

## MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

## A G E N D A

June 27, 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 (***Tabs B through G 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 – May 23, 2019
- Tab C          Resolution Authorizing Professional Services Contract for Auditing Services with Plante Moran, PLLC and Michigan Office of Auditor General
- Tab D          Resolution Authorizing Reinstatement of Pass-Through Short-Term Bond Program
- Tab E          Resolution Authorizing Waiver of Code of Ethics' Prohibition for Michael Fobbe
- Tab F          Amended and Restated Resolution Designating Bank Accounts and Authorizing Officers as to Requisition and Investment of Funds
- Tab G          Resolution Authorizing Modification to Workforce Attainable Modular Homes Pilot Program

**REGULAR VOTING ITEMS**

- Tab H          Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Rental Housing Revenue Bonds, 2019 Series A in an Amount not to Exceed ~~\$200,000,000~~ **\$220,000,000**

Tab I Resolution Approving 2019-2020 Budget

Tab J Resolution Determining Mortgage Loan Feasibility, **Edgewood Village Apartments, MSHDA Development No. 83-2**, Charter Township of Meridian, Ingham County

**Closed Session**

None.

**Discussion Issues:**

None.

**Reports:**

Tab 1 Homeownership Production Report

Tab 2 Hardest Hit Report

Tab 3 Current and Historical Homeownership Data

**Policy, Planning and Human Resource Subcommittee**

**A G E N D A**  
**Monday, June 24, 2019**  
**8:30 a.m.**

**Dial-In: 1 (877) 402-9753**  
**NEW Passcode: 9048999**

Agenda Voting Item(s):

- Tab C Resolution Authorizing Professional Services Contract for Auditing Services with Plante Moran, PLLC and Michigan Office of Auditor General
- Tab E Resolution Authorizing Waiver of Code of Ethics' Prohibition for Michael Fobbe
- Tab F Amended and Restated Resolution Designating Bank Accounts and Authorizing Officers as to Requisition and Investment of Funds
- Tab G Resolution Authorizing Modification to Workforce Attainable Modular Homes Pilot Program
- Tab I Resolution Approving 2019-2020 Budget

Other Agenda Item(s):

- Tab 1 Homeownership Production Report
- Tab 2 Hardest Hit Report
- Tab 3 Current and Historical Homeownership Data

Miscellaneous (Discussion Only):

- Executive Director Search

**Real Estate Finance Subcommittee**

**A G E N D A**  
**Monday, June 24, 2019**  
**10:00 a.m.**

**Dial-In: 1 (877) 402-9753**  
**NEW Passcode: 9048999**

Agenda Voting Item(s):

- Tab D      Resolution Authorizing Reinstatement of Pass-Through Short-Term Bond Program
- Tab H      Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Rental Housing Revenue Bonds, 2019 Series A in an Amount not to Exceed \$200,000,000
- Tab J      Resolution Determining Mortgage Loan Feasibility, **Edgewood Village Apartments, MSHDA Development No. 83-2**, Charter Township of Meridian, Ingham County

Other Agenda Item(s):

None.

Miscellaneous (Discussion Only):

None.

**Michigan State Housing Development Authority  
Minutes of Authority Meeting  
May 23, 2019**

**AUTHORITY MEMBERS PRESENT (Lansing):**

Jennifer Grau  
Mike Kapp for Paul Ajegba  
Sarah Esty for Robert Gordon  
Rachael Eubanks  
Tyrone Hamilton

**AUTHORITY MEMBERS ABSENT:**

Carl English (Excused)  
Deb Muchmore (Excused)

**AUTHORITY MEMBERS PRESENT (Detroit)**

Regina Bell

**OTHERS PRESENT (Lansing/Detroit):**

Gary Heidel, Acting Executive Director  
Maria Ostrander, Executive  
Mary Cook, Executive  
Clarence L. Stone, Jr., Legal Affairs  
Willard G. Moseng, Legal Affairs  
Diana Bitely, Legal Affairs  
Lisa Ward, Legal Affairs  
Jeffrey Sykes, Chief Financial Officer  
Linda Beachnau, Technical Support Services  
Chris Hall, Technical Support Services  
Marneta Griffin, Technical Support Services  
John Hundt, Rental Development  
Mary Townley, Homeownership  
Ron Farnum, Office of Attorney General  
John Millhouse, Office of Attorney General  
Troy Thelen, Asset Management  
Kelly Rose, Chief Housing Solutions Officer  
Andy Martin, Acting Chief Housing Investment Officer  
Corey Monroe, Rental Development  
Jennifer Edmonds, Audit, Compliance & Fraud Investigation  
Katie Bach, Government & Media Affairs  
Lori Fedewa, Human Resources  
Lindsay Schmidt, Human Resources  
Tim Rittenhouse, CGI Advisors  
Michael Witt, Asset Management  
Tiffany King, Executive  
Matt Hollander, HDC  
Ben Phillips, Develop Detroit  
Oren Bratvain, Develop Detroit  
Joseph Parks, Office of Employee Services  
Sandy Pearson, Habitat for Humanity  
Vanessa Collins-Smith, City of Kalamazoo  
Laura Piascik, Tenant, Ashton Ridge  
Geri Swihart, Tenant, Ashton Ridge

Chairperson Rachael Eubanks opened the meeting at 10:02 a.m.

**Election of Vice Chair:**

Chairperson Rachel Eubanks opened the floor to nominations for the position of Vice Chair. Jennifer Grau nominated Robert Gordon through his delegate, Sarah Esty, for Vice Chair. Mike Kapp, delegate for Paul Ajeba, supported. The Board voted unanimously to appoint Robert Gordon as Vice Chair through his delegate, Sarah Esty.

### **Public Comments:**

Ms. Eubanks asked if there were public comments at the Lansing and Detroit offices. The following attendees addressed the Board:

- Ms. Geri Swihart and Ms. Laura Piascik spoke at the Lansing office to express their concerns with Ashton Ridge Apartments in Jackson, Michigan. As residents of the complex, they stated that the owners are failing to comply with MSHDA rules and regulations by raising rent and attempting to force evictions by making it difficult for residents to avoid lease violations. Ms. Swihart explained that she received a notice on May 10, 2019 that her barbeque grill was prohibited, and compliance was necessary by May 13, 2019 to avoid a lease violation. Ms. Swihart stated she was forced to sell her grill at a loss, only to later discover that only charcoal grills were prohibited. She believed that the notice was misleading. Ms. Piascik also explained that cars were being towed and/or cited after car owners received just one day's notice, instead of the requisite four days' notice. Ms. Swihart and Ms. Piascik also claimed that tenants were experiencing property damage, as well as loss of property due to a lack of communication and clear point of contact. Chairperson Rachael Eubanks thanked Ms. Swihart and Ms. Piascik for their comments and stated Gary Heidel, Acting Executive Director, would follow up on their concerns. Following their comments, Ms. Swihart and Ms. Piascik left the meeting with Michael Witt, Director of Asset Management, to discuss their concerns.
- A representative of State Senator Sean McCann read a letter on behalf of the Senator in support of The Creamery, MSHDA Development No, 3840, City of Kalamazoo, Kalamazoo County.

### **Executive Directors Report:**

Mr. Heidel noted that Jess Sobel, Tiffany King, and Jeff Sykes would present reports to the Board Members by Authority employees.

Jess Sobel, Departmental Manager in the Executive Division, reported on the Building Michigan Communities Conference (BMCC). He noted the speech by author Stephanie Land and its impact on those in attendance. He also discussed the need for better advocacy and messaging to support communities.

Tiffany King, Fair Housing and Outreach Specialist in the Executive Division, provided an update on the Fair Housing Initiative. Ms. King addressed the Fair Housing Act and the Authority's current goals, which include increasing public awareness of Fair Housing rights and promoting access to appropriate resources.

Jeff Sykes, Chief Financial Officer, gave an overview of the 2019-2020 Budget. He encouraged Board members to review the proposed budget and contact him with any questions and/or modifications. He noted that the Board would vote on the Authority budget at the next meeting.

### **Voting Issues:**

**Agenda (Tab A):** Ms. Eubanks requested a motion to approve the agenda. Sarah Esty moved approval of the agenda. Mike Kapp supported. The agenda was unanimously approved.

Consent Agenda (Tabs B through I) Jennifer Grau moved approval of the consent agenda. Sarah Etsy supported. The consent agenda was approved. The consent agenda included the following resolutions:

- Tab B Minutes – March 28, 2019
- Tab C Resolution Authorizing Extension of Term of Housing Development Fund Grant to Community Reinvestment Fund, USA, HDF-321
- Tab D Resolution Authorizing Acceptance of Gift from Canadian Imperial Bank of Canada for Housing and Resource Fairs
- Tab E Resolution Approving Housing Choice Voucher Family Self-Sufficiency Program 2019 Action Plan
- Tab F Resolution Authorizing a Professional Services Contract with Nan McKay and Associates
- Tab G Resolution Authorizing Amendments to Extend Professional Services Contracts for Design Review
- Tab H Resolution Authorizing the Michigan Department of Technology, Management and Budget to Extend Contract with Emphasys Software Inc. on Behalf of the Authority
- Tab I Resolution of Appreciation - Earl J. Poleski

**REGULAR VOTING ITEMS**

Resolution Authorizing Acting Executive Director's Election Not to Issue Qualified Mortgage Bonds for 2018 to Obtain an Allocation of Mortgage Credit Certificates (Tab J) was presented by Mary Townley, Director of Homeownership. Ms. Townley reviewed 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. Sarah Esty moved approval of the resolution. Carl English supported.

The following Roll Call vote was taken for Tab J:

Carl English – Absent	Deb Muchmore – Absent	Regina Bell - Yes
Jennifer Grau – Yes	Mike Kapp – Yes	Tyrone Hamilton - Yes
Rachael Eubanks - Yes	Sarah Esty - Yes	

There were 6 “yes” votes. The resolution was unanimously approved.

Resolution Authorizing Extension and Increase of Housing Development Fund Grant to the City of Detroit for the Bridging Neighborhoods Program, HDF- 379 (Tab K) was presented by Jess Sobel, Departmental Manager in the Executive Division. Mr. Sobel reviewed the proposed resolutions as detailed in the board documents. Jennifer Grau moved approval of the resolutions. Sarah Esty supported. The resolutions were approved.

Resolution Authorizing Prepayment of Loan and Determining Mortgage Loan Feasibility/Authorizing Mortgage Loan, University Meadows, MSHDA Development No. 889-

2, City of Detroit, Wayne County (Tab L) were presented John Hundt of Rental Development. Mr. Hundt reviewed the proposed resolutions as detailed in the board documents. Jennifer Grau moved approval of the resolutions. Sarah Esty supported. The resolutions were approved.

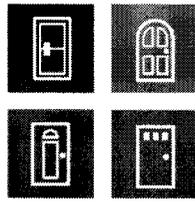
Resolution Authorizing Increased Mortgage Loan Amount and Term and Repayment Waivers, The Creamery, MSHDA Development No. 3840, City of Kalamazoo, Kalamazoo County (Tab M) was presented John Hundt of Rental Development. Mr. Hundt reviewed the proposed resolution as detailed in the board documents. Mike Kapp moved approval of the resolution. Tyrone Hamilton supported. The resolution was approved.

Resolution Authorizing Modification to Mortgage Loan Terms, Minges Creek, MSHDA Development No. 753, City of Battle Creek, Calhoun County (Tab N) was presented by Troy Thelen of Asset Management. Mr. Thelen reviewed the proposed resolution as detailed in the board documents. Mike Kapp moved approval of the resolution. Tyrone Hamilton supported. The resolution was approved.

Ms. Eubanks noted that the following reports were included for information: Draft of the 2019-2020 Budget (**Tab 1**), March 31, 2019 Quarterly Financials (**Tab 2**), and Homeownership Production Report (**Tab 3**), Hardest Hit Report (**Tab 4**), Current and Historical Homeownership Data (**Tab 5**), and Delegated Action Reports (**Tab 6**)

Ms. Eubanks noted that the next two board meetings are scheduled for June 27, 2019 and July 25, 2019 and that all subcommittee meetings will be held on the Monday before the board meeting.

There being no further business, Ms. Eubanks requested a motion to adjourn. Tyrone Hamilton moved to adjourn. Jennifer Grau supported the motion, and it was unanimously approved and accepted. The meeting adjourned at 11:02 a.m.



# MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

## M E M O R A N D U M

**TO:** Authority Members

**FROM:** Gary Heidel, Acting Executive Director 

**DATE:** June 27, 2019

**RE:** Request for Professional Services Contract with Plante Moran, PLLC as External Auditor

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### **Recommendation:**

I recommend that the Michigan State Housing Development Authority Board ("Authority") authorize extending an existing contract as a third-party beneficiary for external audit services. Principal parties to the contract are the Office of the Auditor General ("OAG") and Plante Moran, PLLC ("Contractor").

### **Executive Summary:**

The Authority requires an independent contractor to perform certain annual audits.

The Contractor performs an annual end-of-year financial audit of the Authority and the single audit of the Authority pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156). Currently, the Authority is a third-party beneficiary to a contract executed in 2012 between the OAG and the Contractor. The OAG has extended its contract with the Contractor to continue providing auditing and related services in accordance with the terms and conditions of the contract. Following OAG's periodic extensions of the contract, the Authority has likewise re-authorized engaging in and renewing this contract as a third-party beneficiary. The current third-party beneficiary approval will expire on June 30, 2019.

By renewing as a third-party beneficiary to the contract, the Authority will ensure continuation of the audit and related services with minimal disruption to the Authority, assuring compliance with audit requirements. If approved, the contract will expire on June 30, 2020.

Costs of the contract are based on: (a) actual hours spent on the engagements and shall not exceed \$139,370 (previously \$134,185) for the 2019 financial audit; (b) \$56,670 (previously \$55,320) for the single audit, plus expenses; and (c) additional allowances for cap increase if there are major new programs with bond offerings and other services to be billed between \$98/hour and \$196/hour.

### **Issues, Policy Considerations, and Related Actions:**

None.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**RESOLUTION AUTHORIZING PROFESSIONAL SERVICES CONTRACT**  
**FOR AUDITING SERVICES WITH PLANTE MORAN, PLLC AND**  
**MICHIGAN OFFICE OF AUDITOR GENERAL**

**June 27, 2019**

WHEREAS, pursuant to Act 346 of the Public Acts of 1966 ("Act"), the Michigan State Housing Development Authority ("Authority") has approximately \$2.6 billion in outstanding bonds to assist in the development of affordable housing for low and moderate income Michigan households; and

WHEREAS, in order to induce the investment community to market and purchase Authority bonds, the Authority has made certain promises including the promise to provide annual financial audits of the Authority prepared by independent, nationally recognized accounting firms; and

WHEREAS, timely preparation of the audited financial statements is required under covenants with bond holders, rating agencies, and credit enhancement providers among others; and

WHEREAS, the Authority's Act provides the Authority with independent, statutory authority to contract with privately held firms to conduct its financial audits; and

WHEREAS, in 2012, the Authority became a third-party beneficiary to a contract between the Michigan Auditor General's Office ("OAG") and Plante Moran, PLLC, following an OAG competitive bid process, to provide independent financial audit, a single audit, and services related to bond offerings and other non-audit services; and

WHEREAS, the OAG has periodically extended the original 2012 contract and the Authority has followed in-kind, periodically extending its approval to continue as a third-party beneficiary to the contract; and

WHEREAS, the Authority's approval to continue as a third-party beneficiary to the OAG contract is set to expire on June 30, 2019; and

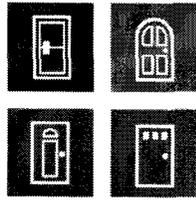
WHEREAS, terms and conditions of the contract include increased costs, increasing the dollar amount previously authorized by the Authority for the financial audit to an amount not to exceed \$139,370 and for the single audit to an amount not to exceed \$55,620; and

WHEREAS, the terms and conditions of the contract includes a fee increase for services related to bond offerings and other non-audit services to hourly rates ranging from \$98/hour to \$196/hour; and

WHEREAS, the Executive Director recommends that the Authority continue as a third-party beneficiary to the OAG contract with Plante Moran, PLLC, to obtain the services described in the accompanying memorandum; and

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

NOW THEREFORE, Be It Resolved by the Michigan State Housing Development Authority, that the Executive Director, the Chief Financial Officer, the Director of Legal Affairs or any person duly authorized to act in any of the foregoing capacities, is hereby authorized to execute, on behalf of the Authority, a third-party beneficiary contract to provide services described in the contract between the Michigan Office of the Auditor General and Plante Moran, PLLC, for the performance of a financial audit, a single audit, and services related to bond offerings and other non-audit services, as set forth in the accompanying memorandum.



# MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

## M E M O R A N D U M

**TO:** Authority Members  
**FROM:** Gary Heidel, Acting Executive Director   
**DATE:** June 27, 2019  
**RE:** Reinstatement of Pass-Through Short-Term Bond Program

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### **Recommendation:**

I recommend that the Michigan State Housing Development Authority (the "Authority") authorize reinstatement of the Pass-Through Short-Term Bond Program (the "Program") for a period of one year and an allocation not to exceed \$30 million in volume cap.

### **Executive Summary:**

In February 2012, the Authority approved an allocation of \$75 million in volume cap for the Pass-Through Short-Term Bond Pilot Program, which expired as of February 2014. Following expiration of the pilot program, the Authority staff reviewed the Program to determine the conditions under which it should continue. After doing so, the Program was modified and extended in March 2014 for a period of twelve (12) months, with an additional allocation of \$25 million in volume cap. Since the March 2014 approval, the Program has remained in its current form, and it has been re-evaluated and reinstated on an annual basis, providing for an allocation of \$30 million in volume cap each year. Approval of this request will allow the existing Program to be reinstated for a period of one year.

### **Issues, Policy Considerations, and Related Actions:**

Since the approval of the Program in February 2012, twelve (12) developments have been financed, resulting in the construction or rehabilitation of 1,851 housing units. Under its current configuration, the Program provides an additional financing option for the construction and rehabilitation of affordable housing projects, with very limited risk to the Authority. The reinstatement of this Program in its current form, with an allocation of \$30 million in volume cap, will not impede the Authority's ability to fulfill its mission under other programs that utilize the volume-cap-limited bonds.

## **PASS-THROUGH SHORT-TERM BOND PROGRAM**

### **(Debt Financing Under Section 44c of the Authority's Act)**

Act 346 of the Public Acts of 1966 (the "Act") permits the Michigan State Housing Development Authority (the "Authority") to participate in "conduit" or "pass-through" financings in which the bonds issued to finance a development are a limited obligation of the Authority; the bonds are not secured by the Authority's capital reserve capital account; and the bonds are not backed by the moral obligation of the State of Michigan. Instead, the bonds are secured by the revenues of the borrower, the real and personal property being financed, and a form of credit enhancement acceptable to the Authority.

Projects initiated under the Pass-Through Short-Term Bond program have historically been credit enhanced with a Credit Enhancement and Investment Agreement and are refinanced within 36 months following the issuance of the bonds through the use of a Federal Housing Administration (FHA) insured Ginnie Mae (GNMA) mortgage or other similar financing source. The refinancing occurs after construction or substantial rehabilitation of the development has been completed – at which time the program bonds are redeemed in whole.

Although the bonds issued under the Pass-Through Short-Term Bond program are only outstanding for a short period of time, all of the statutory and other requirements of the pass through program would apply. Those requirements are summarized generally as follows:

#### **I. Eligible Projects:**

Projects must satisfy the eligibility requirements of Section 44c of the Authority's Act. Both new construction and acquisition and substantial rehabilitation of residential rental units will be considered. To qualify as rehabilitation, the rehabilitation expenditures with respect to the project must equal or exceed 30% of the portion of the cost of acquiring the building and equipment financed with the proceeds of the bonds issued to acquire and rehabilitate the project. For a project located in an eligible distressed area, the amount of rehabilitation may be less than the 30% requirement if the Authority determines and expresses by resolution that the likely benefit to the community or the proposed residents of the project merits the use of this financing source. Proposals receiving Low Income Housing Tax Credit (LIHTC) must meet the threshold requirements of the LIHTC Program for projects financed with tax exempt bonds as provided in the Qualified Allocation Plan (QAP).

#### **II. Eligible Borrowers:**

The Borrower must be an eligible entity under the Authority's Act (e.g., a limited dividend housing association organized as a limited partnership, a corporation, or a limited liability company). The sponsor or developer must be in good standing at the time of application. Good standing means that none of the other projects involving the sponsor or developer that have been financed by the Authority under this program or another Authority lending program are experiencing significant, unresolved problems.

#### **III. Minimum Income and Rent Restriction Requirements:**

For tax-exempt bond purposes, applicants are required to commit to income and rent restrictions targeting either (i) 40% of the units for households whose income is at or below 60% of area median income, or (ii) 20% of the units for households whose income is at or below 50% of area median income. These income- and rent restrictions must remain in place for the longer of the "qualified project period" of the bonds, as defined in the Internal Revenue Code or the extended use period of the LIHTC.

Please note that if the project is also utilizing 4% Low-Income Housing Tax Credit (LIHTC) financing, it would be eligible to select the income averaging minimum set-aside as the election for LIHTC purposes. However, applicants should be aware that the tax-exempt bond regulations do not allow income averaging as a set-aside option, so the project would need to comply with both the set-aside selected for LIHTC purposes and the set-aside selected for tax-exempt bond purposes.

#### **IV. Threshold Requirements:**

Authority staff will review each application to assure that the use of the State's volume cap for a project will not impair the Authority's ability to carry out its programs or finance developments or housing units that are targeted to lower income persons.

The Authority's Office of Rental Development-Tax Credit Allocation Section will review the applicant's standard tax credit application to assure that threshold requirements for participation in the LIHTC Program are met if LIHTC are being used to finance the development. As part of its review, to the extent appropriate, Authority staff will utilize the applicant's HUD loan commitment and documents submitted in conjunction with the applicant's HUD loan approval, thus minimizing multiple layers of review and delays in the HUD closing process.

#### **V. Volume Cap and Project Limits:**

All proposals are subject to available volume cap, as made available by the Michigan Department of Treasury and as determined appropriate by the Authority.

Volume cap may be allocated to qualified projects under this program provided that said projects may not have a combined bond amount greater than \$30 million.

This program will terminate at the earliest of: 1) the Authority's regularly scheduled July 2020 meeting; or 2) the Authority's regularly scheduled June 2020 meeting if there is no July 2020 meeting; or 3) the \$30 million volume cap is fully subscribed. For a project to be included in the \$30 million ceiling, a project must have been approved by the Authority for an inducement resolution at or before the Authority's July 2020 board meeting. Any volume cap remaining upon termination of the program (as outlined above) will no longer be available to the program nor will it be added to any subsequent reinstatement of the program that may occur. Once the program has terminated, the Authority will review the program and determine whether, and under what conditions, to extend the program.

#### **VI. Application, Commitment, Closing and Other Fees:**

Fees shall be determined as follows:

A. Upon submission of an application, the sponsor shall include an application fee equal to the greater of \$4,000 or .0005 times the amount of the bonds to be issued. This application fee will be credited to the commitment fee due.

B. Upon receipt of a loan commitment, the sponsor/developer shall pay a commitment fee of 0.1% of the principal amount of the bonds to be issued, less any amount paid with the initial application.

C. Upon issuance of the bonds, the borrower shall pay to the Authority a fee not to exceed 0.9% of the principal amount of the bonds for developments located in an eligible distressed area or 1.9% of the principal amount of the bonds for developments not in a distressed area.

D. For each year that bonds remain outstanding, the borrower shall pay an annual compliance monitoring fee in an amount not to exceed 0.25% of the outstanding principal amount of the bonds. This fee shall be paid according to such terms and conditions as may be approved by the Authority and may, at the Authority's sole discretion, be waived in whole or in part.

#### **VII. Application Requirements:**

For a project to be eligible to apply for the Pass-Through Short-Term Bond Program, it must first be submitted to the Authority in order to evaluate whether the project is likely to be competitive under the Authority's Gap Financing Program. The Gap Financing Program makes available a certain amount of gap financing to be used in combination with Authority tax-exempt bond financing. To perform its evaluation, the Authority will consider the following:

1. The financial viability of a project based on the pro-forma analysis, site, and preliminary market analysis;
2. The overall capacity and experience of the development team; and
3. The likelihood that the project will be competitive and be able to proceed with the funds available in the Gap Financing Program. To determine how competitive a project is likely to be, the Authority will primarily evaluate a project's soft to hard debt ratio, which is used to rank the proposals in the Gap Financing Program, to determine if the project appears to be competitive as compared to the current or most recent Gap Financing Program funding round. Applicants are encouraged to view rankings of recent Gap Financing rounds on MSHDA's website to determine with more certainty whether or not their project has a competitive soft to hard debt ratio.

Following the analysis above, if, based on the Authority's determination, a project appears to be a strong candidate for the Gap Financing Program, the project will need to be completed using the Gap Financing Program and will be ineligible for the Pass-Through Short-Term Bond Program. However, if, based on the Authority's determination, a project is unlikely to be competitive in the Gap Financing Program; the project will be eligible to continue under consideration as part of the Pass-Through Short-Term Bond Program. Additionally, following an evaluation based on the process outlined above, projects that do compete under the Gap Financing Program, but that cannot move forward using gap financing with an Authority tax-exempt loan (as determined by the Authority as part of the Gap Financing Program) will be able

to submit an application as part of the Pass-Through Short-Term Bond Program. However, Authority gap financing such as HOME funds and/or Preservation funds are not available to projects that apply and are financed under the Pass-Through Short-Term Bond Program.

If a project is evaluated under the Gap Financing Program and is determined by the Authority as unlikely to be competitive under the Gap Financing Program, and the sponsor chooses to proceed to the Pass-Through Short-Term Bond Program, the following items must be submitted:

A. The sponsor/developer must submit a completed application under the LIHTC Program, including all required attachments.

B. In order to be considered complete, all applications for an allocation of volume cap under this program must include:

i. A description of the proposed credit enhancement and a statement as to the amount of the tax-exempt bonds (and taxable bonds, if appropriate) requested. The proposed credit enhancement may be in the form of an unconditional, irrevocable letter of credit, guaranty, bond or mortgage insurance, or other security as the Authority deems appropriate to assure the Authority that repayment of the bonds is reasonably secure.

ii. Assurance that all bond issuance costs will be paid and the professional team (bond underwriter, bond trustee, bond counsel, etc.) will be compensated for services rendered in issuing the bonds. All bond issuance costs are the responsibility of the sponsor/developer and are not the responsibility of the Authority.

iii. To the extent not identified in the LIHTC Program application, identification of the full development team, including the bond underwriter, bond trustee, bond counsel, equity partner and rating agency.

iv. For proposals involving the acquisition and rehabilitation of existing property, substantiation that the rehabilitation expenditures will equal at least 15% of the bond proceeds used to acquire the building(s) and equipment.

v. If applicable, a tenant relocation plan.

vi. A phase I environmental assessment report.

vii. A market study.

viii. The application fee.

C. The Authority will, upon request, advise prospective sponsors/developers of the number of proposals in process, the total volume cap represented by those proposals and the volume cap allocated for the program.

D. Applications that do not receive a reservation of volume cap due to the then-current unavailability or inadequacy of volume cap will be automatically considered under future re-authorizations of this program, to the extent that it is re-authorized, and will not need to re-apply.

All applications will be subject to the guidelines and order of processing as outlined under the Pass-Through Short-Term Bond Program that is in place at the time they receive a reservation of volume cap.

### **VIII. The Authority Processing Sequence:**

A. Upon receipt of an application, staff will conduct a preliminary review, and will notify the sponsor/developer in writing within thirty (30) days as to whether (i) the application is complete or (ii) the application is not complete, and what must be corrected or completed. Staff will review and evaluate a completed application and, if appropriate, make a recommendation to the Authority members that use of the State's volume cap for the proposed project will not impair the ability of the Authority to carry out its programs or to finance housing developments or housing units that are targeted to lower income persons. This process includes:

i. A determination of the extent, if any, to which the proposed project may adversely affect a project or projects (a) financed with Authority loans, or (b) to which the Authority has extended a loan commitment that has not been terminated, or (c) that is considered to be "active" in the Authority's pipeline.

ii. A review of the environmental assessment report to confirm that no environmental problems exist that cannot be resolved to the satisfaction of the MDEQ and the Authority.

iii. A review and evaluation of the proposed credit enhancement and the proposed credit enhancement provider.

iv. Preparation of an Inducement Report and Resolution for Authority consideration within sixty (60) days of receipt of a completed application. This represents the Authority's formal action for purposes of applicable tax regulation, currently Treas. Reg. §1.150-2(d). It does not constitute a commitment to loan funds or a determination that the proposal is acceptable.

B. The Authority will use its best efforts to complete the processing sequence identified in VIII.A(i) - (v) within sixty (60) days of receipt of a completed application. Once the review has been completed and the application is determined to be acceptable, the Director of Legal Affairs will then issue a letter reserving volume cap for 6 months. This letter must be signed and returned by the sponsor/developer within twenty (20) days or the volume cap reservation will lapse. Additionally, the Authority may approve a 6 month extension of this deadline for a nonrefundable extension fee of \$5,000, which fee shall not be credited against any other fee or payment to the Authority. According to statute, the Authority is only authorized to grant one 6 month extension.

C. Upon issuance of the HUD loan commitment, Authority staff and/or bond counsel will:

i. Begin drafting loan and bond documents;

ii. Publish a TEFRA notice and conduct a TEFRA hearing. This must occur prior to the Authority's meeting at which the Bond Resolution will be considered (see (iv) below);

iii. Prepare a Commitment Report and Resolution for Authority consideration after evidence of a firm commitment for acceptable credit enhancement has been received, reviewed and evaluated by staff; and

iv. Prepare a Bond Resolution for Authority consideration together with the Commitment Resolution, provided that the principal bond documents requiring Authority signature or approval are in substantially final form.

Both the commitment resolution and the bond resolution must be approved and adopted by the Authority.

D. Proposals that are found unacceptable shall be terminated. The Authority will notify the sponsor/developer in writing of any termination and the basis for termination.

E. Proposals must proceed to loan commitment and authorization of the issuance of the Authority bonds within 6 months after the sponsor's acceptance of the reservation of volume cap. Extensions will be provided only upon payment of a \$5,000 non-refundable fee. According to statute, the Authority is only authorized to grant one 6 month extension.

F. For planning and administrative reasons, closings will not be permitted during the month of December, absent approval from the Authority. Requests will be considered on a case-by-case basis. In the event that a project's 6 month reservation of volume cap terminates during the month of December, however, an additional thirty (30) days will be granted and no extension fee shall be charged to the borrower.

#### **IX. Return on Equity:**

A borrower is allowed distributions equal to a 12% return on investment in the project for the first 12-month period following the substantial completion of the development. Thereafter, the allowable return on investment is increased by 1% annually up to 25% (except for developments in eligible distressed areas where there is no cap) and is fully cumulative. The borrower shall be required to submit to the Authority a copy of the annual financial statement evidencing its eligibility for return on investment no later than ninety (90) days following the close of the borrower's fiscal year. The borrower's "investment" is defined pursuant to the Authority's Resolution dated March 13, 1985.

#### **XI. Bond and Tax Credit Requirements**

At the time of the bond closing, the applicant must enter into a Credit Enhancement and Investment Agreement that provides that the proceeds of the Ginnie Mae loan will be invested in tax-exempt non-AMT investments that will be held by the bond trustee. The applicant must also provide the Authority with an opinion of the applicant's tax-credit counsel that the structure of the transaction will permit the applicant to claim the 4% tax credits. In addition, the applicant must certify in writing to the sources and uses involved in the financing of the development.

#### **XII. Compliance Monitoring and Reporting Requirements:**

On or before September 1 of each year, the borrower must provide the Authority with a report in a form acceptable to the Authority that includes the following statutorily-required information: incomes of the tenants, the estimated economic and social benefits of the housing to the immediate neighborhoods, the estimated economic and social benefits to the city or community, information with respect to displacement of lower income persons to the extent such occurs, together with steps taken by governmental or private parties to ameliorate the displacement and the results of such efforts, any additional information the Authority needs to report the extent of reinvestment by private lenders in the neighborhood resulting from the housing project, the age, race, family size and average income of tenants, and the estimated economic impact of the project, including the number of construction jobs created, wages paid, and taxes and payments in lieu of taxes paid.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**RESOLUTION AUTHORIZING REINSTATEMENT OF PASS-THROUGH SHORT-TERM BOND PROGRAM**

**June 27, 2019**

WHEREAS, pursuant to Section 44c of Act 346 of the Public Acts of 1966, the Michigan State Housing Development Authority (the "Authority") may issue limited obligation bonds and use the proceeds from the sale of those limited obligation bonds to make loans directly or indirectly to certain eligible entities; and

WHEREAS, the Authority adopted the Pass-Through Short-Term Bond Pilot Program (the "Program") on February 22, 2012, establishing a new, limited duration program to issue such bonds; and

WHEREAS, on March 26, 2014, the Authority reinstated the Program, extending it for another twelve months and allocating up to \$25 million of the State's unified bond volume cap for the Program; and

WHEREAS, on March 25, 2015, the Authority further reinstated the Program, extending it for another twelve months and allocating up to \$30 million of the State's unified bond volume cap for the Program; and

WHEREAS, on March 23, 2016, the Authority extended the March 25, 2015 reinstatement an additional 120 days from March 23, 2016; and

WHEREAS, on July 27, 2016, the Authority further reinstated the Program, extending it for another twelve months and allocating up to \$30 million of the State's unified bond volume cap for the Program; and

WHEREAS, on June 28, 2017, the Authority further reinstated the Program, extending it until the earlier of (a) the allocation of \$30 million of the State's unified bond volume cap authorized pursuant to said reinstatement was fully subscribed, (b) the Authority's regularly scheduled July 2018 meeting, or (c) the Authority's regularly scheduled June 2018 meeting if there was no July 2018 meeting; and

WHEREAS, on June 27, 2018, the Authority further reinstated the Program, extending it for another twelve months and allocating up to \$30 million of the State's unified bond volume cap for the Program; and

WHEREAS, the Authority has determined to again reinstate the Program as described in the attached memorandum and program description; and

WHEREAS, Section 44c(18) of the Act states that loans to be made pursuant to programs funded by the proceeds of limited obligation bonds shall not be made unless the Authority determines that the use of the State's unified volume cap for a project will not impair the ability of the Authority to carry out programs or finance housing developments or housing units that are targeted to lower income persons; and

WHEREAS, the Executive Director and Authority's Chief Financial Officer have reviewed the availability of volume cap to the Authority in 2019; and

WHEREAS, the Executive Director is recommending that the Authority authorize the allocation of up to \$30 million in volume cap for the Pass-Through Short-Term Bond Program to serve lower income people for the reasons set forth in the accompanying memorandum and within the parameters of the accompanying Pass-Through Short-Term Bond Program statement; and

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

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

1. The Pass-Through Short-Term Bond Program as described in the accompanying memorandum and program statement of even date is hereby approved and adopted.
2. Up to \$30 million in volume cap shall be allocated to the Authority's Pass-Through Short-Term Bond Program.
3. The Pass-Through Short-Term Bond Program, as reinstated, will terminate, and the Authority will review it, at the earliest of (a) the Authority's regularly scheduled July 2020 meeting, or (b) the Authority's regularly scheduled June 2020 meeting if there is no July 2020 meeting, or (c) the full subscription of the aforementioned \$30 million allocation of volume cap. Developments for which the Authority has adopted an inducement resolution on or before the date the Program terminates will be allowed to proceed to closing.



M E M O R A N D U M

TO: Authority Members  
FROM: Gary Heidel, Acting Executive Director   
DATE: June 27, 2019  
RE: Waiver of Code of Ethics' Prohibition for Michael Fobbe

---

**Recommendation:**

I recommend a waiver of the prohibition in the Michigan State Housing Development Authority's (the "Authority") Code of Ethics that prevents former employees from participating in Authority matters for six months after their employment has ended.

**Executive Summary:**

Michael Fobbe started working for the Authority's Legal Affairs Division as a staff attorney in October of 2015. As a staff attorney, Mr. Fobbe negotiated and drafted documents and conducted closings for numerous multifamily loan transactions; he also provided comments on and applied the Authority's multifamily loan program requirements. On June 1, 2019, he ceased his employment with the Authority and began employment with the Michigan Department of Attorney General ("Attorney General").

The Authority's Code of Ethics provides that employees who terminate employment with the Authority shall not " ... be involved in any manner with any development or program for which the employee, while employed by the Authority, was responsible for any decision making or had a direct involvement" ("Employment Prohibition"). Part of Mr. Fobbe's duties with the Attorney General may include the review of Authority multifamily loan closing documents for compliance with Authority bond requirements prior to the Authority's initial disbursement of loan proceeds (initial closing). The Employment Prohibition would prevent Mr. Fobbe from performing work related to multifamily loan program requirements, including reviews of Authority multifamily loan closing documents for compliance with Authority bond requirements.

Waiving the Employment Prohibition for Mr. Fobbe should benefit the Authority. Allowing Mr. Fobbe to review multifamily loan closing documents will enable the Attorney General to have more attorneys performing reviews, which should expedite the Attorney General review and the initial closing process. Also, the interests of the Attorney General's office and the Authority are aligned since Mr. Fobbe will essentially be acting as an attorney for the Authority.

**Issues, Policy Considerations, and Related Actions:**

None.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**RESOLUTION AUTHORIZING WAIVER OF CODE OF ETHICS' PROHIBITION FOR**  
**MICHAEL FOBBE**

**June 27, 2019**

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Section 22(cc) of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended, to adopt a code of ethics; and

WHEREAS, on September 25, 2002, the Authority adopted a Code of Ethics, which, as amended, is currently in effect; and

WHEREAS, among other things, the Code of Ethics provides that for six months (or longer if required by state or federal law) an employee who terminates employment with the Authority shall " ... not be involved in any manner with any development or program for which the employee, while employed by the Authority, was responsible for any decision making or had a direct involvement" ("Employment Prohibition"); and

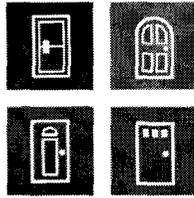
WHEREAS, Michael Fobbe left employment with the Authority on June 1, 2019 and began employment with the Michigan Department of Attorney General ("Attorney General"); and

WHEREAS, as part of his duties for the Attorney General, Michael Fobbe will be involved with developments and/or programs in which he had direct involvement while working for the Authority; and

WHEREAS, the Acting Executive Director, for reasons set forth in the accompanying memorandum dated June 27, 2019, recommends that the Authority waive the Employment Prohibition with respect to Michael Fobbe and his employment with the Attorney General; and

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

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that the Employment Prohibition in the Authority's Code of Ethics described above is hereby waived with respect to Michael Fobbe and his employment with the Attorney General.



# MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

## M E M O R A N D U M

**TO:** Authority Members

**FROM:** Gary Heidel, Acting Executive Director 

**DATE:** June 27, 2019

**RE:** Amended and Restated Resolution Designating Bank Accounts and Authorizing Officers as to Requisition and Investment of Funds

---

**Recommendation:**

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt the attached Amended and Restated Resolution Designating Bank Account and Authorizing Officers as to Requisition and Investment of Funds ("Bank Account Resolution").

**Executive Summary:**

The Bank Account Resolution designates the Authority officers who are authorized to transfer funds to and from each Authority bank account. It also updates the Authority bank accounts, the authorized officers and their titles.

**Issues, Policy Considerations, and Related Actions:**

None.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**AMENDED AND RESTATED**  
**RESOLUTION DESIGNATING BANK ACCOUNTS AND AUTHORIZING**  
**OFFICERS AS TO REQUISITION AND INVESTMENT OF FUNDS**

~~April 25, 2018~~ **JUNE 27, 2019**

WHEREAS, the Michigan State Housing Development Authority (hereinafter referred to as the "Authority"), pursuant to Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), is authorized to prescribe a system of accounts, designate Authorized Officers to make requisitions from such accounts, and to invest any funds held in reserve or sinking funds or any monies not required for immediate use or disbursement at the discretion of the Authority; and

WHEREAS, the Authority hereby wishes to formally prescribe its systems of accounts and to designate Authorized Officers to make requisitions from and to invest funds in such accounts; and

WHEREAS, the Authority hereby wishes to designate Authorized Officers for the purpose of entering into contracts on behalf of the Authority as to the custody, collection, securing, investment, and payment of any monies of the Authority and thereby to open and close the accounts of the Authority; and

WHEREAS, this resolution amends and supersedes all prior resolutions now in effect pertaining to the designation of bank accounts and Authorized Officers as to requisition and investment of funds and access to safe deposit boxes; and

~~WHEREAS, the Treasurer of the State of Michigan, pursuant to the provisions of Section 39 of the Act, is required to approve the system of accounts and the depositories of the accounts of the Authority.~~

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

1. The following accounts be and they hereby are designated as the accounts of the Authority, and the following banks be and they hereby are designated as the depositories for the said accounts of the Authority:

<u>FUND</u> <u>NUMBER</u>	<u>ACCOUNT</u>	<u>BANK NAME</u>
23-24	Section 8 Bonds - Trustee Accounts	U.S. Bank

<u>FUND NUMBER</u>	<u>ACCOUNT</u>	<u>BANK NAME</u>
35	Bank Proceeds Accounts - Home Improvement Program (2)	Comerica Bank
70	Petty Cash Account	JP Morgan Chase
70	Housing Choice Voucher Program - Operating Expenses	Bank of America
70	Section 8 Family Self Sufficiency Operating Expenses	Bank of America
70	General Operating Account	JP Morgan Chase
	Lock Box Depository Account	JP Morgan Chase
75	Capital Reserve Capital Account	JP Morgan Chase
<b>75</b>	<b>CAPITAL RESERVE CAPITAL ACCOUNT US BANK</b>	
80	Escrow Account for Mortgagors - Multi-Family	JP Morgan Chase
80	Escrow Account for Mortgagors - Multi-Family – HUD Projects	JP Morgan Chase
80	Escrow Account For Mortgagors - Multi-Family	U.S. Bank
80	Escrow Account For Mortgagors - Single Family	U.S. Bank
95	Home Program Account	First Independence National Bank
<b>95</b>	<b>MAINSTREAM 5</b>	<b>BANK OF AMERICA</b>
95	Section 8 Housing CHOICE Voucher Program Account	Bank of America
95	Section 8 Family Self Sufficiency Escrow Account	Bank of America
95	Section 8 Moderate Rehabilitation Housing Program Account	JP Morgan Chase

95	Contract Administration	JP Morgan Chase
95	Section 8 New Construction Housing Program Account	JP Morgan Chase
95	Section 8 Housing Voucher Program Account	JP Morgan Chase
95	Federal Program Depository	JP Morgan Chase
95	Tax Credit Assistance Program Account	JP Morgan Chase
95	Treasury 1602 Program Account	JP Morgan Chase
95	Section 811 Project Rental Assistance Demonstration Program	JP Morgan Chase
150-199	Single Family Homeownership Revenue Bonds	U.S. Bank
200-399	Single Family Mortgage Revenue Bonds - Trustee Accounts	U.S. Bank
400-599	Rental Housing Revenue Bonds Disbursement Account and Trustee Accounts	U.S. Bank
<del>700-701</del>	<del>1995 Series A Multi-Family Revenue Bonds Trustee Accounts</del>	<del>Bank of New York</del>
<del>800-802</del>	<del>1988A Multi-Family Housing Revenue Bonds Trustee Accounts</del>	<del>Bank of New York</del>
900-901	Broadband Investment	Fifth Third Bank

2. The **ACTING** Executive Director, ~~the Chief of Staff~~, the **ACTING** Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Housing Solutions Officer, and the Chief Financial Officer, together with any person duly appointed and acting in such capacity or any of them, be and they hereby are designated Authorized Officers of the Authority for the purpose of giving investment directions for the funds on deposit in and to open and close the aforementioned accounts of the Authority which may include as sub-accounts savings accounts and other time deposits evidenced by Certificate, Receipt, Passbook or otherwise as they, or any of them may determine to be necessary or desirable, within the limitations imposed on the investment of such funds by the terms of the Act and the resolutions of the Authority. In addition, the foregoing authorized officials are also authorized to purchase Certificates of Deposit from any other bank approved by the State Treasurer provided the Certificates are fully collateralized by obligations of this State or the United States or by obligations guaranteed by this State or the United States or by other obligations as

may be approved by the State Treasurer. The **ACTING** Executive Director is further authorized to designate employees of the Authority who may give telephonic orders to banks to transfer funds from any Authority account and to give telephonic orders to purchase and sell Authority investments. All telephonic orders must be immediately followed up with either a written confirmation with each such confirmation signed as provided in this Section 2 or Section 4 hereof or with a written statement of such transfer signed as provided in this Section 2 or Section 4 hereof and filed in the accounting records of the Authority.

3. The aforementioned depositories of the aforementioned accounts be, and they hereby are authorized and directed to accept, in accordance with their rules and regulations from time to time in effect, for credit to the aforementioned accounts of the Authority, any and all checks, drafts and other negotiable instruments when endorsed in the name of the Authority in writing, by rubber stamp or otherwise with or without a designation of the party making such endorsement.
4. (a) Any and all funds standing to the credit of the Authority in any of the aforementioned accounts, except for the Petty Cash Account and other time deposits may be paid out or withdrawn upon checks drawn against the respective accounts when signed in the name of the Authority by two (2) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

<u>NAME</u>	<u>TITLE</u>
<del>Earl Poleski</del>	<del>Executive Director</del>
<del>Brian Mills</del>	<del>Chief of Staff</del>
Gary Heidel	<b>ACTING EXECUTIVE DIRECTOR</b>
<b>Housing Investment Officer</b>	<b>Chief</b>
Clarence L. Stone, Jr.	Director of Legal Affairs
Willard G. Moseng	Deputy Director of Legal Affairs
Kelly A. Rose	Chief Housing Solutions Officer
Jeffrey J. Sykes	Chief Financial Officer
<b>ANDREW MARTIN</b>	<b>ACTING CHIEF HOUSING INVESTMENT OFFICER</b>

The aforementioned depositories of the aforementioned accounts be, and they hereby are authorized and directed to honor and pay any and all checks signed as provided above.

(b) The **ACTING** Executive Director is authorized to enter into Transfer Agreements between the Authority and any of the depositories of Authority funds for the transfer of such funds by telephonic advance by any employee of the Authority designated by the **ACTING** Executive Director. Such transfers shall be promptly confirmed in writing or by a written statement of such transfers that shall be filed in the accounting records of the Authority. Such confirmation or written statement shall be signed by any two of the above designated Authorized Officers, unless such transfer is being made to any other of the aforementioned accounts or to an approved servicer or originator under the Single Family or Home Improvement Programs, in which case such transfer may be so confirmed by any one of the above designated Authorized officers. If any bank shall require a telephonic confirmation of any transfer, any of the individuals named in 4(a)

may provide such confirmation or may designate Teena Briggs —~~Audit~~ **Manager OF AUDIT**, Single Family and Multi-Family Mortgage Servicing; or Jeffrey J. Sykes, Chief Financial Officer, to provide such confirmation.

(c) Any and all funds standing to the credit of the Authority in the Petty Cash Account may be paid out or withdrawn upon checks, which are not in excess of \$100.00 drawn against such account when signed in the name of the Authority by any one (1) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

<u>NAME</u>	<u>TITLE</u>
Gary Heidel	<del>Chief Housing Investment Officer</del> <b>ACTING EXECUTIVE DIRECTOR</b>
<del>Brian Mills</del>	<del>Chief of Staff</del>
Clarence L. Stone, Jr.	Director of Legal Affairs
Willard G. Moseng	Deputy Director of Legal Affairs
Teena Briggs	<del>Audit</del> <b>Manager OF AUDIT</b> , Single Family and Multi-Family Mortgage Servicing
Jeffrey J. Sykes	Chief Financial Officer
<b>ANDREW MARTIN</b>	<b>ACTING CHIEF HOUSING INVESTMENT OFFICER</b>

The depository of the Petty Cash Account be, and it hereby is authorized and directed to honor and pay any and all checks up \$100.00 signed as provided above. Access to the safe deposit boxes of the Authority in the vaults of JP Morgan Chase Bank and Comerica Bank, shall be had by any one (1) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

<u>NAME</u>	<u>TITLE</u>
Jeffrey J. Sykes	Chief Financial Officer
Teena Briggs	<del>Interim</del> <b>Manager OF Audit</b> , Single Family and Multi-Family Mortgage Servicing
Cisco Potts	Senior Account Analyst

The aforementioned Authorized Officers are likewise authorized to surrender and exchange any one or all of the safe deposit boxes of the Authority at any time. JP Morgan Chase Bank, shall be entitled to rely on the right of access hereby given until it receives a written notification from the Authority of any change or revocation of the right of access, notwithstanding that this authority may have been otherwise revoked by the Authority or by operation of law.

5. The Authority from time to time may change the persons whose signatures may be honored in connection with the foregoing accounts and safe deposit boxes of the Authority by Resolution and shall thereafter notify such aforementioned depositories and the State Treasurer of such changes. The foregoing Resolution shall remain in full force and effect until written notice of its amendment or rescission shall have been received by such aforementioned depositories, and receipt of such notice shall not affect any action

taken by such aforementioned depositories prior thereto. The **CHAIRPERSON** ~~man~~ **OR** ~~and~~ the **ACTING** Executive Director of the Authority are hereby authorized and directed to certify this Resolution to such aforementioned depositories.

6. This Resolution shall take effect on ~~March 21, 2018~~ **JUNE 27, 2019**.

I, **RACHAEL EUBANKS** ~~Roger Curtis~~, hereby certify that I am the **CHAIRPERSON** ~~man~~ of the Michigan State Housing Development Authority **AND** that the foregoing is a true and exact copy of a Resolution duly adopted by the Authority at a duly convened meeting thereof held on ~~March 21, 2018~~ **JUNE 27, 2019**. I further certify that the true signatures of the signatories authorized to sign on the accounts referred to in the foregoing Resolution appear below.

<u>Name</u>	<u>Title</u>	
<del>Earl Poleski</del>	<del>Executive Director</del>	<hr/> <hr/> <hr/>
<del>Brian Mills</del>	<del>Chief of Staff</del>	<hr/> <hr/>
Gary Heidel	<b>ACTING EXECUTIVE DIRECTOR</b>	<hr/>
	<b>Chief Housing Investment Officer</b>	<hr/>
Clarence L. Stone, Jr.	Director of Legal Affairs	<hr/>
Willard G. Moseng	Deputy Director of Legal Affairs	<hr/>
Kelly A. Rose	Chief Housing Solutions Officer	<hr/>
Jeffrey J. Sykes	Chief Financial Officer	<hr/>
<b>ANDREW MARTIN</b>	<b>ACTING CHIEF HOUSING INVESTMENT OFFICER</b>	<hr/>

Teena Briggs

**Audit** Manager OF AUDIT,  
Single Family and Multi-Family  
Mortgage Servicing \_\_\_\_\_

Cisco Potts

Senior Account Analyst \_\_\_\_\_

IN WITNESS WHEREOF, I have hereunto set my hand as **CHAIRMAN CHAIRPERSON** of the Michigan State Housing Development Authority and the seal of the Authority this \_\_\_\_ day of **JUNE March**, 2019**8**.

\_\_\_\_\_  
**Roger-Curtis RACHAEL EUBANKS, Chairman**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**AMENDED AND RESTATED**  
**RESOLUTION DESIGNATING BANK ACCOUNTS AND AUTHORIZING**  
**OFFICERS AS TO REQUISITION AND INVESTMENT OF FUNDS**

**June 27, 2019**

WHEREAS, the Michigan State Housing Development Authority (hereinafter referred to as the "Authority"), pursuant to Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), is authorized to prescribe a system of accounts, designate Authorized Officers to make requisitions from such accounts, and to invest any funds held in reserve or sinking funds or any monies not required for immediate use or disbursement at the discretion of the Authority; and

WHEREAS, the Authority hereby wishes to formally prescribe its systems of accounts and to designate Authorized Officers to make requisitions from and to invest funds in such accounts; and

WHEREAS, the Authority hereby wishes to designate Authorized Officers for the purpose of entering into contracts on behalf of the Authority as to the custody, collection, securing, investment, and payment of any monies of the Authority and thereby to open and close the accounts of the Authority; and

WHEREAS, this resolution amends and supersedes all prior resolutions now in effect pertaining to the designation of bank accounts and Authorized Officers as to requisition and investment of funds and access to safe deposit boxes.

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

1. The following accounts be and they hereby are designated as the accounts of the Authority, and the following banks be and they hereby are designated as the depositories for the said accounts of the Authority:

<u>FUND NUMBER</u>	<u>ACCOUNT</u>	<u>BANK NAME</u>
35	Bank Proceeds Accounts - Home Improvement Program (2)	Comerica Bank
70	Petty Cash Account	JP Morgan Chase
70	Housing Choice Voucher Program - Operating Expenses	Bank of America
70	Section 8 Family Self Sufficiency Operating Expenses	Bank of America

70	General Operating Account	JP Morgan Chase
	Lock Box Depository Account	JP Morgan Chase
75	Capital Reserve Capital Account	JP Morgan Chase
75	Capital Reserve Capital Account	US Bank
80	Escrow Account for Mortgagors - Multi-Family	JP Morgan Chase
80	Escrow Account for Mortgagors - Multi-Family – HUD Projects	JP Morgan Chase
80	Escrow Account For Mortgagors - Multi-Family	U.S. Bank
80	Escrow Account For Mortgagors - Single Family	U.S. Bank
95	Home Program Account	First Independence National Bank
95	Mainstream 5	Bank of America
95	Section 8 Housing CHOICE Voucher Program Account	Bank of America
95	Section 8 Family Self Sufficiency Escrow Account	Bank of America
95	Section 8 Moderate Rehabilitation Housing Program Account	JP Morgan Chase
95	Contract Administration	JP Morgan Chase
95	Section 8 New Construction Housing Program Account	JP Morgan Chase
95	Section 8 Housing Voucher Program Account	JP Morgan Chase
95	Federal Program Depository	JP Morgan Chase
95	Tax Credit Assistance Program Account	JP Morgan Chase
95	Treasury 1602 Program Account	JP Morgan Chase
95	Section 811 Project Rental Assistance	JP Morgan Chase

Demonstration Program

150-199	Single Family Homeownership Revenue Bonds	U.S. Bank
200-399	Single Family Mortgage Revenue Bonds - Trustee Accounts	U.S. Bank
400-599	Rental Housing Revenue Bonds Disbursement Account and Trustee Accounts	U.S. Bank
900-901	Broadband Investment	Fifth Third Bank

2. The Acting Executive Director, the Acting Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Housing Solutions Officer, and the Chief Financial Officer, together with any person duly appointed and acting in such capacity or any of them, be and they hereby are designated Authorized Officers of the Authority for the purpose of giving investment directions for the funds on deposit in and to open and close the aforementioned accounts of the Authority which may include as sub-accounts savings accounts and other time deposits evidenced by Certificate, Receipt, Passbook or otherwise as they, or any of them may determine to be necessary or desirable, within the limitations imposed on the investment of such funds by the terms of the Act and the resolutions of the Authority. In addition, the foregoing authorized officials are also authorized to purchase Certificates of Deposit from any other bank approved by the State Treasurer provided the Certificates are fully collateralized by obligations of this State or the United States or by obligations guaranteed by this State or the United States or by other obligations as may be approved by the State Treasurer. The Acting Executive Director is further authorized to designate employees of the Authority who may give telephonic orders to banks to transfer funds from any Authority account and to give telephonic orders to purchase and sell Authority investments. All telephonic orders must be immediately followed up with either a written confirmation with each such confirmation signed as provided in this Section 2 or Section 4 hereof or with a written statement of such transfer signed as provided in this Section 2 or Section 4 hereof and filed in the accounting records of the Authority.
3. The aforementioned depositories of the aforementioned accounts be, and they hereby are authorized and directed to accept, in accordance with their rules and regulations from time to time in effect, for credit to the aforementioned accounts of the Authority, any and all checks, drafts and other negotiable instruments when endorsed in the name of the Authority in writing, by rubber stamp or otherwise with or without a designation of the party making such endorsement.
4. (a) Any and all funds standing to the credit of the Authority in any of the aforementioned accounts, except for the Petty Cash Account and other time deposits may be paid out or withdrawn upon checks drawn against the respective accounts when signed in the name of the Authority by two (2) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

<u>NAME</u>	<u>TITLE</u>
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
Willard G. Moseng	Deputy Director of Legal Affairs
Kelly A. Rose	Chief Housing Solutions Officer
Jeffrey J. Sykes	Chief Financial Officer
Andrew Martin	Acting Chief Housing Investment Officer

The aforementioned depositories of the aforementioned accounts be, and they hereby are authorized and directed to honor and pay any and all checks signed as provided above.

(b) The Acting Executive Director is authorized to enter into Transfer Agreements between the Authority and any of the depositories of Authority funds for the transfer of such funds by telephonic advance by any employee of the Authority designated by the Acting Executive Director. Such transfers shall be promptly confirmed in writing or by a written statement of such transfers that shall be filed in the accounting records of the Authority. Such confirmation or written statement shall be signed by any two of the above designated Authorized Officers, unless such transfer is being made to any other of the aforementioned accounts or to an approved servicer or originator under the Single Family or Home Improvement Programs, in which case such transfer may be so confirmed by any one of the above designated Authorized officers. If any bank shall require a telephonic confirmation of any transfer, any of the individuals named in 4(a) may provide such confirmation or may designate Teena Briggs, Manager of Audit, Single Family and Multi-Family Mortgage Servicing; or Jeffrey J. Sykes, Chief Financial Officer, to provide such confirmation.

(c) Any and all funds standing to the credit of the Authority in the Petty Cash Account may be paid out or withdrawn upon checks, which are not in excess of \$100.00 drawn against such account when signed in the name of the Authority by any one (1) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

<u>NAME</u>	<u>TITLE</u>
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
Willard G. Moseng	Deputy Director of Legal Affairs
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing
Jeffrey J. Sykes	Chief Financial Officer
Andrew Martin	Acting Chief Housing Investment Officer

The depository of the Petty Cash Account be, and it hereby is authorized and directed to honor and pay any and all checks up \$100.00 signed as provided above. Access to the safe deposit boxes of the Authority in the vaults of JP Morgan Chase Bank and Comerica Bank, shall be had by any one (1) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

NAME

TITLE

Jeffrey J. Sykes  
Teena Briggs

Chief Financial Officer  
Manager of Audit, Single Family and Multi-  
Family Mortgage Servicing  
Senior Account Analyst

Cisco Potts

The aforementioned Authorized Officers are likewise authorized to surrender and exchange any one or all of the safe deposit boxes of the Authority at any time. JP Morgan Chase Bank, shall be entitled to rely on the right of access hereby given until it receives a written notification from the Authority of any change or revocation of the right of access, notwithstanding that this authority may have been otherwise revoked by the Authority or by operation of law.

5. The Authority from time to time may change the persons whose signatures may be honored in connection with the foregoing accounts and safe deposit boxes of the Authority by Resolution and shall thereafter notify such aforementioned depositories and the State Treasurer of such changes. The foregoing Resolution shall remain in full force and effect until written notice of its amendment or rescission shall have been received by such aforementioned depositories, and receipt of such notice shall not affect any action taken by such aforementioned depositories prior thereto. The Chairperson or the Acting Executive Director of the Authority are hereby authorized and directed to certify this Resolution to such aforementioned depositories.

6. This Resolution shall take effect on June 27, 2019.

I, Rachael Eubanks, hereby certify that I am the Chairperson of the Michigan State Housing Development Authority and that the foregoing is a true and exact copy of a Resolution duly adopted by the Authority at a duly convened meeting thereof held on June 27, 2019. I further certify that the true signatures of the signatories authorized to sign on the accounts referred to in the foregoing Resolution appear below.

Name

Title

Gary Heidel

Acting Executive Director

\_\_\_\_\_

Clarence L. Stone, Jr.

Director of Legal Affairs

\_\_\_\_\_

Willard G. Moseng

Deputy Director of  
Legal Affairs

\_\_\_\_\_

Kelly A. Rose

Chief Housing Solutions  
Officer

\_\_\_\_\_

Jeffrey J. Sykes

Chief Financial Officer

\_\_\_\_\_

Andrew Martin                      Acting Chief  
Housing Investment Officer \_\_\_\_\_

Teena Briggs                      Manager of Audit, Single  
Family and Multi-Family  
Mortgage Servicing \_\_\_\_\_

Cisco Potts                      Senior Account Analyst \_\_\_\_\_

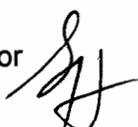
IN WITNESS WHEREOF, I have hereunto set my hand as Chairperson of the Michigan State  
Housing Development Authority and the seal of the Authority this \_\_\_\_ day of June, 2019.

\_\_\_\_\_  
Rachael Eubanks, Chairperson



## M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director 

DATE: June 27, 2019

SUBJECT: Workforce Attainable Modular Homes Pilot Program  
Program Modification

**Recommendation**

To expand the pool of eligible applicants in the Workforce Attainable Modular Homes Pilot Program, I recommend that the Michigan State Housing Development Authority (the "Authority") allow any eligible local community, as defined by the Authority's rules, to apply for funding under the program. Substantial interest has been generated in the program since its adoption, but no grant funds have yet been expended.

**Executive Summary:**

In response to the critical need in Michigan for new affordable housing within areas experiencing job growth, on September 26, 2018, the Authority established the "Workforce Attainable Modular Homes Pilot Program," a pilot effort to use modular products in critical need areas to reduce the typical single-family construction timeframe and make this housing available for occupancy within a short period of time.

The primary objective of the program (also known as "MSHDA Mod") is tied to community development, one of the five priorities established for the use of the Authority's Housing Development Fund ("HDF") grants. The program satisfies the community development priority by enhancing opportunities for economic development and promoting community development within target areas.

HDF grants may be made to "local communities," which include public bodies or agencies, quasi-governmental bodies, nonprofit corporations, and limited dividend housing associations. Originally, only non-profit organizations and local units of government were expected to be the recipients for funding under the MSHDA Mod program, but staff have received significant interest from other HDF-eligible applicants. Authority Staff are therefore requesting a modification of the program to allow any qualifying "local community" to apply. No other modification of this program is necessary at this time.

**Issues, Policy Considerations, and Related Actions:**

None.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**RESOLUTION AUTHORIZING MODIFICATION TO**  
**WORKFORCE ATTAINABLE MODULAR HOMES PILOT PROGRAM**

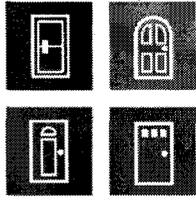
**June 27, 2019**

WHEREAS, on September 26, 2018, the Michigan State Housing Development Authority (the "Authority") adopted the Workforce Attainable Modular Homes Pilot Program (the "Program"); and

WHEREAS, the Acting Executive Director has recommended certain modifications to the Program, as described in the accompanying memorandum, and for the reasons set forth therein; and

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

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that the Authority's Workforce Attainable Modular Homes Pilot Program as currently in effect is hereby modified in accordance with the provisions of the accompanying memorandum.



# MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

TAB H

## M E M O R A N D U M

**TO:** Authority Members

**FROM:** Gary Heidel, Acting Executive Director 

**DATE:** June 27, 2019

**RE:** Issuance of the Rental Housing Revenue Bonds, 2019 Series A-1 and A-2

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### Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") approve the attached resolution to authorize the issuance and sale of the Rental Housing Revenue Bonds, 2019 Series A-1 and A-2 (the "2019 Bonds") and the necessary steps therefor.

### Executive Summary:

The Authority plans to issue \$202,500,000 of Rental Housing Revenue Bonds. Bank of America/Merrill Lynch ("BofA Merrill Lynch") is the book running co-senior underwriter. JP Morgan, Barclays, Morgan Stanley, RBC Capital Markets, Wells Fargo Securities, Raymond James and Citigroup are participating as co-managers. The Authority will include other banks in a selling group to improve the pricing. The bonds will be priced on July 9<sup>th</sup> and 10<sup>th</sup>. The Authority has worked closely with its financial advisor, Tim Rittenhouse, of CSG Advisors, throughout the structuring of this financing. CSG Advisors created the Indenture cash flows as well as the rating agency cash flows, and BofA Merrill Lynch developed the 2019 Bond cash flows.

#### **A. 2018 2019 Series A-1 Bonds**

The ~~2018~~ 2019 Series A-1 Bonds ("2018 A-1") in the amount \$199,750,000 are being issued as tax-exempt fixed rate Non-AMT uninsured debt. The bond proceeds will be used to fund sixteen multi-family developments (approx. \$197.8 million) and a portion of a seventeenth. Approximately \$1,950,000 will be used to pay costs of issuance. The capital reserve requirement will be met through a security arrangement where, if necessary, the Authority will cover a debt service shortfall from funds that have not been pledged to the repayment of Rental Housing Revenue Bonds. This security arrangement allows the Authority the opportunity to avoid issuing bonds and to utilize the proceeds to cover the capital reserve requirement (the highest one year's debt service). Being that the bond interest cost would exceed the investment return in the capital reserve account, the Authority will avoid negative arbitrage.

## **B. 2019 Series A-2 Bonds and The Creamery, MSHDA No. 3840**

The 2019 Series A-2 Bonds ("2019 A-2 Bond(s)") in the amount of \$2,750,000 are being issued as tax-exempt fixed rate Non-AMT/ACE uninsured debt. The 2019 A-2 Bond proceeds will be used to finance a portion of The Creamery, MSHDA No. 3840 in Kalamazoo, Michigan

For quite some time, the Authority has been approached by foundations, government entities and investors about making investments into a multi-family development at low to no return. These direct investments into a development required a review of complicated underwriting standards and uncertain repayment terms based on excess revenues. These investments rarely came to fruition.

To attract these socially conscious investors, the Authority has developed a private bond placement opportunity, whereby investors purchase Authority bonds at a lower than market interest rate. The Authority then passes on that rate reduction to the borrower. The lower mortgage rate enables the borrower to afford a higher mortgage loan, thereby helping the deal reach feasibility.

The 2019 A-2 Bonds are being privately placed with three investors with a 1% coupon. The Authority will add its IRS restricted spread of 1.5%, bring the lending rate to 2.5% as opposed to the current 4.90% lending rate. The \$2,750,000 in 2019 A-2 Bond proceeds will not be enough to cover the full mortgage, so these proceeds will be blended with the market rate bonds. The blended rate is 3.72%. When the investor purchases the Authority bond, they no longer must concern themselves with the terms of the development--rather, they will look to the Authority and the Rental Housing Revenue Bond Indenture for repayment. This approach simplifies and reduces risk to the investor. Authority staff believe that this type of investment is replicable and could increase the number and amounts of socially conscious investment in the future.

## **C. Preliminary Term Sheet for 2019 A-1 Bonds and 2019 A-2 Bonds**

Attached is the Preliminary Term Sheet. This Term Sheet provides detail on the structuring of the 2019 Bonds, the sources and uses of the bond proceeds and how the assets that support the 2019 Bonds will be distributed among the two series.

### **Issues, Policy Considerations, and Related Actions:**

None.

**\$202,500,000**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**Rental Housing Revenue Bonds**  
**2019 Series A-1 (Non-AMT) and 2019 Series A-2 (Non-AMT)**

**Preliminary Term Sheet**

Dated Date	July 24, 2019
Delivery Date	July 24, 2019
First Interest Payment	October 1, 2019
Interest Payment Dates	4/1 & 10/1
Rating / Outlook (Expected)	S&P: "AA" / Stable
First Optional Redemption Date at Par (2019 Series A-1 Serial Bond maturing on 10/1/2022)	8/1/2020
First Optional Redemption Date at Par (2019 Series A-1 Bonds maturing on and after 10/1/2028)	10/1/2028
First Optional Redemption Date at Par (2019 Series A-2 Bonds)	Anytime
Minimum Denominations/Increments (2019 Series A-1 (Non-AMT))	\$5,000
Minimum Denominations/Increments (2019 Series A-2 (Non-AMT))	\$1,000

**BOND STRUCTURE****Publicly Offered Bonds****2019 Series A-1 (Non-AMT)**

Year	Coupon	Price	Principal Due		Price	Principal Due		Total	Takedown \$/Bond
			April 1	Coupon		October 1			
2019	-	-	\$ -	-	-	\$ -	\$ -	-	\$ 1.25
2020	-	-	-	-	-	-	-	-	2.50
2021	-	-	-	-	-	-	-	-	3.75
2022	1.650%	100.00%	720,000	1.700%	100.00%	30,035,000	30,755,000	3,755,000	3.75
2023	1.750%	100.00%	755,000	1.750%	100.00%	775,000	1,530,000	1,530,000	3.75
2024	1.800%	100.00%	795,000	1.850%	100.00%	810,000	1,605,000	1,605,000	3.75
2025	2.000%	100.00%	835,000	2.050%	100.00%	850,000	1,685,000	1,685,000	5.00
2026	2.100%	100.00%	875,000	2.150%	100.00%	895,000	1,770,000	1,770,000	5.00
2027	2.200%	100.00%	920,000	2.250%	100.00%	940,000	1,860,000	1,860,000	5.00
2028	2.300%	100.00%	960,000	2.350%	100.00%	990,000	1,950,000	1,950,000	5.00
2029	2.400%	100.00%	1,010,000	2.450%	100.00%	1,035,000	2,045,000	2,045,000	5.00
2030	2.550%	100.00%	1,065,000	2.600%	100.00%	1,085,000	2,150,000	2,150,000	5.00
2034	-	-	-	2.850%	100.00%	9,730,000	9,730,000	9,730,000	5.00
2039	-	-	-	3.100%	100.00%	17,135,000	17,135,000	17,135,000	6.25
2044	-	-	-	3.250%	100.00%	19,320,000	19,320,000	19,320,000	6.25
2049	-	-	-	3.300%	100.00%	24,645,000	24,645,000	24,645,000	6.25
2054	-	-	-	3.400%	100.00%	31,445,000	31,445,000	31,445,000	6.25
2060	-	-	-	3.550%	100.00%	52,125,000	52,125,000	52,125,000	6.25
								\$ 199,750,000	\$ 5.69

**Kalamazoo Creamery Privately Purchased Bonds****2019 Series A-2 (Non-AMT)**

Year	Coupon	Price	Principal Due		Price	Principal Due		Total	Takedown \$/Bond
			April 1	Coupon		October 1			
2059	-	-	\$ -	1.000%	100.00%	\$ 500,000	\$ 500,000	500,000	\$ -
2060	1.000%	100.00%	1,000,000	1.000%	100.00%	1,250,000	2,250,000	2,250,000	-
								\$ 2,750,000	\$ -
<b>Total</b>								<b>\$ 202,500,000</b>	

\$202,500,000

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**Rental Housing Revenue Bonds**

**2019 Series A-1 (Non-AMT) and 2019 Series A-2 (Non-AMT)**

**SOURCES AND USES OF FUNDS**

**Rental Housing Revenue Bonds**

Sources

	<u>2019 Series A-1</u>	<u>2019 Series A-2</u>	<u>2019 Series A Total</u>
Bond Proceeds	\$ 199,750,000.00	\$ 2,750,000.00	\$ 202,500,000.00
MSHDA Contribution	0.00	0.00	0.00
<b>Total Sources</b>	<b>\$ 199,750,000.00</b>	<b>\$ 2,750,000.00</b>	<b>\$ 202,500,000.00</b>

Uses

For Purchase of Loans:	\$ 197,767,755.73	\$ 2,742,938.27	\$ 200,510,694.00
Series A-1 Underwriters' Compensation	1,466,631.27	0.00	1,466,631.27
Costs of Issuance (Est.)	512,938.27	7,061.73	520,000.00
Release to MSHDA	2,674.73	0.00	2,674.73
<b>Total Uses</b>	<b>\$ 199,750,000.00</b>	<b>\$ 2,750,000.00</b>	<b>\$ 202,500,000.00</b>

**Initial Parity** 99.0% 99.7% 99.0%

**INVESTMENTS**

	<u>Type</u>	<u>Price</u>
Proceeds Account	As Directed by the Authority	100%
Redemption Account	As Directed by the Authority	100%
Reserve Account	MSHDA Security Arrangement	100%
Float Fund	As Directed by the Authority	100%

\$202,500,000

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Rental Housing Revenue Bonds

2019 Series A-1 (Non-AMT) and 2019 Series A-2 (Non-AMT)

		Serial Bonds and Term Sinking Funds			2019 Series A-1 (Non-AMT)		Publicly Offered Bonds				
	Initial	Serial Bonds April 1, 2020	Serial Bonds April 1, 2022	Term Bond April 1, 2031	Term Bond April 1, 2035	Term Bond April 1, 2040	Term Bond April 1, 2045	Term Bond April 1, 2050	Term Bond April 1, 2055	Total	
	Final	October 1, 2022	October 1, 2030	October 1, 2034	October 1, 2039	October 1, 2044	October 1, 2049	October 1, 2054	October 1, 2060		
0.19	10/1/2019	-	-	-	-	-	-	-	-	-	
0.69	4/1/2020	-	-	-	-	-	-	-	-	-	
1.19	10/1/2020	-	-	-	-	-	-	-	-	-	
1.69	4/1/2021	-	-	-	-	-	-	-	-	-	
2.19	10/1/2021	-	-	-	-	-	-	-	-	-	
2.69	4/1/2022	-	720,000	-	-	-	-	-	-	720,000	
3.19	10/1/2022	30,035,000	-	-	-	-	-	-	-	30,035,000	
3.69	4/1/2023	-	755,000	-	-	-	-	-	-	755,000	
4.19	10/1/2023	-	775,000	-	-	-	-	-	-	775,000	
4.69	4/1/2024	-	795,000	-	-	-	-	-	-	795,000	
5.19	10/1/2024	-	810,000	-	-	-	-	-	-	810,000	
5.69	4/1/2025	-	835,000	-	-	-	-	-	-	835,000	
6.19	10/1/2025	-	850,000	-	-	-	-	-	-	850,000	
6.69	4/1/2026	-	875,000	-	-	-	-	-	-	875,000	
7.19	10/1/2026	-	895,000	-	-	-	-	-	-	895,000	
7.69	4/1/2027	-	920,000	-	-	-	-	-	-	920,000	
8.19	10/1/2027	-	940,000	-	-	-	-	-	-	940,000	
8.69	4/1/2028	-	960,000	-	-	-	-	-	-	960,000	
9.19	10/1/2028	-	990,000	-	-	-	-	-	-	990,000	
9.69	4/1/2029	-	1,010,000	-	-	-	-	-	-	1,010,000	
10.19	10/1/2029	-	1,035,000	-	-	-	-	-	-	1,035,000	
10.69	4/1/2030	-	1,065,000	-	-	-	-	-	-	1,065,000	
11.19	10/1/2030	-	1,085,000	-	-	-	-	-	-	1,085,000	
11.69	4/1/2031	-	-	1,115,000	-	-	-	-	-	1,115,000	
12.19	10/1/2031	-	-	1,145,000	-	-	-	-	-	1,145,000	
12.69	4/1/2032	-	-	1,170,000	-	-	-	-	-	1,170,000	
13.19	10/1/2032	-	-	1,200,000	-	-	-	-	-	1,200,000	
13.69	4/1/2033	-	-	1,230,000	-	-	-	-	-	1,230,000	
14.19	10/1/2033	-	-	1,255,000	-	-	-	-	-	1,255,000	
14.69	4/1/2034	-	-	1,290,000	-	-	-	-	-	1,290,000	
15.19	10/1/2034	-	-	1,325,000	-	-	-	-	-	1,325,000	
15.69	4/1/2035	-	-	-	1,355,000	-	-	-	-	1,355,000	
16.19	10/1/2035	-	-	-	1,385,000	-	-	-	-	1,385,000	
16.69	4/1/2036	-	-	-	1,420,000	-	-	-	-	1,420,000	
17.19	10/1/2036	-	-	-	1,460,000	-	-	-	-	1,460,000	
17.69	4/1/2037	-	-	-	1,490,000	-	-	-	-	1,490,000	
18.19	10/1/2037	-	-	-	1,530,000	-	-	-	-	1,530,000	
18.69	4/1/2038	-	-	-	1,570,000	-	-	-	-	1,570,000	
19.19	10/1/2038	-	-	-	1,605,000	-	-	-	-	1,605,000	
19.69	4/1/2039	-	-	-	1,645,000	-	-	-	-	1,645,000	
20.19	10/1/2039	-	-	-	3,675,000	-	-	-	-	3,675,000	
20.69	4/1/2040	-	-	-	-	1,730,000	-	-	-	1,730,000	
21.19	10/1/2040	-	-	-	-	1,770,000	-	-	-	1,770,000	
21.69	4/1/2041	-	-	-	-	1,810,000	-	-	-	1,810,000	
22.19	10/1/2041	-	-	-	-	1,860,000	-	-	-	1,860,000	
22.69	4/1/2042	-	-	-	-	1,905,000	-	-	-	1,905,000	
23.19	10/1/2042	-	-	-	-	1,950,000	-	-	-	1,950,000	
23.69	4/1/2043	-	-	-	-	2,000,000	-	-	-	2,000,000	
24.19	10/1/2043	-	-	-	-	2,045,000	-	-	-	2,045,000	
24.69	4/1/2044	-	-	-	-	2,100,000	-	-	-	2,100,000	
25.19	10/1/2044	-	-	-	-	2,150,000	-	-	-	2,150,000	
25.69	4/1/2045	-	-	-	-	-	2,205,000	-	-	2,205,000	
26.19	10/1/2045	-	-	-	-	-	2,260,000	-	-	2,260,000	
26.69	4/1/2046	-	-	-	-	-	2,310,000	-	-	2,310,000	
27.19	10/1/2046	-	-	-	-	-	2,370,000	-	-	2,370,000	
27.69	4/1/2047	-	-	-	-	-	2,430,000	-	-	2,430,000	
28.19	10/1/2047	-	-	-	-	-	2,490,000	-	-	2,490,000	
28.69	4/1/2048	-	-	-	-	-	2,550,000	-	-	2,550,000	
29.19	10/1/2048	-	-	-	-	-	2,610,000	-	-	2,610,000	
29.69	4/1/2049	-	-	-	-	-	2,680,000	-	-	2,680,000	
30.19	10/1/2049	-	-	-	-	-	2,740,000	-	-	2,740,000	
30.69	4/1/2050	-	-	-	-	-	-	2,815,000	-	2,815,000	
31.19	10/1/2050	-	-	-	-	-	-	2,880,000	-	2,880,000	
31.69	4/1/2051	-	-	-	-	-	-	2,950,000	-	2,950,000	
32.19	10/1/2051	-	-	-	-	-	-	3,025,000	-	3,025,000	
32.69	4/1/2052	-	-	-	-	-	-	3,095,000	-	3,095,000	
33.19	10/1/2052	-	-	-	-	-	-	3,175,000	-	3,175,000	
33.69	4/1/2053	-	-	-	-	-	-	3,255,000	-	3,255,000	
34.19	10/1/2053	-	-	-	-	-	-	3,335,000	-	3,335,000	
34.69	4/1/2054	-	-	-	-	-	-	3,415,000	-	3,415,000	
35.19	10/1/2054	-	-	-	-	-	-	3,500,000	-	3,500,000	
35.69	4/1/2055	-	-	-	-	-	-	-	3,585,000	3,585,000	
36.19	10/1/2055	-	-	-	-	-	-	-	-	3,675,000	
36.69	4/1/2056	-	-	-	-	-	-	-	-	3,765,000	
37.19	10/1/2056	-	-	-	-	-	-	-	-	3,855,000	
37.69	4/1/2057	-	-	-	-	-	-	-	-	3,955,000	
38.19	10/1/2057	-	-	-	-	-	-	-	-	4,050,000	
38.69	4/1/2058	-	-	-	-	-	-	-	-	4,150,000	
39.19	10/1/2058	-	-	-	-	-	-	-	-	4,250,000	
39.69	4/1/2059	-	-	-	-	-	-	-	-	4,360,000	
40.19	10/1/2059	-	-	-	-	-	-	-	-	4,465,000	
40.69	4/1/2060	-	-	-	-	-	-	-	-	4,575,000	
41.19	10/1/2060	-	-	-	-	-	-	-	-	7,440,000	
41.69	4/1/2061	-	-	-	-	-	-	-	-	-	
42.19	10/1/2061	-	-	-	-	-	-	-	-	-	
42.69	4/1/2062	-	-	-	-	-	-	-	-	-	
43.19	10/1/2062	-	-	-	-	-	-	-	-	-	
		\$ 30,035,000	\$ 15,315,000	\$ 9,730,000	\$ 17,135,000	\$ 19,320,000	\$ 24,645,000	\$ 31,445,000	\$ 52,125,000	\$ 199,750,000	
Avg Life (yrs)		3.2	7.5	13.5	18.3	23.0	28.0	33.0	38.7	24.3	

**\$202,500,000**  
**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**Rental Housing Revenue Bonds**  
**2019 Series A-1 (Non-AMT) and 2019 Series A-2 (Non-AMT)**

**Term Bond Sinking Funds - 2019 Series A-2 Privately Purchased Bonds**

Initial Final	18.181%		36.364%		45.455%		Series A-2 Total	Bonds Outstanding	Loan Outstanding	Difference
	Term Bond April 1, 2021	Term Bond October 1, 2060	Term Bond October 1, 2060							
	October 1, 2059	April 1, 2060	October 1, 2060	April 1, 2060	October 1, 2060	April 1, 2060				
	\$ 500,000	\$ 1,000,000	\$ 1,250,000	\$ 2,750,000			\$ 2,750,000	\$ 2,750,000	-	
10/1/2019							\$ 2,750,000	2,750,000	-	
4/1/2020							2,750,000	2,750,000	-	
10/1/2020							2,750,000	2,748,000	2,000	
4/1/2021	\$ 3,000	\$ 5,000	\$ 7,000	\$ 15,000			2,735,000	2,732,000	3,000	
10/1/2021	3,000	6,000	7,000	16,000			2,719,000	2,717,000	2,000	
4/1/2022	3,000	6,000	7,000	16,000			2,703,000	2,701,000	2,000	
10/1/2022	3,000	6,000	7,000	16,000			2,687,000	2,685,000	2,000	
4/1/2023	3,000	6,000	7,000	16,000			2,671,000	2,669,000	2,000	
10/1/2023	3,000	6,000	8,000	17,000			2,654,000	2,652,000	2,000	
4/1/2024	3,000	6,000	8,000	17,000			2,637,000	2,635,000	2,000	
10/1/2024	3,000	6,000	8,000	17,000			2,620,000	2,618,000	2,000	
4/1/2025	3,000	6,000	8,000	17,000			2,603,000	2,601,000	2,000	
10/1/2025	3,000	7,000	8,000	18,000			2,585,000	2,583,000	2,000	
4/1/2026	3,000	7,000	8,000	18,000			2,567,000	2,565,000	2,000	
10/1/2026	3,000	7,000	8,000	18,000			2,549,000	2,546,000	3,000	
4/1/2027	3,000	7,000	9,000	19,000			2,530,000	2,527,000	3,000	
10/1/2027	3,000	7,000	9,000	19,000			2,511,000	2,508,000	3,000	
4/1/2028	3,000	7,000	9,000	19,000			2,492,000	2,488,000	4,000	
10/1/2028	4,000	7,000	9,000	20,000			2,472,000	2,468,000	4,000	
4/1/2029	4,000	7,000	9,000	20,000			2,452,000	2,448,000	4,000	
10/1/2029	4,000	8,000	9,000	21,000			2,431,000	2,427,000	4,000	
4/1/2030	4,000	8,000	10,000	22,000			2,409,000	2,406,000	3,000	
10/1/2030	4,000	8,000	10,000	22,000			2,387,000	2,384,000	3,000	
4/1/2031	4,000	8,000	10,000	22,000			2,365,000	2,363,000	2,000	
10/1/2031	4,000	8,000	10,000	22,000			2,343,000	2,340,000	3,000	
4/1/2032	4,000	8,000	10,000	22,000			2,321,000	2,317,000	4,000	
10/1/2032	4,000	9,000	10,000	23,000			2,298,000	2,294,000	4,000	
4/1/2033	4,000	9,000	11,000	24,000			2,274,000	2,271,000	3,000	
10/1/2033	4,000	9,000	11,000	24,000			2,250,000	2,247,000	3,000	
4/1/2034	4,000	9,000	11,000	24,000			2,226,000	2,222,000	4,000	
10/1/2034	5,000	9,000	11,000	25,000			2,201,000	2,197,000	4,000	
4/1/2035	5,000	9,000	12,000	26,000			2,175,000	2,172,000	3,000	
10/1/2035	5,000	10,000	12,000	27,000			2,148,000	2,146,000	2,000	
4/1/2036	5,000	10,000	12,000	27,000			2,121,000	2,119,000	2,000	
10/1/2036	5,000	10,000	12,000	27,000			2,094,000	2,092,000	2,000	
4/1/2037	5,000	10,000	12,000	27,000			2,067,000	2,065,000	2,000	
10/1/2037	5,000	10,000	13,000	28,000			2,039,000	2,037,000	2,000	
4/1/2038	5,000	10,000	13,000	28,000			2,011,000	2,009,000	2,000	
10/1/2038	5,000	11,000	13,000	29,000			1,982,000	1,980,000	2,000	
4/1/2039	5,000	11,000	13,000	29,000			1,953,000	1,950,000	3,000	
10/1/2039	6,000	11,000	14,000	31,000			1,922,000	1,920,000	2,000	
4/1/2040	6,000	11,000	14,000	31,000			1,891,000	1,889,000	2,000	
10/1/2040	6,000	12,000	14,000	32,000			1,859,000	1,858,000	1,000	
4/1/2041	6,000	12,000	14,000	32,000			1,827,000	1,826,000	1,000	
10/1/2041	6,000	12,000	15,000	33,000			1,794,000	1,794,000	-	
4/1/2042	6,000	12,000	15,000	33,000			1,761,000	1,761,000	-	
10/1/2042	6,000	12,000	15,000	33,000			1,728,000	1,727,000	1,000	
4/1/2043	6,000	13,000	15,000	34,000			1,694,000	1,693,000	1,000	
10/1/2043	7,000	13,000	16,000	36,000			1,658,000	1,658,000	-	
4/1/2044	7,000	13,000	16,000	36,000			1,622,000	1,623,000	(1,000)	
10/1/2044	7,000	13,000	16,000	36,000			1,586,000	1,586,000	-	
4/1/2045	7,000	14,000	17,000	38,000			1,548,000	1,550,000	(2,000)	
10/1/2045	7,000	14,000	17,000	38,000			1,510,000	1,512,000	(2,000)	
4/1/2046	7,000	14,000	17,000	38,000			1,472,000	1,474,000	(2,000)	
10/1/2046	7,000	14,000	18,000	39,000			1,433,000	1,435,000	(2,000)	
4/1/2047	7,000	15,000	18,000	40,000			1,393,000	1,395,000	(2,000)	
10/1/2047	8,000	15,000	18,000	41,000			1,352,000	1,355,000	(3,000)	
4/1/2048	8,000	15,000	19,000	42,000			1,310,000	1,313,000	(3,000)	
10/1/2048	8,000	16,000	19,000	43,000			1,267,000	1,271,000	(4,000)	
4/1/2049	8,000	16,000	19,000	43,000			1,224,000	1,228,000	(4,000)	
10/1/2049	8,000	16,000	20,000	44,000			1,180,000	1,185,000	(5,000)	
4/1/2050	9,000	16,000	20,000	45,000			1,135,000	1,140,000	(5,000)	
10/1/2050	9,000	17,000	20,000	46,000			1,089,000	1,095,000	(6,000)	
4/1/2051	9,000	17,000	21,000	47,000			1,042,000	1,049,000	(7,000)	
10/1/2051	9,000	17,000	21,000	47,000			995,000	1,002,000	(7,000)	
4/1/2052	9,000	18,000	22,000	49,000			946,000	954,000	(8,000)	
10/1/2052	9,000	18,000	22,000	49,000			897,000	906,000	(9,000)	
4/1/2053	10,000	18,000	22,000	50,000			847,000	856,000	(9,000)	
10/1/2053	10,000	19,000	23,000	52,000			795,000	805,000	(10,000)	
4/1/2054	10,000	19,000	23,000	52,000			743,000	754,000	(11,000)	
10/1/2054	10,000	20,000	24,000	54,000			689,000	701,000	(12,000)	
4/1/2055	11,000	20,000	24,000	55,000			634,000	648,000	(14,000)	
10/1/2055	11,000	20,000	25,000	56,000			578,000	593,000	(15,000)	
4/1/2056	11,000	21,000	25,000	57,000			521,000	538,000	(17,000)	
10/1/2056	11,000	21,000	26,000	58,000			463,000	481,000	(18,000)	
4/1/2057	11,000	22,000	26,000	59,000			404,000	424,000	(20,000)	
10/1/2057	12,000	22,000	26,000	60,000			344,000	365,000	(21,000)	
4/1/2058	12,000	22,000	27,000	61,000			283,000	305,000	(22,000)	
10/1/2058	13,000	23,000	28,000	64,000			219,000	244,000	(25,000)	
4/1/2059	13,000	24,000	28,000	65,000			154,000	182,000	(28,000)	
10/1/2059	14,000	24,000	29,000	67,000			87,000	119,000	(32,000)	
4/1/2060		26,000	30,000	56,000			31,000	55,000	(24,000)	
10/1/2060			31,000	31,000					-	
	\$ 500,000	\$ 1,000,000	\$ 1,250,000	\$ 2,750,000						

WAL (Yrs) 26.0 26.0 26.2 26.1

\$202,500,000

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Rental Housing Revenue Bonds

2019 Series A-1 (Non-AMT) and 2019 Series A-2 (Non-AMT)

Par Amount	\$202,500,000	Max Annual DS	\$ 32,345,260
First Principal	4/1/2020	Average Life (Years)	24.29
Last Principal	10/1/2060		

Date	2019 Series A-1 Debt Service					Remaining Bond WAC	2019 Series A-2 Debt Service					Remaining Bond WAC	2019 Series A-1/A-2 Total Debt Service			
	Principal	Coupon	Interest	Debt Service	Balance		Principal	Coupon	Interest	Debt Service	Balance		Principal	Interest	Debt Service	Balance
7/24/2019	\$		\$	\$	\$ 199,750,000			\$	\$	\$ 2,750,000			\$	\$	\$ 202,500,000	
10/1/2019		0.000%	286,069.53	286,069.53	199,750,000	0.77%		1.000%	5,118.06	5,118.06	2,750,000	1.00%	291,188	291,187.58	202,500,000	
4/1/2020		0.000%	768,545.00	768,545.00	199,750,000	0.77%		1.000%	13,750.00	13,750.00	2,750,000	1.00%	782,295	782,295.00	202,500,000	
10/1/2020		0.000%	768,545.00	768,545.00	199,750,000	0.77%		1.000%	13,750.00	13,750.00	2,750,000	1.00%	782,295	782,295.00	202,500,000	
4/1/2021		0.000%	768,545.00	768,545.00	199,750,000	0.77%	15,000	1.000%	13,750.00	28,750.00	2,735,000	1.00%	15,000	782,295	202,485,000	
10/1/2021		0.000%	768,545.00	768,545.00	199,750,000	0.77%	16,000	1.000%	13,675.00	29,675.00	2,719,000	1.00%	16,000	782,220	202,469,000	
4/1/2022	720,000	1.650%	768,545.00	1,488,545.00	199,030,000	0.77%	16,000	1.000%	13,595.00	29,595.00	2,703,000	1.00%	736,000	782,140	201,733,000	
10/1/2022	30,035,000	1.700%	762,605.00	30,797,605.00	168,995,000	0.77%	16,000	1.000%	13,515.00	29,515.00	2,687,000	1.00%	30,051,000	776,120	30,827,120.00	
4/1/2023	755,000	1.750%	507,307.50	1,262,307.50	168,240,000	0.60%	16,000	1.000%	13,435.00	29,435.00	2,671,000	1.00%	771,000	520,743	1,442,397.50	
10/1/2023	775,000	1.750%	500,701.25	1,275,701.25	167,465,000	0.60%	17,000	1.000%	13,355.00	30,355.00	2,654,000	1.00%	792,000	514,056	1,306,056.25	
4/1/2024	795,000	1.800%	493,920.00	1,288,920.00	166,670,000	0.59%	17,000	1.000%	13,270.00	30,270.00	2,637,000	1.00%	812,000	507,190	1,319,190.00	
10/1/2024	810,000	1.850%	486,765.00	1,296,765.00	165,860,000	0.58%	17,000	1.000%	13,185.00	30,185.00	2,620,000	1.00%	827,000	499,950	1,326,950.00	
4/1/2025	835,000	2.000%	479,272.50	1,314,272.50	165,025,000	0.58%	18,000	1.000%	13,100.00	30,100.00	2,603,000	1.00%	852,000	492,373	1,344,372.50	
10/1/2025	850,000	2.050%	470,922.50	1,320,922.50	164,175,000	0.57%	18,000	1.000%	13,015.00	31,015.00	2,585,000	1.00%	868,000	483,938	1,351,937.50	
4/1/2026	875,000	2.100%	462,210.00	1,330,210.00	163,300,000	0.56%	18,000	1.000%	12,925.00	30,925.00	2,567,000	1.00%	893,000	475,135	1,378,165.00	
10/1/2026	895,000	2.150%	453,022.50	1,340,022.50	162,405,000	0.55%	18,000	1.000%	12,835.00	30,835.00	2,549,000	1.00%	913,000	465,858	1,378,857.50	
4/1/2027	920,000	2.200%	443,401.25	1,363,401.25	161,485,000	0.55%	19,000	1.000%	12,745.00	31,745.00	2,530,000	1.00%	939,000	456,146	1,385,146.25	
10/1/2027	940,000	2.250%	433,281.25	1,373,281.25	160,545,000	0.54%	19,000	1.000%	12,650.00	31,650.00	2,511,000	1.00%	959,000	445,931	1,404,931.25	
4/1/2028	960,000	2.300%	422,706.25	1,382,706.25	159,585,000	0.53%	19,000	1.000%	12,555.00	31,555.00	2,492,000	1.00%	979,000	435,261	1,414,261.25	
10/1/2028	990,000	2.350%	411,666.25	1,401,666.25	158,595,000	0.52%	20,000	1.000%	12,460.00	32,460.00	2,472,000	1.00%	1,010,000	424,126	1,434,126.25	
4/1/2029	1,010,000	2.400%	400,033.75	1,410,033.75	157,585,000	0.50%	20,000	1.000%	12,360.00	32,360.00	2,452,000	1.00%	1,030,000	412,394	1,442,393.75	
10/1/2029	1,035,000	2.450%	387,913.75	1,422,913.75	156,550,000	0.49%	21,000	1.000%	12,260.00	33,260.00	2,431,000	1.00%	1,056,000	400,174	1,456,173.75	
4/1/2030	1,065,000	2.550%	375,235.00	1,440,235.00	155,485,000	0.48%	22,000	1.000%	12,165.00	34,165.00	2,409,000	1.00%	1,087,000	387,390	1,474,390.00	
10/1/2030	1,085,000	2.600%	361,656.25	1,446,656.25	154,400,000	0.47%	22,000	1.000%	12,065.00	34,065.00	2,387,000	1.00%	1,107,000	373,701	1,480,701.25	
4/1/2031	1,115,000	0.000%	347,551.25	1,462,551.25	153,285,000	0.45%	22,000	1.000%	11,935.00	33,935.00	2,365,000	1.00%	1,137,000	359,486	1,496,486.25	
10/1/2031	1,145,000	0.000%	347,551.25	1,492,551.25	152,140,000	0.45%	22,000	1.000%	11,825.00	33,825.00	2,343,000	1.00%	1,167,000	349,376	1,526,376.25	
4/1/2032	1,170,000	0.000%	347,551.25	1,517,551.25	150,970,000	0.46%	22,000	1.000%	11,715.00	33,715.00	2,321,000	1.00%	1,192,000	339,266	1,551,266.25	
10/1/2032	1,200,000	0.000%	347,551.25	1,547,551.25	149,770,000	0.46%	23,000	1.000%	11,605.00	34,605.00	2,298,000	1.00%	1,223,000	329,156	1,582,156.25	
4/1/2033	1,230,000	0.000%	347,551.25	1,577,551.25	148,540,000	0.46%	24,000	1.000%	11,490.00	35,490.00	2,274,000	1.00%	1,254,000	319,046	1,613,046.25	
10/1/2033	1,255,000	0.000%	347,551.25	1,607,551.25	147,285,000	0.47%	24,000	1.000%	11,370.00	35,370.00	2,250,000	1.00%	1,284,000	308,921	1,637,921.25	
4/1/2034	1,290,000	0.000%	347,551.25	1,637,551.25	145,995,000	0.47%	24,000	1.000%	11,250.00	35,250.00	2,226,000	1.00%	1,314,000	298,801	1,672,801.25	
10/1/2034	1,325,000	2.850%	347,551.25	1,672,551.25	144,670,000	0.47%	25,000	1.000%	11,130.00	36,130.00	2,201,000	1.00%	1,350,000	288,681	1,708,681.25	
4/1/2035	1,355,000	0.000%	328,670.00	1,683,670.00	143,315,000	0.45%	26,000	1.000%	11,005.00	37,005.00	2,175,000	1.00%	1,381,000	278,561	1,720,561.00	
10/1/2035	1,385,000	0.000%	328,670.00	1,713,670.00	141,930,000	0.46%	27,000	1.000%	10,875.00	37,875.00	2,148,000	1.00%	1,412,000	268,441	1,751,541.00	
4/1/2036	1,420,000	0.000%	328,670.00	1,748,670.00	140,510,000	0.46%	27,000	1.000%	10,740.00	37,740.00	2,121,000	1.00%	1,447,000	258,321	1,786,410.00	
10/1/2036	1,460,000	0.000%	328,670.00	1,788,670.00	139,050,000	0.47%	27,000	1.000%	10,605.00	37,605.00	2,094,000	1.00%	1,487,000	248,201	1,826,275.00	
4/1/2037	1,490,000	0.000%	328,670.00	1,818,670.00	137,560,000	0.47%	28,000	1.000%	10,470.00	37,470.00	2,067,000	1.00%	1,517,000	238,081	1,866,140.00	
10/1/2037	1,530,000	0.000%	328,670.00	1,858,670.00	136,030,000	0.48%	28,000	1.000%	10,335.00	38,335.00	2,039,000	1.00%	1,558,000	227,961	1,906,005.00	
4/1/2038	1,570,000	0.000%	328,670.00	1,898,670.00	134,460,000	0.48%	28,000	1.000%	10,195.00	38,195.00	2,011,000	1.00%	1,598,000	217,841	1,946,865.00	
10/1/2038	1,605,000	0.000%	328,670.00	1,933,670.00	132,855,000	0.49%	29,000	1.000%	10,055.00	39,055.00	1,982,000	1.00%	1,634,000	207,721	1,972,725.00	
4/1/2039	1,645,000	0.000%	328,670.00	1,973,670.00	131,210,000	0.49%	29,000	1.000%	9,910.00	38,910.00	1,953,000	1.00%	1,674,000	197,601	2,012,580.00	
10/1/2039	3,675,000	3.100%	328,670.00	4,003,670.00	127,535,000	0.50%	31,000	1.000%	9,765.00	40,765.00	1,922,000	1.00%	3,706,000	187,481	2,048,435.00	
4/1/2040	1,730,000	0.000%	271,707.50	2,001,707.50	125,805,000	0.43%	31,000	1.000%	9,610.00	40,610.00	1,891,000	1.00%	1,761,000	177,361	2,082,315.00	
10/1/2040	1,770,000	0.000%	271,707.50	2,041,707.50	124,035,000	0.43%	32,000	1.000%	9,455.00	41,455.00	1,859,000	1.00%	1,802,000	167,241	2,117,845.00	
4/1/2041	1,810,000	0.000%	271,707.50	2,081,707.50	122,225,000	0.44%	32,000	1.000%	9,295.00	41,295.00	1,827,000	1.00%	1,842,000	157,121	2,153,005.00	
10/1/2041	1,860,000	0.000%	271,707.50	2,121,707.50	120,365,000	0.44%	33,000	1.000%	9,135.00	42,135.00	1,794,000	1.00%	1,893,000	147,001	2,188,845.00	
4/1/2042	1,905,000	0.000%	271,707.50	2,176,707.50	118,460,000	0.45%	33,000	1.000%	8,970.00	41,970.00	1,761,000	1.00%	1,938,000	136,881	2,224,675.00	
10/1/2042	1,950,000	0.000%	271,707.50	2,221,707.50	116,510,000	0.46%	33,000	1.000%	8,805.00	41,805.00	1,728,000	1.00%	1,983,000	126,761	2,263,515.00	
4/1/2043	2,000,000	0.000%	271,707.50	2,271,707.50	114,510,000	0.47%	34,000	1.000%	8,640.00	42,640.00	1,694,000	1.00%	2,034,000	116,641	2,304,345.00	
10/1/2043	2,045,000	0.000%	271,707.50	2,316,707.50	112,465,000	0.47%	36,000	1.000%	8,470.00	44,470.00	1,658,000	1.00%	2,081,000	106,521	2,344,345.00	
4/1/2044	2,100,000	0.000%	271,707.50	2,371,707.50	110,365,000	0.48%	36,000	1.000%	8,295.00	44,295.00	1,622,000	1.00%	2,136,000	96,401	2,384,345.00	
10/1/2044	2,150,000	3.250%	271,707.50	2,421,707.50	108,215,000	0.49%	38,000	1.000%								

\$202,500,000  
**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**Rental Housing Revenue Bonds**  
**2019 Series A-1 (Non-AMT) and 2019 Series A-2 (Non-AMT)**

**NEW MORTGAGE INFORMATION**

**Tax-Exempt Loans**

Loan #	Project Name	Loan Origination	First Payment	Maturity	Original Term (months)	Permanent Loan Amount	Program Interest Rate <sup>(2)</sup>	Pay Rate <sup>(2)</sup>	Loan Yield Points <sup>(3)</sup>	Commitment Fee <sup>(3)</sup>	Construction Loans (4)				Total Loan Financed
											Loan Payoff Amount	Draw Date	Payoff Date	Term (mths)	
3867	American House - Village at Bloomfield	12/01/2020	01/01/2021	12/01/2060	480	33,200,280.00	4.900%	4.900%	2.000%	664,005.60	-	10/01/2019	12/01/2020	14	33,200,280.00
3848	Apartments at 28 West (4% LIHTC)	10/01/2020	11/01/2020	10/01/2060	480	25,289,554.00	4.900%	4.900%	2.000%	505,791.08	-	08/01/2019	10/01/2020	14	25,289,554.00
2175-2	Arborview Village	12/01/2020	01/01/2021	12/01/2060	480	9,900,000.00	4.900%	4.900%	2.000%	230,000.00	1,600,000.00	10/01/2019	12/01/2020	14	11,500,000.00
3860	Clark Commons II	02/01/2021	03/01/2021	02/01/2061	480	5,000,000.00	4.900%	4.900%	2.000%	308,500.00	10,425,000.00	12/01/2019	02/01/2021	14	15,425,000.00
893-2	Colonial Meadows	12/01/2020	01/01/2021	12/01/2060	480	5,000,000.00	4.900%	4.900%	2.000%	120,500.00	1,025,000.00	10/01/2019	12/01/2020	14	6,025,000.00
341-2	Friendship Manor	06/01/2020	07/01/2020	06/01/2060	480	7,256,264.00	4.900%	4.900%	2.000%	176,306.66	1,559,069.00	04/01/2019	06/01/2020	14	8,815,333.00
3840	Kalamazoo Creamery	08/01/2020	09/01/2020	08/01/2060	480	2,981,590.00	3.720%	3.720%	2.000%	98,513.16	1,944,068.00	06/01/2019	08/01/2020	14	4,925,658.00
xxx	Kalamazoo Creamery <sup>(5)</sup>	08/01/2020	09/01/2020	08/01/2060	480	2,750,000.00	3.720%	3.720%	2.000%	55,000.00	-	-	-	0	2,750,000.00
3850	Lyon Township Senior Living	04/01/2021	05/01/2021	04/01/2061	480	23,215,000.00	4.900%	4.900%	2.000%	464,300.00	-	02/01/2020	04/01/2021	14	23,215,000.00
3805	Mack Alter Homes	12/01/2020	01/01/2021	12/01/2060	480	967,797.00	4.900%	4.900%	2.000%	42,391.12	1,151,759.00	10/01/2019	12/01/2020	14	2,119,556.00
1045-2	Marsh Ridge Apartments (Phase 3)	10/01/2020	11/01/2020	10/01/2060	480	7,577,114.00	4.900%	4.900%	2.000%	151,542.28	-	08/01/2019	10/01/2020	14	7,577,114.00
3851	Morton Manor Apartments	02/01/2021	03/01/2021	02/01/2061	480	8,246,511.00	4.900%	4.900%	2.000%	183,144.40	910,709.00	12/01/2019	02/01/2021	14	9,157,220.00
3861	Northlawn Gardens Apartments	04/01/2021	05/01/2021	04/01/2061	480	3,038,718.00	4.900%	4.900%	2.000%	117,991.70	2,860,867.00	02/01/2020	04/01/2021	14	5,899,585.00
960-2	Shiloh Commons	12/01/2020	01/01/2021	12/01/2060	480	5,000,000.00	4.900%	4.900%	2.000%	177,500.00	3,875,000.00	10/01/2019	12/01/2020	14	8,875,000.00
3803	Transfiguration Place	04/01/2021	05/01/2021	04/01/2061	480	1,013,398.00	4.900%	4.900%	2.000%	68,401.42	2,406,673.00	02/01/2020	04/01/2021	14	3,420,071.00
3863	Village at Lafrainier Woods	02/01/2021	03/01/2021	02/01/2061	480	16,098,924.00	4.900%	4.900%	2.000%	321,978.48	-	12/01/2019	02/01/2021	14	16,098,924.00
805-2	Willow Vista Apartments	02/01/2021	03/01/2021	02/01/2061	480	2,817,213.00	4.900%	4.900%	2.000%	67,132.72	539,423.00	12/01/2019	02/01/2021	14	3,356,636.00
83-2	Edgewood Village	02/01/2021	03/01/2021	02/01/2061	480	12,860,763.00	4.900%	4.900%	2.000%	257,215.26	-	12/01/2019	02/01/2021	14	12,860,763.00
					480	\$ 172,213,126.00	4.861%	4.861%	2.000%	\$ 4,010,213.88	\$ 28,297,568.00			14	\$ 200,510,694.00

**Notes:**

- (1) Cashflow model assumes 30-day lag for all loan receipts. Mortgage yield based on 29-day lag.
- (2) Pay rate used to determine loan principal amortization. Pay rate used to determine amount of current interest paid monthly. Difference between interest rate and pay rate is paid by the developer in lump sum at loan maturity (simple interest, no compounding).
- (3) For mortgage yield purposes, assume that MSHDA receives loan yield points at bond closing. Includes 2% of full original loan amounts.
- (4) Loans are assumed to draw down evenly between the initial closing and construction completion.
- (5) Represents the portion of the loan that backs the 2019 Series A-2 Bonds

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND  
SALE OF RENTAL HOUSING REVENUE BONDS, 2019 SERIES A  
IN AN AMOUNT NOT TO EXCEED \$220,000,000

June 27, 2019

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

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

WHEREAS, the Members of the Authority have determined that it is necessary and desirable that the Authority issue at this time a Series of Bonds to be designated "*Rental Housing Revenue Bonds, 2019 Series A*" to provide moneys to carry out the purposes of the Authority; and

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Chief Financial Officer, the Deputy Director of Finance, if any, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or the Vice Chairperson of the Authority (each, together with any person duly appointed to act in such capacity, hereinafter individually referred to as an "Authorized Representative") the power to determine certain terms and conditions of the 2019 Series A Bonds (as hereinafter defined), subject to limits established herein and in the General Resolution; and

WHEREAS, pursuant to the Act, the Authority is authorized to pledge loans for multi-family housing developments financed by the Authority from moneys on deposit in the Authority's Mortgage Resource Fund as additional security for the payment of the 2019 Series A Bonds.

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

ARTICLE I  
AUTHORITY AND DEFINITIONS

101. 2019 Series A Resolution. This resolution (hereinafter referred to as the "Resolution" or the "2019 Series A Resolution") is adopted in accordance with the provisions of Article II of the General Resolution and pursuant to the authority contained in the Act.

102. Definitions. All terms which are defined in Section 103 of Article I of the General Resolution shall have the same meanings in this 2019 Series A Resolution including the preambles thereto. Any reference to a title or position at the Authority shall include any person duly appointed to act in such capacity. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

“2019 Series A Additional Loans” means, collectively, the mortgage loans financed by the Authority with moneys from its Mortgage Resource Fund, the proceeds of which were used to finance multi-family housing developments as described and set forth in the Purchase Contract, if any.

“2019 Series A Additional Revenues” means (a) all principal and interest payments received by the Authority in connection with the 2019 Series A Additional Loans, including prepayments, (b) any moneys received or recovered from the sale, assignment or other disposition of a mortgage loan constituting part of the 2019 Series A Additional Loans, (c) any moneys received or recovered, less the expenses necessarily incurred by the Authority in connection with the collection of such amount, relating to a mortgage loan constituting part of the 2019 Series A Additional Loans, in respect of (i) the condemnation of premises, (ii) proceedings taken in the event of a default by a mortgagor, (iii) any claim settlement for mortgage insurance, guarantee or hazard insurance in respect of such mortgage loan, and (iv) the sale or disposition of such mortgage loan which is in default, and (d) to the extent not included in (a) through (c) above, moneys on deposit in the 2019 Series A Bond Payment Fund and investment earnings thereon.

“2019 Series A Bonds” means the Bonds authorized by Article II of this Resolution.

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

“Cede & Co.” means Cede & Co., the nominee of DTC, or any successor nominee of DTC with respect to the 2019 Series A Bonds.

“Closing Date” means the date on which the 2019 Series A Bonds are issued and delivered to the Purchasers, or designee(s), in exchange for payment by the Purchasers therefor.

“Direct Purchasers” means, collectively, each of the Michigan Strategic Fund, the Stryker Johnston Foundation and the Kalamazoo Community Foundation that have executed a Placement Contract.

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

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

“Placed Bonds” means the 2019 Series A Bonds, if any, sold pursuant to the Placement Contract.

“Placement Contract” means, collectively, the contracts of purchase between the Authority and each of the Direct Purchasers providing for the sale of the 2019 Series A Bonds.

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

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

“Rule” means Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12).

“Securities Depository” means (i) DTC and its successors and assigns, if any, or (ii) any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series A Bonds and which is selected by the Authority as provided in Section 403(c).

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

“Serial Bonds” means the 2019 Series A Bonds issued as Serial Bonds as authorized under Section 203(b) hereof.

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

“Term Bonds” means the 2019 Series A Bonds issued as Term Bonds, as authorized under Section 203(c) hereof.

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

“Underwriter’s Contract” means the contract of purchase between the Authority and the Underwriter providing for the sale of the 2019 Series A Bonds other than the Placed Bonds.

ARTICLE II  
AUTHORIZATION OF 2019 SERIES A BONDS

201. Principal Amount, Designation and Series. A Series of Bonds is hereby authorized to be issued and sold pursuant to the provisions of the General Resolution in an aggregate principal amount of not to exceed \$220,000,000. Such Series of Bonds may be issued in one or more subseries and shall be designated “*Rental Housing Revenue Bonds, 2019 Series A.*”

202. Purpose. The purposes for which the 2019 Series A Bonds are being issued are: (i) financing or purchasing Mortgage Loans; (ii) making a deposit to the Capital Reserve Fund (unless a Cash Equivalent is provided in lieu of such deposit, as provided below, or sufficient moneys are on deposit therein); and (iii) paying all or a portion of the Costs of Issuance of the 2019 Series A Bonds, all as shall be determined by an Authorized Representative and set forth in the Purchase Contract.

203. Interest Rates, Principal Amounts and Maturity Dates.

(a) The 2019 Series A Bonds shall be dated and shall be issued on or before September 30, 2019, as approved by an Authorized Representative. The 2019 Series A Bonds shall be issued as current interest bearing Bonds and not as Capital Appreciation Bonds. The 2019 Series A Bonds shall bear interest from the date thereof to their maturity or prior redemption, such interest to be payable semiannually on April 1 and October 1 of each year, commencing on the first April 1 or October 1 following the Closing Date. Interest with respect to the 2019 Series A Bonds shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

(b) The 2019 Series A Bonds may all be issued in whole or in part as Serial Bonds which shall mature on any April 1 or October 1 in the years and principal amounts and bear interest as approved by an Authorized Representative. The principal amounts of the Serial Bonds, if any, the maturities, the rates of interest, and their designation as Serial Bonds shall be set forth in the Purchase Contract and the approval of such principal amounts, maturities, rates of interest and designation of the Serial Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

(c) The 2019 Series A Bonds may also be issued in whole or in part as Term Bonds which shall mature on any April 1 or October 1 in the years and principal amounts and bear interest as approved by an Authorized Representative. The principal amounts of the Term Bonds, if any, the maturities, rates of interest and their designation as Term Bonds shall be set forth in the Purchase Contract, and the approval of the principal amounts, maturities, rates of interest and designation of the Term Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

(d) In making the determination with respect to interest rates, designation as Serial Bonds or Term Bonds and the maturities of the 2019 Series A Bonds, and with respect to the purchase prices of the 2019 Series A Bonds and the compensation to be paid to the Underwriter, the Authorized Representative making such determinations shall be limited as follows:

(i) The rate of interest on any 2019 Series A Bond shall not exceed 5.0% per annum.

(ii) The compensation to be paid to the Underwriter in connection with the sale of the 2019 Series A Bonds shall not be more than 1.0% of the original aggregate principal amount of the 2019 Series A Bonds.

(iii) The schedule of maturities and the amount of each maturity for the entire Series and each subseries, if any, of the 2019 Series A Bonds, taking into account the Redemption Requirements, if any, established pursuant to Section 205 hereof, shall be established in a manner that will permit the Authorized Representative to file the Cash Flow Statement required by Section 914 of the General Resolution.

(iv) The final maturity of the 2019 Series A Bonds shall not be later than October 1, 2060.

(v) The maximum amount of scheduled principal payments (adjusted for any previously scheduled Redemption Requirements) and Redemption Requirements due with respect to the 2019 Series A Bonds on any April 1 or October 1 shall not exceed \$50,000,000.

204. Denominations, Numbers and Letters. The 2019 Series A Bonds shall be issued as fully-registered bonds in the denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2019 Series A Bonds; except that if so designated in the applicable Purchase Contract, one or more maturities of the 2019 Series A Bonds designated as Term Bonds may be issued as fully-registered bonds in the denominations of One Thousand Dollars (\$1,000) or any integral multiple thereof, not exceeding the aggregate principal amount for each maturity of such 2019 Series A Bonds. The 2019 Series A Bonds shall be lettered "A," and shall be numbered consecutively from 1 upwards. Any Authorized Representative may further designate one or more subseries of 2019 Series A Bonds as may be necessary or appropriate in connection with the issuance of the 2019 Series A Bonds, which shall be evidenced by the subseries designations, if any, set forth in each Purchase Contract.

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

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

206. Special Redemptions. To the extent set forth in each Purchase Contract, the 2019 Series A Bonds shall be redeemable at the option of the Authority, at the Redemption prices (but not to exceed 102% of the principal amount of the 2019 Series A Bonds to be so redeemed) plus accrued interest to the redemption date at any time, in whole or in part, from Recovery Payments, from Mortgage Prepayments, from unexpended 2019 Series A Bond proceeds not applied to purchase or finance Mortgage Loans, and from moneys available therefor pursuant to Section 603(5) of the General Resolution. The maturities of the 2019 Series A Bonds which are to be redeemable from such sources, and the first eligible redemption date for redemption of each maturity from each such source shall be established by an Authorized Representative, which shall be evidenced by the special redemption provisions set forth in the Purchase Contract executed by the Authority.

The 2019 Series A Bonds to be redeemed pursuant to this Section shall be selected from the Outstanding maturities of 2019 Series A Bonds in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in the Purchase Contract executed by the Authority.

No notice of any special redemption shall be given by the Trustee for 2019 Series A Bonds unless at the time of the giving of such notice there are sufficient funds on deposit with the Trustee to pay the Redemption Price of such 2019 Series A Bonds.

207. Optional Redemption. The 2019 Series A Bonds shall be subject to redemption at the option of the Authority at the times, if any, and at the Redemption Prices (but not to exceed 102% of the principal amount of the 2019 Series A Bonds to be so redeemed) set forth in each Purchase Contract (plus interest accrued thereon to the date of redemption), in any order of maturity from any moneys available therefor, in whole or in part and if in part, in accordance with the selection provisions established by an Authorized Representative, which shall be evidenced by the selection provisions set forth in each Purchase Contract executed by the Authority.

208. Sale of 2019 Series A Bonds. An Authorized Representative is authorized to negotiate and execute, on behalf of the Authority, the Underwriter's Contract, in substantially the form presented to this meeting with such changes as may be necessary and desirable and not materially adverse to the Authority, for purchase of the 2019 Series A Bonds other than the Placed Bonds at an aggregate purchase price not less than 98% of the principal amount thereof, excluding Underwriter's discount. Approval of the Underwriter's Contract, and the purchase price set forth therein, shall be evidenced by the execution of the Underwriter's Contract by an Authorized Representative of the Authority.

An Authorized Representative is authorized to negotiate and execute on behalf of the Authority, the Placement Contract in substantially the form presented to this meeting, with such changes as an Authorized Representative deems necessary and desirable and not materially adverse to the Authority for the purchase of the Placed Bonds at an aggregate purchase price of not less than 98% of the principal amount thereof. Approval of the Placement Contract, and the purchase prices set forth therein, shall be evidenced by the execution of the Placement Contract by an Authorized Representative of the Authority.

### ARTICLE III REQUIREMENTS IN FUNDS

#### 301. Deposit of 2019 Series A Bond Proceeds.

(a) The proceeds of the 2019 Series A Bonds shall be deposited into the Bond Proceeds Fund and shall be invested by the Trustee pursuant to written instructions (or oral instructions promptly confirmed in writing) from the Authority only in Permitted Investments.

(b) Promptly after deposit of the proceeds of sale of the 2019 Series A Bonds in the Bond Proceeds Fund, the Trustee shall transfer for deposit in the Capital Reserve Fund an amount from available funds which, when added to the amount then on deposit in or credited thereto, shall constitute an amount at least equal to the Capital Reserve Fund Requirement; provided, however, that the Authority may, in lieu of or in replacement of or in addition to the deposits to the Capital Reserve Fund, obtain and pledge to the Capital Reserve Fund a Letter or Letters of Credit, Security Arrangement and/or Surety Bond, which Letter of Credit shall be exclusively available to be drawn on and which Security Arrangement or Surety Bond shall unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund. Any moneys so replaced by a Letter of Credit, Security Arrangement or Surety Bond shall be withdrawn by the Trustee and paid to the Bond Proceeds Fund. The amount of moneys on deposit in the Capital Reserve Fund, or the amount of a Letter or Letters of Credit pledged to and exclusively available to be drawn on or a Security Arrangement or Arrangements or Surety Bond or Bonds pledged to unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund which, when combined with any moneys on deposit therein, and any other Letters of Credit, Security Arrangements or Surety Bonds pledged thereto and exclusively available to be drawn on or which shall unconditionally and irrevocably guarantee payment for the purposes thereof, shall equal the Capital Reserve Fund Requirement.

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

For purposes of calculating the Capital Reserve Fund Requirement for the 2019 Series A Bonds, the Authority shall reduce the amount of principal maturity of the 2019 Series A Bonds maturing on the last maturity date by an amount no greater than the lesser of (i) the moneys or securities in the Capital Reserve Fund as of the date of calculation or (ii) the principal amount to be paid on the last maturity date of the 2019 Series A Bonds.

(c) All moneys representing accrued interest on the 2019 Series A Bonds, if any, shall be deposited to the credit of the General Receipts Fund (to be applied to the payment of interest on the 2019 Series A Bonds on the first April 1 or October 1 following the Closing Date).

(d) The Authority may pay from its Operating Fund all or a portion of the Costs of Issuance of the 2019 Series A Bonds.

#### ARTICLE IV FORM, EXECUTION AND DELIVERY OF 2019 SERIES A BONDS

401. Form of Bonds of 2019 Series A Bonds. Subject to the provisions of the General Resolution, the 2019 Series A Bonds and the Certificate of Authentication with respect thereto are hereby approved in substantially the form and tenor attached as Exhibit A, with such changes as are necessary or appropriate to reflect the provisions of Article II.

402. Execution and Delivery of 2019 Series A Bonds. (a) The 2019 Series A Bonds shall be (i) executed in the name of the Authority by the manual or facsimile signatures of the Chairperson and either the Executive Director or the Chief Financial Officer of the Authority, or any person duly appointed and acting in either such capacity, and the corporate seal of the Authority (or facsimile thereof) shall be impressed or imprinted thereon and (ii) authenticated by the manual signature of an authorized signer of the Trustee.

(b) The 2019 Series A Bonds shall be caused to be delivered by an Authorized Representative to the Purchasers upon payment of the purchase price plus accrued interest, if any, on the 2019 Series A Bonds from the date thereof to the date of delivery in immediately available federal funds to the Authority at the time or times and place or places of delivery.

(c) Initially, one fully-registered 2019 Series A Bond for each maturity of 2019 Series A Bonds or for each maturity of each subseries of the 2019 Series A Bonds, as applicable (each a “global 2019 Series A Bond”), in the aggregate principal amount of such maturity, shall be issued in the name of Cede & Co., as nominee of DTC.

403. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2019 Series A Bonds shall be in the form of global 2019 Series A Bonds, shall be registered in the name of the Securities Depository or its nominee and ownership thereof shall be maintained in book entry form by the Securities Depository for the account of the Agent Members thereof. Except as provided in subsection (c) of this Section, 2019 Series A Bonds may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository selected by the Authority, or to a nominee of such successor Securities Depository.

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

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the 2019 Series A Bonds;

(ii) the delivery to any Agent Member, beneficial owner of the 2019 Series A Bonds or other Person, other than the Securities Depository, of any notice with respect to the 2019 Series A Bonds;

(iii) the payment to any Agent Member, beneficial owner of the Bonds or other Person, other than the Securities Depository, of any amount with respect to the principal of, premium, if any, or interest on, the 2019 Series A Bonds;

(iv) any consent given by Cede & Co. as Bondholder of the 2019 Series A Bonds or any successor nominee of a Securities Depository as Bondholder of such Bonds; or

(v) the selection by the Securities Depository or any Agent Member of any beneficial owners to receive payment if any 2019 Series A Bonds are redeemed in part.

So long as the certificates for the 2019 Series A Bonds are not issued pursuant to subsection (c) of this Section, the Authority and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such 2019 Series A Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, premium, if any, and interest on such 2019 Series A Bond;

(ii) giving notices of redemption and other matters with respect to such 2019 Series A Bond; and

(iii) registering transfers with respect to such 2019 Series A Bond.

(c) If at any time the Securities Depository notifies the Authority or the Trustee that it is unwilling or unable to continue as Securities Depository with respect to the 2019 Series A Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the Authority within 90 days after the Authority or the Trustee receives notice or becomes aware of such condition, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series A Bonds as provided in subsection (d) below. In addition, the Authority may determine at any time that the 2019 Series A Bonds shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) above shall no longer apply to the 2019 Series A Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series A Bonds as provided in subsection (d) below.

(d) Certificates for the 2019 Series A Bonds issued in exchange for global certificates shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such certificates representing the 2019 Series A Bonds to the Persons in whose names such 2019 Series A Bonds are so registered as soon as practicable.

404. Conflict With Letter of Representations. Notwithstanding any other provision of this 2019 Series A Resolution to the contrary, so long as any 2019 Series A Bond is registered in the name of a nominee of DTC, all payments with respect to the principal or Redemption Price of and interest, if any, on such 2019 Series A Bond, and all notices with respect to such 2019 Series A Bond shall be made and given, respectively, to DTC as provided in the Blanket Issuer Letter of Representations between DTC and the Authority.

ARTICLE V  
PLEDGE OF 2019 SERIES A ADDITIONAL LOANS

501. 2019 Series A Bond Payment Fund.

(a) There is hereby created and established a 2019 Series A Bond Payment Fund. All 2019 Series A Additional Revenues, if any, as received by the Authority, shall be deposited in the 2019 Series A Bond Payment Fund. Moneys in the 2019 Series A Bond Payment Fund shall be used solely for the purpose of paying principal and Redemption Price of and interest on the 2019 Series A Bonds when due and for no other purpose. Moneys in the 2019 Series A Bond Payment Fund shall be used to make such payments of the principal and Redemption Price of and interest on the 2019 Series A Bonds before any Pledged Funds are used for such purpose.

(b) Amounts in the 2019 Series A Bond Payment Fund shall be taken into account when preparing a Cash Flow Statement in accordance with Section 914 of the General Resolution.

502. Pledge of 2019 Series A Additional Loans.

(a) The 2019 Series A Additional Loans, including all monies representing the 2019 Series A Additional Revenues, if any, and all mortgages securing the 2019 Series A Additional Loans and promissory notes related to such mortgages are hereby pledged to the Trustee for the benefit of the Holders of the 2019 Series A Bonds as additional security for the payment of the principal and Redemption Price of and interest on the 2019 Series A Bonds. Subject to Section 804 of the General Resolution, the 2019 Series A Additional Loans and the related mortgages and promissory notes shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof, and neither this 2019 Series A Resolution nor any instruments by which such pledge is created need be recorded. For purposes of the General Resolution and this 2019 Series A Resolution, the 2019 Series A Additional Loans are not Mortgage Loans and the 2019 Series A Additional Revenues are not Pledged Funds.

(b) The pledge of the 2019 Series A Additional Loans as provided in subsection (a) above shall be released when the 2019 Series A Bonds are no longer Outstanding. Following the release of the pledge of the 2019 Series A Additional Loans and the related mortgages and promissory notes, the Authority shall be able to use the 2019 Series A Additional Loans and the related mortgages and promissory notes and the 2019 Series A Additional Revenues for any lawful purpose, free and clear of the lien of such pledge.

ARTICLE VI  
MISCELLANEOUS

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

publishing of notices and the conducting of a hearing with respect to the issuance of the 2019 Series A Bonds, the making of presentations to security rating agencies, and the undertaking of discussions and negotiations with underwriters or groups of underwriters regarding offers to purchase the 2019 Series A Bonds, be, and they hereby are, ratified and confirmed in all respects.

602. Additional Actions. (a) Any Authorized Representative is hereby authorized and directed to execute such other documents and certifications and to perform such other acts as may be necessary or convenient for the proper sale, execution and delivery of the 2019 Series A Bonds subject to, and as may be required by the Purchase Contract, the General Resolution and this 2019 Series A Resolution.

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

603. Authorization of Procurement of Letter of Credit, Security Arrangement and Surety Bond and Execution of Agreements; Notice to the Trustee. (a) Any Authorized Representative hereby is authorized to obtain a Letter or Letters of Credit, a Security Arrangement or Arrangements and/or a Surety Bond or Bonds for application in lieu of or in replacement of the deposit of moneys to the Capital Reserve Fund as specifically authorized in this 2019 Series A Resolution, and for application as generally authorized with respect to all moneys deposited to the Capital Reserve Fund. In connection with the procurement of the foregoing Letter(s) of Credit and/or Surety Bond(s), the Authorized Representative is authorized to negotiate and execute a reimbursement agreement with a banking institution or an agreement with an insurance company, as appropriate. The annual fees (in addition to any expense reimbursements) paid to the banking institution for the procurement of the Letter(s) of Credit shall not exceed three percent (3.00%) of the amount of the Letter(s) of Credit, and the fee to be paid by the Authority for a Surety Bond shall not exceed three percent (3.00%) of the amount of the Surety Bond. The Authority shall give the Trustee sixty (60) days' written notice prior to the expiration of any Letter of Credit obtained pursuant to this 2019 Series A Resolution.

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

604. Preliminary Official Statement. The Preliminary Official Statement of the Authority with respect to the offering of the 2019 Series A Bonds, substantially in the form presented to this meeting, is hereby approved and the distribution thereof by the Underwriters is hereby authorized, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate.

605. Final Official Statement. The form of Preliminary Official Statement of the Authority, substantially in the form presented to this meeting, is hereby authorized and approved

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

606. Rebate Fund. The Authority shall not be required to make any deposits to the Rebate Fund in connection with the 2019 Series A Bonds. The Authority hereby agrees to comply with Section 148(f) of the Internal Revenue Code of 1986, as amended, and shall pay or cause to be paid to the United States, from available Authority funds, such amounts and at such times as shall be required by Section 148(f) with respect to the 2019 Series A Bonds.

607. Covenant as to Sale of Mortgage Loans. The Authority covenants and agrees that it will not sell any Mortgage Loan and use the proceeds of such sale to redeem 2019 Series A Bonds as provided in Section 206 hereof except for Mortgage Loans (i) that are in default, (ii) that must be sold in order to preserve the exclusion of interest on the 2019 Series A Bonds from gross income for federal income tax purposes, or (iii) that do not comply with the Authority's program requirements.

608. Covenant as to Purchase of 2019 Series A Bonds. The Authority covenants that it has not required and shall not require a Mortgagor or "related person" as defined in Section 147 of the Internal Revenue Code of 1986, as amended, to purchase 2019 Series A Bonds pursuant to any arrangement, formal or informal, in an amount related to a Mortgage Loan.

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

610. Notice of Redemption.

(a) The Trustee shall cause a notice of any redemption of 2019 Series A Bonds, either in whole or in part, to be sent by registered or certified mail or by overnight delivery, to the Securities Depository at least two (2) business days (a business day being a day when such Securities Depository is open for business) prior to the date of general mailing of any notice of redemption. On the date of such general mailing, the Trustee shall cause notice of redemption to be posted electronically on Electronic Municipal Markets Access or its successor entity.

(b) In addition, a second duplicate notice in writing shall be mailed by certified mail, postage prepaid, return receipt requested, to any registered owner of 2019 Series A Bonds to be redeemed who has not presented and surrendered such 2019 Series A Bonds to the Trustee for redemption within thirty (30) days after the date of redemption.

(c) In addition to the requirements set forth in Section 405 of the General Resolution, a notice of any such redemption shall include the following information with respect to the 2019 Series A Bonds to be so redeemed: the complete title of the 2019 Series A Bonds, the CUSIP numbers of the 2019 Series A Bonds to be redeemed, the date of general mailing of such notice of redemption, the complete name of the Trustee including a telephone number for inquiries, the maturity date and the interest rate (if applicable) of the 2019 Series A Bonds.

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

(e) Failure to receive any such notices by any such registered owner shall not affect the validity of the proceedings for the redemption of the 2019 Series A Bonds.

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

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

613. Continuing Disclosure. An Authorized Representative is hereby authorized to (i) amend the Second Master Continuing Disclosure Undertaking Rental Housing Revenue Bonds, dated April 1, 2011, or (ii) execute and deliver a new Master Continuing Disclosure Undertaking Rental Housing Revenue Bonds, as shall be determined by an Authorized Representative to enable the Purchasers to comply with the Rule (as amended, if applicable and each the "Continuing Disclosure Undertaking"). The 2019 Series A Bonds are hereby made subject to the Continuing Disclosure Undertaking, and the Authority agrees to abide by the provisions thereof so long as any of the 2019 Series A Bonds are Outstanding.

614. Notice to Rating Agency. The Authority shall give written notice to S&P Global Ratings at 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041 and [pubfin\\_structured@spglobal.com](mailto:pubfin_structured@spglobal.com), and, if Moody's Investors Service, Inc. ("Moody's") is then rating the 2019 Series A Bonds, to Moody's at 7 World Trade Center, 23<sup>rd</sup> Floor, New York, New York 10007, of the occurrence of any of the following events with respect to the 2019 Series A Bonds:

- (a) a change in the Trustee;
- (b) a redemption or defeasance of all the Outstanding 2019 Series A Bonds;

(c) any amendment or supplement to this 2019 Series A Resolution or the General Resolution (other than a Series Resolution); or

(d) an acceleration of payment of principal of and interest on the 2019 Series A Bonds.

615. Effective Date. This 2019 Series A Resolution shall take effect immediately. In the event that the 2019 Series A Bonds are not delivered to the Purchasers on or before September 30, 2019, the authority granted in this 2019 Series A Resolution shall lapse.

EXHIBIT A  
(Form of 2019 Series A Bond)

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

No. A- \_\_\_\_\_ \$ \_\_\_\_\_

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
RENTAL HOUSING REVENUE BOND, 2019 SERIES A

INTEREST RATE      MATURITY DATE      DATE OF ORIGINAL ISSUE      CUSIP

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The Michigan State Housing Development Authority (the "Authority"), a public body corporate and politic, organized and existing under and by virtue of the laws of the State of Michigan, acknowledges itself indebted to, and for value received, hereby promises to pay the registered owner specified above, or registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the corporate trust office of U.S. Bank National Association, St. Paul, Minnesota (the "Trustee"), as Trustee under the Resolution of the Authority adopted November 15, 1990, as amended and supplemented authorizing the issuance of Michigan State Housing Development Authority Rental Housing Revenue Bonds (the "General Resolution") or its successor as Trustee, and to pay to the registered owner by check or draft mailed to the registered owner as shown on the registration books of the Trustee on the fifteenth day of the month preceding the interest payment date at the registered address interest on such Principal Amount from the Date of Original Issue specified above or such later date to which interest has been paid, until paid at the Interest Rate per annum specified above, initially payable on October 1, 2019, and thereafter on the first day of April and October. The principal or Redemption Price (as defined in the General Resolution) of this Bond is payable upon presentation in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

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

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

This Bond is one of a series of Bonds designated "Rental Housing Revenue Bonds, 2019 Series A" (the "2019 Series A Bonds"), issued in the initial aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) under the General Resolution and a Series Resolution adopted on June 27, 2019 (the "Series Resolution") (the General Resolution and the Series Resolution are collectively herein called the "Resolutions"). The proceeds of the 2019 Series A Bonds will be utilized by the Authority to purchase or finance Mortgage Loans (as defined in the General Resolution) [and to pay all or a portion of the Costs of Issuance of the 2019 Series A Bonds]. The Bonds will be secured by a pledge of the Pledged Funds (as defined in the General Resolution) which include the mortgage repayments required to be paid on the Mortgage Loans financed or purchased with the proceeds of the Bonds. Copies of the Resolutions are on file in the office of the Authority and at the principal corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act are made for a description of the pledges and covenants securing the 2019 Series A Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2019 Series A Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee in Lansing, Michigan by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered 2019 Series A Bond or Bonds, in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon the payment of the charges, if any, therein prescribed.

The 2019 Series A Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of [Five Thousand Dollars (\$5,000) or any integral multiple thereof] [One Thousand Dollars (\$1,000) or any multiple thereof], not exceeding the aggregate principal amount for each maturity of such 2019 Series A Bonds.

The 2019 Series A Bonds are subject to redemption prior to maturity as provided in the Series Resolution.

In the event the Authority shall exercise its option to redeem any or all of the 2019 Series A Bonds, notice of such redemption shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any 2019 Series A Bonds or portions of 2019 Series A Bonds to be redeemed. Such mailing shall be a condition precedent to such redemption, but failure to receive such notice by the owner shall not affect the validity of the proceedings for the redemption of 2019 Series A Bonds. Notice of redemption having been given as aforesaid, the 2019 Series A Bonds or portions thereof so called for redemption shall become due and payable as herein provided, and from and after the date fixed for redemption, interest on the 2019 Series A Bonds or portions thereof so called for redemption shall cease to accrue and become payable provided the Authority has deposited moneys for such redemption as required by the General Resolution.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Michigan and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law, and that the issue of the 2019 Series A Bonds, together with all other indebtedness of the Authority is within every debt and other limits prescribed by law.

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

ATTEST:

MICHIGAN STATE HOUSING  
DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
(Facsimile)  
Its: Chief Financial Officer

By: \_\_\_\_\_  
(Facsimile)  
Its: Chairperson

(Seal)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Date of Authentication:

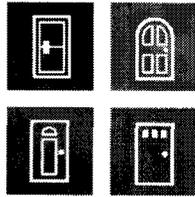
This Bond is one of the 2019 Series A Bonds described in the within-mentioned Series Resolution.

U.S. Bank National Association,  
Trustee

By: \_\_\_\_\_  
Authorized Signer

[End of 2019 Series A Bond Form]

BLOOMFIELD 9378-254 2364387v3

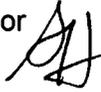


# MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

## M E M O R A N D U M

**TO:** Authority Members

**FROM:** Gary Heidel, Acting Executive Director 

**DATE:** June 27, 2019

**RE:** The Michigan State Housing Development Authority's 2019 – 2020 Proposed Budget

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### **Recommendation:**

I recommend that the Michigan State Housing Development Authority (the "Authority") approve the Authority's 2019-2020 Budget (the "Budget").

### **Executive Summary:**

The Budget was presented to the Authority at the May 2019 meeting. No additional comments were provided by Authority members to staff; therefore, no modifications have been made to the Budget presented for the June 2019 meeting.

The Budget was developed with input from all divisions within the Authority, the review of prior years' experience and consideration of the Authority's current and future policy considerations.

A few notable items include:

- Net Interest Income is up as loan balances are increasing. This is due to an increase in both mortgage interest income as well as investment income, and from increasing mortgage balances and higher returns on investments. These gains will be partially offset by an increase in bond interest expenses, as bond rates and balances have increased over the past year.
- As previously discussed, Preservation fee income continues to approach zero.
- Mortgage Servicing Fees continue to increase, primarily due to increased single-family mortgage balances.
- The Authority is targeting a 1.25% return on Net Assets, bringing a budgeted increase in Net Assets of \$10.0 million.
- By targeting a 1.25% increase in Net Assets, the Authority can provide \$9.4 million in grants for the 2019-20 fiscal year.

### **Issues, Policy Considerations, and Related Actions:**

Approval of the proposed 2019-2020 budget allows for continuation of some of the Authority's existing policy objectives as well as the opportunity to start working on new policies. In particular, the Authority recently completed a Michigan Homeownership Study and a Statewide Housing Needs Assessment, both of which will help to provide a framework for determining where the Authority may focus its efforts going forward. There are several components of this budget that will allow the Authority to begin to accomplish some of the objectives identified in these studies, including:

- An increase in available funding for multi-family rental developments to potentially create units for households earning less than 50% of the area median income, for affordable senior housing, and for housing in rural areas.
- Funding availability for some of the Authority's smaller, more neighborhood-focused programs, which can be used to target rural areas and assist with homeowner rehabilitation activities.
- Funding to ensure the state is also receiving critical federal matching dollars, which, when combined with the Authority's funding commitment, are used to assist the neediest residents with some of the lowest incomes across the state.

**DRAFT**

**Michigan State Housing Development Authority  
PROPOSED 2019-20 BUDGET  
(000's Omitted)**

	<b>PROPOSED BUDGET 19-20</b>		<b>ESTIMATED 12 MONTH 18-19</b>	<b>BUDGET 18-19</b>	<b>12 MONTH ESTIMATED VS. BUDGET</b>	<b>BUDGET INCREASE (DECREASE)</b>
<b>Revenue:</b>						
Net interest income	\$61,169	1	\$60,905	\$59,421	\$1,484	\$1,748
HCV/FSS fees	17,500	2	17,400	16,500	900	1,000
Fees - Other federal programs	5,500	3	5,950	4,685	1,265	815
Preservation fee income	550	4	5,000	5,800	(800)	(5,250)
LIHTC Fees	3,900	5	3,650	4,400	(750)	(500)
Contract Administration fees	8,200	6	8,200	8,000	200	200
Gain (loss) on retirement of bonds	200	7	1,225	(300)	1,525	500
Gain (loss) on sale of investments	0	8	1	0	1	0
Gain on sale of mortgages	400	9	1,300	200	1,100	200
Miscellaneous income	7,212	10	3,150	5,500	(2,350)	1,712
<b>Total Revenue</b>	<b>\$104,631</b>		<b>\$106,781</b>	<b>\$104,206</b>	<b>\$2,575</b>	<b>\$425</b>
<b>Expenses:</b>						
<b>Operating Expenses:</b>						
Salaries and fringes	\$35,188	11	\$34,800	\$34,267	533	921
Technical service contracts	5,520	12	5,000	5,452	(452)	68
General contracts	1,420	13	750	1,214	(464)	206
Rent, building depreciation and utilities	1,248	14	1,370	1,536	(166)	(288)
Building maint, equipment purchase & rental	1,080	19	920	1,051	(131)	29
Computer	7,131	15	7,050	7,100	(50)	31
State charges for Attorney General, Auditor						
General, Civil Service and admin	3,456	16	3,000	3,030	(30)	426
Travel	360	17	360	420	(60)	(60)
Telephone	252	17	252	240	12	12
Supplies, printing and postage	408	17	408	360	48	48
Advertising and publicity	1,450	20	1,565	1,565	0	(115)
HCV contracted agents	9,530	21	8,900	8,600	300	930
Memberships, subs., & research mat.	144	17	96	96	0	48
Authority sponsored conf.	312	18	312	312	0	0
Conference registration fees	96	17	96	108	(12)	(12)
Temporary support	36	22	24	48	(24)	(12)
Legal & insurance	420	23	420	240	180	180
Miscellaneous	276	17	276	252	24	24
Deferred loan origination costs	(1,380)	24	(1,335)	(1,620)	285	240
<b>Total Operating expenses</b>	<b>66,947</b>		<b>64,264</b>	<b>64,271</b>	<b>(7)</b>	<b>2,676</b>
Single Family & HIP Mortgage servicing/origination/FHA insurance fees	6,720	25	6,500	6,230	270	490
Costs of issuing & paying notes & bonds	2,700	26	2,750	2,400	350	300
Bond insurance, LOC & Liquidity fees	2,806	27	3,350	3,342	8	(536)
Provision for losses on Mort. loans	4,800	28	6,070	4,680	1,390	120
Rent Subsidies	660	29	720	720	0	(60)
Grants	9,360	30	10,263	10,263	0	(903)
Homeownership Counseling	600	31	730	600	130	0
<b>Total expenses</b>	<b>\$94,593</b>		<b>\$94,647</b>	<b>\$92,506</b>	<b>\$2,141</b>	<b>\$2,087</b>
<b>Net Increase in fund balance</b>	<b>\$10,038</b>		<b>\$12,134</b>	<b>\$11,700</b>	<b>\$434</b>	<b>(\$1,662)</b>

Notes 1 - 31 -- See pages following

**NOTES**

- (1) Net interest income is budgeted at \$61,169,000, which is \$1,748,000 more than was budgeted in FY 19. We anticipate lower rates earned on higher average balances for mortgage loans compared to FY 19. Higher interest rates received on higher average balances for investments are anticipated for FY 20. We anticipate bond interest expense to increase due to higher interest rates paid on higher bond balances in FY 20 over the budgeted amount in FY 19.

The components of interest income are estimated as follows:

	<u>Average Balance</u>	<u>Average Rate</u>	<u>Budget Amount</u>
Interest income:			
Mortgage loans	\$3,213,562,000	4.811 %	\$154,592,000
Investments	\$ 495,778,000	2.612 %	12,951,000
Interest expense on bonds	\$3,004,167,000	3.541 %	<u>( 106,374,000)</u>
Net interest income			<u>\$ 61,169,000</u>

- (2) Housing Choice Voucher and Family Self Sufficiency Administration fees are expected to increase compared to the prior year's budget.
- (3) Represents funds available for administering other federal programs, including the HOME Program (\$1,400,000), CoC Program (\$80,000), Section 811 Program (\$85,000), SHPO (\$1,900,000) Hardest-Hit Fund (\$1,500,000) and the Housing Trust Fund Program (\$535,000).
- (4) Budgeted amount includes preservation fees of 450,000 from anticipated prepayments on multifamily loans and \$100,000 of funds received from the required annual payments from projects surplus cash. The amount of preservation fee income could vary significantly from the budgeted amount. It is based on large payments from a small number of projects that are anticipated to prepay their multi-family loan. Actual prepayments may not take place or may exceed our expectations.
- (5) Fees for administering the Low Income Housing Tax Credit Program.
- (6) Fees expected to be received for administering the HUD Section 8 Contract Administration Program.
- (7) Whether a bond retirement results in a gain or loss depends on the interest rate of the bond called relative to the average rate on the issue from which the bond is being called. We are budgeting a gain of \$200,000 for 2020.
- (8) We have projected no gain from the sale of other long-term investments.
- (9) Gain on the sale of securitized single-family loans and REO multi-family loans.
- (10) Budget amount of \$7,212,000 includes fees expected to be received from administering the Mortgage Credit Certificate program (\$100,000), administrative oversight fees to be received from developments that have prepaid their mortgage loans (\$750,000), SHPO fees (\$150,000), late fee/prepayment penalties on mortgages (\$1,000,000), amortization of asset management fees (\$366,000), fees for the issuance of limited obligation bonds (\$0), recognition of Below Market Interest Rate Program (\$4,365,000) and various smaller income items of (\$481,000).

(11) Budget requests by Division are as follows:

	<b>Positions Filled</b>	<b>Cost</b>
<b>Executive:</b>		
Director's Office	3.0	\$ 274,3843
Deputy Director's Office	0.0	0
Governmental and Media Affairs	5.9	411,453
Compliance, Fraud & Internal Audit	6.0	417,120
Employee Services	3.0	273,298
Students & Co-ops	<u>1.4</u>	<u>42,000</u>
	19.3	\$1,418,714
Fringes (75%)		<u>1,064,036</u>
<b>TOTAL</b>		<b><u>\$2,482,750</u></b>
<b>Operations:</b>		
Director's Office	3.0	\$ 250,289
Technical Support Services	9.0	648,742
Office Services	8.0	532,148
Human Resources	<u>4.0</u>	<u>309,943</u>
	24.0	\$1,741,122
Fringes (75%)		1,305,842
<b>TOTAL</b>		<b><u>\$3,046,964</u></b>
<b>Finance:</b>		
Director's Office	4.0	\$ 333,454
Accounting & Investments	5.0	361,600
Single Family Servicing	4.8	263,769
Multi-Family Servicing	2.0	118,390
Audit	4.0	297,624
Operations – HVP	3.0	244,985
Students & Co-ops	<u>0.7</u>	<u>21,000</u>
	23.5	\$1,640,822
Fringes (75%)		<u>1,230,617</u>
<b>TOTAL</b>		<b><u>\$2,871,439</u></b>
<b>Legal:</b>		
Director's Office	6.0	\$ 504,753
Staff Attorneys	6.0	555,909
Procurement	3.0	250,769
Students & Co-ops	<u>0.7</u>	<u>21,000</u>
	15.7	\$1,332,431
Fringes (75%)		<u>999,323</u>
<b>TOTAL</b>		<b><u>\$2,331,754</u></b>

## (11) Budget requests by Division (continued)

	<b>Positions Filled</b>	<b>Cost</b>
<b>Housing Initiatives:</b>		
Director's Office	2.0	\$185,018
Southeast Michigan Outreach	5.0	459,318
Neighborhood Initiatives	5.0	385,633
Students & Co-ops	<u>0.7</u>	<u>10,000</u>
	12.7	\$1,039,969
Fringes (75%)		<u>779,977</u>
TOTAL		<u>\$1,819,946</u>
<b>*Rental Assistance &amp; Housing Solutions:</b>		
Director's Office	4.0	\$343,184
Rent Assistance	30.0	2,092,698
Homeless Initiatives	9.6	709,598
Students & Co-ops	<u>2.1</u>	<u>63,000</u>
	45.7	\$3,208,480
Fringes (75%)		<u>2,406,360</u>
TOTAL		<u>\$5,614,840</u>
<b>*Federally Funded</b>		
<b>Asset Management:</b>		
Director's Office	1.0	\$122,712
Transactions & Preservation	7.0	547,327
Core Operations Intake	10.0	708,751
Finance/Technology	4.0	320,988
Contract Administration/Operations Division	11.0	807,116
Compliance Monitoring	7.0	471,178
Students & Co-ops	<u>2.1</u>	<u>52,000</u>
	42.1	\$3,030,072
Fringes (75%)		<u>2,272,554</u>
TOTAL		<u>\$5,302,626</u>
<b>Homeownership:</b>		
Director's Office	2.0	\$ 171,654
Single Family/MCC	15.0	1,000,820
Marketing	8.0	574,832
Foreclosure Prevention *	5.0	259,705
Students & Co-ops *	<u>0.0</u>	<u>0</u>
<b>*Federally Funded</b>		
	30.0	\$2,006,692
Fringes (75%)		<u>1,505,019</u>
TOTAL		<u>\$3,511,711</u>

(11) Budget requests by Division (continued)

	<b>Positions Filled</b>	<b>Cost</b>
<b>Rental Development:</b>		
Director's Office	7.0	\$590,612
Multi-family Development	6.0	481,576
EEO and Construction Disbursements	5.0	404,508
Design and Construction Management	6.0	550,376
Low Income Housing Tax Credit	6.0	372,207
Students & Co-ops	<u>1.4</u>	<u>31,000</u>
	31.4	\$2,430,279
Fringes (75%)		<u>1,822,709</u>
TOTAL		<u>\$4,252,988</u>
<b>SHPO &amp; Archaeology:</b>		
Director's Office	14.0	\$1,082,085
Students & Co-ops	<u>2.1</u>	<u>63,000</u>
	16.1	\$1,145,085
Fringes (75%)		<u>858,814</u>
TOTAL		<u>\$2,003,899</u>
Total Salaries July 1, 2019	<u>260.5</u>	<u>\$18,993,666</u>
Total Fringes July 1, 2019		<u>\$14,245,250</u>
General increase effective October 1, 2019 (2% of base wages) (2% lump sum)		498,584 379,873
		<u>\$34,117,373</u>
<b>Summary of Costs:</b>		
Projected salary cost of positions		\$34,117,373
Vacant positions salaries (21.00)		1,444,416
Vacant positions fringes		1,083,312
Unfilled Vacant Positions (60%)		(1,516,637)
Estimated sick and annual leave accrual		<u>60,000</u>
Total budgeted salaries and fringes 19-20		<u>\$35,188,464</u>

As of April 15, 2019, the Authority had 253 FTEs. This budget assumes an average FTE count of 262, excluding students.

(12) Production-related Contracts:

	<b>2019-20 Proposed Budget</b>	<b>2018-19 Budget</b>
Multi-Family:		
Design Review	\$25,000	35,000
Environmental and Technical Resources	<u>70,000</u>	<u>70,000</u>
Sub total	\$95,000	\$105,000
Contract Administration*:		
Asset Management	\$3,215,000	\$3,428,000
Consulting	50,000	20,000
TRACS Processing	<u>815,000</u>	<u>787,000</u>
Sub total	\$4,080,000	\$4,235,000
Links to Homeownership	0	41,000
Single Family Foreclosure Services	250,000	250,000
Environmental Legal Matters	40,000	40,000
Capital Needs and Project Assessments	123,000	65,000
TRACS Processing	440,000	370,000
Contractual Tenant File Audits/Physical Inspections	<u>492,000</u>	<u>346,000</u>
Total	<u>\$5,520,000</u>	<u>\$5,452,000</u>

\*Additional contracts required for HUD Section 8 Contract Administration Program.

(13) General Contracts:

	<b>2019-20 Proposed Budget</b>	<b>2018-19 Budget</b>
Operations Contracts	\$100,000	\$155,000
Executive Contract	250,000	0
Legal Contracts	191,000	115,000
Housing Initiatives Contracts	280,000	40,000
Housing Voucher Program Contracts	229,000	269,000
SHPO Contracts	257,000	435,000
Miscellaneous	<u>113,000</u>	<u>200,000</u>
	<u>\$1,420,000</u>	<u>\$1,214,000</u>

(14) Office rent and utility charges by location are as follows:

	<b><u>Proposed Budget</u></b>
Rent:	
GM Building	392,000
Historical Library	37,000
Romney Building (H4HH) *	<u>99,000</u>
	<b>\$528,000</b>
 Depreciation on 735 E. Michigan Avenue:	 <b>\$ 525,000</b>
 Utilities:	
735 E. Michigan Avenue	<u>\$ 195,000</u>
 Total	 <u><b>\$1,248,000</b></u>
 * Federally Funded	

(15) Computer:

	<b><u>2019-20 Proposed Budget</u></b>	<b><u>2018-19 Budget</u></b>
Emphasys system	\$1,900,000	\$1,600,000
Agate	775,000	775,000
DTMB	3,205,000	3,125,000
Smaller Ongoing Commitments	351,000	789,500
New IT Projects	<u>900,000</u>	<u>810,500</u>
	<b>\$7,131,000</b>	<b>\$7,250,000</b>

(16) State Charges include:

	<b><u>Proposed Budget 19-20</u></b>	<b><u>Budget 18-19</u></b>
Attorney General	\$1,200,000	\$804,000
Auditor General	120,000	120,000
Civil Service	636,000	660,000
DTMB Support	240,000	216,000
TED Admin	1,260,000	1,230,000
	<u><b>\$3,456,000</b></u>	<u><b>\$3,030,000</b></u>

(17) Prior year estimated actual amount.

(18) Amount for Authority sponsored conferences.

(19) Amount includes expense for building maintenance, office equipment and rental.

(20) Advertising and publicity (needs updating)

	<b>Proposed Budget <u>19-20</u></b>
<b>Advertising</b>	
Campaign – Media/PR/Creative	900,000
Video Creation	250,000
<b>Misc. Advertising, Marketing, Promotion &amp; Outreach Items</b>	<u>300,000</u>
Total	<u>\$1,450,000</u>

(21) Reflects similar utilization of agents and fees paid to agents.

(22) Temporary clericals and laborers.

(23) Budget amount includes \$340,000 of legal fees and \$80,000 for insurance premiums. Legal fees and insurance premiums expected to be higher in FY 20.

(24) Represents the direct costs of originating multi-family loans. Pursuant to generally accepted accounting principles, the cost of making loans is deferred and amortized against interest income over the term of the loans.

(25) This is the breakdown of estimated Single Family/ HIP servicing, origination costs and FHA Insurance premiums. The Authority will assemble a team to investigate cost savings related to servicing fees.

	<u>19-20 Budget</u>	<u>18-19 Budget</u>
Single Family Servicing Fees -	\$5,000,000	\$4,500,000
HIP Servicing Fees -	125,000	145,000
Cost of Loan Origination (a) -	1,530,000	1,480,000
HIP Origination Fees -	15,000	20,000
HIP FHA Insurance Premiums -	<u>50,000</u>	<u>85,000</u>
Total	\$6,720,000	\$6,230,000

(a) Amortization of Service release premium, Incentive premium and Origination Fee

(26) Staying flat compared to last year's estimated actual is budgeted because the number of bonds being issued will be similar to prior year.

(27) A decrease over last year's estimated actual is budgeted because the number of bonds with liquidity facilities has decreased and so have the fees.

(28) Assumes \$2,000,000 of write-offs and will increase current reserve balance by \$2,800,000.

(29) Represents estimated expenditures for the Authority's rent subsidy programs that (1) provide up to a \$300 per unit per year subsidy for the total number of units in a project under the prior multi-family program (\$100,000), (2) provide a subsidy of up to \$400 per unit for each unit in a development under our taxable program so that some of the units can be afforded by very low income tenants who would otherwise be paying more than 40% of their income for rent (\$320,000), and (3) (\$300,000) for small size and security loans which are being expensed as paid due to the uncertainty of repayment. Excess subsidy repayments are estimated at (\$60,000).

- (30) Of the \$9,360,000, \$5,321,000 will be allocated to a number of programs that require a match in order for MSHDA to be eligible for Federal Funds. Sponsorships, in the amount of \$185,000, will be moved from Advertising to the Grants line item. The remaining \$3,854,000 Grant Funds will be allocated throughout the FY.
- (31) This counseling network is an ongoing responsibility of MSHDA with annual costs estimated at \$600,000.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**RESOLUTION APPROVING  
2019-2020 BUDGET**

**June 27, 2019**

WHEREAS, the fiscal year of the Michigan State Housing Development Authority (the "Authority") is twelve (12) calendar months commencing with the first day of July and ending the last day of the following June per Article IV of the Authority's Bylaws; and

WHEREAS, the Acting Executive Director has recommended that the Authority approve the adoption of the 2019-2020 Budget as described in the accompanying memorandum; and

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

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

1. The Michigan State Housing Development Authority's 2019-2020 Budget is hereby adopted, subject to the terms of the accompanying memorandum.
2. The Executive Director and any person duly authorized to act in the foregoing capacity and the Chief Financial Officer are hereby authorized to implement the 2019-2020 Budget.



M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director 

DATE: June 27, 2019

RE: Resolution Authorizing Mortgage Loans Feasibility for Edgewood Village Apartments, MSHDA No. 83-2 (the "Development")

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**Recommendation:**

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt a resolution determining Mortgage Loan Feasibility with respect to this Development, subject to the terms and conditions set forth in the Mortgage Feasibility Staff Report.

**Executive Summary:**

Edgewood Village Apartments is an existing New-Regulation Section 8 development built in 1973 and located at 6213 Towar Garden Circle in Meridian Township. Edgewood Village Apartments is comprised of 103 family townhouses contained in 23 two-story buildings and 30 senior apartments contained in one eight-story building; two townhouse units are manager's units. The 18.49 acre campus also includes one LEED Silver certified community building built in 2013, two accessory buildings, and one additional building that is currently leased to Head Start, as well as a large playground, walking trails, community garden and greenhouse. The current HAP contract commenced February 1, 2011 and expires December 31, 2044; it was renewed for the maximum term allowed under Option 5B.

**Issues, Policy Considerations, and Related Actions:**

The Development is underwritten at budget-based rents approved by HUD that will go into effect when the closing is scheduled. Of the 135 units, 126 units are covered by a Housing Assistance Payments ("HAP") contract. The remaining units have no subsidy and two of these are manager's units; Low Income Housing Tax Credit ("LIHTC") units are targeted to families at 60% area median income ("AMI"). A rent subsidy reserve is being established to protect existing residents of the unsubsidized units from excessive rental increases.

The Development currently pays and will continue to pay ad valorem taxes and is underwritten with a 5% vacancy loss based upon historical performance. The terms under which the HAP contract was renewed do not allow for early termination; therefore, the new owner will assume the current HAP contract. Head Start has been leasing a building on this site since 1989 for its pre-school and the sponsor intends to continue the lease arrangement at the current rate of a \$1.00 per year. No rehabilitation activities are planned for the leased space as those are the responsibility of the lessee.



## MORTGAGE LOAN FEASIBILITY STAFF REPORT

June 27, 2019

### RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt a resolution determining Mortgage Loan Feasibility with respect to this Development, subject to the terms and conditions set forth in this report.

<b><u>MSHDA No.:</u></b>	83-2
<b><u>Development Name:</u></b>	Edgewood Village Apartments
<b><u>Development Location:</u></b>	Meridian Township, Ingham County
<b><u>Sponsor:</u></b>	Vitus Group LLC
<b><u>Mortgagor:</u></b>	Edgewood Housing Partners Limited Dividend Housing Association, Limited Partnership
<b><u>TE Bond Permanent Loan:</u></b>	\$14,617,184 (60.51% of TDC)
<b><u>MSHDA MRF Loan:</u></b>	\$1,850,000
<b><u>Total Development Cost:</u></b>	\$24,154,996
<b><u>Mortgage Term:</u></b>	40 years for the tax-exempt bond loan and 50 years for the MRF Loan
<b><u>Interest Rate:</u></b>	4.9% for the tax-exempt bond loan and 3% for the MRF Loan
<b><u>Program:</u></b>	Tax-Exempt Bond and Gap Financing Program
<b><u>Number of Units:</u></b>	103 family units, 2 manager's units, and 30 elderly units of rehabilitation
<b><u>Unit Configuration:</u></b>	103 family units in 23 two-story townhouse buildings and 30 elderly units in 1 six-story building, and two managers' units.
<b><u>Builder:</u></b>	Frerichs Construction Company
<b><u>Syndicator:</u></b>	CREA LLC
<b><u>Date Application Received:</u></b>	October 2018
<b><u>HDO:</u></b>	JT Johnston

The Authority's determination of Mortgage Loan Feasibility 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.

The Authority's determination of Mortgage Loan Feasibility is not a covenant by the Authority that funds are or will be available to provide financing of the proposed Development or that the Authority will commit to financing the proposed Development.

**ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:**

Edgewood Village is underwritten at budget-based rents approved by HUD that will go into effect when the closing is scheduled. Of the 135 units, 126 units are covered by a Housing Assistance Payments (“HAP”) contract. The remaining units have no subsidy and two of these are manager’s units; Low Income Housing Tax Credit (“LIHTC”) units are targeted to families at 60% area median income (“AMI”). A rent subsidy reserve is being established to protect existing residents of the unsubsidized units from excessive rental increases.

The Development currently pays and will continue to pay ad valorem taxes and is underwritten with a 5% vacancy loss based upon historical performance. The terms under which the HAP contract was renewed do not allow for early termination; therefore, the new owner will assume the current HAP contract. The Development leases one building to Head Start for their pre-school for \$1 per year. Head Start has been leasing this site since 1989 and the sponsor intends to continue the lease arrangement at the current rate. No rehabilitation activities are planned for the leased space as those are the responsibility of the lessee.

**EXECUTIVE SUMMARY:**

Edgewood Village Apartments is an existing New-Regulation Section 8 development built in 1973 and located at 6213 Towar Garden Circle in Meridian Township with an East Lansing mailing address. Edgewood Village Apartments contains 103 family townhouses contained in 23 two-story buildings and 30 senior apartments contained in one eight-story building; two townhouse units are manager’s units. The 18.49 acre campus also contains one LEED Silver certified community building built in 2013, two accessory buildings, and one additional building that is currently leased to Head Start, as well as a large playground, walking trails, community garden and greenhouse. The current HAP contract commenced February 1, 2011 and expires December 31, 2044; it was renewed for the maximum term allowed under Option 5B. As this renewal does not allow for an Early Termination/Renewal of the contract, the new owner will assume the existing HAP contract.

**Structure of the Transaction and Funding:**

There are several elements to this transaction that are common to new construction/preservation 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 \$14,617,184 with 18-monthly interest-only payments required under the construction loan. The construction loan proceeds will be disbursed upon the repayment in full and release of the TCF National Bank acquisition loan described below. The permanent financing date will commence on the first day of the month following the month in which the 18-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 4.9%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be in **First Position**.

**Mortgage Feasibility Staff Report**  
**Edgewood Village, MSHDA No. 83-2**  
**Meridian Township, Ingham County**  
**June 27, 2019**

- A subordinate loan using an Authority Mortgage Resource Fund Loan (the "MRF Loan") in the amount of \$1,850,000 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.
- TCF National Bank will provide an acquisition loan to the sponsor for the purchase of the property. The loan will not exceed the lesser of \$9,500,000, 85% of acquisition price or 85% of the as-stabilized value. The acquisition loan has a maximum 12-month term with interest only payments due with an interest rate equal to the 30-day LIBOR plus 2.5% (as of May 1, 2019 this equates to 4.98%). This loan will be repaid and released upon initial disbursement of the Mortgage Loan.
- An equity bridge loan ("EBL") from Huntington Bank in the amount of the lesser of \$3,000,000 or 75% of appraised value of Low Income Housing Tax Credits will be provided at LIBOR plus 350 basis points, currently totaling 5.99% interest. The EBL will be used during construction and will continue to bridge LIHTC investor contributions due after construction completion. The EBL must be available during construction and may not be secured. It will mature 18 months from issuance with one 6-month extension available. See Special Condition No. 4.
- Equity support comes from the sale of 4% LIHTC in the estimated amount of \$5,066,793.
- Income from operations will be used as a source of funding to make the interest-only payments and the tax and insurance payments during the construction period in the amount of \$852,872.
- The Sponsor is providing a loan in the amount of \$518,657. See Special Condition No. 6.
- The Sponsor has agreed to defer \$539,601 of the developer fee to help fill the remaining funding gap.
- Replacement Reserve escrow proceeds in the amount identified in the attached proforma will be transferred from the existing project to the new project to use as a source of funding.
- An amount equal to one month's gross rent potential will be funded in the Development's operating account.
- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.
- The Development will be renovated and a new replacement reserve requirement imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.
- A rent subsidy reserve will be established to subsidize the rents of all current tenants affected by rent increases. The rent subsidy reserve is expected to help transition current

tenants whose rents could otherwise increase as part of this transaction. This reserve will be capitalized at closing and will be held by the Authority. See Special Condition No. 2.

**Scope of Rehabilitation:**

The following improvements to the property are included in the Scope of Work which include patching, sealing and restriping the parking areas, replacing entry doors, repairing building exterior components including balconies and patios, as well as replacing exterior lighting at the site.

Unit improvements will include partial replacement of interior doors, flooring, kitchen cabinetry and countertops, lighting, and bathroom vanities, tubs, and fixtures.

**Affordability Requirements:**

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

**Protections for Existing Residents:**

The preservation and renovation of the Development will result in a rent increase for seven existing tenant households. A rent subsidy reserve is being established to protect these tenants against an increase in rent for an estimated 5-year period following the date of closing; thereafter, the tenants will be responsible for their full rent payment. See Special Condition No. 2.

**Site Selection:**

Edgewood Gardens is located in a residential area of Meridian Township and meets the Authority's site selection criteria.

**Market Evaluation:**

There is sufficient demand in the market to re-absorb all units although no displacement will occur as a result of the rehabilitation.

**Valuation of the Property:**

An appraisal dated August 30, 2018 estimates the value at \$11,300,000.

**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, as determined by the Authority, payments are limited to ten percent (10%) of the Mortgagor's equity, or any other amount approved by HUD, but not to exceed twelve percent (12%). Following expiration of the HAP Contract, the Mortgagor's rate of return shall not exceed twelve percent (25%) per annum. 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, unless HUD or other federal regulations require a different calculation. All such payments shall be referred to as "Limited Dividend Payments." The Mortgagor's return shall be fully cumulative.

**2. Income Limits:**

The income limitations for one hundred thirty-five (135) units of this proposal are as follows:

- a. One hundred twenty-six (126) units (35 one-bedroom units, 35 two-bedroom units, 42 three-bedroom units, and 14 four-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the Housing Assistance Payments Contract (the "HAP Contract") for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.
- b. One hundred thirty-three (133) units (35 one-bedroom units, 39 two-bedroom units, 44 three-bedroom units, and 15 four-bedroom units) must be available for occupancy by households whose incomes do not exceed up to 60% of area median income based upon the Multifamily Tax Subsidy Project ("MTSP") limits, adjusted for family size as determined by HUD, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- c. Two (2) units (1 two-bedroom unit and 1 three-bedroom units) will be used as managers' units. If these units are later converted to rental use, they must be available for occupancy by households whose incomes do not exceed 60% of area median income based upon the MTSP limits, adjusted for family size as determined by HUD.

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

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

**3. Limitations on Rental Rates:**

The Total Housing Expense (contract rent plus tenant-paid utilities) for one hundred thirty-five (135) units is subject to the following limitations:

- a. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents for all one hundred twenty-six (126) HAP-assisted units (35 one-bedroom units, 35 two-bedroom units, 42 three-bedroom units, and 14 four-bedroom units) ("Contract Rents") that comply with the rent levels established by the HAP Contract and that do not exceed the rent levels approved by HUD.
- b. The Total Housing Expense for all one hundred thirty-three (133) units (35 one-bedroom units, 39 two-bedroom units, 44 three-bedroom units, and 15 four-bedroom units), may not exceed one-twelfth (1/12<sup>th</sup>) of 30% of the MTSP 60% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- c. Two (2) units (1 two-bedroom unit and 1 three-bedroom unit) will be used as managers' units. If these units are later converted to rental use, the Total Housing Expense will be limited to one-twelfth (1/12<sup>th</sup>) of 30% of the MTSP 60% income limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom.

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 that do not receive assistance under the HAP Contract will be limited to not more than 5% for any resident household during any 12-month period.

Rental increases on occupied units during any 12-month period will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Exceptions to this limitation may be granted by MSHDA's Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually

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

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

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the

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

**5. Restriction on Prepayment and Subsequent Use:**

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

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

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

At Initial Closing, the Mortgagor must enter into agreements relating to the MRF Loan. The MRF Loan will be secured by a subordinate mortgage and will bear simple interest at 3% with a 50-year term. No payments on the MRF Loan will be required until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13<sup>th</sup> year following the

commencement of amortization of the Mortgage Loan. Interest will continue to accrue on the MRF loan until paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13<sup>th</sup> year following the date that Mortgage Loan amortization commences, repayment of the MRF Loan will be made from not less than fifty percent (50%) of any surplus cash available for distribution. Such payments shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale of the Development or refinancing of the Mortgage Loan, at which time the MRF Loan shall be due in full. If the MRF Loan is still outstanding, then following repayment of the Mortgage Loan and continuing on the first day of every month thereafter, the Mortgagor shall make monthly payments of principal and interest equal to the monthly payments that were required on the Mortgage Loan on the first day of every month until the MRF Loan is paid in full, sale of the Development or the date that is 50 years from date of Initial Closing, whichever occurs first.

**7. Operating Assurance Reserve:**

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to four (4) months' of estimated Development operating expenses (estimated to be \$613,458). 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.

**8. Replacement Reserve:**

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of \$25,417 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of \$300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

**9. One Month's Gross Rent Potential:**

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential (\$163,006) into the Development's operating account.

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

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

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

**11. Owner/Architect Agreement:**

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

**12. Trade Payment Breakdown:**

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

**13. 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).

**14. 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.

**15. 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.

**16. 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.

**17. Designation of Authority Funds:**

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

**18. Management & Marketing:**

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

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

**19. 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 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.

**20. Financial Statements:**

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

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

**21. 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.

**22. 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.

**23. Section 8 Required Approvals - HUD and MSHDA:**

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

**24. HAP Extension:**

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

**25. HUD Subsidy Layering Review:**

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

**26. Application for Disbursement:**

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

**Special Conditions:**

**1. Legal Requirements:**

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

- Acquisition of Lot 32, Hart's Subdivision, Tax Parcel 33-02-02-06-402-023 prior to Loan Commitment.
- Pipeline easement and Special Use Permit.
- Support services agreement.
- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

**2. Rent Subsidy Reserve:**

At Initial Closing, the Mortgagor must establish a Rent Subsidy Reserve with a one-time deposit in the amount of \$60,000 ("Rent Subsidy Reserve") The Rent Subsidy Reserve shall be held and controlled by the Authority and will be invested and reinvested by the Authority's Office of Finance. Interest earned on this reserve, if any, shall become part of this reserve and shall be treated and distributed in the same way. The Rent Subsidy Reserve will be held for a minimum of 3 years following the Mortgage Cut-Off Date. This subsidy will be available only for the purpose of providing rental subsidies to the seven existing Tenants, who, at the time of closing of the Initial Closing, are residing in unit restricted to less than 60% area median income, so long as they continue to occupy the Development and will no longer be payable once the tenant's tenancy at the Development is terminated or their income increases to the point where they are no longer eligible for the rent subsidy. The Rent Subsidy Reserve will be used to pay the difference between (1) the rent level established for a unit at 60% area medium income, and (2) an existing tenant's current rent as increased at a rate of no more than 5% annually and approved by the Authority. Future tenants will not be eligible to receive this subsidy. The Mortgagor may draw funds out of the Rent Subsidy Reserve on a quarterly basis. All draws must include data specifying the units receiving subsidy payments, as well as the tenant name, move in date, and subsidy amount being drawn. All draws from the Rent Subsidy Reserve must be approved by the Director of Asset Management. The Mortgagor must further provide notice to tenants in units assisted by the Rent Subsidy Reserve, describing rental increases and the extent to which funds in the Rent Subsidy Reserve will be available to mitigate such increases.

Following the expiration of the third full year of operation after the Mortgage Cut-Off Date, the Mortgagor may request a release of all or a portion of the funds on deposit in the Rent Subsidy Reserve. The Director of Asset Management or an Authorized Officer of the Authority may approve such a release based on a review of Development operations and a determination that such funds are no longer needed to fund rent subsidies for Subsidized Tenants. Any monies released may, in the Authority's discretion, be applied to fund any other escrows or against current obligations that the Mortgagor owes the Authority. The balance of any monies released will be deposited into the Development's ORC Account.

**3. Commercial Space Acceptable Use:**

At Initial Closing, the Mortgagor must agree in writing that commercial uses will be subject to approval of the Authority and will be compatible with the primary residential function of the development. The agreement must be acceptable in form and substance to the Authority's Director of Legal Affairs.

**4. Equity Bridge Loan:**

Up to a \$3,000,000 equity bridge loan ("EBL") to be provided by Huntington Bank that is acceptable in form and substance to the Authority's Director of Legal Affairs. The EBL must:

- a) Be deposited with the Authority upon initial disbursement;
- b) Not be secured by a lien or mortgage on the Development or any kind of Development's property, income, funds, escrows and reserves or asset of any kind;
- c) Not be conditioned upon property performance such as economic occupancy levels;
- d) Be expressly subordinate to all Authority Loans, as specified in an intercreditor agreement, as applicable; and
- e) Not be available to bridge any other credits or sources of funding.

In the event LIHTC equity is structured to be available prior to construction completion, this Special Condition may be modified consistent with the subordinate loan provisions of the Parameters as acceptably modified by the Director of Legal Affairs.

**5. Disbursement through Title Company:**

Prior to Initial Mortgage Loan Closing the mortgagor and the general contractor must agree that all funds disbursed for the construction of the development will be disbursed directly through a title insurance company to subcontractors and suppliers. The agreement must be acceptable to the Authority's Director of Legal Affairs.

**6. Sponsor Loan:**

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

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

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

**DEVELOPMENT TEAM AND SITE INFORMATION**

- I. **MORTGAGOR:** Edgewood Housing Partners Limited Dividend Housing Association, Limited Partnership

II. **GUARANTOR(S):**

A. **Guarantor #1:**

**Name:** Vitus Development IV, LLC  
**Address:** 1700 7<sup>th</sup> Avenue, Suite 2000  
Seattle, WA 98101

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

**Name:** Vitus Group LLC  
**Address:** 1700 7<sup>th</sup> Avenue, Suite 2000  
Seattle, WA 98101

**Individuals Assigned:** Scott Langan or Brooke Shorett  
**Telephone:** 206-832-1328  
**E-mail:** [Scott.Langan@vitus.com](mailto:Scott.Langan@vitus.com) or [Brooke.Shorett@vitus.com](mailto:Brooke.Shorett@vitus.com)

1. **Experience:** The Sponsor does not have experience working on Authority-financed developments; however, the sponsor has a portfolio of over 100 affordable developments in over twenty states, including one in Michigan.

2. **Interest in the Mortgagor and Members:**

CREA Edgewood Village, LLC 99.989%

CREA SLP, LLC 0.001%

Edgewood Housing Management, LLC 0.01%

B. **Architect:**

**Name:** Kaas Wilson Architects  
**Address:** 1301 American Boulevard East, Suite 100  
Bloomington, MN 55425

**Individual Assigned:** Jim Schloemer  
**Telephone:** 612-879-6000  
**E-Mail:** [jims@kaaswilson.com](mailto:jims@kaaswilson.com)

1. **Experience:** Architect does not have previous experience with Authority-financed developments.

2. **Architect's License:** License number 1301045427, with an expiration date of 10/31/2020, Link S. Wilson.

C. **Attorney:**

**Name:** Loomis, Ewert, Parsley, Davis & Gotting  
**Address:** 124 W. Allegan Avenue, Suite 700  
Lansing, MI 48933

**Individual Assigned:** Ted Rozeboom  
**Telephone:** 517-482-2400  
**Fax:** 517-482-8502  
**E-Mail:** [trozeboom@loomislaw.com](mailto:trozeboom@loomislaw.com)

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

D. **Builder:**

**Name:** Frerichs Construction Company  
**Address:** 3600 Labore Road, Suite 8  
St. Paul, MN 55110

**Individual Assigned:** Barry Vulcan  
**Telephone:** 651-787-0687  
**Fax:**  
**E-mail:** [Barry@frerichsconstruction.com](mailto:Barry@frerichsconstruction.com)

1. **Experience:** The firm does not have previous experience in constructing Authority-financed developments; however, this firm does have vast experience constructing multifamily, and commercial developments.
2. **State Licensing Board Registration:** License number 2101221504, with an expiration date of 05/31/2022, Barry Dennell Vulcan.

E. **Management and Marketing Agent:**

**Name:** KMG Prestige  
**Address:** 3390 Pine Tree Road  
Lansing, MI 48911

**Individual Assigned:** James Breidenstein  
**Telephone:** 517-272-2900  
**Fax:** 517-272-0630  
**E-mail:** [james.breidenstein@kmgprestige.com](mailto:james.breidenstein@kmgprestige.com)

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

- F. **Development Team Recommendation:** Once the sponsor fills out the team with an appropriately licensed and builder, the development team will be acceptable.

**IV. SITE DATA:**

- A. **Land Control/Purchase Price:**  
Purchase and Sale Agreement by Edgewood Village Nonprofit Housing Corporation ("Seller") and Vitus Development IV, LLC ("Buyer") for \$11,250,000 on July 9, 2018, with an Amendment executed December 11, 2018 which provides for a closing date on or before June 30, 2019.
- B. **Site Location:**  
The site is located at 6213 Towar Garden Circle, East Lansing (Meridian Township), Ingham County.
- C. **Size of Site:**  
The site is 18.49 +/- acres.
- D. **Density:**  
Density is appropriate for its use.
- E. **Physical Description:**
1. **Present Use:** Multifamily residential
  2. **Existing Structures:** Twenty-three two-story townhouse buildings, one six-story apartment building, one accessory building, a community building, and an additional one-story building.
  3. **Relocation Requirements:** None.
- F. **Zoning:**  
RC (Multiple Family, Medium Density); Special Use Permit granted in 1971. Several buildings and aspects of the project are non-conforming. Site plan use changes involving lighting, landscaping, bicycle parking, etc. may require bringing nonconformities into compliance via new approvals or an amendment to the Special Use Permit.
- G. **Contiguous Land Use:**
1. North: Single-family residential and vacant/wooded
  2. South: Single-family residential
  3. East: Multi-family residential
  4. West: Single-family residential
- H. **Tax Information:**  
Ad valorem taxes paid to Meridian Township

I. Utilities: Gas and Electric: Consumers Energy  
Water and Sewer: Meridian Township Department of Public Works

J. Community Facilities:

1. Shopping:  
Meijer and Kroger offer full-service grocery and pharmacy and are located 2 miles west of the site. Eastwood Towne Centre is located less than 3 miles to the west. Numerous banks, restaurants, and retail are within 2-3 miles of the site.
2. Recreation:  
The campus contains walking trails, a large playground, and picnic area. MSU is located south of the site; the East Lansing Family Aquatic Center and Abbott Road Park is located approximately ½ mile to the north and northwest.
3. Public Transportation:  
CATA bus stop is at the site.
4. Road Systems  
M-69 (Saginaw) south of the site US 127 is west of the site; site has easy access to main thoroughfares in the region.
5. Medical Services and other Nearby Amenities:  
Sparrow hospital is located approximately 5.3 miles southwest of the site; numerous medical, dental, and urgent care facilities are within 3-4 miles of the site.
6. Description of Surrounding Neighborhood:  
Surrounding neighborhood is predominantly residential with commercial uses
7. Local Community Expenditures Apparent:  
Saginaw was recently repaved and repaving work is currently underway on Lake Lansing Road.
8. Indication of Local Support:  
None.

V. **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.

VI. **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.

**VII. 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.

**VIII. 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.

**IX. 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.

**X. DEVELOPMENT SCHEDULING:**

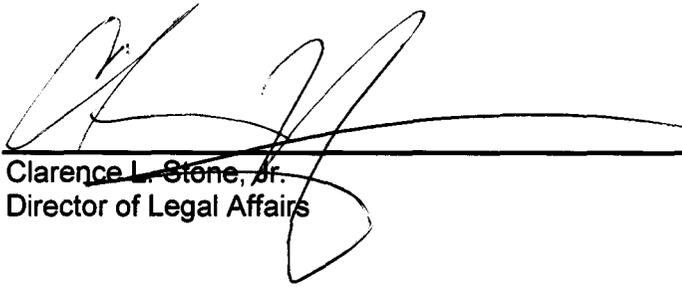
A. Mortgage Loan Commitment:	August 2019
B. Initial Closing and Disbursement:	September 2019
C. Construction Completion:	March 2021
D. Cut-Off Date:	April 2021

**XI. ATTACHMENTS:**

A. Development Proforma

**APPROVALS:**

  
\_\_\_\_\_  
Andrew Martin  
Director of Development  
6/18/19  
Date

  
\_\_\_\_\_  
Clarence L. Stone, Jr.  
Director of Legal Affairs  
6/19/2019  
Date

  
\_\_\_\_\_  
Gary Heidel  
Acting Executive Director  
6/18/19  
Date

Instructions

Income Limits for	Ingham County (Effective April 3, 2018)					
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
20% of area median	15,640	17,780	19,980	22,170	23,970	25,740
40% of area median	20,720	23,680	26,640	29,560	31,960	34,320
50% of area median	25,900	29,800	33,300	36,950	39,950	42,900
60% of area median	31,080	35,520	39,960	44,340	47,940	51,480

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Monthly Estimate	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Foot	% of Total Square Foot	TC Units Square Foot	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential Under/Over	Differential %	Effective AMI%	Contract Rent/Sq. Foot
<b>80% Senior</b>																						
Area Median Income Units Occupancy																						
A	30	Apartment	1	1.0	885	1,018	0	1,018	360,540	898	18.8%	22.2%	17,550	13.5%	17,550		832	TC Rent	(187)	-22.48%	73.4%	\$1.74
<b>60% Family</b>																						
Area Median Income Units Occupancy																						
B	8	Townhome	1	1.0	505	941	88	1,029	56,480	783	2.9%	3.7%	2,825	1.9%	2,825		832	TC Rent	(178)	-21.38%	72.8%	\$1.86
C	35	Townhome	2	1.0	950	1,132	112	1,244	475,440	917	24.3%	25.9%	33,250	25.8%	33,250		998	TC Rent	(246)	-24.52%	74.7%	\$1.19
D	42	Townhome	3	1.0	1,150	1,423	141	1,564	717,192	1,153	38.7%	31.1%	48,300	37.1%	48,300		1,153	TC Rent	(411)	-35.85%	81.4%	\$1.24
E	14	Townhome	4	1.5	1,350	1,548	168	1,716	298,728	1,253	13.3%	10.4%	18,900	14.5%	18,900		1,287	TC Rent	(417)	-32.40%	79.4%	\$1.15
<b>50% Family</b>																						
Area Median Income Units Occupancy																						
C	4	Townhome	2	1.0	950	887	112	999	42,576	0	2.2%	3.0%	3,800	2.9%	3,800		869	TC Rent	0	0.00%	80.0%	\$0.83
D	2	Townhome	3	1.0	1,150	1,012	141	1,153	24,288	0	1.2%	1.5%	2,300	1.8%	2,300		1,153	TC Rent	0	0.00%	80.0%	\$0.88
E	1	Townhome	4	1.5	1,350	1,129	168	1,297	13,548	0	0.7%	0.7%	1,350	1.0%	1,350		1,287	TC Rent	0	0.00%	80.0%	\$0.84
C	1	Townhome	2	1.0	950	887	112	999	0	0	0.0%	0.7%	950	0.7%	950		869	TC Rent	969	100.00%	0.0%	N/A
D	1	Townhome	3	1.0	1,150	1,012	141	1,153	0	0	0.0%	0.7%	1,150	0.9%	1,150		1,153	TC Rent	1,153	100.00%	0.0%	N/A
<b>Misc</b>																						
Total Units 136																						
Income Average 80.00%																						
Net Aside 100.00%																						

Gross Rent Potential	1,994,072
Average Monthly Rent	1,207
Gross Square Footage	136,078

HOME Units SF/Total Units SF	0.0%
# HOME Units/# Total Units	0.0%

Annual Non-Rental Income	
Misc. and Interest	6,786
Laundry	2,434
Carports	0
Other:	0
<b>Total:</b>	<b>9,220</b>

UTILITY ALLOWANCES

	Tenant-Paid	Tenant-Paid	Owner-Paid	Owner-Paid	Total	Utilities
	Electricity	A/C	Sink	Water/ Sewer	WHRF	
A	0	0	0	0	0	0
B	0	0	0	0	0	0
C	0	0	0	0	0	0
D	0	0	0	0	0	0
E	0	0	0	0	0	0
F	0	0	0	0	0	0
G	0	0	0	0	0	0
H	0	0	0	0	0	0

Total Income	Annual	Monthly
Rental Income	1,956,072	163,006
Non-Rental Income	8,220	686
<b>Total Project Revenue</b>	<b>1,964,301</b>	<b>163,692</b>

Development Edgewood Village  
 Financing Tax Exempt  
 MSHDA No. 83-2  
 Step Application  
 Date 06/27/2019  
 Type Preservation - Subsidized

**Mortgage Assumptions:**  
 Debt Coverage Ratio 1.15  
 Mortgage Interest Rate 4.900%  
 Pay Rate 4.900%  
 Mortgage Term 40 years  
 Income from Operations Yes

**Instructions**

**Total Development Income Potential**

	Per Unit	Total
Annual Rental Income	14,489	1,956,072
Annual Non-Rental Income	61	8,229
<b>Total Project Revenue</b>	<b>14,550</b>	<b>1,964,301</b>

**Total Development Expenses**

Vacancy Loss	5.00% of annual rent potential	724	97,804
Management Fee	527 per unit per year	527	71,145
Administration		2,571	347,049
Project-paid Fuel		60	8,113
Common Electricity		343	46,309
Water and Sewer		543	73,307
Operating and Maintenance		817	110,263
Real Estate Taxes		1,245	168,057
Payment in Lieu of Taxes (PILOT)	Applied to: All Units	0	0
Insurance		314	42,403
Replacement Reserve	300 per unit per year	300	40,500
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	5.0%
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%
Future Vacancy		
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

% of  
Revenue

<b>Total Expenses</b>	51.16%	<b>7,444</b>	<b>1,004,950</b>	
Base Net Operating Income		7,106	959,351	Override
Part A Mortgage Payment	42.47%	6,179	834,219	
<b>Part A Mortgage</b>		<b>108,275</b>	<b>14,617,184</b>	
Non MSHDA Financing Mortgage Payment		0		
<b>Non MSHDA Financing Type:</b>		<b>0</b>		
Base Project Cash Flow (excludes ODR)	6.37%	927	125,133	

**Instructions**

**TOTAL DEVELOPMENT COSTS**

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
<b>Acquisition</b>					
Land	18,296	2,470,000			
Existing Buildings	65,037	8,780,000	100%	8,780,000	
Other:	0				
<b>Subtotal</b>	<b>83,333</b>	<b>11,250,000</b>			
<b>Construction/Rehabilitation</b>					
Off Site Improvements	0		100%	0	
On-site Improvements	4,985	672,997	100%	672,997	
Landscaping and Irrigation	0		100%	0	0
Structures	17,559	2,370,501	100%	2,370,501	2,370,501
Community Building and/or Maintenance Facility	427	57,600	100%	57,600	57,600
Construction not in Tax Credit basis (i.e. Carports and Commercial Space)	0				
General Requirements % of Contract 6.00%	1,378	186,066	100%	186,066	186,066
Builder Overhead % of Contract 2.00%	487	65,743	100%	65,743	65,743
Builder Profit % of Contract 6.00%	1,490	201,174	100%	201,174	201,174
Permits, Bond Premium, Tap Fees, Cost Cert.	1,356	183,042	100%	183,042	183,042
Other:	0		100%	0	0
<b>Subtotal</b>	<b>27,682</b>	<b>3,737,123</b>			
15% of acquisition and \$16,000/unit test: met					
<b>Professional Fees</b>					
Design Architect Fees	1,111	149,920	100%	149,920	149,920
Supervisory Architect Fees	278	37,480	100%	37,480	37,480
Engineering/Survey	111	15,000	100%	15,000	15,000
Other:	0		100%	0	0
<b>Subtotal</b>	<b>1,499</b>	<b>202,400</b>			
<b>Interim Construction Costs</b>					
Property & Casualty Insurance	471	63,805	100%	63,805	63,805
Construction Loan Interest	3,979	537,182	67%	358,121	358,121
Title Work	1,111	150,000	100%	150,000	
Legal Fees (in Tax Credit Basis)	1,852	250,000	100%	250,000	
Construction Taxes	1,867	252,086	100%	252,086	
Other: Huntington EBL & TCF Nat'l Loan Fees	437	59,000	100%	59,000	59,000
<b>Subtotal</b>	<b>9,718</b>	<b>1,311,873</b>			
<b>Permanent Financing</b>					
Loan Commitment Fee to MSHDA	2%	2,440			
Other:	0	329,344			
<b>Subtotal</b>	<b>2,440</b>	<b>329,344</b>			
<b>Other Costs (In Basis)</b>					
Application Fee	15	2,000	100%	2,000	2,000
Market Study	47	6,400	100%	6,400	6,400
Environmental Studies	259	35,000	100%	35,000	35,000
Cost Certification	259	35,000	100%	35,000	35,000
Equipment and Furnishings	111	15,000	100%	15,000	
Temporary Tenant Relocation	1,000	135,000	100%	135,000	135,000
Construction Contingency	2,851	357,859	100%	357,859	357,859
Appraisal and C.N.A.	130	17,500	100%	17,500	17,500
Other: RCS	37	5,000	100%	5,000	5,000
<b>Subtotal</b>	<b>4,509</b>	<b>608,759</b>			
<b>Other Costs (NOT In Basis)</b>					
Start-up and Organization		37			5,000
Tax Credit Fees (based on 2017 QAP)	34,367	255			34,367
Compliance Monitoring Fee (based on 2017 QAP)		475			64,125
Marketing Expense		0			
Syndication Legal Fees		333			45,000
Rent Up Allowance	months	0			0
Other:		0			
<b>Subtotal</b>	<b>1,100</b>	<b>148,492</b>			

Summary of Acquisition Price		As of	
Attributed to Land	2,470,000	1st Mortgage Balance	
Attributed to Existing Structure:	8,780,000	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	11,250,000	Subordinate Mortgage(s)	
<b>Premium/(Deficit) vs Existing Debt</b>		<b>11,250,000</b>	

Appraised Value		Value As of: August 30, 2018	
"Encumbered As-Is" value as determined by appraisal:		11,300,000	
Plus 5% of Appraised Value:		0	
LESS Fixed Price to the Seller:		11,250,000	
<b>Surplus/(Gap)</b>		<b>50,000</b>	

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

	Per Unit	Total
<b>Project Reserves</b>		
Operating Assurance Reserv 4.0 months Funded in Cas	4,544	613,458
Replacement Reserve Required	25,417	3,431,286
Operating Deficit Reserve Not Required	0	0
Rent Subsidy Reserve	444	60,000
Syndicator Held Reserve	0	0
Rent Lag Escrow	0	0
Tax and Insurance Escrows	0	0
Other:	0	0
<b>Subtotal</b>	<b>30,406</b>	<b>4,104,744</b>

	Per Unit	Total
<b>Miscellaneous</b>		
Deposit to Development Operating Account (1MGRF Required)	1,207	163,006
Other (Not in Basis): EBL Interest	1,111	150,000
Other (in Basis):	0	0
Other (in Basis):	0	0
<b>Subtotal</b>	<b>2,319</b>	<b>313,006</b>

<b>Total Acquisition Costs</b>	<b>83,333</b>	<b>11,250,000</b>
<b>Total Construction Hard Costs</b>	<b>27,682</b>	<b>3,737,123</b>
<b>Total Non-Construction ("Soft") Costs</b>	<b>51,990</b>	<b>7,018,618</b>

Developer Overhead and Fee		Per Unit	Total
Maximum	2,149,255	15,920	2,149,255
7.5% of Acquisition/Project Reserves			
15% of All Other Development Costs			
<b>Subtotal</b>		<b>15,920</b>	<b>2,149,255</b>

<b>Total Development Cost</b>	<b>178,926</b>	<b>24,164,996</b>
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TOTAL DEVELOPMENT SOURCES	% of TDC	Per Unit	Total
MSHDA Permanent Mortgage	60.51%	108,275	14,617,184
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution from Tax Credit Syndication	20.98%	37,532	5,066,793
MSHDA NSP Funds	0.00%	0	0
MSHDA HOME or Housing Trust Funds	0.00%	0	0
Mortgage Resource Funds	7.66%	13,704	1,850,000
Other MSHDA:	0.00%	0	0
Local HOME	0.00%	0	0
Income from Operations	3.53%	6,318	852,872
Other Equity	0.00%	0	0
Transferred Reserves:	2.95%	5,275	712,176
Other:	0.00%	0	0
Other: Sponsor Loan	2.15%	3,842	518,657
Deferred Developer Fee	2.22%	3,980	537,314
<b>Total Permanent Sources</b>			<b>24,164,996</b>

Sources Equal Uses?	Balanced
Surplus/(Gap)	0

MSHDA Construction Loan	0.00%	Per Unit	Total
Construction Loan Rate 4.900%		0	0
Repaid from equity prior to final closing		0	0

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP	
Acquisition 9,342,500		Acquisition 303,631	
Construction 7,267,849		Construction 236,205	
Acquisition Credit % 3.25%		Total Yr Credit 539,836	
Rehab/New Const Credit % 3.25%		Equity Price \$0.9540	
Qualified Percentage 100.00%		Equity Effective Price \$0.9541	
QCT/DDA Basis Boost 100%		Equity Contribution 5,066,283	
Historic?	No		

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	5,066,793
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
<b>New Owner's Equity</b>	<b>5,066,793</b>

% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis

	0	0
	0	0

100%	0	0
100%	0	0

LIHTC Basis	Historic Basis
2,149,255	2,149,255
<b>16,610,349</b>	<b>6,742,352</b>

# of Units	Gap to Hard Debt Ratio
0.00	13%
0.00	

Deferred Dev Fee
25.00%

Existing Reserve Analysis:	
DCE Interest:	
Insurance:	
Taxes:	
Rep. Reserv:	712,176
ORC:	
DCE Principal:	
Other:	

**Cash Flow Projections**

Development Edgewood Village  
 Financing Tax Exempt  
 MSHDA No. 83-2  
 Step Application  
 Date 08/27/2019  
 Type Preservation - Subsidized

	Initial Inflator	Starting in Yr	Future Inflator	2019	1	2	3	4	5	6	7	8	9	10
<b>Income</b>														
Annual Rental Income	1.0%	6	2.0%		1,958,072	1,975,633	1,995,389	2,015,343	2,035,496	2,076,206	2,117,730	2,160,085	2,203,287	2,247,352
Annual Non-Rental Income	1.0%	6	2.0%		8,229	8,311	8,394	8,478	8,563	8,734	8,909	9,087	9,269	9,454
<b>Total Project Revenue</b>					<b>1,964,301</b>	<b>1,983,944</b>	<b>2,003,783</b>	<b>2,023,821</b>	<b>2,044,059</b>	<b>2,084,941</b>	<b>2,126,640</b>	<b>2,169,172</b>	<b>2,212,556</b>	<b>2,256,807</b>
<b>Expenses</b>														
Vacancy Loss	5.0%	6	5.0%		97,804	98,782	99,769	100,767	101,775	103,810	105,887	108,004	110,164	112,368
Management Fee	3.0%	1	3.0%		71,145	73,279	75,478	77,742	80,074	82,477	84,951	87,499	90,124	92,828
Administration	3.0%	1	3.0%		347,049	357,460	368,184	379,230	390,607	402,325	414,395	426,826	439,631	452,820
Project-paid Fuel	3.0%	6	3.0%		8,113	8,356	8,607	8,865	9,131	9,405	9,687	9,978	10,277	10,586
Common Electricity	4.0%	6	3.0%		46,309	48,161	50,088	52,091	54,175	55,800	57,474	59,198	60,974	62,804
Water and Sewer	5.0%	6	5.0%		73,307	76,972	80,821	84,862	89,105	93,580	98,238	103,150	108,308	113,723
Operating and Maintenance	3.0%	1	3.0%		110,263	113,571	116,978	120,487	124,102	127,825	131,660	135,610	139,678	143,868
Real Estate Taxes	5.0%	1	5.0%		168,057	176,460	185,283	194,547	204,274	214,488	225,212	236,473	248,297	260,712
Payment in Lieu of Taxes (PILOT)					0	0	0	0	0	0	0	0	0	0
Insurance	3.0%	1	3.0%		42,403	43,675	44,985	46,335	47,725	49,157	50,631	52,150	53,715	55,326
Replacement Reserve	3.0%	1	3.0%		40,500	41,715	42,968	44,255	45,583	46,951	48,359	49,810	51,304	52,843
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
<b>Subtotal: Operating Expenses</b>					<b>1,004,950</b>	<b>1,038,432</b>	<b>1,073,160</b>	<b>1,109,182</b>	<b>1,146,552</b>	<b>1,185,798</b>	<b>1,226,495</b>	<b>1,268,700</b>	<b>1,312,473</b>	<b>1,357,878</b>
<b>Debt Service</b>														
Debt Service Part A					834,219	834,219	834,219	834,219	834,219	834,219	834,219	834,219	834,219	834,219
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>					<b>1,839,168</b>	<b>1,872,651</b>	<b>1,907,379</b>	<b>1,943,401</b>	<b>1,980,770</b>	<b>2,020,017</b>	<b>2,060,713</b>	<b>2,102,918</b>	<b>2,146,692</b>	<b>2,192,096</b>
Cash Flow/(Deficit)				926,882	125,133	111,293	96,405	80,420	63,289	64,924	65,926	66,254	65,864	64,710
Cash Flow Per Unit					927	824	714	596	469	481	488	491	488	479
Debt Coverage Ratio on Part A Loan					1.15	1.13	1.12	1.10	1.08	1.08	1.08	1.08	1.08	1.08
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	Initial Deposit 402
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	12
Ending Balance at Maintained DCR	414
Maintained Cash Flow Per Unit	927
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	402

**Operating Assurance Reserve Analysis**

Required in Year:	613,056
Initial Deposit	613,056
Initial Balance	613,056
Interest Income	18,392
Ending Balance	631,448

**Deferred Developer Fee Analysis**

Initial Balance	537,314	412,181	300,888	204,483	124,063	60,774	0	0	0	0
Dev Fee Paid	125,133	111,293	96,405	80,420	63,289	60,774	0	0	0	0
Ending Balance	412,181	300,888	204,483	124,063	60,774	0	0	0	0	0

**Mortgage Resource Fund Loan**

Interest Rate on Subordinate Financing	3%
Initial Balance	1,850,000
Principal Amount of all MSHDA Soft Funds	1,850,000
Current Yr Int	55,500
Accrued Int	0
Subtotal	55,500
Annual Payment Due	0
Year End Balance	1,905,500

**Cash Flow Projections**

	Initial Inflator	Starting in Yr	Future Inflator	11	12	13	14	15	16	17	18	19	20
<b>Income</b>													
Annual Rental Income	1.0%	6	2.0%	2,292,300	2,338,146	2,384,908	2,432,607	2,481,259	2,530,884	2,581,502	2,633,132	2,685,794	2,739,510
Annual Non-Rental Income	1.0%	6	2.0%	9,643	9,836	10,033	10,234	10,438	10,647	10,860	11,077	11,299	11,525
<b>Total Project Revenue</b>				<b>2,301,943</b>	<b>2,347,982</b>	<b>2,394,941</b>	<b>2,442,840</b>	<b>2,491,697</b>	<b>2,541,531</b>	<b>2,592,362</b>	<b>2,644,209</b>	<b>2,697,093</b>	<b>2,751,035</b>
<b>Expenses</b>													
Vacancy Loss	5.0%	6	5.0%	114,615	116,907	119,245	121,630	124,063	126,544	129,075	131,657	134,290	136,976
Management Fee	3.0%	1	3.0%	95,613	98,481	101,438	104,479	107,613	110,842	114,167	117,592	121,120	124,753
Administration	3.0%	1	3.0%	466,405	480,397	494,809	509,653	524,943	540,691	556,912	573,619	590,828	608,553
Project-paid Fuel	3.0%	6	3.0%	10,903	11,230	11,567	11,914	12,272	12,640	13,019	13,410	13,812	14,226
Common Electricity	4.0%	6	3.0%	64,688	66,828	68,627	70,686	72,807	74,991	77,241	79,558	81,945	84,403
Water and Sewer	5.0%	6	5.0%	119,409	125,380	131,649	138,231	145,143	152,400	160,020	168,021	176,422	185,243
Operating and Maintenance	3.0%	1	3.0%	148,184	152,630	157,209	161,925	166,783	171,786	176,940	182,248	187,715	193,347
Real Estate Taxes	5.0%	1	5.0%	273,747	287,435	301,806	316,897	332,741	349,378	366,847	385,190	404,449	424,672
Payment in Lieu of Taxes (PILOT)				0	0	0	0	0	0	0	0	0	0
Insurance	3.0%	1	3.0%	56,986	58,696	60,457	62,270	64,138	66,062	68,044	70,086	72,188	74,354
Replacement Reserve	3.0%	1	3.0%	54,429	56,061	57,743	59,476	61,260	63,098	64,991	66,940	68,949	71,017
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
<b>Subtotal: Operating Expenses</b>				<b>1,404,979</b>	<b>1,453,646</b>	<b>1,504,548</b>	<b>1,557,161</b>	<b>1,611,762</b>	<b>1,668,432</b>	<b>1,727,255</b>	<b>1,788,320</b>	<b>1,851,717</b>	<b>1,917,543</b>
<b>Debt Service</b>													
Debt Service Part A				834,219	834,219	834,219	834,219	834,219	834,219	834,219	834,219	834,219	834,219
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>				<b>2,239,198</b>	<b>2,288,064</b>	<b>2,338,767</b>	<b>2,391,380</b>	<b>2,445,981</b>	<b>2,502,651</b>	<b>2,561,474</b>	<b>2,622,538</b>	<b>2,685,935</b>	<b>2,751,761</b>
<b>Cash Flow/(Deficit)</b>				<b>926,882</b>	<b>62,745</b>	<b>59,918</b>	<b>56,175</b>	<b>51,461</b>	<b>45,716</b>	<b>38,880</b>	<b>30,888</b>	<b>21,671</b>	<b>11,158</b>
<b>Cash Flow Per Unit</b>				<b>465</b>	<b>444</b>	<b>416</b>	<b>381</b>	<b>339</b>	<b>288</b>	<b>229</b>	<b>161</b>	<b>83</b>	<b>(5)</b>
<b>Debt Coverage Ratio on Part A Loan</b>				<b>1.08</b>	<b>1.07</b>	<b>1.07</b>	<b>1.06</b>	<b>1.05</b>	<b>1.05</b>	<b>1.04</b>	<b>1.03</b>	<b>1.01</b>	<b>1.00</b>
<b>Debt Coverage Ratio on Conventional/Other Financing</b>				<b>N/A</b>									

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 402	541	557	573	591	608	627	645	665	685	705
Total Annual Draw to achieve 1.0 DCR		0	0	0	0	0	0	0	0	0	(726)
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	(726)
Interest		16	17	17	18	18	19	19	20	21	21
Ending Balance at Maintained DCR		557	573	591	608	627	645	665	685	705	726
Maintained Cash Flow Per Unit		465	444	416	381	339	288	229	161	83	0
Maintained Debt Coverage Ratio on Part A Loan		1.08	1.07	1.07	1.06	1.05	1.05	1.04	1.03	1.01	1.00
Maintained Debt Coverage Ratio on Conventional/Other Financing		N/A									
Standard ODR		0									
Non-standard ODR		402									

**Operating Assurance Reserve Analysis**

Required in Year:	613,056									
Initial Deposit	613,056									
Initial Balance	823,896	848,613	874,071	900,294	927,302	955,121	983,775	1,013,288	1,043,687	1,074,998
Interest Income	24,717	25,458	26,222	27,009	27,819	28,654	29,513	30,399	31,311	32,250
Ending Balance	848,613	874,071	900,294	927,302	955,121	983,775	1,013,288	1,043,687	1,074,998	1,107,247

**Deferred Developer Fee Analysis**

Initial Balance	0	0	0	0	0	0	0	0	0	0	0
Dev Fee Paid	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0	0

**Mortgage Resource Fund Loan**

Interest Rate on Subordinate Financing	3%	Initial Balance	1,850,000
Principal Amount of all MSHDA Soft Funds		1,850,000	1,850,000
Current Yr Int		55,500	55,500
Accrued Int		421,547	445,675
Subtotal		2,327,047	2,351,175
Annual Payment Due		31,373	29,959
Year End Balance		2,295,675	2,321,216

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY,**  
**EDGEWOOD VILLAGE APARTMENTS, MSHDA DEVELOPMENT NO. 83-2**  
**CHARTER TOWNSHIP OF MERIDIAN, INGHAM COUNTY**

**June 27, 2019**

WHEREAS, Edgewood Village Nonprofit Housing Corporation (the "Seller") is the owner of a development for low and moderate income persons located in the Charter Township of Meridian, Ingham County, Michigan, known as Edgewood Village Apartments, MSHDA Development No. 83-2 (the "housing project"); and

WHEREAS, the housing project receives federal project-based rental assistance under the Section 8 program; and

WHEREAS, Vitus Group LLC (the "Applicant") desires to purchase and rehabilitate the housing project for an estimated total development cost of Twenty-Four Million Two Hundred Twenty-Five Thousand One Hundred Forty-Six Dollars (\$24,225,146); and

WHEREAS, the Applicant has filed an Application for Mortgage Loan Feasibility with the Authority for a new tax exempt mortgage loan in the maximum amount of Fourteen Million Six Hundred Seventeen Thousand One Hundred Eighty-Four Dollars (\$14,617,184) and a Mortgage Resource Fund Loan in the amount of One Million Eight Hundred Fifty Thousand Dollars (\$1,850,000) (hereinafter referred to as the "Application") to finance the acquisition and rehabilitation of the housing project, as described in the attached Mortgage Loan Feasibility Staff Report dated June 27, 2019 (the "Staff Report"); and

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, a housing association to be formed by the Applicant (the "Mortgagor") may become eligible to receive a Mortgage Loan from the Authority under the provisions of the Act and the Authority's General Rules; and

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

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

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

1. The following determinations be and they hereby are made:
  - a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which

Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.

- b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.
- c. The proposed housing project will meet a social need in the area in which it is to be located.
- d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.
- e. The proposed housing project is a feasible housing project.
- f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Seventeen Million Two Hundred Forty-Eight Thousand Two Hundred Seventy-Seven (\$17,248,277).

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 Staff Report 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 housing 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, 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 Mortgagor.

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 Staff Report, which conditions are hereby incorporated by reference as if fully set forth herein.

Monthly Homeownership Production Report: MAY 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 # Prior Total	PURCHASED NEW Total	1st + DPA TO DATE	NEWEST ALLOCATED											
031	May-19	0	\$ -	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	031	\$ 21,918,601.00	\$ 21,918,601.00	\$ 23,092,659.00	\$ 10,000,000.00										
8/29/2014 07-26-17	Apr-19	0	\$ -	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	101	\$ 1,174,038.00	\$ 1,174,038.00	remaining	\$ (13,882,838.00)										
055	May-19	0	\$ -	0	\$0.00	13	\$1,302,654.00	0	\$0.00	-3	-\$226,604.00	-4	-\$375,501.00	0	\$0.00	055	\$ 293,709,117.00	\$ 293,709,117.00	\$ 306,310,870.00	\$ 315,000,000.00						
4/30/2018	Apr-19	0	\$ -	0	\$0.00	50	\$4,300,090.00	0	\$0.00	-4	-\$293,497.00	-34	-\$2,808,189.00	1	\$104,250.00	13	\$1,302,654.00	0	\$0.00	155	\$ 12,801,753.00	\$ 12,801,753.00	remaining	\$ 8,686,136.00		
056	May-19	0	\$ -	225	\$23,241,241.00	613	\$62,995,280.00	190	\$20,036,520.00	-1	-\$63,750.00	-61	-\$47,599,847.00	11	\$961,446.00	353	\$36,329,648.00	0	\$0.00	056	\$ 139,803,448.00	\$ 139,803,448.00	\$ 140,450,882.00	\$ 200,000,000.00		
12/7/2018	Apr-19	198	\$ 21,478,705.00	585	\$60,582,936.00	578	\$59,268,776.00	448	\$45,981,394.00	-3	-\$314,387.00	-12	-\$1,845,842.00	9	\$934,462.00	613	\$62,995,280.00	407	\$41,029,123.00	137	\$847,434.00	156	\$ 847,434.00	\$ 847,434.00	remaining	\$ 88,849,118.00
057	May-19	525	\$ 59,733,811.00	306	\$45,265,545.00	9	\$886,460.00	224	\$25,342,031.00	0	\$0.00	485	\$47,975,348.00	-8	-\$751,398.00	224	\$25,477,098.00	465	\$47,975,348.00	217	\$1,409,241.00	057	\$ 4,654,031.00	\$ 52,629,379.00	\$ 54,038,620.00	\$ 200,000,000.00
4/16/2018	Apr-19	355	\$ 39,965,969.00	61	\$ 6,709,531.00	0	\$0.00	18	\$1,833,101.00	0	\$0.00	46	\$4,654,031.00	37	\$3,707,390.00	9	\$886,460.00	46	\$4,654,031.00	16	\$95,757.00	157	\$ 95,757.00	\$1,409,241.00	remaining	\$ 145,991,388.00
TOTAL	May-19	325	\$59,733,811.00	621	\$68,806,789.00	635	\$95,184,394.00	414	\$45,378,351.00	-4	-\$290,354.00	0	\$0.00	2	\$210,051.00	582	\$62,507,294.00	465	\$47,975,348.00	217	\$1,409,241.00					

STEP FORWARD DPA Program

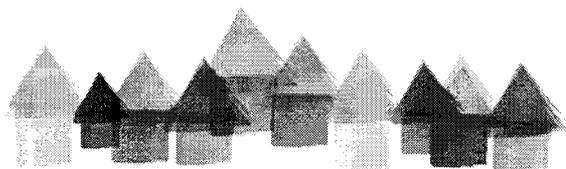
Series /Date	Month	RESERVATIONS	Cancel/Rejects	Deleted	Total In Process	APPLICATIONS RECEIVED	COMMITMENTS ISSUED	PURCHASED-DPA FUNDED	\$ 25,000,000.00							
9/24/2018	May-19	0	\$ -	-75	\$(1,096,500.00)	0	\$ -	1432	#####	11	\$ 165,000.00	24	\$ 359,781.00	231	#####	\$ 20,775,141.75
	Apr-19	0	\$ -	-54	\$( 810,000.00)	0	\$ -	1507	#####	82	#####	183	\$ 2,744,184.00	289	#####	REMAINING.
GRAND TOTAL	1,850	\$28,043,835.00	-404	-\$6,001,500.00	-14	-\$210,000.00	1,432	\$21,832,135.00	1,487	#####	1,497	\$22,449,193.00	1,396	#####		

MI HOME FLEX Loan Program (MBS)

Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	COMMITMENT Cancellations Reinstatements Net	COMMITMENT & PURCHASE IN/Decrease Net	COMMITMENTS ENDING	PURCHASED #1	PURCHASED-DPA									
900	May-19	42	\$ 4,284,603.00	35	\$3,396,016.00	46	\$4,428,306.00	22	\$2,279,131.00	1	\$174,830.00	0	\$0.00	50	\$4,931,187.00	19	\$1,948,080.00	18	\$111,727.00
11/14/2013	Apr-19	34	\$ 3,411,795.00	37	\$3,908,196.00	62	\$6,337,872.00	20	\$1,938,410.00	0	\$0.00	0	-\$69,776.00	46	\$4,428,306.00	36	\$3,778,200.00	34	\$204,175.00

MCC	RESERVATIONS	APPS RECEIVED	COMMITMENTS	CERTIFICATES					
211 MCC	May-19	63	\$ 8,669,106.00	54	\$ 7,324,886.00	55	\$ 7,415,136.00	38	\$ 5,128,077.00
6/13/2016	Apr-19	57	\$ 7,305,178.00	46	\$ 6,309,781.00	40	\$ 5,620,739.00	39	\$ 4,952,814.00

PIP Loans	Applications	Commitments	Purchased			
May-19	1	\$ 7,129.00	1	\$ 7,129.00	2	\$ 10,806.00
April-19	2	\$ 28,642.00	1	\$ 4,198.00	0	\$ -



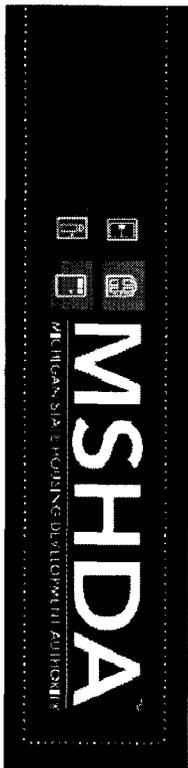
**MAY 2019**

**Helping Michigan's Hardest-Hit Homeowners**

<b>HARDEST HIT PROGRAMS</b>				
	<b># OF HOUSEHOLDS THIS MONTH</b>	<b># OF CUMULATIVE HOUSEHOLDS 2010-CURRENT</b>	<b>MONEY SPENT THIS MONTH</b>	<b>CUMULATIVE MONEY SPENT 2010-CURRENT</b>
<b>MORTGAGE &amp; TAX ASSISTANCE</b>	106	38,013	\$532,543.75	\$297,043,874
<b>BLIGHT ELIMINATION</b>	298	17,779	\$5,605,210.82	\$281,942,870
<b>Step Forward DPA</b>	231	1,396	\$3,439,533.00	\$20,775,142

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)  
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**MSHDA™** Step Forward Michigan program is offered by the Michigan Homeowner Assistance Nonprofit Housing Corporation in collaboration with the 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**

