Apple Blossom	8	Iron River	Hmls/DV/Sp Needs
Iron	Crystal View	8	Crystal Falls	Hmls/DV/Sp Needs
Jackson	Foxfire	73	Jackson	Income Eligible
Jackson	Green Meadows	3	Springport	Hmls/Sp Needs
Kalamazoo	Courtlandt	2	Kalamazoo	DV
Kalamazoo	Eleventh Street	8	Kalamazoo	Income Eligible
Kalamazoo	Heather Gardens	20	Kalamazoo	Chronically Hmls/Special Needs
Kalamazoo	Gladeshire Townhomes	6	Kalamazoo	Spec Needs
Kalamazoo	Kalamazoo Scattered Sites	6	Kalamazoo	Homeless
Kalamazoo	Liberty Street	6	Kalamazoo	Hmls/Disab
Kalamazoo	Pinehurst	10	Kalamazoo	Hmls/Disab
Kalamazoo	Rickman House	48	Kalamazoo	Hmls/SN
Kalamazoo	Selinon Park (AHAP)	11	Portage	Hmls/ChrHmls/SpNeeds
Kalamazoo	Summit Park	5	Kalamazoo	Hmls/Disab
Kalamazoo	The Ark Cottages	9	Kalamazoo	Hmls/Youth
Kalamazoo	YWCA of Kalamazoo	2	Kalamazoo	DV
Kent	435 LaGrave	3	Grand Rapids	Homeless Youth
Kent	501 Eastern (AHAP)	17	Grand Rapids	Homeless Youth
Kent	Bridge Street	16	Grand Rapids	DV
Kent	Genesis East	23	Grand Rapids	Hmls/Disab
Kent	Genesis Woods Apts	33	Grandville	Hmls/ChrHmls/SpNeeds
Kent	Goodrich Apartments	3	Grand Rapids	Homeless
Kent	Grand View Place	21	Grand Rapids	Homeless/chrHmls/SpNeeds
Kent	Harrison Park Apts (AHAP)	12	Grand Rapids	Homeless Category 4
Kent	Herkimer Division	55	Grand Rapids	Hmls/ChrHm/SpNeeds
Kent	Herkimer Commerce	67	Grand Rapids	ChHm/Hmls/SpNeeds
Kent	LCH 36	5	Grand Rapids	DV
Kent	Pleasant Prospect Homes 3	23	Grand Rapids	Hmls/DV/ChrHmls/SpNeeds
Kent	Verne Barry Apartments	30	Grand Rapids	Spec Needs
Lake	The Oaks	4	Baldwin	Homeless
Lapeer	Westwood Park Apts	7	Lapeer	Hmls/Disab
Lenawee	Lenawee Hsg - Seventh Street	7	Adrian	Hmls/Disab

ATTACHMENT C
MSHDA FY 2019-20 ANNUAL PHA PLAN
PBV DEVELOPMENTS UNDER A CURRENT HAP OR AHAP CONTRACT

Livingston	Venture, Inc. - Scattered Sites	7	Livingston Co - scattered	Hmls/Disab
Macomb	Grafton Townhomes	12	East Point	Hmls/ChrHols/SpNeeds
Marquette	Grandview Marquette	8	Marquette	Hmls/ChrHols/SpNeeds
Marquette	Orianna Ridge	20	Marquette	Hmls/Disab
Marquette	Lakeshore Heights Apts	3	Ishpeming	Hmls/Sp Needs
Marquette	Phelps Square	8	Ishpeming	Hmls/DV/ChrHmls/SpNeeds
Mason	225 Ludington (AHAP)	8	Ludington	Hmls/ChrHols/SpNeeds
Menominee	Lloyd House	4	Menominee	DV
Midland	Cleveland Manor I	48	Midland	Elderly
Monroe	Frenchtown Place	16	Monroe	IncElg/Elderly
Muskegon	Bethany Housing-Terrace Street	2	Muskegon	Homeless
Muskegon	Bethany Housing-Catawba Street	1	Muskegon	Homeless
Muskegon	Bethany Housing-Larch Street	1	Muskegon Heights	Homeless
Muskegon	Lazarus Place WMT	4	Muskegon Heights	Chronic Homeless
Muskegon	Pine Grove Manor	22	Muskegon	IncElg/Elderly
Muskegon	Roosevelt Apartments	25	Muskegon Heights	Homeless/SpNeeds
Newaygo	The Pines	4	White Cloud	Homeless
Oakland	Jefferson Oaks	21	Oak Park	Hmls/ChHm/Sp Needs
Oakland	McDonnell Tower	7	Southfield	IncElg/Eld or Disab
Oakland	On the Park	59	Troy	Income Eligible
Oakland	Palmer Pointe	9	Pontiac	Hmls/HmlsYouth/SpNeeds
Oakland	Spring Lake Village	25	Pontiac	Hmls/Sp Needs
Oakland	Unity Park	8	Pontiac	Hmls/Sp Needs
Oakland	Unity Park II	6	Pontiac	Hmls/Sp Needs
Oakland	Unity Park IV	6	Pontiac	Hmls/ChHm/Sp Needs
Oceana	Barnett Station	20	Shelby	Hmls/DV/Sp Needs
Oceana	Woodland Place	12	Hart	Hmls/Sp Needs
Ogemaw	Southside II	5	West Branch	Hmls/DV/Sp Needs
Osceola	Springview Manor II	6	Evart	DV
Ottawa	Ottawa County - Grand Haven	7	Grand Haven	Spec Needs
Ottawa	Ottawa County - Holland	18	Holland	Spec Needs
Ottawa	Ottawa County - Zeeland	9	Zeeland	Spec Needs
Ottawa	Midtown Village - Senior	3	Holland	Hmls/Elderly
Otsego	Home Run	4	Gaylord	Chronic Homeless
Otsego	Northwind Apartments	12	Gaylord	Hmls/at Risk
Saginaw	Erwin Estates	10	Buena Vista Township	Elderly
Saginaw	South Saginaw II	6	Saginaw	Hmls/ChHm/Sp Needs
Sanilac	Sunrise Village	11	Sandusky	Elderly
St. Clair	Blue Water	42	Port Huron	Income Eligible

ATTACHMENT C
MSHDA FY 2019-20 ANNUAL PHA PLAN
PBV DEVELOPMENTS UNDER A CURRENT HAP OR AHAP CONTRACT

St. Joseph	Bristol Arms	3	White Pigeon	Hmls/Sp Needs
Tuscola	Grandview Estates	5	Caro	Hmls/Sp Needs
Van Buren	Park Meadows	10	South Haven	Spec Needs
Van Buren	Village Commons	6	Lawton	Hmls/Sp Needs/DV
Washtenaw	701 Miller	4	Ann Arbor	Hmls/Sp Needs
Washtenaw	Arbordale Apartments	28	Ann Arbor	Hmls/ChHm/Sp Needs
Washtenaw	Avalon	14	Ann Arbor	Hmls/Disab
Washtenaw	Hamilton Crossing	70	Ann Arbor	Low Inc (Stip Settle Agrmt)
Washtenaw	Pauline Apartments	16	Ann Arbor	Hmls/ChHm/Sp Needs
Wayne	Arthur Antisdel (formerly Cass Apts)	41	Detroit	Hmls/ChHm
Wayne	Benjamin Manor Townhomes	22	Highland Park	Hmls/ChHm/DV/Sp Needs
Wayne	Chalmer Square	5	Detroit	DV
Wayne	Charlotte Apts	27	Detroit	Hmls/Sp Needs
Wayne	Emerald Springs 1A	8	Detroit	Hmls/ChHm/DV/Sp Needs
Wayne	Emerald Springs 1B	8	Detroit	Hmls/ChHm/DV/Sp Needs
Wayne	Glendale Buena Vista	3	Highland Park	Income Eligible
Wayne	Gray Street	24	Detroit	Hmls/Sp Needs/DV
Wayne	Highland Manor	4	Highland Park	Hmls/Sp Needs
Wayne	Joy West	17	Detroit	Income Eligible
Wayne	Lakewood Manor	30	Detroit	Hmls/Disab
Wayne	LaVogue Square Apts	4	Detroit	DV
Wayne	Lincoln Park Lofts	14	Lincoln Park	Hmls/Sp Needs
Wayne	Mack Ashland	39	Detroit	Hmls/DV/HmlsYouth
Wayne	Mack Ashland II	8	Detroit	Hmls/Chr Hmls/SpNeeds
Wayne	McKinstry Place	8	Detroit	Hmls/ChHmls/SpNeeds
Wayne	New Center Commons	12	Detroit	Spec Needs
Wayne	New Center Square	5	Detroit	Hmls/SpNeeds
Wayne	NSO Bell	145	Detroit	Hmls/Chr Hmls
Wayne	NSO Bell - VASH PBV	10	Detroit	Hmls/Chr Hmls
Wayne	Oakman Place	10	Detroit	Hmls/Youth
Wayne	On the River	56	Detroit	Income Eligible
Wayne	Palmer Park Square	21	Detroit	Hmls/Chr Hmls/DV
Wayne	Penrose Village II	36	Detroit	Hmls/DV/HmlsYth/SpNeeds
Wayne	Peterboro	58	Detroit	Hmls/Disab
Wayne	Peterbor Arms (The) (AHAP)	38	Detroit	Homeless
Wayne	Piquette Square	125	Detroit	Hmls/Disab/Vets
Wayne	Piquette Square - VASH PBV	25	Detroit	Hmls/Disab/Vets
Wayne	Raupp Street	24	Melvindale	Hmls/Disab
Wayne	Rivertown Assisted Living	8	Detroit	Elderly/Special Needs

ATTACHMENT C
 MSHDA FY 2019-20 ANNUAL PHA PLAN
 PBV DEVELOPMENTS UNDER A CURRENT HAP OR AHAP CONTRACT

Wayne	Rouge Woods	8	Detroit	Hmls/Disab
Wayne	St Aubin Apartments	48	Detroit	Hmls/Sp Needs/DV
Wayne	St. Rita Apartments (AHAP)	26	Detroit	Hmls/Chr/Special Needs
Wayne	Sarah Garrett	35	Hamtramck	Plaintiff Class
Wayne	Scotten Park	8	Detroit	Hmls/Sp Needs
Wayne	Trumbull Crossing	62	Detroit	Income Eligible
Wayne	Viewpointe/Medical Center	20	Detroit	Hmls/Sp Needs/Chr Hmls
Wayne	Wildwood Apartments	23	Westland	Hmls/Sp Needs/DV
Wexford	Northland Meadows	15	Cadillac	Spec Needs
TOTAL		3009		

ATTACHMENT C
MSHDA FY 2019-20 ANNUAL PHA PLAN
RAD PROJECTS UNDER CURRENT HAP OR AHAP CONTRACT

County	Development Name	# Units	City	Target Population Type
Allegan	Meadow Lanes	60	Holland	Income Eligible
Bay	Tradewinds	59	Essexville	Income Eligible
Berrien	Country View I	7	Benton Harbor	Income Eligible
Berrien	Metea Court	55	Buchanan	IncElg/Eld or Disab
Calhoun	Oak Meadows	18	Albion	Income Eligible
Calhoun	Liberty Commons	19	Battle Creek	Income Eligible
Iosco County	Aldersgate I	71	Oscoda	Income Eligible
Jackson	Foxfire	70	Jackson	Income Eligible
Lenawae	Carriage House	9	Adrian	Income Eligible
Monroe	Frenchtown Place	100	Monroe	IncElg/Elderly
Muskegon	Pine Grove Manor	124	Muskegon	IncElg/Elderly
Muskegon	Wells Villa	21	Muskegon	Income Eligible
Oakland	McDonnell Tower	137	Southfield	IncElg/Eld or Disab
Oakland	Village Creek Manor	12	Lake Orion	IncElg/Eld or Disab
Oakland	Madison Tower	49	Madison Heights	Income Eligible
St. Clair	Blue Water	32	Port Huron	Income Eligible
Wayne	Bella Vista Glen	138	Highland Park	Inc Elg/Eld or Disab
Wayne	Glendale Buena Vista	75	Highland Park	Income Eligible
Wayne	Joy West	57	Detroit	Income Eligible
Wayne	St. Antoine Gardens	17	Detroit	Income Eligible
Wayne	Trumbull Crossing	76	Detroit	Income Eligible
Wayne	Wayne Tower	22	Wayne	Income Eligible
	TOTAL	1228		

ATTACHMENT D
5-YEAR PHA Plan and FY 2019-20 ANNUAL PHA PLAN
FOR HCV ONLY PHAs
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
(MSHDA) (MI-901)

Summary of Proposed Administrative Plan Changes

Chapter 1 – no changes

Chapter 2 – no changes

Chapter 3 – no changes

Chapter 4 – no changes

Chapter 5 – no changes

Chapter 6 – changes

6-I.D. Earned Income (Temporary, Nonrecurring or Sporadic Income): Page 6-7

MSHDA Policy updated to state that MSHDA may review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of the analysis to establish annual income.

Chapter 7 – no changes

Chapter 8 – no changes

Chapter 9 – no changes

Chapter 10 – no changes

Chapter 11 – changes

11-II.A. Interim Reexaminations (Overview): Page 11-6

MSHDA Policy updated to state that if MSHDA chooses to annualize income based on historical patterns of employment, paid benefits or receipt of other sources of income, the annualization determination shall govern over any other conflicting section.

11-II.C. Changes Affecting Income or Expenses (PHA-Initiated Interim Reexaminations): Page 11-8

MSHDA Policy updated to state that if MSHDA cannot readily anticipate income based on current circumstances and elects to review and analyze historical data for patterns of employment, paid benefits or receipt of other sources of income in order to establish annual income, MSHDA may elect, in its sole discretion, to only process changes when a participant reports a new source of income or a permanent loss of previously reported income.

11-II.C. Changes Affecting Income or Expenses (Family-Initiated Reexaminations): Page 11-9
MSHDA Policy updated to state that if MSHDA cannot readily anticipate income based on current circumstances and elects to review and analyze historical data for patterns of employment, paid benefits or receipt of other sources of income in order to establish annual income, MSHDA may elect, in its sole discretion, to only process changes when a participant reports a new source of income or a permanent loss of previously reported income.

Chapter 12 – changes

12-I.E. Mandatory Policies and Other Authorized Terminations (Use of Illegal Drugs, Marijuana, and Alcohol Abuse): Page 12-5

MSHDA Policy updated to clarify that MSHDA will terminate a participant's assistance when MSHDA staff or Housing Agents witness or are made aware of a participant's use and/or possession of marijuana resulting in: a violation of the lease, HQS breach caused by the family, or written law enforcement report of criminal activity.

12-I.E. Mandatory Policies and Other Authorized Terminations (Use of Illegal Drugs, Marijuana, and Alcohol Abuse): Page 12-5

MSHDA Policy updated to state that MSHDA considers police reports containing an officer's direct knowledge as credible evidence when determining if a participant has engaged in an illegal use of a drug or abuse of alcohol.

12-I.E. Mandatory Policies and Other Authorized Terminations (Use of Illegal Drugs, Marijuana, and Alcohol Abuse): Page 12-6

MSHDA Policy updated to state that MSHDA may terminate a participant's assistance when a subsequent criminal screening shows that an arrest and/or charge has been adjudicated and the participant was found guilty or pled nolo contendere. In these instances, the termination will be based on the judicial/sentencing date.

12-I.E. Mandatory Policies and Other Authorized Terminations (Drug-Related and Violent Criminal Activity): Page 12-6

MSHDA Policy updated to state that MSHDA considers police reports containing an officer's direct knowledge to be credible evidence when determining if a household member engaged in drug-related or violent criminal activity.

12-II.D. Criteria for Deciding to Terminate Assistance (Consideration of Circumstances): Page 12-11

MSHDA Policy updated to state that credible evidence or records to be taken into account in termination decisions include, but are not limited to, judgements, police reports containing an officer's direct knowledge, complaints, letters from neighbors or management officers, restraining orders, evidence provided by police and the court system, an arrest issued, or any other written documents confirming or explaining the situation.

Chapter 13 – no changes

Chapter 14 – no changes

Chapter 15 – changes

Part V: Cooperative Housing: Page 15-7

MSHDA Policy updated to state that MSHDA will permit cooperative housing types when an in-place family is subject to a Housing Conversion Action and tenant-protection vouchers or enhanced vouchers are issued to protect families already residing in this housing type or when verification is received from an applicant/participant and the property management agent that the family did not and will not purchase a membership in the cooperative while receiving HCV assistance from MSHDA. If neither of these apply, this housing type is not permitted, unless approved under a reasonable accommodation request.

Part X: Mainstream Voucher Program and Mainstream 5 Voucher Program: Page 15-20

MSHDA Policy updated to state that MSHDA administers a Mainstream Voucher Program that assists non-elderly and disabled individuals with rental assistance. MSHDA will provide a preference to eligible applicants residing in institutional settings or other segregated settings who want to move to community-based integrated settings; individuals who are at serious risk of institutionalization; individuals who are homeless; or individuals who are at risk of becoming homeless.

Part XI. Moving-Up Pilot Program: Page 15-20 and 15-21

MSHDA Policy updated to state that MSHDA has agreed to accept referrals for the Moving-Up Pilot Program from Continuum of Care (CoC) Permanent Supportive Housing (PSH) programs or other similar state or federally funded programs. The Moving-Up Program provides rental assistance to individuals participating in a CoC or another state/federal funded program who have demonstrated the ability to live independently in the community without the need for intensive case management.

Part XVI: Family Unification Program (FUP): Page 15-21 and 15-22

MSHDA Policy updated to state that MSHDA administers a Family Unification Program (FUP) in Kalamazoo and Ottawa counties. The FUP program provides rental assistance to families for whom the lack of adequate housing is a primary factor in the imminent placement of a family's child or children; or, youth at least 18 years and not more than 24 years of age who left foster care or will leave foster care within 90 days.

Chapter 16 – changes

16-II.B. Payment Standards: Page 16-4

MSHDA Policy updated to state that MSHDA may elect to adopt the use of Small Area Fair Market Rents (SAFMRs) in an entire metropolitan area or specified zip codes. MSHDA will consider whether to apply the SAFMRs to the PBV program within a designated metropolitan area or specified zip code.

Chapter 17 - changes

17-VIII.B. Rent Limits: Page 17-43

MSHDA Policy updated to state that MSHDA may elect to adopt the use of Small Area Fair Market Rents (SAFMRs) in an entire metropolitan area or specified zip codes. MSHDA will consider whether to apply the SAFMRs to the PBV program within a designated metropolitan area or specified zip code.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION APPROVING FIVE-YEAR PUBLIC HOUSING AGENCY PLAN, ANNUAL PHA PLAN AND AMENDMENTS TO ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER PROGRAM

March 28, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") administers the Housing Choice Voucher Program (the "HCV Program") for the U.S. Department of Housing and Urban Development ("HUD") through an administrative plan (the "Administrative Plan") approved by HUD that provides policy information regarding how the Authority implements the HCV Program; and

WHEREAS, public housing agencies that administer the HCV Program must prepare and file with HUD a Five-Year Public Housing Agency Plan for Fiscal Years 2019-2024 ("Five-Year Plan") and an annual Public Housing Agency plan; and

WHEREAS, the Authority approved the Fiscal Year 2018-19 Annual PHA Plan on April 25, 2018; and

WHEREAS, material changes to the Five-Year Plan, the Fiscal Year 2019-20 Annual PHA Plan ("FY 2019-20 Annual PHA Plan"), and Administrative Plan must be approved by the Authority; and

WHEREAS, Authority staff (a) updated goals for the Five-Year Plan (b) prepared eight proposed changes to the FY 2019-20 Annual PHA Plan and the Administrative Plan, (c) held public hearings on the proposed Five-Year Plan, FY 2019-20 Annual PHA Plan, and the Administrative Plan and considered comments received, and (d) are submitting a final version of the Five-Year Plan, FY 2019-20 Annual PHA Plan, and Administrative Plan for approval; and

WHEREAS, the Executive Director's Memorandum dated March 28, 2019, attached and incorporated herein, describes the proposed changes and recommends that the Authority approve the changes to the Five-Year Plan, the FY 2019-20 Annual PHA Plan, and the Administrative Plan.

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

1. The Authority's Five-Year Plan and FY 2019-20 Annual PHA Plan for the HCV Program, as presented to the Authority, are hereby approved.
2. The amendments to the Authority's Administrative Plan for the HCV Program, as presented to the Authority, are hereby approved.
3. The Authority's Executive Director, Chief of Staff, Chief Financial Officer, Director of Legal Affairs, Deputy Director of Legal Affairs and the Chief Housing Solutions Officer (collectively, "Authorized Officers"), or any one of them, are hereby authorized to execute any and all certifications required by HUD for the filing or submission of the Five-Year Plan and/or the FY 2019-20 Annual PHA Plan and/or the Administrative Plan for the HCV Program.

4. The Authorized Officers, or any one of them, may take such actions as they respectively deem prudent, necessary, or advisable in order to respond to comments or concerns arising from HUD's review of the Five-Year Plan and/or the FY 2019-20 Annual PHA Plan and/or the Administrative Plan.

Monthly Homeownership Production Report: FEBRUARY 2019

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	Cancellations Reinstatements Net	Transfers	& PURCHASE IN/Decrease Net	COMMITMENTS ENDING	PURCHASED #1	PURCHASED-DPA	PURCHASED #	PURCHASED Prior Total	PURCHASED NEW Total	1st + DPA TO DATE	NEWEST ALLOCATED	
031	Feb-18	0	\$ -	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
026/2014 07-26-17	Jan-18	0	\$ -	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
054	Feb-19	0	\$ -	0	\$0.00	3	\$182,616.00	0	\$0.00	-1	-\$41,225.00	0	\$0.00	0	\$0.00	0	\$0.00
10/12/2017 04/29/18	Jan-19	0	\$ -	0	\$0.00	5	\$418,747.00	0	\$0.00	-2	-\$234,131.00	0	\$0.00	0	\$0.00	0	\$0.00
055	Feb-19	0	\$ -	52	\$4,636,297.00	432	\$43,696,410.00	48	\$4,414,378.00	-4	-\$468,627.00	-308	-\$31,142,368.00	0	\$0.00	170	\$16,869,782.00
4/30/2018	Jan-19	0	\$ -	285	\$27,933,145.00	863	\$89,546,726.00	244	\$24,289,653.00	-7	-\$608,816.00	-68	-\$7,319,285.00	0	\$0.00	432	\$43,696,410.00
056	Feb-19	871	\$ 89,128,956.00	617	\$63,986,883.00	126	\$13,388,108.00	393	\$40,409,825.00	0	\$0.00	306	\$31,142,368.00	0	\$0.00	440	\$48,148,812.00
12/7/2018	Jan-19	610	\$ 63,690,068.00	389	\$40,487,314.00	1	\$68,500.00	151	\$16,082,555.00	0	\$0.00	68	\$7,319,285.00	4	\$288,188.00	126	\$13,388,108.00
TOTAL	Feb-19	871	\$ 89,128,956.00	689	\$68,623,140.00	861	\$87,287,134.00	441	\$44,823,900.00	-5	-\$449,882.00	0	\$0.00	0	\$0.00	612	\$81,849,995.00

STEP FORWARD DPA Program

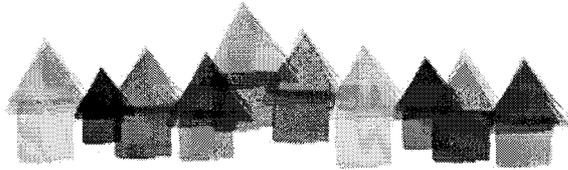
Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	COMMITMENT Cancellations Reinstatements Net	COMMITMENT & PURCHASE IN/Decrease Net	COMMITMENTS ENDING	PURCHASED DPA	\$26,000,000.00										
	Feb-19	367	\$ 5,600,800.00	290	\$4,380,000.00	299	\$4,524,218.00	278	\$4,140,000.00	0	\$0.00	0	\$0.00	0	\$0.00	368	\$5,587,875.68	207	\$3,078,242.32	\$ 8,738,067.51
	Jan-19	371	\$ 5,630,219.00	241	\$3,615,000.00	297	\$4,469,864.57	234	\$3,508,863.00	0	\$0.00	0	\$0.00	0	\$0.00	299	\$4,524,218.00	232	\$3,454,507.76	REMAINING:
	Dec-18	251	\$ 3,757,500.00	260	\$3,900,000.00	172	\$2,581,202.00	249	\$3,734,182.00	0	\$0.00	0	\$0.00	0	\$0.00	297	\$4,469,864.57	124	\$1,845,519.43	
	Nov-18	355	\$ 5,372,916.00	216	\$3,240,000.00	63	\$945,000.00	132	\$1,980,000.00	0	\$0.00	0	\$0.00	0	\$0.00	172	\$2,581,202.00	23	\$343,798.00	
	Oct-18	317	\$ 4,747,900.00	75	\$1,125,000.00	0	\$0.00	64	\$960,000.00	0	\$0.00	0	\$0.00	0	\$0.00	63	\$945,000.00	1	\$15,000.00	
9/24/2018	Sep-18	18	\$ 270,000.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	
GRAND TOTAL	1,679	\$28,478,838.00	1,082	\$16,230,000.00	831	\$12,820,284.57	888	\$14,323,048.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	587	\$8,738,067.51		

MI HOME FLEX Loan Program (MBS)

Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	Cancellations Reinstatements Net	& PURCHASE IN/Decrease Net	COMMITMENTS ENDING	PURCHASED #1	PURCHASED-DPA									
900	Feb-19	24	\$ 2,391,301.00	31	\$3,167,889.00	47	\$5,169,074.00	23	\$2,318,141.00	0	\$0.00	0	\$0.00	48	\$4,969,294.00	22	\$2,617,921.00	21	\$137,248.00
11/14/2013	Jan-19	23	\$ 2,387,093.00	27	\$2,902,012.00	49	\$5,384,411.00	13	\$1,344,446.00	0	\$0.00	0	\$0.00	47	\$5,169,074.00	15	\$1,559,783.00	12	\$71,187.00

MCC	RESERVATIONS	APPS RECEIVED	COMMITMENTS	CERTIFICATES					
211 MCC	Feb-19	37	\$ 4,976,029.00	21	\$ 2,865,892.00	20	\$ 2,718,898.00	29	\$ 3,895,470.00
6/13/2016	Jan-19	23	\$ 2,831,273.00	26	\$ 3,340,568.00	20	\$ 2,448,237.00	31	\$ 4,192,185.00

PIP Loans	Applications	Commitments	Purchased			
February-19	1	\$ 21,187.00	0	\$ -	1	\$ 15,804.00
January-19	0	\$ -	1	\$ 15,804.00	1	\$ 24,984.00



FEBRUARY 2019

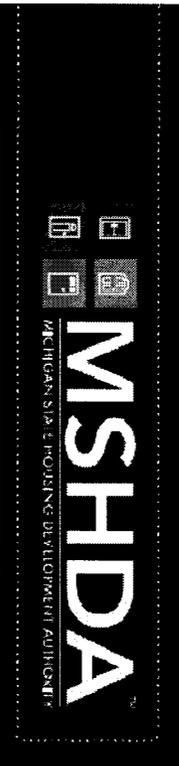
Helping Michigan's Hardest-Hit Homeowners

HARDEST HIT PROGRAMS				
	# OF HOUSEHOLDS THIS MONTH	# OF CUMULATIVE HOUSEHOLDS 2010-CURRENT	MONEY SPENT THIS MONTH	CUMULATIVE MONEY SPENT 2010-CURRENT
MORTGAGE & TAX ASSISTANCE	82	37,653	\$482,306.22	\$294,386,074
BLIGHT ELIMINATION	332	17,237	\$6,042,670.84	\$266,545,574
Step Forward DPA	207	587	\$3,076,242.32	\$8,735,068

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)
 Step Forward Michigan
 PO Box 30632 • Lansing, MI 48909-8132
 Phone (866) 946-7432 • Fax (517) 636-6170
www.stepforwardmichigan.org

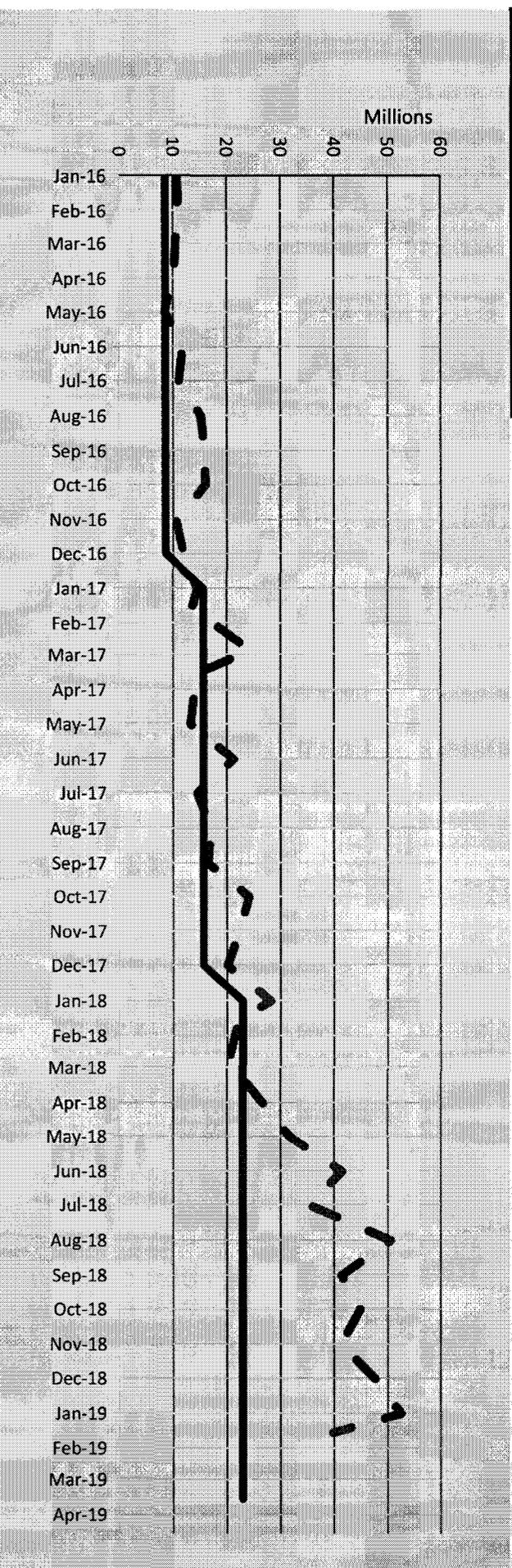

MSHDA™ Step Forward Michigan program is offered by the Michigan Homeowner Assistance Nonprofit Housing Corporation in collaboration with the Michigan State Housing Development Authority.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY



MSHDA's Homeownership Division delivers responsive homeownership products, education and technical assistance that empower our customers and strengthen and sustain Michigan communities. We work with our partners to provide creative solutions that maximize existing resources and preserve homeownership opportunities for future generations.

SINGLE FAMILY MORTGAGES



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
FINANCIAL REPORT
QUARTER AND YEAR TO DATE ENDED DECEMBER 31, 2018

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**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
FINANCIAL SUMMARY
SIX MONTHS ENDED DECEMBER 31, 2018**

Operations for the six months ended December 31, 2018 resulted in excess of revenues over expenses of \$7.4 million, an increase of \$5.9 million compared to prior year results of \$1.5 million. Excess of revenues over expenses for the six months ended December 31, 2018 was more than budget of \$3.1 million by \$4.2 million.

Financial Position

Total assets increased by \$109.0 million from June 30, 2018 to \$4.00 billion at December 31, 2018. This increase equates to 2.80 percent. The majority of the increase occurred in mortgage loans receivable (higher by \$263.7 million), partially offset by investments (lower by \$144.7 million).

Loans receivable increased from \$2,611.3 million at June 30, 2018 to \$2,875.1 million at December 31, 2018, an increase of \$263.7 million. The loans receivable experienced a net increase in single-family mortgages (up \$210.7 million), as well as multi-family mortgages (up \$53.6 million).

Investments decreased by \$146.3 million to \$1,044.5 million from June 30, 2018. This decrease was primarily due to the timing of the early redemption of the Rental Housing Revenue Bonds, 2005 Series A (\$58.8 million) and the Rental Housing Revenue Bonds, 2007 Series C (\$70.9 million), as the investment proceeds were on hand at June 30, 2018 and not utilized until August 1st to redeem the bonds.

Bonds payable increased from \$2,551.0 million to \$2,636.9 million at December 31, 2018 compared to June 30, 2018. This was a net increase of \$85.9 million, which was primarily due to the issuance of Single-Family Mortgage Revenue Bonds 2018 Series C&D (\$315.9 million), partially offset by the redemption of Rental Housing Revenue Bonds (\$129.7 million) and other anticipated debt service.

Escrow funds decreased from \$468.1 million at June 30, 2018 to \$467.3 million at December 31, 2018, a decrease of \$723,000. The decrease is due to the prepayment of multi-family mortgages with large escrow balances.

MSHDA's fund balances totaled \$797.1 million at December 31, 2018, equal to 19.9 percent of total assets and 30.2 percent of bonds payable. MSHDA is rated by Standard & Poor's and has an Issuer Credit Rating (ICR) of AA with a stable outlook.

Results of Operations for the Six Months Ended December 31, 2018 Compared to the Six Months Ended December 31, 2017

Operations for the six months ended December 31, 2018 resulted in excess of revenues over expenses of \$7.4 million, an increase of \$5.9 million compared to prior year results of \$1.5 million. Total revenues increased from \$323.8 million in 2017, to \$332.1 million in 2018. Total expenses were \$324.7 million for the six months ended December 31, 2018, compared to \$322.4 million for the six months ended December 31, 2017.

Net interest income increased from \$29.0 million in 2017 to \$30.8 million in 2018, an increase of \$1.8 million. Mortgage loan interest income is up \$7.5 million in 2018 compared to 2017. The increase is attributable to the increase in outstanding mortgage loans. Investment interest income increased \$1.5 million from 2017 to 2018. At any given time, the Authority typically has \$100+ million in very short-term investments. Short-term interest rates have increased over the last 12 to 18 months, improving the return on short-term investments. Interest expense is higher due to the high short-term rates on the Authority's variable rate debt and a higher overall balance of outstanding debt. The aggregate interest rate on all outstanding debt went from 3.51% for the quarter ended December 31, 2017 to 3.74% for the quarter ended December 31, 2018. The Authority's interest income spread decreased 40 basis points, with interest earning asset rates going from 4.63% in December of 2017 to 4.46% in December of 2018.

Total Income increased from \$323.8 million for the six months ended December 31, 2017 to \$332.1 million for the six months ended December 31, 2018, a net increase of \$8.3 million. The total income increase was caused by a increase in Net Interest Income (\$1.8 million), an increase in Federal Assistance Programs Income (\$1.6 million) and Federal Program Admin Fees \$1.6 million). Through the first six months there has been very little Preservation Fee activity (\$27,000). Under the Preservation Program, the Authority receives a portion of excess reserves of multi-family developments and the developments' owner, upon agreement of the owner to preserve the developments for occupancy by low-income families, is permitted to borrow all or a portion of the excess reserves. The timing of these preservation agreements can be unpredictable.

Total expenses increased from \$322.3 million for the six months ended December 31, 2017 to \$324.7 million for the six months ended December 31, 2018, a net increase of \$2.4 million. Total expenses increased due primarily to the Provision for Losses on Uncollectable Mortgages (\$1.3million) as mortgage balances have increased and several other smaller items.

Results of Operations for the Six Months Ended December 31, 2018 Compared to Budget

Excess of Revenues over Expenses for the six months ended December 31, 2018 was \$7.4 million compared to budget of \$3.1 million, a positive variance of \$4.3 million.

Net interest income was \$30.1 million compared to budget of \$28.7 million, more than budgeted by \$2.2 million. This difference was due to higher mortgage interest income (\$4.7 million) and higher investment interest income (\$2.4 million), and partially offset by higher Interest Expense (\$4.9 million). Interest Expense was higher due to the sale of bonds earlier than anticipated and higher than expected rates on variable debt.

Total Income was \$332.1 million compared to budget of \$329.5 million, a positive variance of \$2.6 million. Total income was more than budget due to Net Interest Income (\$2.1 million), Federal Program Administration Fees (\$1.4 million) and the Gain on Debt Retirement (\$1.5 million), partially offset by Preservation Fees (\$2.8 million). Preservation fees were less than expected due to timing of actual preservation transactions.

Total expenses were \$324.7 million compared to budget of \$326.4 million. This positive variance of \$1.6 million was mainly due to Operating Expenses (lower by \$1.7 million) and the timing of Housing Development Grants (lower by \$1.2 million), partially offset by the Provision for Losses on Uncollectable Mortgages (higher by \$1.4 million).

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL CONDITION

	<u>DECEMBER 31, 2018</u>	<u>JUNE 30, 2018</u>	<u>INCREASE (DECREASE)</u>
<u>ASSETS:</u>			
Loans Receivable:			
Developments under Construction	\$ 194,284,279	\$ 135,307,563	\$ 58,976,716
Short-Term Construction Loans	0	0	0
Completed Development Final Closed	1,266,016,302	1,271,368,171	(5,351,870)
Single-family Mortgages	1,411,278,741	1,200,913,925	210,364,816
AIS Homes	-	-	-
Home Improvement and Mod Rehab Loans	3,504,756	3,803,787	(299,030)
	<u>2,875,084,078</u>	<u>2,611,393,446</u>	<u>263,690,632</u>
ADD (DEDUCT): Reserve for Losses	(70,577,720)	(68,142,100)	(2,435,620)
Mortgage Discount - Single Family	(76,751)	(76,751)	-
Mortgage Discount - Multi Family	(15,741,041)	(15,065,733)	(675,308)
Accrued Interest Receivable	78,898,474	68,459,989	8,438,485
	<u>2,865,587,039</u>	<u>2,596,568,851</u>	<u>269,018,189</u>
Investments			
CD's and Investment Agreements	0	0	-
Other Short Term Investments	136,043,455	296,276,850	(160,233,195)
Long Term Investments	908,375,810	894,456,487	13,919,322
	<u>1,044,419,265</u>	<u>1,190,733,138</u>	<u>(146,313,873)</u>
Accrued Interest Receivable	4,432,860	2,895,229	1,537,630
	<u>1,048,852,125</u>	<u>1,193,628,367</u>	<u>(144,776,242)</u>
Cash	729,702	4,814,015	(4,084,313)
Housing Development Loans, Net of Reserve	2,303,296	2,252,002	51,294
Deferred Bond Issuance Costs	-	-	-
Real Estate Owned:			
Multi-family	4,198,606	25,638,375	(21,439,769)
Single-family	10,747,952	9,552,592	1,195,360
Other Assets	65,675,096	56,651,910	9,023,185
TOTAL ASSETS	<u>\$ 3,998,093,815</u>	<u>\$ 3,889,106,112</u>	<u>\$ 108,987,703</u>
 <u>LIABILITIES:</u>			
Bonds Payable	\$ 2,636,905,000	\$ 2,551,045,000	\$ 85,860,000
ADD Capital Appreciation	-	-	-
LESS Bond Discount & Premium, Net	13,088,049	8,213,013	4,875,036
	<u>2,648,993,049</u>	<u>2,559,258,013</u>	<u>90,735,036</u>
Notes Payable, including Premium	0	0	0
Accrued Interest Payable: Bonds	14,585,044	12,123,629	2,461,414
Escrow Funds	467,345,668	468,067,376	(721,708)
Section 8 Subsidies Received in Advance	19,516,750	19,763,970	(247,220)
Other Liabilities	49,551,050	40,196,076	9,354,974
TOTAL LIABILITIES	<u>3,200,991,561</u>	<u>3,099,409,064</u>	<u>101,582,497</u>
 <u>FUND BALANCES:</u>			
Restricted Funds	457,176,874	418,417,805	38,759,069
Unrestricted Funds	339,925,381	371,279,243	(31,353,862)
TOTAL FUND BALANCES	<u>797,102,254</u>	<u>789,697,048</u>	<u>7,405,207</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 3,998,093,815</u>	<u>\$ 3,889,106,112</u>	<u>\$ 108,987,703</u>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

	6 MONTHS ENDED DECEMBER 31			6 MONTHS ENDED DECEMBER 31, 2018		
	2018	2017	INCREASE (DECREASE)	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:						
Interest Income:						
Mortgage Loans	\$ 68,521,815	\$ 61,023,909	\$ 7,497,905	\$ 68,521,815	\$ 63,817,000	\$ 4,704,815
Investments	8,110,236	6,539,234	1,571,002	8,110,236	5,699,000	2,411,236
	<u>76,632,051</u>	<u>67,563,143</u>	<u>9,068,908</u>	<u>76,632,051</u>	<u>69,516,000</u>	<u>7,116,051</u>
Interest Expense	(45,785,833)	(38,543,402)	(7,242,431)	(45,785,833)	(40,854,000)	(4,931,833)
Net Interest Income	<u>30,846,218</u>	<u>29,019,741</u>	<u>1,826,476</u>	<u>30,846,218</u>	<u>28,662,000</u>	<u>2,184,218</u>
State Approp MI Housing and Comm Dev Fund	277,831	59,998	217,833	277,831	277,831	-
Multi-Family Servicing Fees	386,323	375,192	11,131	386,323	375,000	11,323
Preservation Fees	26,803	-	26,803	26,803	2,900,000	(2,873,197)
LIHTC Fees	2,020,019	-	2,020,019	2,020,019	2,201,000	(180,981)
Section 8 Existing Fees	8,820,546	8,215,680	604,866	8,820,546	8,250,000	570,546
Federal Programs Administration Fees	3,794,207	2,194,395	1,599,812	3,794,207	2,343,000	1,451,207
Contract Administration Fees	4,107,947	4,012,576	95,371	4,107,947	3,999,000	108,947
Gain (Loss) on Sale of Investments, Net	1,417	(834,616)	836,033	1,417	-	1,417
Gain (Loss) on Debt Retirement, Net	1,374,720	530,910	843,809	1,374,720	(150,000)	1,524,720
Gain (Loss) on Sale of Mortgages, Net	889,649	86,931	802,718	889,649	100,000	789,649
Miscellaneous Income	1,413,101	3,560,788	(2,147,687)	1,413,101	2,375,000	(961,899)
Federal Assistance Programs Income	278,186,646	276,581,369	1,605,277	278,186,646	278,186,646	-
TOTAL INCOME	<u>332,145,427</u>	<u>323,802,966</u>	<u>8,342,461</u>	<u>332,145,427</u>	<u>329,519,477</u>	<u>2,625,950</u>
EXPENSES:						
Operating Expenses:						
Salaries and Fringe Benefits	17,576,700	17,193,969	382,731	17,576,700	17,245,000	331,700
Technical Service Contracts	2,300,655	2,372,912	(72,257)	2,300,655	2,726,000	(425,345)
General Consultant Contracts	305,339	299,183	6,156	305,339	607,000	(301,661)
Rent, building depreciation & utilities	416,625	1,944,017	(1,527,391)	416,625	768,000	(351,375)
Building maint, equipment purchase & rental	429,497	1,027,762	326,735	429,497	526,000	(96,503)
Computer & Related Equipment Purchases	2,311,943	2,746,290	(434,347)	2,311,943	3,550,000	(1,238,057)
Charges from other State Departments	1,418,041	1,129,251	288,790	1,418,041	1,515,000	(96,959)
Travel	124,325	165,665	(41,340)	124,325	210,000	(85,675)
Telephone	127,150	83,460	43,690	127,150	120,000	7,150
Printing, Supplies, & Postage	201,201	151,222	49,978	201,201	180,000	21,201
Advertising and Publicity	632,350	720,053	(87,704)	632,350	783,000	(150,650)
Sec 8 Property Mgrs Fees & Expenses	4,454,840	4,332,655	122,186	4,454,840	4,300,000	154,840
Temporary Clerical Assistance	3,387	2,545	842	3,387	24,000	(20,613)
Training	30,489	34,751	(4,262)	30,489	54,000	(23,511)
All Other	732,343	471,630	260,713	732,343	450,000	282,343
Deferred Operating Costs	(525,000)	(360,000)	(165,000)	(525,000)	(810,000)	285,000
Total Operating Expenses	<u>30,539,884</u>	<u>31,390,365</u>	<u>(850,481)</u>	<u>30,539,884</u>	<u>32,248,000</u>	<u>(1,708,116)</u>
Single Family & HIP Mtg fees	3,172,208	3,129,959	42,249	3,172,208	3,115,000	57,208
Costs of Issuing, Paying Notes and Bonds	1,553,333	1,262,607	290,726	1,553,333	1,200,000	353,333
Provision for Losses on Uncoll. Mort.	3,734,873	2,408,863	1,326,010	3,734,873	2,340,000	1,394,873
MSHDA Grants	3,896,447	5,831,587	(1,935,140)	3,896,447	5,131,000	(1,234,553)
Michigan Housing and Community Dev Funds Gra	1,832,044	59,998	1,772,046	1,832,044	1,832,044	-
Rent Subsidy	350,804	392,522	(41,718)	350,804	360,000	(9,196)
Bond Insurance Expense	1,054,827	950,640	104,186	1,054,827	1,671,000	(616,173)
Homeownership Counseling Costs	431,264	349,812	81,452	431,264	300,000	131,264
Other	-	-	-	-	-	-
Federal Assistance Programs Expense	278,174,537	276,574,290	1,600,247	278,174,537	278,174,537	-
TOTAL EXPENSES	<u>324,740,220</u>	<u>322,350,643</u>	<u>2,389,577</u>	<u>324,740,220</u>	<u>326,371,581</u>	<u>(1,631,361)</u>
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	<u>\$ 7,405,207</u>	<u>\$ 1,452,323</u>	<u>\$ 5,952,884</u>	<u>\$ 7,405,207</u>	<u>\$ 3,147,896</u>	<u>4,257,311</u>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

	QUARTER ENDED DECEMBER 31			QUARTER ENDED DECEMBER 31, 2018		
	2018	2017	INCREASE (DECREASE)	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:						
Interest Income:						
Mortgage Loans	\$ 33,807,701	\$ 30,820,513	\$ 2,987,188	\$ 33,807,701	\$ 32,260,000	\$ 1,547,701
Investments	4,254,351	3,250,880	1,003,470	4,254,351	2,769,000	1,485,351
	<u>38,062,052</u>	<u>34,071,394</u>	<u>3,990,658</u>	<u>38,062,052</u>	<u>35,029,000</u>	<u>3,033,052</u>
Interest Expense	(24,052,505)	(19,045,289)	(5,007,216)	(24,052,505)	(20,268,000)	(3,784,505)
Net Interest Income	<u>14,009,547</u>	<u>15,026,105</u>	<u>(1,016,558)</u>	<u>14,009,547</u>	<u>14,761,000</u>	<u>(751,453)</u>
State Approp MI Housing and Comm Dev Fund	-	60,998	(60,998)	-	-	-
Multi-Family Servicing Fees	185,600	189,199	(3,599)	185,600	188,000	(2,400)
Preservation Fees	-	-	-	-	1,450,000	(1,450,000)
LIHTC Fees	1,435,993	-	1,435,993	1,435,993	1,100,000	335,993
Section 8 Existing Fees	4,765,216	4,175,928	589,289	4,765,216	4,125,000	640,216
Federal Programs Administration Fees	1,512,821	452,534	1,060,287	1,512,821	1,171,000	341,821
Contract Administration Fees	2,075,065	2,021,969	53,096	2,075,065	2,000,000	75,065
Gain (Loss) on Sale of Investments, Net	1,417	-	1,417	1,417	-	1,417
Gain (Loss) on Debt Retirement, Net	1,374,719.83	530,910	843,809	1,374,720	(75,000)	1,449,720
Gain (Loss) on Sale of Mortgages, Net	459,474	48,744	410,731	459,474	50,000	409,474
Miscellaneous Income	271,003	1,926,398	(1,655,395)	271,003	1,187,000	(915,997)
Federal Assistance Programs Income	139,555,430	139,656,060	(100,631)	139,555,430	139,555,430	-
TOTAL INCOME	<u>165,646,286</u>	<u>164,088,845</u>	<u>1,557,441</u>	<u>165,646,286</u>	<u>165,512,430</u>	<u>133,856</u>
EXPENSES:						
Operating Expenses:						
Salaries and Fringe Benefits	9,489,301	8,630,938	858,362	9,489,301	8,834,000	655,301
Technical Service Contracts	1,303,030	1,252,103	50,927	1,303,030	1,363,000	(59,970)
General Consultant Contracts	165,858	164,781	1,077	165,858	304,000	(138,142)
Rent, building depreciation & utilities	324,109	946,058	(621,949)	324,109	384,000	(59,891)
Building maint, equipment purchase & rental	188,764	56,202	132,562	188,764	263,000	(74,236)
Computer & Related Equipment Purchases	1,163,406	122,845	1,040,561	1,163,406	1,775,000	(611,594)
Charges from other State Departments	1,234,290	571,251	663,039	1,234,290	758,000	476,290
Travel	56,208	59,413	(3,205)	56,208	105,000	(48,792)
Telephone	57,716	15,484	42,232	57,716	60,000	(2,284)
Printing, Supplies, & Postage	51,297	48,135	3,162	51,297	90,000	(38,703)
Advertising and Publicity	364,014	364,532	(517)	364,014	391,000	(26,986)
Sec 8 Property Mgrs Fees & Expenses	2,249,478	2,160,119	89,358	2,249,478	2,150,000	99,478
Temporary Clerical Assistance	3,387	-	3,387	3,387	12,000	(8,613)
Training	12,592	17,752	(5,161)	12,592	27,000	(14,408)
All Other	572,714	191,637	381,077	572,714	225,000	347,714
Deferred Operating Costs	(270,000)	(270,000)	-	(270,000)	(405,000)	135,000
Total Operating Expenses	<u>16,966,163</u>	<u>14,331,250</u>	<u>2,634,913</u>	<u>16,966,163</u>	<u>16,336,000</u>	<u>630,163</u>
Single Family & HIP Mtg fees	1,655,648	1,274,988	380,660	1,655,648	1,558,000	97,648
Costs of Issuing, Paying Notes and Bonds	1,141,679	963,503	178,177	1,141,679	600,000	541,679
Provision for Losses on Uncoll. Mort.	1,339,199	1,204,239	134,960	1,339,199	1,170,000	169,199
MSHDA Grants	3,953,974	5,008,511	(1,054,537)	3,953,974	2,566,000	1,387,974
Michigan Housing and Community Dev Funds Gra	1,254,374	60,998	1,193,376	1,254,374	1,254,374	-
Rent Subsidy	171,123	203,673	(32,550)	171,123	180,000	(8,877)
Bond Insurance Expense	963,743	573,974	389,770	963,743	835,000	128,743
Homeownership Counseling Costs	253,033	206,722	46,311	253,033	150,000	103,033
Other	-	-	-	-	-	-
Federal Assistance Programs Expense	139,549,361	139,652,342	(102,981)	139,549,361	139,549,361	-
TOTAL EXPENSES	<u>167,248,298</u>	<u>163,480,199</u>	<u>3,768,098</u>	<u>167,248,298</u>	<u>164,198,735</u>	<u>3,049,562</u>
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	<u>\$ (1,602,012)</u>	<u>\$ 608,646</u>	<u>\$ (2,210,658)</u>	<u>\$ (1,602,012)</u>	<u>\$ 1,313,694</u>	<u>(2,915,706)</u>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

MONTH OF OCTOBER 31, 2018

	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:			
Interest Income:			
Mortgage Loans	\$ 11,092,335	\$ 10,674,000	\$ 418,335
Investments	1,268,872	920,000	348,872
	<u>12,361,207</u>	<u>11,594,000</u>	<u>767,207</u>
Interest Expense	(7,403,041)	(6,734,000)	(669,041)
Net Interest Income	<u>4,958,166</u>	<u>4,860,000</u>	<u>98,166</u>
State Approp MI Housing and Comm Dev Fund	-	-	-
Multi-Family Servicing Fees	68,495	63,000	5,495
Preservation Fees	-	484,000	(484,000)
LIHTC Fees	201,449	367,000	(165,551)
Section 8 Existing Fees	1,464,613	1,375,000	89,613
Federal Programs Administration Fees	1,129,494	390,000	739,494
Contract Administration Fees	705,622	666,000	39,622
Gain (Loss) on Sale of Investments, Net	1,417	-	1,417
Gain (Loss) on Debt Retirement, Net	(122,785)	(25,000)	(97,785)
Gain (Loss) on Sale of Mortgages, Net	110,175	17,000	93,175
Miscellaneous Income	24,981	396,000	(371,019)
Federal Assistance Programs Income	46,061,530	46,061,530	-
TOTAL INCOME	<u>54,603,157</u>	<u>54,654,530</u>	<u>(51,373)</u>
EXPENSES:			
Operating Expenses:			
Salaries and Fringe Benefits	3,962,915	3,035,000	927,915
Technical Service Contracts	524,454	454,000	70,454
General Consultant Contracts	42,078	102,000	(59,922)
Rent, building depreciation & utilities	108,548	128,000	(19,452)
Building maint, equipment purchase & rental	69,254	87,000	(17,746)
Computer & Related Equipment Purchases	1,056,649	592,000	464,649
Charges from other State Departments	729,290	253,000	476,290
Travel	3,077	35,000	(31,923)
Telephone	19,095	20,000	(905)
Printing, Supplies, & Postage	9,230	30,000	(20,770)
Advertising and Publicity	207,178	130,000	77,178
Sec 8 Property Mgrs Fees & Expenses	734,851	716,000	18,851
Temporary Clerical Assistance	-	4,000	(4,000)
Training	1,289	9,000	(7,711)
All Other	456,984	75,000	381,984
Deferred Operating Costs	-	(135,000)	135,000
Total Operating Expenses	<u>7,924,893</u>	<u>5,535,000</u>	<u>2,389,893</u>
Single Family & HIP Mtg fees	529,496	519,000	10,496
Costs of Issuing, Paying Notes and Bonds	183,882	200,000	(16,118)
Provision for Losses on Uncoll. Mort.	450,545	390,000	60,545
Housing Development Grants	-	856,000	(856,000)
Michigan Housing and Community Dev Fund Grant	612,032	612,032	-
Rent Subsidy	58,375	60,000	(1,625)
Bond Insurance Expense	963,743	278,000	685,743
Homeownership Counseling Costs	97,165	50,000	47,165
Other	-	-	-
Federal Assistance Programs Expense	46,059,514	46,059,514	-
TOTAL EXPENSES	<u>56,879,644</u>	<u>54,559,546</u>	<u>2,320,098</u>
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	<u>\$ (2,276,487)</u>	<u>\$ 94,985</u>	<u>\$ (2,371,471)</u>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

MONTH OF NOVEMBER 30, 2018

	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:			
Interest Income:			
Mortgage Loans	\$ 11,287,505	\$ 10,753,000	\$ 534,505
Investments	1,479,111	890,000	589,111
	<u>12,766,617</u>	<u>11,643,000</u>	<u>1,123,617</u>
Interest Expense	(8,554,811)	(6,734,000)	(1,820,811)
Net Interest Income	<u>4,211,806</u>	<u>4,909,000</u>	<u>(697,194)</u>
State Approp MI Housing and Comm Dev Fund	-	-	-
Multi-Family Servicing Fees	63,895	62,000	1,895
Preservation Fees	-	483,000	(483,000)
LIHTC Fees	522,105	367,000	155,105
Section 8 Existing Fees	1,851,125	1,375,000	476,125
Federal Programs Administration Fees	266,610	391,000	(124,390)
Contract Administration Fees	694,222	667,000	27,222
Gain (Loss) on Sale of Investments, Net	-	-	-
Gain (Loss) on Debt Retirement, Net	-	(25,000)	25,000
Gain (Loss) on Sale of Mortgages, Net	261,404	16,000	245,404
Miscellaneous Income	114,642	395,000	(280,358)
Federal Assistance Programs Income	45,953,048	45,953,048	-
TOTAL INCOME	<u>53,938,856</u>	<u>54,593,048</u>	<u>(654,192)</u>
EXPENSES:			
Operating Expenses:			
Salaries and Fringe Benefits	2,775,592	3,028,000	(252,409)
Technical Service Contracts	417,206	455,000	(37,794)
General Consultant Contracts	58,331	101,000	(42,669)
Rent, building depreciation & utilities	107,585	128,000	(20,415)
Building maint, equipment purchase & rental	19,970	88,000	(68,030)
Computer & Related Equipment Purchases	15,508	592,000	(576,492)
Charges from other State Departments	252,500	252,000	500
Travel	33,428	35,000	(1,572)
Telephone	20,001	20,000	1
Printing, Supplies, & Postage	17,238	30,000	(12,762)
Advertising and Publicity	42,988	130,000	(87,012)
Sec 8 Property Mgrs Fees & Expenses	740,413	717,000	23,413
Temporary Clerical Assistance	645	4,000	(3,355)
Training	8,618	9,000	(382)
All Other	93,137	75,000	18,137
Deferred Operating Costs	(90,000)	(135,000)	45,000
Total Operating Expenses	<u>4,513,158</u>	<u>5,529,000</u>	<u>(1,015,842)</u>
Single Family & HIP Mtg fees	593,122	519,000	74,122
Costs of Issuing, Paying Notes and Bonds	666,308	200,000	466,308
Provision for Losses on Uncoll. Mort.	444,187	390,000	54,187
Housing Development Grants	3,531,044	855,000	2,676,044
Michigan Housing and Community Dev Fund Grar	539,392	539,392	-
Rent Subsidy	54,676	60,000	(5,324)
Bond Insurance Expense	-	279,000	(279,000)
Homeownership Counseling Costs	32,861	50,000	(17,139)
Other	-	-	-
Federal Assistance Programs Expense	45,951,022	45,951,022	-
TOTAL EXPENSES	<u>56,325,771</u>	<u>54,372,414</u>	<u>1,953,356</u>
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	<u>\$ (2,386,915)</u>	<u>\$ 220,634</u>	<u>\$ (2,607,548)</u>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

MONTH OF DECEMBER 31, 2018

	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:			
Interest Income:			
Mortgage Loans	\$ 11,427,861	\$ 10,833,000	\$ 594,861
Investments	1,506,368	959,000	547,368
	<u>12,934,229</u>	<u>11,792,000</u>	<u>1,142,229</u>
Interest Expense	(8,094,654)	(6,800,000)	(1,294,654)
Net Interest Income	<u>4,839,575</u>	<u>4,992,000</u>	<u>(152,425)</u>
State Approp MI Housing and Comm Dev Fund	-	-	-
Multi-Family Servicing Fees	53,210	63,000	(9,790)
Preservation Fees	-	483,000	(483,000)
LIHTC Fees	712,439	366,000	346,439
Section 8 Existing Fees	1,449,478	1,375,000	74,478
Federal Programs Administration Fees	116,717	390,000	(273,283)
Contract Administration Fees	675,222	667,000	8,222
Gain (Loss) on Sale of Investments, Net	-	-	-
Gain (Loss) on Debt Retirement, Net	1,497,505	(25,000)	1,522,505
Gain (Loss) on Sale of Mortgages, Net	87,895	17,000	70,895
Miscellaneous Income	131,381	396,000	(264,619)
Federal Assistance Programs Income	<u>47,540,851</u>	<u>47,540,851</u>	<u>-</u>
TOTAL INCOME	<u>57,104,273</u>	<u>56,264,851</u>	<u>839,421</u>
EXPENSES:			
Operating Expenses:			
Salaries and Fringe Benefits	2,750,794	2,771,000	(20,206)
Technical Service Contracts	361,370	454,000	(92,630)
General Consultant Contracts	65,449	101,000	(35,551)
Rent, building depreciation & utilities	107,976	128,000	(20,024)
Building maint, equipment purchase & rental	99,540	88,000	11,540
Computer & Related Equipment Purchases	91,249	591,000	(499,751)
Charges from other State Departments	252,500	253,000	(500)
Travel	19,703	35,000	(15,297)
Telephone	18,620	20,000	(1,380)
Printing, Supplies, & Postage	24,829	30,000	(5,171)
Advertising and Publicity	113,849	131,000	(17,152)
Sec 8 Property Mgrs Fees & Expenses	774,213	717,000	57,213
Temporary Clerical Assistance	2,742	4,000	(1,258)
Training	2,685	9,000	(6,315)
All Other	22,593	75,000	(52,407)
Deferred Operating Costs	<u>(180,000)</u>	<u>(135,000)</u>	<u>(45,000)</u>
Total Operating Expenses	<u>4,528,112</u>	<u>5,272,000</u>	<u>(743,888)</u>
Single Family & HIP Mtg fees	533,030	520,000	13,030
Costs of Issuing, Paying Notes and Bonds	291,490	200,000	91,490
Provision for Losses on Uncoll. Mort.	444,467	390,000	54,467
Housing Development Grants	422,930	855,000	(432,070)
Michigan Housing and Community Dev Fund Grar	102,950	102,950	-
Rent Subsidy	58,073	60,000	(1,927)
Bond Insurance Expense	-	278,000	(278,000)
Homeownership Counseling Costs	123,007	50,000	73,007
Other	-	-	-
Federal Assistance Programs Expense	<u>47,538,825</u>	<u>47,538,825</u>	<u>-</u>
TOTAL EXPENSES	<u>54,042,884</u>	<u>55,266,775</u>	<u>(1,223,892)</u>
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	<u>\$ 3,061,389</u>	<u>\$ 998,076</u>	<u>\$ 2,063,313</u>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS FOR THE QUARTER ENDED DECEMBER 31, 2018

Year to date as of December 2018:

Long term investments-book:	\$908,376,000
Excess of market over book:	<u>(15,399,000)</u>
Long term investments-market:	\$892,977,000
Unrealized Gain (Loss) for the six months:	(\$2,104,000)

Average interest rates earned on mortgage loans and investments were approximately as follows (excludes mortgagors' escrow fund investments) (in thousands):

<u>Quarter</u> <u>Ended</u>	<u>Mortgage Loans</u>		<u>Investments</u>		<u>Aggregate</u>	
	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>
Dec 14	2,156,230	5.38	559,764	3.86	2,715,994	5.06
March 15	2,167,927	5.33	547,762	4.27	2,715,689	5.12
June 15	2,176,016	5.32	546,198	4.26	2,722,214	5.10
Sept 15	2,183,222	5.32	615,390	3.63	2,798,612	4.95
Dec 15	2,225,750	5.20	634,461	3.56	2,860,211	4.83
March 16	2,268,546	5.12	587,734	3.73	2,856,280	4.84
June 16	2,282,262	5.15	619,122	3.63	2,901,384	4.83
Sept 16	2,290,434	5.08	712,367	2.97	3,002,801	4.58
Dec 16	2,324,740	5.10	707,889	2.78	3,032,629	4.56
March 17	2,358,292	5.06	610,994	2.75	2,969,286	4.58
June 17	2,381,714	5.10	522,604	2.92	2,904,318	4.71
Sept 17	2,406,408	5.02	468,963	2.81	2,875,371	4.66
Dec 17	2,444,303	5.04	499,114	2.61	2,943,417	4.63
March 18	2,501,985	4.99	489,945	2.68	2,991,930	4.62
June 18	2,553,737	4.95	602,374	2.56	3,156,111	4.50
Sept 18	2,674,254	4.85	666,900	2.39	3,341,154	4.35
Dec 18						

Average rates borne by Authority bonds were as follows (in thousands):

<u>Quarter</u> <u>Ended</u>	<u>Fixed Rate</u> <u>Bonds</u>		<u>Variable Rate</u> <u>Bonds</u>		<u>Aggregate</u>	
	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>
Dec 14	1,870,955	4.08	104,853	0.22	1,975,808	3.87
March 15	1,853,153	4.06	123,885	0.15	1,977,038	3.81
June 15	1,802,673	4.03	124,963	0.20	1,927,636	3.78
Sept, 15	1,914,860	3.96	126,080	0.16	2,040,940	3.73
Dec 15	1,949,047	3.98	126,070	0.17	2,075,117	3.75
March 16	1,942,060	3.95	126,730	0.27	2,068,790	3.72
June 16	1,990,643	3.95	119,008	0.58	2,109,651	3.76
Sept 16	2,008,202	4.05	150,705	0.79	2,158,907	3.82
Dec 16	2,087,252	3.93	94,573	0.75	2,181,825	3.79
March 17	2,043,518	3.89	105,610	0.76	2,149,128	3.74
June 17	1,980,708	3.95	86,465	0.99	2,067,173	3.82
Sept 17	1,960,915	3.91	127,425	1.00	2,088,340	3.73
Dec 17	1,972,208	3.75	195,180	1.17	2,167,388	3.51
March 18	1,924,107	3.79	255,130	1.36	2,179,237	3.51
June 18	2,038,713	3.83	270,965	1.58	2,309,678	3.57
Sept 18	2,180,915	3.78	296,608	1.48	2,477,523	3.51
Dec 18	2,314,253	3.96	260,067	1.77	2574320	3.74

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
QUARTER AND YEAR TO DATE ENDED DECEMBER 31, 2018

1. Single-Family activity for the quarter and year to date December 31, 2018 was as follows:

	<u>Current Quarter</u>		<u>Year to Date</u>	
	<u>Units</u>	<u>Amount</u>	<u>Units</u>	<u>Amount</u>
Commitments outstanding – Beginning	653	\$ 69,547,751	530	\$ 59,859,195
Commitments issued	1,260	\$135,541,910	2,523	273,739,384
Loans purchased	(1,229)	(\$133,822,741)	(2,358)	(261,100,178)
Cancellations, adjustments, etc.	<u>(15)</u>	<u>(1,234,947)</u>	<u>(26)</u>	<u>(2,466,428)</u>
Commitments outstanding - Ending	<u>669</u>	<u>\$70,031,973</u>	<u>669</u>	<u>\$70,031,973</u>

Single-Family Delinquency Report as of December 31, 2018:

<u>Days Delinquent</u>	<u>Delinquent</u>		<u>% of Total Loans</u>		
	<u># of Loans</u>	<u>Loan Amount</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>12/31/17</u>
30-59	1,143	\$82,253,964	6.16%	6.44%	8.02%
60-89	274	20,302,031	1.52%	1.27%	2.24%
Over 90	400	29,558,054	2.22%	2.07%	3.21%
In Foreclosure	<u>55</u>	<u>3,258,328</u>	<u>0.24%</u>	<u>0.40%</u>	<u>0.30%</u>
	<u>1,872</u>	<u>\$135,372,377</u>	<u>10.14%</u>	<u>10.18%</u>	<u>13.77%</u>

2. Home Improvement loan activity for the quarter and from inception of the program was as follows:

	<u>Quarter</u>	<u>Cumulative</u>
Number of loans purchased	5	27,904
Amount purchased	\$55,579	\$177,350,229
Average interest rate	6.93%	5.72%
Average loan amount	\$11,116	\$6,356

Home Improvement loan delinquency report as of December 31, 2018:

<u>Days Delinquent</u>	<u>Delinquent</u>		<u>% of Total Loans</u>		
	<u># of Loans</u>	<u>Loan Amount</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>12/31/17</u>
30-59	18	\$175,977	4.92%	3.99%	3.67%
60-89	5	48,510	1.36%	0.44%	1.85%
Over 90	<u>16</u>	<u>159,308</u>	<u>4.45%</u>	<u>6.79%</u>	<u>4.69%</u>
	<u>39</u>	<u>\$383,795</u>	<u>10.73%</u>	<u>11.22%</u>	<u>10.21%</u>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
 DETAIL OF MULTIFAMILY MORTGAGE LOANS
 DECEMBER 31, 2018

DEVELOPMENTS UNDER CONSTRUCTION AND MONTH OF INITIAL CLOSING

MSHDA NUMBER	DEVELOPMENT NAME	DATE	# OF UNITS	MORTGAGE COMMITMENT	BALANCE 12/31/2018	% CONST. COMPLETE (1)
	GRAND RIVER SHORES	12/06		\$520,000	\$464,631	(2)
432-2	RIVERVIEW TOWERS	12/18	170	\$9,120,008	\$6,423,407	(2)
658-2	CAMELOT HILLS	11/18	144	\$4,889,005	\$4,455,317	(2)
993-2	LAKESHORE VILLAGE II	5/17	96	6,406,232	6,406,232	100%
1635-2	AMBROSE RIDGE	6/17	84	4,047,362	4,047,362	100%
1654-2	ASHTON RIDGE APTS	4/18	144	6,091,943	6,091,943	60%
1655-2	ASPEN HILLS	4/18	70	4,530,694	4,530,694	(2)
2276-2	WALNUT GROVE	6/18	80	5,085,762	5,085,762	92%
3428-2	OAKLAND PARK TOWERS	7/18	144	28,650,107	28,650,107	(2)
3602	HEATHER GARDENS	3/17	79	2,405,221	0	100%
3716	LAKESHORE VILLAGE APTS III	9/17	144	11,077,516	11,077,516	77%
3724	WOODLAND PLACE	4/17	24	314,670	314,670	100%
3725	GRANDHAVEN MANOR II	3/17	78	8,867,157	8,867,157	100%
3746	KAMPER AND STEVENS BUILDING	12/17	165	8,688,295	8,688,295	51%
3748	CHASE RUN	9/16	160	5,967,721	5,967,721	100%
3757	GARDENVIEW ESTATES 5 AB	6/17	97	2,500,003	2,500,003	87%
3758	VILLAGE AT ROSY MOUND	10/17	144	13,364,741	12,831,433	(2)
3759	BETHANY VILLA APARTMENTS I & II	11/17	238	12,036,150	12,036,150	87%
3760	WESTCHESTER VILLAGE NORTH	1/18	101	5,234,933	5,234,933	96%
3783	WESTCHESTER VILLAGE EAST	1/18	101	2,098,518	2,098,518	88%
3795	WEST HIGHLAND APTS	1/18	135	5,061,683	4,349,521	(2)
3832	GENESIS VILLAS II	12/18	89	5,415,196	4,832,135	(2)
			2,487	\$152,372,917	\$144,953,508	

COMPLETED DEVELOPMENTS AWAITING FINAL CLOSING AND INITIAL CLOSING MONTH

622-2	OTSEGO APTS	11/16	76	3,604,463	3,604,463
926-2	BRACKEN WOODS APTS	5/16	104	4,176,442	4,176,442
1727-2	CEDARSHORES APTS	5/14	144	4,198,539	4,198,539
2193	SILVER CREEK APTS	9/16	111	5,451,395	5,451,395
3593	TREYMORE APTS	6/15	28	610,234	610,234
3639	PRESTWEICK VILLAGE	12/15	66	1,553,539	1,352,392
			144	\$19,594,612	\$19,393,465

DEVELOPMENTS WITH CONSTRUCTION LOANS

352-2	BRIDGE VILLAGE	7/16	100	1,551,724	0
432-2	RIVERVIEW TOWERS	12/18	170	3,361,179	
622-2	OTSEGO APTS	11/16	76	1,898,457	1,166,708
658-2	CAMELOT HILLS II	11/18	144	2,401,039	
926-2	BRACKEN WOODS APTS	5/16	104	1,340,908	0
993-2	LAKESHORE VILLAGE II	5/17	96	852,356	852,356
1635-2	AMBROSE RIDGE	6/17	84	735,697	0
1654-2	ASHTON RIDGE APTS	4/18	144	920,925	784,389
1655-2	ASPEN HILLS	4/18	70	1,395,863	1,363,858
2193	SILVER CREEK APTS	9/16	111	461,875	0
2276-2	WALNUT GROVE	6/18	80	631,555	631,555
3412	PALMER PARK SQUARE	12/11	202	13,250,000	680,205
3593	TREYMORE APTS	7/14	28	2,378,972	130,127
3708	AHEPA 371	4/16	278	2,273,613	0
3716	LAKESHORE VILLAGE APTS III	9/17	144	1,479,747	726,956
3724	WOODLAND PLACE	4/17	24	2,585,330	0
3746	KAMPER AND STEVENS BUILDING	12/17	165	5,718,158	5,718,158
3748	CHASE RUN APTS	9/16	160	1,861,033	0
3757	GARDENVIEW ESTATES 5 AB	6/17	97	9,695,259	7,567,670
3759	BETHANY VILLA APARTMENTS I & II	11/17	238	6,131,622	6,114,988
3760	WESTCHESTER VILLAGE NORTH	1/18	101	1,654,936	1,654,936
3783	WESTCHESTER VILLAGE EAST	1/18	75	2,729,700	2,545,401
3795	WEST HIGHLAND APTS	1/18	135	674,826	0
3832	GENESIS VILLAS II	12/18	89	1,346,032	0
			2,915	\$67,330,806	\$29,937,306
TOTAL COMPLETED/NON-COMPLETED			2,631	\$239,298,335	\$194,284,279

OUTSTANDING COMMITMENTS AS OF DECEMBER 31, 2018

	DATE	# OF UNITS	PERMANENT LOAN	CONSTRUCTION LOAN	TOTAL	
341-2	FRIENDSHIP MANOR	12/18	170	6,917,677	1,922,878	8,840,555
444-2	ROBERTS III	5/18	197	4,768,130	-	4,768,130
488-2	PARK FOREST	5/18	290	19,715,536	-	19,715,536
3788	WESTCHESTER VILLAGE SOUTH	6/18	150	5,506,912	2,048,842	7,555,754
3792	GOLFVIEW MEADOWS	12/17	27	935,960	3,290,650	4,226,610
3801	LABELLE TOWERS	6/18	210	12,102,266	1,885,962	13,988,228
3811	EVERGREEN NORTH	4/18	204	16,825,802	3,000,000	19,825,802
3812	EVERGREEN SOUTH	4/18	125	10,163,079	-	10,163,079
3814	WHISPERING WOODS	12/18	193	14,634,069	-	14,634,069
3840	THE CREAMERY	7/18	54	5,453,075	1,518,022	6,971,097
			1620	\$97,022,506	13,666,354	110,688,860

(1) schedule no longer available. Data pulled from draw sheets or data provided to finance by construction specialists.
 (2) Not Available

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SEED LOANS, REPAYABLE GRANTS AND BRIDGE LOANS
December 31, 2018

MSHDA #	DEVELOPMENT	TOTAL AUTHORIZED	TOTAL DISBURSED	TOTAL REPAID	TOTAL WRITE OFF	BALANCE 12/31/2018
280	REPAYABLE FIRE SAFETY GRANTS: BUENA VISTA	56,204	57,097	8,725		48,372
		56,204	57,097	8,725	0	48,372
17	REPAYABLE ENERGY CONSERVATION GRANTS: JACKSON	31,003	31,003	0		31,003
43	BANGOR DOWNS	54,875	54,531	0		54,531
44	OAK MEADOWS	68,262	61,806	2,339		59,467
61	CARL TERRACE	131,117	131,117	0		131,117
568	DIVINE MR	650	650	0		650
708	MADISON SQUARE REHAB	9,182	9,182	0	9,182	0
		295,089	288,289	2,339	9,182	276,768
	<u>REPAYABLE GRANTS:</u>					
678-G	DETROIT NPHC	100,000	100,000	90,870		9,130
HDF-04	JERICHO HOUSE	55,000	8,836	0		8,836
HDF-13	INNER CITY CHRISTIAN FEDERATION (ICCF)	75,000	75,000			75,000
HDF-22	NATIONAL CHURCH RESIDENCE	69,183	56,250	0		56,250
HDF-96	WOMEN'S RESOURCE CENTER OF GRAND TRAVERSE AREA	435,000	435,000	0		435,000
HDF-110	PROPERTY STABILIZATION, INC, A MICHIGAN CORPORATION	248,500	245,000			245,000
HDF-139	WAYNE METROPOLITAN COMMUNITY ACTION AGENCY	180,000	180,000			180,000
		1,162,683	1,100,086	90,870	0	1,009,216
HDF-2006-0140-DVHI	UNDERGROUND RAILROAD, INC	600,000	600,000	45,677		554,323
HDF-2006-0493-DVHI	BIG RAPIDS HOUSING COMMISSION	246,415	246,415			246,415
HDF-2006-5040-DVHI	WOMEN'S INFORMATION SERVICES	474,186	528,585			528,585
HDF-2006-5352-DVHI	SAFE HORIZONS	450,000	450,000			450,000
HDF-2006-5148-DVHI	YMCA WEST CENTRAL MICHIGAN	570,000	570,000			570,000
HDF-2006-0341-CHI	GREATER LANSING HOUSING COALITION	500,000	500,000			500,000
		2,840,601	2,895,000	45,677	0	2,849,323
	<u>PREDEVELOPMENT LOANS</u>					
HDF-43	NORTHERN HOMES CDC	177,300	177,300	100,000		77,300
HDF-97	NORTHERN HOMES CDC	74,325	71,546	5,631		65,915
HDF-106	INNER CITY CHRISTIAN FED (ICCF)	375,000	547,421	319,434		227,987
HDF-161	GRAND TRAVERSE COUNTY LAND BANK	65,000	61,444			61,444
HDF-212	HOMESTRETCH NPHC	78,650	104,706			104,706
HDF-239	CADILLAC HOUSING INITIATIVE PROGRAMS	56,720	30,275			30,275
HDF-359	AVALON HOUSING	150,000	101,902			101,902
		976,995	1,094,594	425,065	0	669,528
	TOTAL SEED LOANS, REPAYABLE GRANTS AND PREDEVELOPMENT LOANS					4,853,207
	LESS: RESERVE FOR LOSS					-2,549,913
	NET REPAYABLE GRANTS, SEED LOANS, AND PREDEVELOPMENT LOANS					<u>2,303,295</u>

BRIDGE LOAN COMMITMENTS AND BALANCES OUTSTANDING AS OF December 31, 2018:

DEVELOPMENT	TOTAL COMMITMENT	AMOUNT DISBURSED	AMOUNT REPAID	BALANCE OUTSTANDING
830 COURT STREET VILLAGE	3,042,680	358,352	46,489	311,863
890 FRIENDSHIP MEADOWS	1,127,201	1,127,201	1,071,517	55,684
TOTALS	<u>4,169,881</u>	<u>1,485,553</u>	<u>1,118,006</u>	<u>367,547</u>
TOTAL REPAYABLE BRIDGE LOANS				<u>367,547</u>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
PASSTHROUGH OBLIGATIONS

Bonds issued pursuant to Section 44(c) of the Act and not yet called were as follows as of December 2018:

<u>Name</u>	<u>Credit Enhancement</u>	<u>Amount</u>
Siena Place Apt.	Financial Security Assurance	3,450,000
The Landings	AMBAC	10,335,000
Parkview Place	Fannie Mae	6,890,000
Center Line Park Towers	GNMA Collateralized Program	15,065,000
Canterbury House (Jackson)	Federal Home Loan Bank	11,500,000
Alderwood Estates	Federal Home Loan Bank	8,300,000
River Park Village (Whittier)	Fannie Mae	17,000,000
Williams Pavilion	FHA Mortgage Insurance	7,945,000
Sand Creek	Citibank	3,835,000
Sand Creek Village II Apt.	Citibank	5,700,000
Teal Run Apartments	Citibank	6,585,000
Newman Court	Escrow: Tax-Exempt Investments	9,900,000
Renaissance Estate of Ecorse	Escrow: Tax-Exempt Investments	9,800,000
		<u>\$116,305,000</u>