

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A

September 26, 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 H 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 – July 25, 2019
- Tab C Resolution Authorizing Limited Code of Ethics Waiver for Andrew Martin
- Tab D Resolution Authorizing Award of Emergency Solutions Grant Funds to the Michigan Department of Health and Human Services
- Tab E Resolution Authorizing Third Amendment to Amended and Restated Contract that Appoints and Retains Designated Holland & Knight Attorneys as Special Assistant Attorneys General
- Tab F Resolution Authorizing Professional Service Contract Extensions for Independent Contractual Housing Agents
- Tab G Resolution Authorizing Contract with University Consultants, Inc., dba Association Management Resources, to Provide Management of

Conference Planning and Logistics for the Building Michigan Communities Conference

- Tab H Amended and Restated Resolution Designating Bank Accounts and Authorizing Officers as to Requisition and Investment of Funds

REGULAR VOTING ITEMS

- Tab I Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series B in an Amount Not to Exceed \$350,000,000
- Tab J Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series C (Federally Taxable) in an Amount Not to Exceed \$125,000,000
- Tab K Michigan State Housing Development Authority Second Resolution Supplementing Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2007 Series E in an Amount Not to Exceed \$135,000,000
- Tab L Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition and Sale of Development and Determining Mortgage Loan Feasibility **Shiloh Commons, MSHDA Development No. 960-2**, City of Flint, Genesee County
- Resolution Authorizing Mortgage Loans, **Shiloh Commons, MSHDA Development No. 960-2**, City of Flint, Genesee County
- Tab M Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition and Sale of Development and Determining Mortgage Loan Feasibility, **Colonial Meadows, MSHDA Development No. 893-2**, City of Pontiac, Oakland County
- Resolution Authorizing Mortgage Loan, **Colonial Meadows, MSHDA Development No. 893-2**, City of Pontiac, Oakland County
- Tab N Resolution Authorizing Transfer of Membership Interests, **The Preserve at Orianna Ridge, MSHDA Development No. 1074**, City of Marquette, Marquette County
- Tab O Resolution Authorizing Sale of Development, **Pilgrim Village Apartments, MSHDA Development No. 1413 (f/k/a No. 9014)**, City of Detroit, Wayne County
- Tab P Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition, **The Depot, MSHDA Development No. 971**, City of Coopersville, Ottawa County

**NEW RESOLUTION AUTHORIZING CONTRACT TO RETAIN EXECUTIVE
SEARCH FIRM TO CONDUCT EXECUTIVE DIRECTOR SEARCH**

Closed Session

None.

Discussion Issues:

None.

Reports:

Tab 1 Hardest Hit Report

Tab 2 Current and Historical Homeownership Data

Tab 3 Homeownership Production Report

Presentation:

Statewide Housing Studies: Needs Assessment and Homeownership

Policy, Planning and Human Resource Subcommittee

A G E N D A
Monday, September 23, 2019
8:30 a.m.

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

Agenda Voting Item(s):

- Tab C Resolution Authorizing Limited Code of Ethics Waiver for Andrew Martin
PRESENTER: Will Moseng of Legal Affairs
- Tab D Resolution Authorizing Award of Emergency Solutions Grant Funds to the Michigan Department of Health and Human Services
PRESENTER: Christina Soulard of Rental Assistance and Homeless Solutions
- Tab E Resolution Authorizing Third Amendment to Amended and Restated Contract that Appoints and Retains Designated Holland & Knight Attorneys as Special Assistant Attorneys General
PRESENTER: Clarence Stone of Legal Affairs
- Tab F Resolution Authorizing Professional Service Contract Extensions for Independent Contractual Housing Agents
PRESENTER: Lisa Kemmis of Rental Assistance and Homeless Solutions
- Tab G Resolution Authorizing Contract with University Consultants, Inc., dba Association Management Resources, to Provide Management of Conference Planning and Logistics for the Building Michigan Communities Conference
PRESENTER: Jess Sobel of Grants, Resources, and Technical Assistance
- Tab H Amended and Restated Resolution Designating Bank Accounts and Authorizing Officers as to Requisition and Investment of Funds
PRESENTER: Jeff Sykes of Finance

Other Agenda Item(s):

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

Real Estate Finance Subcommittee

A G E N D A

Monday, September 23, 2019

9:30 a.m.

Dial-In: 1 (877) 402-9753

NEW Passcode: 9048999

Agenda Voting Item(s):

- Tab I Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series B in an Amount Not to Exceed \$350,000,000
PRESENTER: Jeff Sykes, Chief Financial Officer
- Tab J Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series C (Federally Taxable) in an Amount Not to Exceed \$125,000,000
PRESENTER: Jeff Sykes, Chief Financial Officer
- Tab K Michigan State Housing Development Authority Second Resolution Supplementing Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2007 Series E in an Amount Not to Exceed \$135,000,000 -
PRESENTER: Jeff Sykes, Chief Financial Officer
- Tab L Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition and Sale of Development and Determining Mortgage Loan Feasibility, **Shiloh Commons, MSHDA Development No. 960-2**, City of Flint, Genesee County

Resolution Authorizing Mortgage Loans, **Shiloh Commons, MSHDA Development No. 960-2**, City of Flint, Genesee County
PRESENTER: John Hundt, Rental Development
- Tab M Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition and Sale of Development and Determining Mortgage Loan Feasibility, **Colonial Meadows, MSHDA Development No. 893-2**, City of Pontiac, Oakland County

Resolution Authorizing Mortgage Loan, **Colonial Meadows, MSHDA**
PRESENTER: John Hundt, Rental Development
- Tab N Resolution Authorizing Transfer of Membership Interests, **The Preserve at Orianna Ridge, MSHDA Development No. 1074**, City of Marquette, Marquette County
PRESENTER: Troy Thelen, Asset Management
- Tab O Resolution Authorizing Sale of Development, **Pilgrim Village Apartments, MSHDA Development No. 1413 (f/k/a No. 9014)**, City of Detroit, Wayne County
PRESENTER: Troy Thelen, Asset Management

Tab P Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition, **The Depot, MSHDA Development No. 971**, City of Coopersville, Ottawa County
PRESENTER: Troy Thelen, Asset Management

Other Agenda Item(s):

None.

Miscellaneous (Discussion Only):

None.

**Michigan State Housing Development Authority
Minutes of Authority Meeting
July 25, 2019**

**AUTHORITY MEMBERS
PRESENT IN LANSING**

Carl English
Jennifer Grau
Mike Kapp for Paul Ajegba
Rachael Eubanks

**AUTHORITY MEMBERS
PRESENT IN DETROIT**

Regina Bell

**AUTHORITY MEMBERS
ABSENT**

Deb Muchmore
Sarah Esty for Robert Gordon
Tyrone Hamilton

OTHERS PRESENT (Lansing/Detroit):

Gary Heidel, Acting Executive Director
Maria Ostrander, Executive
Mary Cook, Executive
Willard G. Moseng, Legal Affairs
Scott Grammer, Legal Affairs
Laurie Kelley, Legal Affairs
Diana Bitely, Legal Affairs
Lisa Ward, Legal Affairs
Jeffrey Sykes, Chief Financial Officer
Chris Hall, Technical Support Services
John Hundt, Rental Development
John Millhouse, Office of Attorney General
Mike Fobbe, Office of Attorney General
Kelly Rose, Chief Housing Solutions Officer
Katie Bach, Communications
Matt Schoenherr, Communications
Mark Garcia, Communications
Misty Elliott, Communications
Michael Witt, Asset Management
Troy Thelen, Asset Management
Jennifer Ferguson, Office of Employee Services
Joe Kelley, Procurement
Dace Koenigsknecht, Procurement
Linda Beachnau, Information Technology
Jennifer Edmonds, Audit, Compliance and Fraud
Jonathan Hilliker, Audit, Compliance and Fraud
Kevin Brown, PIRHL
Chris Bennett, Dwelling Place
Tom Caldwell, Colliers International
Tim Rittenhouse, CSG Advisors

Chairperson Rachael Eubanks opened the meeting at 10:03am.

Public Comments:

Ms. Eubanks asked if there were public comments at the Lansing and Detroit offices. There being none, Ms. Eubanks noted that goldenrods for Tab E were available at the table. Copies of Tab F were also available for those who had not already received them.

Ms. Eubanks also took a moment to acknowledge Mr. Mike Kapp and thank him for his eight years of service with the Michigan State Housing Development Authority (“Authority”). Mr. Kapp, who served as a representative of Director of Transportation Paul Ajegba, responded that it was a pleasure to participate and that he will continue to support the Authority’s mission.

Executive Director’s Report:

Mr. Heidel reported on Executive Order 2019-13 (“Executive Order”), which will become effective August 11, 2019, unless it is rejected by the Michigan legislature. He stated that teams from the Authority, the Michigan Strategic Fund and the Michigan Economic Development Corporation have been meeting to address the implementation of the Executive Order and that these talks are going well.

Mr. Heidel went on to highlight several of the Authority’s projects in the community. He wanted to bring attention to some of the positive feedback it has been receiving for several of its programs. Some examples include:

A. Dowagiac NEP (“Neighborhood Enhancement Program”) Grant:

- \$50,000 for local home improvements
- A local news clip was shown highlighting a recipient of this program

B. Low Income Housing Tax Credit Awards in Detroit:

- Governor Whitmer, Detroit Mayor Mike Duggan and Andy Martin spoke at Orchestra Place Apartments in Detroit.
- Several Detroit developments will be built or rehabilitated with Low Income Housing Tax Credits. A PowerPoint slide listed examples of such projects, including:
 - **Milwaukee Junction (MHT/Van Fox & Detroit Catholic Pastoral Alliance):**
 - 25 Units/New Construction
 - **Total Project Cost: \$7.2 million**
 - **Brush & Watson (American Community Developers/Gerald Krueger):**
 - 60 Units/Mixed Income/New Construction
 - **Total Project Cost: \$19.1 million**
 - **Cathedral Tower (Bedrock and MRK Partners):**
 - 236 Units/Rehabilitation and Preservation
 - **Total Project Cost: \$27 million**
 - **Orchestra Place: (Larc Properties/Larry Tisdale):**
 - 82 Rehabilitation and Preservation
 - **Total Project Cost: \$21 million**

Mr. Heidel noted that these projects show how the Authority can have an impact in Michigan’s largest urban cities and its small rural communities. He hopes to increase these types of projects in the future.

Mr. Heidel ended by also taking time to mention Mike Kapp and thank him for his contributions to the Authority.

Voting Issues:

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

Consent Agenda (Tabs B through D): Mike Kapp moved approval of the consent agenda. Jennifer Grau supported. The consent agenda was approved. The consent agenda included the following:

- Tab B Minutes – June 27, 2019
- Tab C Resolution Amending Code of Ethics
- Tab D Resolution Authorizing the Extension of Professional Services Contract with Water Hill Creative, Inc.

REGULAR VOTING ITEMS

Tab E: John Hundt of Rental Development presented the Resolution Determining Mortgage Loan Feasibility, **Ferguson Apartments, MSHDA No. 1440-2**, City of Grand Rapids, Kent County and the Resolution Authorizing Mortgage Loans, **Ferguson Apartments, MSHDA No. 1440-2**, City of Grand Rapids, Kent County.

Mr. Hundt mentioned that goldenrods were available for both the Board Memo and Staff Report. This was necessary in order to remove a paragraph that recommended a waiver of a provision of the Round 2 – Michigan Housing Trust Fund Allocation Plan. After reviewing the matter further, it was determined that the studio units in the development would not be considered single room housing. As such, the originally requested waiver was unnecessary and the language was removed from both items.

There are 119 units in this development and the Sources and Uses is expected to total \$21.2 million. Mr. Tom Caldwell from Colliers International and Mr. Chris Bennett from Dwelling Place were present to support this resolution.

Jennifer Grau had a question regarding the terms of the loan. Mr. Hundt responded that it is a 1% simple interest loan issued for 50 years.

Carl English moved approval of the resolution. Jennifer Grau supported. The resolution was approved.

Tab F: John Hundt of Rental Development also presented the Resolution Determining Mortgage Loan Feasibility, **Lyon Township Senior Living, MSHDA No. 3850**, Lyon Township, Oakland County and the Resolution Authorizing Mortgage Loans, **Lyon Township Senior Living, MSHDA No. 3850**, Lyon Township, Oakland County.

This development will consist of 130 independent senior living units. It was noted that due to a high-pressure gas line in the area, a special ingress and egress easement will be required. In order obtain the necessary space for the easement, additional land was purchased from an adjoining business (Lyons Grill). As part of the purchase, Lyons Grill will be permitted to use some of the Lyon Township Senior Living property in the future for overflow parking. The Sources and

Uses for this project totals \$35 million. Kevin Brown from PIRHL was present to support this resolution.

Ms. Regina Brown asked if the agreement with Lyons Grill was simply verbal or if there was a written contract. Mr. Hundt deferred to the staff attorney on the matter, Ms. Laurie Kelly of the Authority's Legal Affairs Division. Ms. Kelly responded that a written easement agreement was currently being negotiated. Mr. Hundt indicated that this type of agreement would be part of the closing conditions.

Carl English moved approval of the resolution. Jennifer Grau supported. The resolution was approved.

Tab G: Troy Thelen of Asset Management presented the Resolution Authorizing Modification to Mortgage Terms for McCoy Townhouses, MSHDA Development No. 527-2, City of Detroit, Wayne County.

Mr. Thelen explained that this is a Section 8 development with a second mortgage. He stated that modifying the mortgage terms would be a good deal for all involved because it would result in a larger distribution of money for the development and allow them to pay back the secondary debt faster.

Carl English moved approval of the resolution. Mike Kapp supported. The resolution was approved.

Tab H: Matt Schoenherr of Communications presented a Request for Authorization to Amend the Perich Advertising + Design Contract. The request is to extend the contract term for one year at a cost of \$900,000. This cost has already been accounted for in the budget. Perich Advertising was originally awarded the contract after a competitive bidding process three years ago. Working with an outside firm allows the Communications unit to provide additional public relations services and extend their outreach on social media.

Rachel Eubanks asked how this impacts the Authority's ability to design its own strategic plan for Communications. Mr. Schoenherr responded that the Communications unit comes up with its own strategic plan and vision and they work with Perich Advertising to implement and refine it as necessary.

Regina Bell asked how often the bidding process occurs. Mr. Schoenherr responded that contracts are awarded on a three-year basis and can be extended twice for an additional year each. This would be Perich's first one-year extension. Also, there is a clause that allows the Authority to terminate the contract at any time.

Jennifer Grau thanked Mr. Schoenherr for ensuring that everyone could hear and see him during his presentation. Ms. Eubanks agreed and noted that ensuring greater accessibility is something that should be considered moving forward.

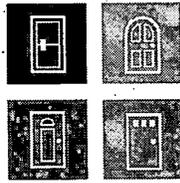
Mike Kapp moved approval of the resolution. Carl English supported. The resolution was approved.

Ms. Eubanks stated that the next regular Authority meeting is currently scheduled for August 29; however, if the new Executive Order is implemented, the meeting may be changed to accommodate the schedules of the new Authority members.

Prior to adjourning, Ms. Eubanks wanted to acknowledged Sarah Esty for her service as Vice Chair of the Authority. She noted that Ms. Esty was unable to attend this meeting due to a prior commitment. If the Executive Order is implemented, her seat would be eliminated from the Board.

There being no further business, Ms. Eubanks requested a motion to adjourn. Mike Kapp moved to adjourn. Jennifer Grau supported the motion, and it was unanimously approved. The meeting adjourned at 10:37am.





MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

TAB C
GOLDENROD

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director 

DATE: September 26, 2019

RE: Waiver of Code of Ethics' Prohibition for Andrew Martin

Recommendation:

I recommend a waiver for Andrew Martin 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. The waiver will be limited to permitting him to remain on the Board of Directors of the Michigan Homeowner Assistance Nonprofit Housing Corporation ("MHA").

Executive Summary:

Andrew Martin began working at the Authority in 2003 as a student assistant. During his time with the Authority he worked in the allocation section of the Low Income Housing Tax Credits Office, as Director of the Development Division, and as the Acting Chief Housing Investment Officer. On November 4, 2015 the Authority appointed Mr. Martin to the board of directors of the Michigan Homeowner Assistance Nonprofit Housing Corporation ("MHA"), a corporation created by the Authority to administer the Hardest Hit Funds. The Authority received these funds from the U.S. Treasury Department to help prevent foreclosures of single-family homes. On September 6, 2019 Mr. Martin left the Authority to work for MHT Housing, a multi-family housing developer.

The MHA board currently consists of five members: Mr. Martin, three Authority employees, and Kate Luckert-Schmid, vice president for programs for the Grand Rapids Community Foundation and a former Authority member. Presently, MHA is beginning the process of winding down its operations, since much of its money has been spent, and the rest needs to be committed by December 31, 2020. Because of the relatively short time remaining for MHA to be active, and the fact that there are few major decisions to be made during that time, it appears difficult to find someone who would be interested in serving as a director and bringing that person up to speed. I therefore recommend that Mr. Martin be allowed to remain on the board of directors for MHA.

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"). Mr. Martin's position on the MHA board arguably is barred by the Employment Prohibition. However, I recommend the Authority waive the

Employment Prohibition in this case, and only to the extent that it prohibits him from being on the MHA board. It is highly unlikely that his employment with MHT Housing would involve anything that MHA does, since MHA's activities are limited to foreclosure prevention, down payment assistance and blight elimination. **HOWEVER, SHOULD AN INSTANCE ARISE IN WHICH MHT HOUSING IS INVOLVED IN ACTIVITIES WITH MHA, MR. MARTIN WILL BE REQUIRED TO RECUSE HIMSELF FROM ANY MHA BOARD INVOLVEMENT REGARDING THOSE ACTIVITIES.**

Allowing Mr. Martin to remain on the MHA board will allow MHA to utilize his knowledge and experience as it wraps up its activities and will minimize any disruption Mr. Martin's leaving the Authority would otherwise cause.

Issues, Policy Considerations, and Related Actions:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING LIMITED CODE OF ETHICS WAIVER FOR
ANDREW MARTIN

September 26, 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 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" ("Project and Program Prohibition"); and

WHEREAS, Andrew Martin left employment with the Authority on September 6, 2019 and began employment with MHT Housing; and

WHEREAS, as part of his duties for the Authority Andrew Martin was appointed by the Authority to the board of directors of the Michigan Homeowner Assistance Nonprofit Housing Corporation ("MHA"); and

WHEREAS, the Acting Executive Director has recommended that Andrew Martin continue to serve as member of the board of directors for MHA; and

WHEREAS, it is unlikely that his duties for MHT Housing will in any way conflict with his duties and obligations as a member of MHA's board of directors; and

WHEREAS, the Acting Executive Director, for the reasons set forth in the accompanying memorandum, has recommended that the Authority grant a limited waiver of the Project and Program Prohibition in the Code of Ethics with respect to Andrew Martin that would allow him to continue to serve as a member of MHA's board of directors; 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 a waiver of the Project and Program Prohibition in the Authority's Code of Ethics described above be granted to Andrew Martin, and that the aforementioned waiver be limited to his serving as a member of the board of directors of the Michigan Homeowner Assistance Nonprofit Housing Corporation. **HOWEVER, SHOULD AN INSTANCE ARISE IN WHICH MHT HOUSING IS INVOLVED IN ACTIVITIES WITH MHA, MR. MARTIN MUST RECUSE HIMSELF FROM ANY MHA BOARD INVOLVEMENT REGARDING THOSE ACTIVITIES.**



M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director *GH*

DATE: September 26, 2019

RE: Award Emergency Solutions Grant ("ESG") Funds to the Michigan Department of Health and Human Services ("DHHS")

Recommendation:

To provide consistent funding for domestic violence prevention service providers, I recommend that the Michigan State Housing Development Authority (the "Authority") award \$700,000 of its 2019-2020 ESG matching allocation to DHHS in lieu of directly funding domestic violence prevention agencies across the state. This award will allow DHHS and the Authority to align their domestic violence prevention funding to help meet our larger joint goal of ending homelessness. This will be the fourth year that the Authority has granted funds for this purpose to DHHS. The Authority and DHHS will enter into an interagency agreement to formalize the grant and outline requirements of both parties.

This funding will be used to support domestic violence shelters, provide case management to domestic violence survivors, enter computer data and provide administrative support on a statewide basis.

Executive Summary:

The Michigan Domestic and Sexual Violence Prevention and Treatment Board (the "DV Treatment Board"), housed within DHHS, is a Governor-appointed Board established in 1978 to focus state activity on domestic violence. The DV Treatment Board administers state and federal funding for domestic violence shelters and advocacy services, recommends policy and provides technical assistance and training.

Since 2005, DHHS has worked closely with the Authority on the Campaign to End Homelessness. As a Campaign partner, DHHS understands the importance of effectively using state and federal housing dollars, the concept of Housing First, and shares our goal of ending homelessness among all populations including survivors of domestic violence.

For 2019, the U.S. Department of Housing and Urban Development ("HUD") awarded the Authority \$5,007,550 in ESG funds and the Authority will provide \$5,007,550 in matching funds as outlined in the fiscal year 2019-20 budget. The \$700,000 ESG award to the DV Treatment Board will be funded with Authority matching funds, to be allocated from October 1, 2019 to

September 30, 2020. If approved, this one-year grant will be made with the intent to continue this funding structure in future years subject to Authority members' approval.

Issues, Policy Considerations, and Related Actions:

Domestic violence prevention service providers must follow ESG policy in administering this award. DHHS will provide grant oversight, submit quarterly progress reports and request grant disbursements from the Authority. DHHS will sub-grant with domestic violence prevention service providers that have the capability to provide data required to comply with HUD's domestic violence Consolidated Annual Performance and Evaluation Report requirements. In the event DHHS is not in compliance, funds will be recaptured. Authority staff will work closely with the DHHS DV Treatment Board during the grant administration.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING
AWARD OF EMERGENCY SOLUTIONS GRANT FUNDS TO THE MICHIGAN DEPARTMENT
OF HEALTH AND HUMAN SERVICES**

September 26, 2019

WHEREAS, for the fiscal year 2019-2020, the Michigan State Housing Development Authority (the "Authority") will receive Emergency Solutions Grant ("ESG") funds from the U.S. Department of Housing and Urban Development, including, but not limited to, funds to support domestic violence ("DV") prevention activities; and

WHEREAS, the Michigan Domestic and Sexual Violence Prevention and Treatment Board (the "DV Treatment Board"), housed within the Michigan Department of Health and Human Services ("DHHS"), focuses on DV prevention activities and works with DV service providers statewide; and

WHEREAS, there is a continuing need to fund DV service providers in this state in a consistent and cost-effective manner; and

WHEREAS, awarding a portion of the ESG funds to the DV Treatment Board streamlines the delivery of DV funding to DV service providers in this state; and

WHEREAS, from October 1, 2019 to September 30, 2020, the Authority intends to provide matching funds for ESG activities, including, but not limited to, DV prevention activities; and

WHEREAS, the Acting Executive Director has recommended that the Authority approve the award of certain ESG funding from the Authority's matching funds as described in the accompanying Memorandum dated September 26, 2019; 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 Authority awards and grants \$700,000 of its fiscal year 2019-2020 ESG matching funds to the DV Treatment Board to be allocated from October 1, 2019 to September 30, 2020 and to be used to support DV shelters, provide case management to DV survivors, enter computer data and provide administrative support to DV service providers on a statewide basis, all in compliance with ESG regulations and policies.
2. The Authority's Executive Director, Chief Financial Officer, Director of Legal Affairs, Deputy Director of Legal Affairs and the Chief Housing Solutions Officer (collectively, "Authorized Officers"), or any person duly acting in such capacity, each is hereby authorized to execute an interagency agreement with DHHS, pursuant to the scope contained in the attached memorandum.



M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director 

DATE: September 26, 2019

RE: Request to Authorize One Year Extension of the Amended and Restated Contract that Appoints and Retains Designated Holland & Knight Attorneys as Special Assistant Attorneys General

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") approve a resolution that authorizes the Executive Director to enter into a Third Amendment to the Amended and Restated Contract ("Third Amendment") with the Department of Attorney General and Holland & Knight, LLP ("Holland & Knight"). The Third Amendment would extend the expiration date of the Amended and Restated Contract from September 30, 2019 to September 30, 2020 without increasing its maximum contract amount. Civil Service has approved this request as a pre-authorized service.

Executive Summary:

The Authority, the Department of Attorney General and Holland & Knight entered into an Amended and Restated Contract that covered a period of October 1, 2014 through September 30, 2017 for the services of designated Holland & Knight attorneys as Special Assistant Attorneys General. The parties entered into a First Amendment that extended the term of the Amended and Restated Contract to September 30, 2018 without increasing the maximum contract amount. Last year, the parties entered into a Second Amendment that extended the term of the Amended and Restated Contract to September 30, 2019 without increasing the maximum contract amount.

If approved, the Third Amendment will extend the term of the Amended and Restated Contract to September 30, 2020 without increasing the maximum contract amount. It will also ensure that designated Holland & Knight attorneys can continue to serve as Special Assistant Attorney General and provide legal advice to the Authority on federal housing and community development programs and initiatives that include, but are not limited to, Low Income Housing Tax Credits, the Neighborhood Stabilization Program, Post-1980 Section 8 developments, and federal regulations affecting housing and mortgage loans.

The Authority continues to require the services of the designated Holland & Knight attorneys. If this recommendation is approved, the designated Holland & Knight attorney who would serve as Special Assistant Attorney General through September 30, 2019 would be Anthony Freedman. Designated Holland & Knight attorney may be added to or replaced, subject to the approval of the Attorney General and the Executive Director. The balance on this contract is \$36,880.99.

Issues, Policy Considerations, and Related Actions:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING THIRD AMENDMENT TO AMENDED AND RESTATED
CONTRACT THAT APPOINTS AND RETAINS DESIGNATED HOLLAND & KNIGHT
ATTORNEYS AS SPECIAL ASSISTANT ATTORNEYS GENERAL**

September 26, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority"), the Department of Attorney General ("Attorney General") and Holland & Knight, LLP ("Holland & Knight") entered into an amended and restated contract to appoint and retain designated Holland & Knight attorneys as Special Assistant Attorneys General for a term ending on September 30, 2017 to provide legal services to the Authority with respect to federal law and regulatory issues concerning low income housing tax credits, the Neighborhood Stabilization Program, Post-1980 Section 8 developments, Project-Based Vouchers and other federal housing and community development programs and initiatives; and

WHEREAS, on July 26, 2017, the Authority authorized the Executive Director to enter into the First Amendment to the Amended and Restated Contract to extend the term of the Amendment and Restated Contract to September 30, 2018; and

WHEREAS, on September 26, 2018, the Authority authorized the Executive Director to enter into the Second Amendment to the Amended and Restated Contract to extend the term of the Amendment and Restated Contract to September 30, 2019; and

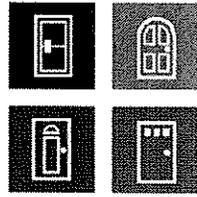
WHEREAS, the Authority staff continues to require the services of Holland & Knight with respect to such federal housing programs; and

WHEREAS, for the reasons restated in the accompanying memorandum, the Acting Executive Director recommends that the Authority authorize the execution of the Third Amendment to the Amended and Restated Contract that would extend the term to September 30, 2020 but not increase the contract amount; and

WHEREAS, the Civil Service Commission has reviewed and approved the Authority's request for contractual services; 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 Executive Director, the Director of Legal Affairs, the Chief Financial Officer, or any person duly acting in such capacity, each is hereby authorized to enter into the Third Amendment to the Amended and Restated Contract with the Department of Attorney General and Holland and Knight, LLP that would extend the Amended and Restated Contract's expiration date from September 30, 2019 to September 30, 2020 without increasing its maximum contract amount.



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: September 26, 2019

RE: Approval of Professional Services Contract Extensions for Independent Contractual Housing Agents - Housing Choice Voucher Program

Recommendation:

I recommend that the Michigan State Housing Development Authority ("the Authority") adopt a resolution approving a one-year extension of the Professional Services Contract for Independent Contractual Housing Agents. The independent contractors provide services necessary for the administration of the Department of Housing and Urban Development ("HUD") Housing Choice Voucher ("HCV") Program throughout the state of Michigan.

On September 14, 2016, the Authority approved the award of Professional Services Contracts for Independent Contractors for the HCV program. The approval was granted for a two-year contract term to be in effect January 1, 2017 until December 31, 2018 with the possibility of three extensions for one year each. On September 26, 2018, the Board approved a one-year extension, effective January 1, 2019 to December 31, 2019.

The proposed contract extension will be in effect January 1, 2020 until December 31, 2020 for the following independent contractors:

- 1) BECKA Management, LLC
- 2) Busch Housing Services, LLC
- 3) City of Lapeer
- 4) Community Housing Advocates, LLC
- 5) Community Management Associates, Inc.
- 6) Dickinson Housing Assistance, LLC
- 7) McKinney, LLC
- 8) P&M Housing Services, LLC
- 9) Pine Grove Housing Services, LLC
- 10) Property Consultants Associates, Inc.
- 11) RPI Management, Inc.
- 12) Salyers, Inc.
- 13) Szajna & Associates, Inc.
- 14) Tip of the Mitt, LLC

Executive Summary:

This federally funded program assists approximately 28,000 households, located throughout the State, with rental assistance payments. The services provided by the contractors include briefing participants and landlords on program requirements, determining applicant eligibility, case management, and physically inspecting rental properties to ensure compliance with HUD Housing Quality Standards.

Key changes in the one-year contract extension are as follows:

- One contractor operating in the Upper Peninsula qualifies for an additional \$4 per month for each participant under contract due to the higher travel costs associated with the low voucher density in these areas. Previously, the contractor was eligible for \$2 per month for each participant under contract.
- Contractors may be eligible for an additional \$1 per voucher per month for each Mainstream Voucher Program participant under contract.
- Contractors may be eligible for an additional \$1 per voucher per month for each Section 811 Voucher participant under contract.
- Contractors must present annually at Continuum of Care (“CoC”) meetings, for each CoC the Contractor provides services.

The total combined cost of the fourteen contractors is approximately \$10 million annually and is fully covered by administrative fees allotted to the Authority by HUD.

Issues, Policy Considerations, and Related Actions:

None

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING PROFESSIONAL SERVICE CONTRACT EXTENSIONS FOR
INDEPENDENT CONTRACTUAL HOUSING AGENTS**

September 26, 2019

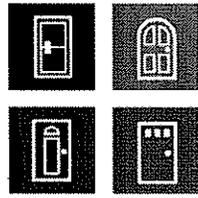
WHEREAS, the Michigan State Housing Development Authority (the "Authority") administers the Housing Choice Voucher Program (the "HCV Program") for the U.S. Department of Housing and Urban Development ("HUD") through the Authority's Rental Assistance and Homeless Solutions Division (the "RAHS Division"); and

WHEREAS, the Authority has received the memorandum of the Acting Executive Director regarding the Professional Service Contract extensions for the Independent Contractual Housing Agents; and

WHEREAS, the Acting Executive Director recommends that the Authority extend the fourteen (14) Professional Service Contracts for Independent Contractual Housing Agents as described in the accompanying memorandum; and

WHEREAS, the Authority concurs in the memorandum and recommendation of the Acting Executive Director and hereby determines that the above-referenced services are necessary for the effective implementation of the Authority's programs and policies.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that the Executive Director, the Chief Housing Solutions Officer, the Chief Financial Officer, the Director of Legal Affairs, or any person duly acting in such capacity, each is hereby authorized to enter into extensions of the Professional Service Contracts for Independent Contractual Housing Agents described in the accompanying memorandum to provide professional services for the period beginning January 1, 2020 through December 31, 2020.



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 *GH*

DATE: September 26, 2019

RE: Resolution Authorizing of Professional Services Contract with University Consultants, Inc. (dba Association Management Resources, Inc.)

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") authorize a professional services contract with University Consultants, Inc. (the "Contractor"), for a three-year period, to provide planning, logistics and management services for the annual Michigan Building Michigan Communities Conference ("BMCC"). The recommended contract will cost \$102,500 per year, for a period beginning on or about November 1, 2019 and ending October 31, 2020, with the option for two (2) one-year extensions at the Authority's discretion for a total contract amount not to exceed \$307,500.

Executive Summary:

The Contractor was selected following a competitive bidding process. The Authority issued a Request for Proposals ("RFP") for conference planning services in July 2019. Four firms submitted bids that were reviewed by a team of Authority staff members. The Contractor was selected by the team unanimously.

The Contractor is a full-service conference logistical and association management company with over 30 years of meeting planning experience. Furthermore, the Contractor has participated with planning the BMCC since its inception as the Michigan Conference on Affordable Housing. The Contractor will manage all tasks, activities, and deadlines associated with the BMCC, including but not limited to financial management, hotel and facilities contracts, registration, monthly planning meetings, meeting room and exhibit hall designs, sponsorship development, audio/visual orders, and on-site conference management. The Civil Service Commission has authorized the Authority's request for this service.

Issues, Policy Considerations, and Related Actions:

None

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING CONTRACT WITH UNIVERSITY CONSULTANTS, INC.,
dba ASSOCIATION MANAGEMENT RESOURCES, TO PROVIDE MANAGEMENT OF
CONFERENCE PLANNING AND LOGISTICS FOR THE BUILDING MICHIGAN
COMMUNITIES CONFERENCE**

September 26, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") has received the report of the Executive Director regarding the request to enter into a professional services contract with University Consultants; and

WHEREAS, the Authority, pursuant to 1966 PA 346, MCL 125.1401 *et seq.*, provides services and programs addressing the statewide need for clean, safe and affordable housing for Michigan's low and moderate income families, as well as provides programs addressing economic integration promoting financial and social stability of Michigan communities; and

WHEREAS, in keeping with its mission, the Authority has for the past sixteen years hosted an annual affordable housing conference that brings together stakeholders in alignment with the Authority's mission, specializing in the provision of programs and services to the homeless, as well as experts in neighborhood revitalization; and

WHEREAS, the annual conference, known as the Building Michigan Communities Conference ("BMCC"), is scheduled for April 2020 and is one of the largest of its kind in the United States, thereby requiring significant expert logistical and planning support; and

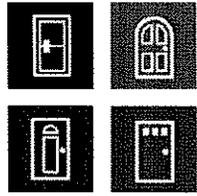
WHEREAS, the Acting Executive Director recommends that the Authority enter into a contract with University Consultants, Inc., doing business as Association Management Resources, for a period beginning on or about November 1, 2019 and ending October 31, 2022, in an amount not to exceed \$102,500 per year, with the option for two (2) one-year extensions at the Authority's discretion for a total amount not to exceed \$307,500 for the life of the contract should the Authority exercise its option; and

WHEREAS, the Civil Service Commission has approved the Authority's Contractual Services Request in this matter; and

WHEREAS, the Authority concurs with the recommendation of the Acting Executive Director as set forth in the accompanying memorandum as it is necessary and proper for the furtherance of Authority programs and initiatives.

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, each is hereby authorized to execute, on behalf of the Authority, a contract with AMR for a period beginning on or about November 1,

2019 and ending October 31, 2020 in an amount not to exceed \$102,500 per year, with the option for two (2) one-year extensions at the Authority's discretion for a total contract amount not to exceed \$307,500 should the Authority exercise its option.



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 *GH*

DATE: September 26, 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

June 27, 2019~~September 26, 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	Bank of America

Operating Expenses

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 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
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 <u>Michael Witt</u>	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 <u>Michael Witt</u>	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:

<u>NAME</u>	<u>TITLE</u>
Jeffrey J. Sykes	Chief Financial Officer
Teena Briggs	Manager of Audit, 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 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~~ September 26, 2019.

I, ~~Jeff Donofrio~~ 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 ~~September~~ June 26, 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>	_____
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~~ Michael Witt 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 Chair of the Michigan State Housing
Development Authority and the seal of the Authority this _____ day of September 2019.

Jeff Donofrio, Chair

~~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~~

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

September 26, 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	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 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

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
Michael Witt	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
Michael Witt	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:

<u>NAME</u>	<u>TITLE</u>
Jeffrey J. Sykes	Chief Financial Officer
Teena Briggs	Manager of Audit, 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.

- 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.
- This Resolution shall take effect on September 26, 2019.

I, Jeff Donofrio, hereby certify that I am the Chair 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 September 26, 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>	
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 _____

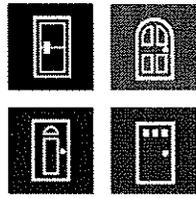
Michael Witt Acting Chief
Housing Investment Officer _____

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 Chair of the Michigan State Housing Development Authority and the seal of the Authority this ____ day of September 2019.

Jeff Donofrio, Chair



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: September 26, 2019

RE: Issuance of the Single-Family Mortgage Revenue Bonds, 2019 Series B & C

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") approve the attached resolutions authorizing Authority staff to carry out the steps necessary to issue the Single-Family Mortgage Revenue Bonds, 2019 Series B & C (the "2019 Bonds").

Executive Summary:

The Authority plans to issue \$325,000,000 of Single-Family Mortgage Revenue Bonds. Barclays Capital is the book running co-senior underwriter while the Royal Bank of Canada ("RBC") is the other co-senior underwriter. The Authority will include other banks as co-managers and in a selling group in an effort to improve the pricing. The bonds will be priced on October 8th and 9th. The Authority has worked closely with our financial advisor, Tim Rittenhouse, of CSG Advisors, throughout the structuring of this financing. CSG Advisors created the Indenture cash flows as well as the rating agency cash flows, and Barclays developed the 2019 Bond cash flows.

The 2019 Series B Bonds ("2019B Bonds"), in the expected par amount of \$276,885,000, are being issued as tax-exempt fixed rate non-AMT uninsured debt. The bond proceeds will be used to fund the purchase of single-family mortgages (approx. \$252.4 million) and down payment assistance ("DPA") loans (approx. \$11.9 million). The remaining proceeds will be used to pay the cost of issuance (approx. \$2.8 million) and a portion of the Capital Reserve Requirement (approx. \$9.9 million). Depending on pricing, the Authority may also issue one or more of the term bonds at a premium. If this happens, the par amount would decrease as the premium increases.

The 2019 Series C Bonds ("2019C Bonds"), in the expected amount of \$48,115,000, are being issued as taxable fixed rate uninsured debt. The bond proceeds will be used to fund the purchase of single-family mortgages (approx. \$35.9 million) and home improvement loans (approx. \$10.0 million). The remaining proceeds will be used to cover the cost of issuance (approx. \$482,000) and a portion of the Capital Reserve Requirement (approx. \$1.7 million).

The Authority's General Resolution Authorizing the Issuance of Michigan State Housing Development Authority Single Family Mortgage Revenue Bonds, adopted in 1987 (the "General Resolution"), is the resolution under which most Authority loans for single-family mortgages have been originated since that time. The General Resolution has generally required that loans originated pursuant to the General Resolution be first mortgage loans. On September 28, 2018, the Authority approved the Fifth Resolution Supplementing the Single-Family Mortgage Revenue Bond General Resolution (the "Supplemental Resolution"), The which allows the Authority to originated mortgage loans that are not first mortgage loans. But it requires the holders of 51% of outstanding debt under the General Resolution to approve the proposed amendments. On December 1, 2019, the 51% threshold will be reached, thereby allowing the 2019C bond proceeds to be used to fund home improvement loans.

The capital reserve requirement is 4% of the 2019 Series B and C mortgage balance plus funds available to make mortgage loans. This \$11.5 million requirement will be funded by investments purchased with bond proceeds of the 2019 Bonds or other funds available within the Single-Family Mortgage Revenue Bond indenture.

Issues, Policy Considerations, and Related Actions:

None

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
SINGLE-FAMILY MORTGAGE REVENUE BONDS, 2019 SERIES B
IN AN AMOUNT NOT TO EXCEED \$350,000,000**

September 26, 2019

WHEREAS, the Members of the Michigan State Housing Development Authority (hereinafter referred to as the "Authority"), by Resolution adopted December 17, 1987, and as supplemented on January 28, 1988, October 12, 1995, January 30, 1997 and May 24, 2006 (hereinafter referred to as the "General Resolution"), have authorized the issuance of Single-Family Mortgage Revenue Bonds in one or more Series pursuant to a Series Resolution authorizing the issuance and sale of any 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 "Single-Family Mortgage Revenue Bonds, 2019 Series B" to provide moneys to carry out the purposes of the Authority; and

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

NOW, THEREFORE, BE IT RESOLVED by the Members of the Authority as follows:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

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

102. Definitions.

All terms which are defined in Sections 103 and 104 of Article I of the General Resolution have the same meanings in this 2019 Series B Resolution including the preambles hereto.

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

“Capital Appreciation Bonds” means the 2019 Series B Bonds, if any, which are authorized as Capital Appreciation Bonds pursuant to Section 203 hereof, which do not provide for current interest payments and which are hereby designated Deferred Interest Bonds.

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

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

“Down Payment Assistance Fund” means the Fund established pursuant to Article III of the 2003 Series B Resolution.

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

“Letter(s) of Credit” means one or more unconditional irrevocable letters 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(s) of Credit or if the Authority does not deliver to the Trustee a replacement Letter(s) of Credit.

“Loan Loss Fund” means the Loan Loss Fund established pursuant to the Loan Loss Fund Resolution.

“Loan Loss Fund Resolution” means the Authority’s Resolution Establishing Single-Family Loan Loss Fund adopted July 8, 1988, as supplemented on June 1, 1989 and April 30, 1997.

“1986 Code” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the 1986 Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the 2019 Series B Bonds or the use of proceeds thereof, and also includes all amendments and successor provisions unless the context clearly requires otherwise.

“Purchase Contract” means, the contract of purchase between the Authority and the Underwriters with respect to the 2019 Series B Bonds.

“Purchasers” means the Underwriters.

“Representation Letter” means the blanket agreement of the Authority and the Trustee to comply with the operational arrangements of DTC and any similar agreement with respect to a successor Securities Depository.

“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 DTC and its successors and assigns or if (i) the then-Securities Depository resigns from its functions as depository of the 2019 Series B Bonds or (ii) the Authority discontinues use of the then-Securities Depository pursuant to Section 403(c), any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series B Bonds and which is selected by the Authority.

“Serial Bonds” means the 2019 Series B Bonds, if any, which are authorized as Serial Bonds pursuant to Section 203 hereof.

“Super Sinker Bonds” means the 2019 Series B Bonds, if any, which are designated as Super Sinker Bonds in the Purchase Contract pursuant to Section 206(d) of this 2019 Series B Resolution.

“Surety Bond(s)” or “Surety” means one or more unconditional and irrevocable surety bonds issued by a domestic or foreign insurance company 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.

“Term Bonds” means the 2019 Series B Bonds, if any, which are authorized as Term Bonds pursuant to Section 203 hereof and which shall be subject to Sinking Fund Requirements as set forth in the Purchase Contract.

“2003 Series B Resolution” means the resolution of the Authority authorizing the issuance and sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B.

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

“2019 Series B Down Payment Assistance Loan Principal Prepayments” means any payment by a mortgagor or other recovery of principal on a 2019 Series B Down Payment Assistance Loan which is not applied on a scheduled installment of principal and interest on a 2019 Series B Down Payment Assistance Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a 2019 Series B Down Payment Assistance Loan) and the portion of any amounts received in connection with the liquidation of a defaulted 2019 Series B Down Payment Assistance Loan (whether through foreclosure, trustee’s sale or otherwise) or other payments representing such principal amounts, including payments from the sale of a 2019 Series B Down Payment Assistance Loan.

“2019 Series B Down Payment Assistance Loans” means (i) any loan financed or acquired with amounts received in connection with the issuance of the 2019 Series B Bonds or with other amounts made available by the Authority in respect of the 2019 Series B Bonds and deposited in the Down Payment Assistance Fund and pledged hereunder by the Authority in accordance with the

Act, evidenced by a mortgage note and secured by a mortgage and (ii) any instrument evidencing an ownership interest in such loans.

“2019 Series B Mortgage Loans” means all Mortgage Loans or portions of Mortgage Loans financed or acquired from the proceeds of or allocable to the 2019 Series B Bonds.

“Underwriters” means, collectively, Barclays Capital Inc. and such other underwriters as may be named in the Purchase Contract.

ARTICLE II AUTHORIZATION OF 2019 SERIES B BONDS

201. Principal Amount, Designation and Series. A Series of Bonds is hereby authorized to be issued and sold, pursuant to the provisions of the General Resolution in an aggregate original principal amount of not to exceed \$350,000,000, as established pursuant to Section 203 hereof. Such Series of Bonds shall be designated as “Single-Family Mortgage Revenue Bonds, 2019 Series B.”

202. Purposes. The purposes for which the 2019 Series B Bonds are being issued are (i) the financing and purchasing of Mortgage Loans; (ii) if required to satisfy the Capital Reserve Fund Requirement, the making of a deposit to the Capital Reserve Fund in respect of the 2019 Series B Bonds, except to the extent the Authority obtains and pledges to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s) which may be drawn upon or called upon for payment, as applicable, for the purposes of the Capital Reserve Fund; (iii) the making of a deposit to the Down Payment Assistance Fund in respect of the 2019 Series B Bonds, to the extent provided for in the Purchase Contract; and (iv) paying the costs of issuance of the 2019 Series B Bonds, to the extent provided for in the Purchase Contract.

203. Interest Rates, Principal Amounts and Maturity Dates. The 2019 Series B Bonds shall be dated and shall be issued on or before December 31, 2019, as approved by an Authorized Representative. The 2019 Series B Bonds shall be issued either as current interest bearing Bonds or as Capital Appreciation Bonds, or any combination thereof, as determined by an Authorized Representative. The 2019 Series B Bonds, other than Capital Appreciation Bonds, if any, shall bear interest from the date thereof to their maturity or prior redemption, such interest to be payable on June 1 and December 1 of each year, commencing June 1, 2020, or such other date as may be set forth in the Purchase Contract. Interest shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months. Capital Appreciation Bonds, if any, shall not bear interest (except that the extent of the difference between the Original Principal Amount and the Appreciated Amount may be construed to be interest) prior to or on the date of maturity. In the event the Appreciated Amount is not paid or deemed to be paid by the Authority on the date when due by reason of maturity, such Capital Appreciation Bond shall bear interest on such Appreciated Amount from such date at the rate per annum equal to the approximate yield for such Capital Appreciation Bond, as set forth in the Purchase Contract, until such Appreciated Amount is paid or deemed to be paid by the Authority. The Appreciated Amount of each Capital Appreciation Bond as of any June 1 or December 1 shall be determined by dividing the

Principal Amount if Held to Maturity on the face thereof by Five Thousand Dollars (\$5,000) and multiplying the result thereof by the applicable amount set forth in the Purchase Contract.

Interest on the 2019 Series B Bonds shall be paid by the Trustee on each interest payment date to the person appearing on the registration books of the Authority maintained by the Trustee or its designee, as the registered owner of such 2019 Series B Bonds on the fifteenth (15th) day of the month preceding the interest payment date by check mailed to the registered owner at the address as it appears on the registration books, or to the designee, at the address of such designee.

The 2019 Series B Bonds may be issued in whole or in part as Serial Bonds which shall mature on June 1 and/or December 1 in the years and principal amounts and bear interest, in the case of 2019 Series B Bonds other than Capital Appreciation Bonds, or be issued in the Original Aggregate Principal Amounts, in the case of Capital Appreciation Bonds, as approved by an Authorized Representative. The principal amounts of the Serial Bonds, if any, the designation as current interest bearing Bonds or Capital Appreciation Bonds, the maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, shall be set forth in the Purchase Contract, and the approval of such principal amounts, designation as current interest bearing Bonds or Capital Appreciation Bonds, maturities, rates of interest, and Original Aggregate Principal Amounts, as applicable, of the Serial Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

The 2019 Series B Bonds may also be issued in whole or in part as Term Bonds which shall mature on June 1 and/or December 1 in the years and principal amounts and bear interest, in the case of 2019 Series B Bonds other than Capital Appreciation Bonds, or be issued in the Original Aggregate Principal Amounts, in the case of Capital Appreciation Bonds, as approved by an Authorized Representative. The principal amounts of the Term Bonds, if any, the designation of current interest bearing Bonds or Capital Appreciation Bonds, the maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, shall be set forth in the Purchase Contract, and the approval of the principal amounts, designation as current interest bearing Bonds or Capital Appreciation Bonds, maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, of the Term Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

The purchase price of the 2019 Series B Bonds and the compensation to be paid to the Underwriters with respect to the 2019 Series B Bonds shall be as approved by an Authorized Representative and shall be set forth in the Purchase Contract, and the approval of such purchase price and compensation shall be evidenced by the execution of the Purchase Contract by the Authority.

In making the determination with respect to interest rates, the Original Aggregate Principal Amounts of Capital Appreciation Bonds, designations as Serial Bonds or Term Bonds, Capital Appreciation Bonds and the maturities of the 2019 Series B Bonds, and with respect to the compensation to be paid to the Purchasers, the purchase price of the 2019 Series B Bonds and certain other matters, the Authorized Representative making such determinations shall be limited as follows:

(a) The rate of interest on any 2019 Series B Bond shall not exceed six percent (6.00%) per annum, unless such bond is initially sold to the Purchasers at a price in excess of the par amount thereof, in which case the yield on any such 2019 Series B Bond shall not exceed six percent (6.00%) per annum;

(b) The compensation to be paid to the Underwriters shall not be more than one percent (1.00%) of the original principal amount of the 2019 Series B Bonds;

(c) The schedule of maturities and the amount of each maturity for the 2019 Series B Bonds, taking into account the Sinking Fund 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 608 of the General Resolution;

(d) The final maturity of the 2019 Series B Bonds shall not be later than June 1, 2052;

(e) The maximum amount of scheduled principal payments (adjusted for any previously scheduled Sinking Fund Requirements) and Sinking Fund Requirements due with respect to the 2019 Series B Bonds on any June 1 or December 1, excluding the accretion of any Capital Appreciation Bonds, shall not exceed Twenty-Five Million Dollars (\$25,000,000);

(f) The proceeds of the 2019 Series B Bonds credited to the Down Payment Assistance Fund shall not exceed ten percent (10%) of the original principal amount of the 2019 Series B Bonds; and

(g) The Authority shall not sell the 2019 Series B Bonds to the Purchasers at a price of less than ninety-eight percent (98%) of the principal amount thereof, exclusive of any underwriter's discount.

204. Denominations, Numbers and Letters. The 2019 Series B Bonds, other than the Capital Appreciation 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 B Bonds. The Capital Appreciation Bonds shall be issued as fully-registered bonds in denominations which appreciate upon maturity to Five Thousand Dollars (\$5,000), as set forth in the Purchase Contract, or any integral multiple thereof. The 2019 Series B Bonds shall be numbered consecutively from 1 upwards, with such additional designations as shall be determined by an Authorized Representative.

205. Sinking Fund Redemption. The Term Bonds, if any, shall be subject to mandatory redemption in part on June 1 and/or December 1, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date of redemption, in the case of 2019 Series B Bonds other than Capital Appreciation Bonds, and the Appreciated Amount thereof, in the case of Capital Appreciation Bonds, in such years and such amounts as shall be approved by an Authorized Representative, which approval shall be evidenced by the Sinking Fund Requirements set forth in the Purchase Contract executed by the Authority (subject to reduction as provided in the General Resolution).

206. Special Redemptions.

(a) The 2019 Series B Bonds are redeemable, at any time in whole or in part, at the option of the Authority (except to the extent that the Authority is required to redeem 2019 Series B Bonds as set forth in subsection (b) or (d) below), at a Redemption Price equal to the principal amount (or, in the case of redemptions pursuant to clause (i) of this Section 206(a), for 2019 Series B Bonds initially purchased by the Purchasers at a price in excess of the principal amount thereof, a price not greater than the price paid by the Purchasers for such 2019 Series B Bonds) plus accrued interest to the redemption date in the case of 2019 Series B Bonds other than Capital Appreciation Bonds, and at the Appreciated Amount thereof in the case of Capital Appreciation Bonds, in a principal amount not in excess of the total of (i) 2019 Series B Bond proceeds remaining uncommitted to the financing of Mortgage Loans or 2019 Series B Down Payment Assistance Loans; (ii) Principal Prepayments (including Principal Prepayments in respect of Mortgage Loans financed from other Series of Bonds issued under the General Resolution); (iii) 2019 Series B Down Payment Assistance Loan Principal Prepayments; and (iv) Revenues available for redemption pursuant to Section 403(e)(1) of the General Resolution.

(b) Unless the Authority shall obtain a Counsel's Opinion from nationally recognized bond counsel to the effect that the failure of the Authority to so redeem will not adversely affect the exclusion of interest on the 2019 Series B Bonds from gross income for Federal income tax purposes, the Authority (i) shall redeem 2019 Series B Bonds within the forty-two (42) month period beginning on the date of issuance thereof, from proceeds of the 2019 Series B Bonds allocated to the financing of 2019 Series B Mortgage Loans and 2019 Series B Down Payment Assistance Loans which have not been used for such financing (except for an amount which is less than Two Hundred Fifty Thousand Dollars (\$250,000)), and (ii) shall redeem or pay scheduled principal maturities of the 2019 Series B Bonds not later than the close of the first semiannual period beginning after the date of receipt, from all Principal Prepayments and regularly scheduled principal repayments received and derived from 2019 Series B Mortgage Loans and from all 2019 Series B Down Payment Assistance Loan Principal Prepayments and regularly scheduled principal repayments received and derived from 2019 Series B Down Payment Assistance Loans on and after the tenth (10th) anniversary of the date of issuance of the 2019 Series B Bonds.

(c) With respect to redemptions pursuant to subsections (a) and (b) above, the 2019 Series B Bonds to be redeemed shall be selected from the Outstanding maturities of the 2019 Series B Bonds on such basis as shall be determined by the Authority, except as may be otherwise designated in the Purchase Contract.

(d) The Authority may designate in the Purchase Contract one or more maturities of the 2019 Series B Bonds as Super Sinker Bonds. The Super Sinker Bonds, if any, shall be subject to mandatory redemption as provided in the Purchase Contract.

207. Optional Redemption. The 2019 Series B Bonds shall be subject to redemption at any time on or after the date established by an Authorized Representative in the Purchase Contract (which date shall not be earlier than December 1, 2024) at the option of the Authority in any order of maturity from any moneys available therefor in whole or in part by lot within a maturity at the

applicable Redemption Prices (expressed as percentages of the principal amount thereof, in the case of 2019 Series B Bonds other than Capital Appreciation Bonds, and the Appreciated Amount thereof, in the case of Capital Appreciation Bonds) not to exceed one hundred five percent (105%) of the principal amount of the 2019 Series B Bonds so subject to optional redemption, on the dates of redemption, all as shall be established by an Authorized Representative in the Purchase Contract.

208. Conditional Notice of Optional Redemption and No Requirement to Have Funds on Hand. As provided for by Section 302 of the General Resolution, as may be supplemented as provided therein, and notwithstanding any provision in the General Resolution to the contrary, (i) the Authority shall not be required to have in the Redemption Fund, or otherwise available and set aside in the General Receipts Fund, an amount sufficient to effect the redemption of any 2019 Series B Bonds prior to the notice of optional redemption being sent by the Trustee, and (ii) any such notice of optional redemption of any 2019 Series B Bonds may, at the direction of an Authorized Representative, state that it is conditional in nature and may be rescinded at any time on or before the business day prior to the redemption date, together with the terms under which notice of any such rescission is to be provided to the Bondowners. If such notice is rescinded any such 2019 Series B Bonds that were subject to the notice of redemption shall remain Outstanding Bonds.

209. Sale of 2019 Series B Bonds. An Authorized Representative is authorized to negotiate, execute and deliver, on behalf of the Authority, the Purchase 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 purchase of the 2019 Series B Bonds at the price(s) and with compensation to the Underwriters, all as set forth therein. Approval of the Purchase Contract, and the purchase price set forth therein, shall be evidenced by the execution of the Purchase Contract by an Authorized Representative.

210. Expenses. The Authority's Expenses with respect to the 2019 Series B Bonds for a Fiscal Year may not exceed an amount equal to one quarter of one percent (0.25%) of the greater of the aggregate principal amount of all Outstanding 2019 Series B Bonds or the aggregate principal amount of the outstanding 2019 Series B Mortgage Loans, all as of the first day of such Fiscal Year.

ARTICLE III REQUIREMENTS AND FUNDS

301. Debt Reserve Requirement. (a) The Debt Reserve Requirement with respect to the 2019 Series B Bonds is hereby determined to be an amount equal to four percent (4%) of the sum of (i) the outstanding principal balance of 2019 Series B Mortgage Loans and 2019 Series B Down Payment Assistance Loans allocated to the 2019 Series B Bonds (except 2019 Series B Mortgage Loans underlying certificates of the Government National Mortgage Association or the Federal National Mortgage Association), (ii) the amount on deposit in the 2019 Series B Bond Proceeds Fund and allocated to the purchase or financing of 2019 Series B Mortgage Loans (except 2019 Series B Mortgage Loans underlying certificates of the Government National Mortgage Association or the Federal National Mortgage Association), and (iii) the amount on deposit in the Down Payment Assistance Fund allocated to the 2019 Series B Bonds and the financing of 2019 Series B Down Payment Assistance Loans. The deposits to the Capital Reserve Fund made

and to be made pursuant to this 2019 Series B Resolution will be in the form of cash and Investment Obligations which may be used for the purposes of the Capital Reserve Fund; provided however, that the Authority may in lieu of or in replacement of or in addition to all or a portion of the deposits to the Capital Reserve Fund, obtain and pledge to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s), which Letter(s) of Credit or a portion thereof shall be exclusively available to be drawn on and which Surety Bond(s) or a portion thereof shall unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund. Any moneys so replaced by Letter(s) of Credit and/or Surety Bond(s) or a portion thereof shall be withdrawn by the Trustee and deposited in the Bond Proceeds Fund. The amount of moneys on deposit in the Capital Reserve Fund, or the amount of Letter(s) of Credit pledged to and exclusively available to be drawn on or Surety Bond(s) pledged to unconditionally and irrevocable guarantee payment for the purposes of the Capital Reserve Fund which, when combined with any moneys on deposit therein, and any other Letter(s) of Credit pledged thereto and exclusively available to be drawn on or Surety Bond(s) which shall unconditionally and irrevocably guarantee payment for the purposes thereof, shall equal the Capital Reserve Fund Requirement.

(b) If at any time the Trustee is required by Section 407 of the General Resolution to transfer moneys from the Capital Reserve Fund to the Debt Service Fund, the Trustee shall make such transfer to the Debt Service Fund from any moneys which shall then be on deposit in the Capital Reserve Fund, and if the moneys in the Capital Reserve Fund are not sufficient to make up the deficiency in the Debt Service Fund, the Trustee shall make a draw under any Letter(s) of Credit or make a demand for payment under any Surety Bond(s) which may be pledged to the Capital Reserve Fund and deposit such proceeds to the Debt Service Fund to the extent of the deficiency in the Debt Service Fund.

302. The Loan Loss Fund.

(a) The repayment of the 2019 Series B Bonds shall be further secured by a pledge of the amounts on deposit in the Loan Loss Fund as created by the Loan Loss Fund Resolution. The 2019 Series B Resolution shall be deemed to be a Single-Family Bond Resolution for purposes of the Loan Loss Fund Resolution. The Loan Loss Fund Requirement with respect to the 2019 Series B Bonds shall be zero (\$0), and, accordingly, the Authority shall not be required to deposit any moneys into the Loan Loss Fund prior to the disbursement of proceeds from the Bond Proceeds Fund for the financing of a 2019 Series B Mortgage Loan.

(b) If at any time moneys in the General Receipts Fund are not sufficient to permit the transfer of moneys to the Debt Service Fund required by Section 403 of the General Resolution, the Trustee shall make up such a deficiency first, by the withdrawal and transfer to the Debt Service Fund of money from any amounts which shall then be on deposit in the Loan Loss Fund, and if the amount in the Loan Loss Fund is not sufficient to make up such deficiencies, and second by a draw under any Letter(s) of Credit or a demand for payment under any Surety Bond(s) which may be pledged to the Loan Loss Fund and the deposit of such proceeds to the Debt Service Fund. Furthermore, in the event there shall be on any date on which an interest or principal payment (including any Sinking Fund Requirement) shall be due, a deficiency in the amounts in the Debt Service Fund to be applied to the payment of liquidity fees, interest or principal or a Redemption Price of the Bonds pursuant to Section 404(a) or (b) of the General Resolution but prior to any

transfer to the Debt Service Fund from the Redemption Fund pursuant to Section 405 of the General Resolution or the Capital Reserve Fund pursuant to Section 406 of the General Resolution, the Trustee first shall make up such a deficiency by the withdrawal of moneys from the Loan Loss Fund and the transfer thereof to the Debt Service Fund, and second, if required, by a draw under any Letter(s) of Credit or a demand for payment under any Surety Bond(s) which may be pledged to the Loan Loss Fund and the transfer of such proceeds to the Debt Service Fund.

(c) Amounts on deposit in the Loan Loss Fund shall not be included in any calculation made in connection with any Cash Flow Statement or pursuant to Section 403(e)(3) of the General Resolution.

303. Deposits into Funds.

(a) The proceeds of the 2019 Series B Bonds shall be deposited into the Bond Proceeds Fund and shall be invested by the Trustee pursuant to instructions from the Authority only in Investment Obligations, which shall include, for purposes of this 2019 Series B Resolution, an investment agreement secured or unsecured as determined by an Authorized Representative, guaranteed by an institution whose debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency. Proceeds of the 2019 Series B Bonds in an amount sufficient to satisfy the Capital Reserve Fund Requirement relating to the 2019 Series B Bonds shall be promptly transferred by the Trustee to the Capital Reserve Fund. In the event that the Authority shall elect to obtain and pledge to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s) in an amount sufficient to satisfy all or a portion of the Capital Reserve Fund Requirement in lieu of or in replacement of or in addition to the deposits to the Capital Reserve Fund, any moneys so replaced provided by 2019 Series B Bond proceeds shall be promptly withdrawn by the Trustee and paid to the Authority for deposit in the Bond Proceeds Fund. Proceeds of the 2019 Series B Bonds in an amount not to exceed the limitation set forth in this Resolution, and as set forth in the Purchase Contract, shall be promptly transferred by the Trustee to the Down Payment Assistance Fund.

(b) All moneys representing accrued interest on the 2019 Series B Bonds, if any, shall be deposited to the credit of the General Receipts Fund (to be applied to the payment of interest on the 2019 Series B Bonds on the first applicable interest payment date).

304. Tax Covenants.

(a) The Authority shall use the proceeds of the 2019 Series B Bonds in the manner which will comply with the requirements of the 1986 Code and other provisions of applicable federal income tax law. The Authority shall at all times perform all acts and things to the extent permitted by law and necessary and desirable in order to assure that interest paid on the 2019 Series B Bonds shall not be included in gross income for Federal income tax purposes, including compliance by the Authority with the notice requirements of Section 143(m)(7) of the 1986 Code unless the Authority shall obtain a Counsel's Opinion from nationally recognized bond counsel to the effect that the failure of the Authority to so comply with such notice requirements will not adversely affect the exclusion of interest on the 2019 Series B Bonds from gross income for Federal income tax purposes.

(b) The Authority shall pay such amounts to the United States of America at such times as is necessary to comply with Section 148(f) of the 1986 Code in respect of the 2019 Series B Bonds.

(c) The Authority further covenants and agrees that it will not take any action which will have the effect of causing interest on the 2019 Series B Bonds to become includable in gross income for Federal income tax purposes.

305. Series Program Determinations. Each newly originated 2019 Series B Mortgage Loan shall have the following terms, conditions, provisions and limitations:

(a) The promissory note for each 2019 Series B Mortgage Loan must be payable or endorsed to the Authority, and such 2019 Series B Mortgage Loan must (i) be originated in the name of the Authority, (ii) be assigned to the Authority, or (iii) be originated in the name of a nominee who shall register the Authority as the owner of a beneficial interest in such 2019 Series B Mortgage Loan, and such 2019 Series B Mortgage Loan must have a servicer that tracks servicing of such 2019 Series B Mortgage Loan pursuant to a written agreement with the Authority relating thereto;

(b) Each 2019 Series B Mortgage Loan (i) shall be for a term not exceeding thirty (30) years, (ii) shall have a rate or rates of interest fixed at the time of origination, and (iii) shall either have approximately equal monthly payments for each rate of interest borne by such 2019 Series B Mortgage Loan, or at the option of the Authority, shall have monthly payments that increase on a predetermined basis over the life of such 2019 Series B Mortgage Loan;

(c) Each 2019 Series B Mortgage Loan shall relate to a residence which shall be the principal residence of the mortgagor within a reasonable time after the closing of such 2019 Series B Mortgage Loan;

(d) Each 2019 Series B Mortgage Loan shall relate to a single-family residential structure or condominium unit;

(e) (1) Each 2019 Series B Mortgage Loan shall be insured under an insurance contract, or guaranteed under a guarantee agreement, requiring benefits to be paid to the Authority following default by the mortgagor in the payment of principal or interest on the 2019 Series B Mortgage Loan in an amount which, when combined with the down payment applicable to such 2019 Series B Mortgage Loan (irrespective of the source of funds therefor), is equal to an amount in excess of eighteen percent (18%) of the purchase price of the residence; provided, however, that any such insurance shall not be initially required or may be terminated when the principal balance of the 2019 Series B Mortgage Loan is eighty percent (80%) or less of the original purchase price of the residence; and

(2) If applicable law shall not permit the Authority, or if the Authority anticipates that applicable law will not permit it, to require a mortgagor under a 2019 Series B Mortgage Loan, or a person on behalf of such mortgagor, to pay for the mortgage insurance described in paragraph (1) of this subsection, then the Authority shall pay for such mortgage insurance from moneys available under the General Resolution or otherwise, except to the extent that:

(i) the Authority either:

(A) does not pay for such mortgage insurance from moneys available under the General Resolution or otherwise; or

(B) provides additional reserves, insurance, sureties or cash equivalents as security or makes other covenants regarding the 2019 Series B Bonds; and

(ii) the taking of the action described in clause (A) or (B) above, does not, by itself, or in combination with other factors, result in a reduction in the then-current unenhanced rating of the Bonds;

(f) The 2019 Series B Mortgage Loans shall be: (i) conventional mortgage loans, (ii) insured by the Federal Housing Administration, (iii) guaranteed by the United States Department of Veterans' Affairs, or (iv) guaranteed by the Rural Housing Service of the United States Department of Agriculture;

(g) A 2019 Series B Mortgage Loan shall be used for the purchase of a residence or both the purchase and rehabilitation of a residence; and

(h) The Authority shall not sell any 2019 Series B Mortgage Loans or 2019 Series B Down Payment Assistance Loans and use the proceeds of such sale to redeem 2019 Series B Bonds as provided in Section 206 hereof except for 2019 Series B Mortgage Loans or 2019 Series B Down Payment Assistance Loans (i) that are in default, (ii) that must be sold in order to preserve the exclusion of interest on the 2019 Series B Bonds from gross income for federal income tax purposes, or (iii) that do not comply with the Authority's Program requirements.

306. Covenant as to Disposition of Principal Prepayments and 2019 Series B Down Payment Assistance Loan Principal Prepayments. Subject to the provisions of Section 403 of the General Resolution and Section 206 hereof, the Authority shall direct the Trustee to transfer Revenues in an amount equal to and representing (a) the Principal Prepayments derived from 2019 Series B Mortgage Loans from the General Receipts Fund to the Redemption Fund or the Bond Proceeds Fund, provided that any such Revenues deposited in the Bond Proceeds Fund must be transferred to the Redemption Fund within twelve (12) months of such deposit if not used for the purpose of financing Mortgage Loans within such one-year period and (b) the 2019 Series B Down Payment Assistance Loan Principal Prepayments from the General Receipts Fund to the Redemption Fund or the Down Payment Assistance Fund, provided that any such Revenues deposited in the Down Payment Assistance Fund must be transferred to the Redemption Fund

within twelve (12) months of such deposit if not used for the purpose of financing 2019 Series B Down Payment Assistance Loans within such one-year period.

307. Down Payment Assistance Fund.

(a) Amounts on deposit in the Down Payment Assistance Fund shall be used as provided in this 2019 Series B Resolution with respect to moneys received by the Authority in connection with the issuance of the 2019 Series B Bonds.

(b) Amounts on deposit in the Down Payment Assistance Fund received by the Authority in connection with the issuance of the 2019 Series B Bonds, if any, and any additional amounts deposited by the Authority in the Down Payment Assistance Fund in respect of the 2019 Series B Bonds as hereinafter provided, if any, shall be used, upon Authority Request, to finance 2019 Series B Down Payment Assistance Loans. The Authority may, from time to time, direct that additional amounts be deposited in the Down Payment Assistance Fund in respect of the 2019 Series B Bonds from unrestricted Authority funds for the purpose of financing additional 2019 Series B Down Payment Assistance Loans. No amounts on deposit in the Down Payment Assistance Fund shall be used to finance Mortgage Loans. Each 2019 Series B Down Payment Assistance Loan shall have the following terms, conditions, provisions and limitations:

(i) Each 2019 Series B Down Payment Assistance Loan shall be made to provide down payment assistance only to a mortgagor who has received a Mortgage Loan;

(ii) Each 2019 Series B Down Payment Assistance Loan shall be evidenced by a promissory note and a mortgage document which has been properly recorded and constitutes a valid second lien on the property subject only to the mortgage securing the related Mortgage Loan and real property taxes or assessments not yet due;

(iii) The promissory note for each 2019 Series B Down Payment Assistance Loan must be payable or endorsed to the Authority and the 2019 Series B Down Payment Assistance Loan must be originated in the name of the Authority or be assigned to the Authority;

(iv) Each 2019 Series B Down Payment Assistance Loan shall be in a principal amount not to exceed Ten Thousand Dollars (\$10,000); and

(v) Each 2019 Series B Down Payment Assistance Loan shall be for a term not exceeding the term of the related Mortgage Loan, shall bear interest as determined by the Authority and shall be payable on the earliest of (A) the sale of the residence to which such 2019 Series B Down Payment Assistance Loan relates, (B) the maturity date thereof or (C) the date of payment in full of the related Mortgage Loan.

(c) Amounts on deposit in the Down Payment Assistance Fund may be transferred at any time, upon Authority Request, to the Bond Proceeds Fund.

(d) The Authority does hereby pledge, convey and assign the 2019 Series B Down Payment Assistance Loans as security for the payment of the Bonds and the interest and redemption premium, if any, thereon and for the equal and proportionate benefit and security from time to time, of the Owners of the Bonds without preference, priority or distinction as to lien or otherwise. Any 2019 Series B Down Payment Assistance Loans shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any 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 B Resolution nor any instruments by which a pledge is created need be recorded. All moneys received by or on behalf of the Authority representing principal and interest payments on the 2019 Series B Down Payment Assistance Loans including all 2019 Series B Down Payment Assistance Loan Principal Prepayments representing the same shall constitute "Revenues" for purposes of the General Resolution and shall be deposited in the General Receipts Fund.

(e) Amounts on deposit in the Down Payment Assistance Fund in respect of the 2019 Series B Down Payment Assistance Loans shall be taken into account when preparing a Cash Flow Statement in accordance with Section 608 of the General Resolution. In addition to the requirements for filing a Cash Flow Statement set forth in Section 608 of the General Resolution, the Authority shall file with the Trustee a current Cash Flow Statement prior to transferring amounts to the Down Payment Assistance Fund to finance 2019 Series B Down Payment Assistance Loans in excess of the amounts contemplated in the last Cash Flow Statement to be so transferred, or prior to applying amounts previously transferred to the Down Payment Assistance Fund to finance 2019 Series B Down Payment Assistance Loans on terms materially different from those assumed in the last Cash Flow Statement. Upon filing a Cash Flow Statement with the Trustee, the Authority shall thereafter administer its program for making 2019 Series B Down Payment Assistance Loans in all material respects in accordance with the assumptions set forth in such Cash Flow Statement. Except as necessary to dispose of defaulted 2019 Series B Down Payment Assistance Loans or to comply with tax covenants or requirements of the Authority relating to its program for making 2019 Series B Down Payment Assistance Loans, if the Cash Flow Statement delivered in connection with any sale of 2019 Series B Down Payment Assistance Loans at a price below book value does not project Revenues sufficient to pay Expenses and debt service on the Bonds when due in each bond year, an Authorized Representative must certify to the Trustee that the projected deficiency in each bond year is less than it would have been if all or a portion of the amounts transferred or used had been applied to the financing of 2019 Series B Down Payment Assistance Loans or invested in Investment Obligations on terms then available.

ARTICLE IV FORMS, EXECUTION AND DELIVERY OF 2019 SERIES B BONDS

401. Forms of 2019 Series B Bonds. Subject to the provisions of the General Resolution, the form of the 2019 Series B Bonds and the Certificate of Authentication with respect thereto are hereby approved substantially in the forms attached as Exhibits A and B, respectively, with necessary or appropriate variations, omissions and insertions as are incidental to their numbers, denominations, maturities, interest rate or rates, redemption provisions and other details thereof.

402. Execution and Delivery of 2019 Series B Bonds. (a) The 2019 Series B Bonds shall be executed in the name of the Authority by the manual or facsimile signature of either its Chairperson or Executive Director and the corporate seal of the Authority (or a facsimile thereof) shall be impressed or imprinted thereon in accordance with the provisions of Section 204 of the General Resolution. The 2019 Series B Bonds shall be authenticated by the manual signature of an authorized signer of the Trustee.

(b) The 2019 Series B Bonds shall be delivered by an Authorized Representative to the Purchasers in New York, New York, Lansing, Michigan, or any other location mutually agreeable to the Authority and the Purchasers, upon payment of the purchase price plus accrued interest, if any, on the 2019 Series B Bonds from the date thereof to the date of delivery in immediately available Federal Reserve Funds available to the Authority at the time or times and place or places of delivery.

(c) Initially, one fully-registered 2019 Series B Bond (a “2019 Series B Bond”) for each maturity of 2019 Series B Bonds, 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 B Bonds shall be in the form of the 2019 Series B Bond, 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 B Bonds may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository selected by the Authority, or to a nominee of such successor Securities Depository.

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

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

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

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

(iv) any consent given by Cede & Co. as Bondowner of the 2019 Series B Bonds or any successor nominee of a Securities Depository as Bondowner 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 B Bonds are redeemed in part.

So long as the certificates for the 2019 Series B Bonds are not issued pursuant to subsection (c) of this Section 403, 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 B Bonds for all purposes whatsoever, including without limitation:

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

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

(3) registering transfers with respect to such 2019 Series B Bond.

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

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

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

**ARTICLE V
MISCELLANEOUS**

501. Ratification of Actions. The actions of any Authorized Representative heretofore taken pursuant to the provisions of the General Resolution including, but not limited to: the publishing of notice and the conducting of a hearing with respect to the issuance of the 2019 Series B Bonds, the making of presentations to security rating agencies, the undertaking of discussions and negotiations with underwriters or groups of underwriters or purchasers regarding offers to purchase the 2019 Series B Bonds, be, and they hereby are, ratified and confirmed in all respects.

502. Authorization of 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 B Bonds subject to, and as may be required by the Purchase Contract, the General Resolution and this 2019 Series B Resolution.

(b) Any Authorized Representative is hereby authorized to pay from the General Operating Fund all funds necessary to pay the costs of issuance, including the Underwriters' fee and placement fee, if applicable, of the 2019 Series B Bonds not paid from the proceeds of the 2019 Series B Bonds, and to make the deposit of moneys, or obtain Letter(s) of Credit and/or Surety Bond(s), or an increase in the amount of existing Letter(s) of Credit and/or Surety Bond(s), as provided by Section 503 hereof.

(c) Any Authorized Representative is hereby authorized to pay from the General Operating Fund all amounts necessary to comply with Section 304(b).

503. Authorization of Procurement of Letter(s) of Credit and/or Surety Bond(s) and Execution of Reimbursement Agreement and/or Guaranty Agreement; Notice to the Trustee. Any Authorized Representative hereby is authorized to obtain Letter(s) of Credit and/or Surety Bond(s), to obtain an increase in the amount of existing Letter(s) of Credit and/or Surety Bonds or to obtain a replacement for existing Letter(s) of Credit and/or Surety Bond(s) for application in lieu of the deposit of moneys to the Capital Reserve Fund as specifically authorized in this 2019 Series B Resolution. In connection with the procurement of the foregoing Letter(s) of Credit and/or Surety Bond(s) or the increase in the amount of existing Letter(s) of Credit and/or Surety Bond(s), the Authorized Representative is authorized, if necessary, to negotiate and execute a reimbursement agreement, or, if necessary, an amendment to any existing reimbursement agreement, with a banking institution, or a guaranty agreement, or, if necessary, an amendment to an existing guaranty 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 Letter(s) of Credit shall not exceed one half of one percent (0.5%) of the cumulative amount of the Letter(s) of Credit, the fee to be paid by the Authority for any Surety Bond(s) shall not exceed two percent (2%) of the Surety Bond Coverage relating thereto. The Authority shall give the Trustee sixty (60) days' written notice prior to the expiration of any Letter(s) of Credit obtained pursuant to this 2019 Series B Resolution.

504. Preliminary Official Statement. The form of the Preliminary Official Statement of the Authority with respect to the initial offering of the 2019 Series B 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. The delivery of a certificate relating to the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, is also approved.

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

506. Covenant as to Purchase of 2019 Series B Bonds. The Authority covenants that it shall require that a Mortgage Lender, mortgagor or “related person” as defined in Section 147 of the 1986 Code, shall not purchase 2019 Series B Bonds pursuant to any arrangement, formal or informal, in an amount related to a Mortgage Loan or 2019 Series B Down Payment Assistance Loan.

507. Bondowner Continuing Consent to Fifth Resolution Supplementing the General Resolution. On September 26, 2018, the Authority adopted the Fifth Resolution Supplementing Resolution Authorizing The Issuance Of Single-Family Mortgage Revenue Bonds (the “Fifth Supplemental Resolution”), which provided for certain amendments to the General Resolution. Pursuant to the terms of the General Resolution and the Fifth Supplemental Resolution, the amendments to the General Resolution provided for by the Fifth Supplemental Resolution are effective following receipt by the Trustee of the consent of the Bondowners of not less than fifty-one percent (51%) of the Bonds Outstanding. Each Bondowner of a 2019 Series B Bond, as a condition of purchasing or holding a 2019 Series B Bond, hereby provides its consent to the amendments to the General Resolution provided by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns a 2019 Series B Bond.

508. 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 the same.

509. Notice of Redemption.

(a) At least thirty (30) days but no more than ninety (90) days before the redemption date of any 2019 Series B Bonds, the Trustee shall cause a notice of any redemption of 2019 Series B Bonds, either in whole or in part, to be sent by registered or certified mail or by overnight delivery, to the Securities Depository at least two (2) business days (a business day being a day when such Securities Depository is open for business) prior to the date of general mailing of any notice of redemption.

(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 B Bonds to be redeemed who has not presented and surrendered such 2019 Series B Bonds to the Trustee for redemption within thirty (30) days after the date of redemption.

(c) In addition to the requirements set forth in Section 302 of the General Resolution, a notice of any such redemption shall include the following information with respect to the 2019 Series B Bonds to be so redeemed: the complete title of the 2019 Series B Bonds, the CUSIP numbers of the 2019 Series B Bonds to be redeemed, the date of general mailing of such notice of redemption, the complete name of the Trustee including the telephone number for inquiries, the maturity date and the interest rate (if applicable) of the 2019 Series B Bonds.

(d) 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 B Bonds.

510. Continuing Disclosure. The 2019 Series B Bonds are hereby made subject to the Second Master Continuing Disclosure Undertaking-Single Family Mortgage Revenue Bonds, dated as of April 1, 2019, and the Authority agrees to abide by the provisions thereof so long as any of the 2019 Series B Bonds are Outstanding.

511. Notices to Rating Agency. The Authority hereby covenants and agrees that it will send written notice to S&P at 55 Water Street, 38th Floor, New York, New York 10041 and to Moody's at 7 World Trade Center at 50 Greenwich Street, New York, New York 10007, of the occurrence of any of the following events with respect to the 2019 Series B Bonds:

- (a) any acceleration of payment of the principal of and interest on the 2019 Series B Bonds;
- (b) any amendments to this 2019 Series B Resolution or the General Resolution;
- (c) any successor to the Trustee under the General Resolution; and
- (d) any defeasance or redemption in whole of the 2019 Series B Bonds.

512. Effective Date. This 2019 Series B Resolution shall take effect immediately. If the 2019 Series B Bonds are not delivered to the Purchasers on or before December 31, 2019, the authority granted by this 2019 Series B Resolution shall lapse.

EXHIBIT A

[FORM OF 2019 SERIES B BOND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any Bond issued 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.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SINGLE-FAMILY MORTGAGE REVENUE BOND, 2019 SERIES B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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REGISTERED OWNER: Cede & Co.

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 to 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 principal corporate trust office of U.S. Bank National Association in St. Paul, Minnesota (the “Trustee”), as Trustee under the Resolution of the Authority adopted December 17, 1987, authorizing the issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds, as amended and supplemented (the “General Resolution”), or its successor as Trustee, and to pay to the registered owner by check or draft mailed to the registered owner on the fifteenth (15th) day of the month preceding the interest payment date at such owner’s address as shown on the registration books of the Authority, as maintained by the Trustee, interest on such Principal Amount from the date hereof to the date of maturity or earlier redemption of this 2019 Series B Bond at the Interest Rate per annum specified above on _____, 20____, and semiannually thereafter on the first day of December and June. The principal or Redemption Price (as defined in the General Resolution) of this 2019 Series B 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 2019 SERIES B BOND AND THIS 2019 SERIES B BOND IS NOT A DEBT OF THE STATE OF MICHIGAN. THE AUTHORITY HAS NO TAXING POWER.

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the hereinafter defined 2019 Series B Resolution.

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 2019 Series B 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 2019 Series B Bond. This 2019 Series B Bond is one of a duly authorized issue of Bonds of the Authority designated "Single-Family Mortgage 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 2019 Series B Bond is one of a series of Bonds designated "Single-Family Mortgage Revenue Bonds, 2019 Series B" (the "2019 Series B Bonds") issued in the initial aggregate principal amount of _____ Dollars (\$ _____) under the General Resolution and the Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series B in an Amount not to Exceed \$ _____, adopted on September 26, 2019 (the "2019 Series B Resolution") (the General Resolution and the 2019 Series B Resolution are collectively herein called the "Resolutions"). The proceeds of the 2019 Series B Bonds will be utilized by the Authority as provided in the Resolutions. The 2019 Series B Bonds will be secured by a pledge of the Pledged Property (as defined in the General Resolution) which includes the mortgage repayments required to be paid on the mortgage loans financed with the proceeds of the 2019 Series B Bonds, the Down Payment Assistance Fund established under the Authority's Series Resolution Authorizing the Issuance and Sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B adopted on November 19, 2003 (the "2003 Series B Resolution") and the repayments required to be paid on the down payment assistance loans financed with the proceeds of the 2019 Series B Bonds and will be further secured by the Loan Loss Fund established under the Authority's Resolution Establishing Single-Family Loan Loss Fund adopted on July 8, 1988, as supplemented (the "Loan Loss Fund Resolution"). Copies of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution are on file in the office of the Authority and at the corporate trust office of the Trustee in Lansing, Michigan, and reference to the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution 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 B Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2019 Series B Bonds with respect thereto and the terms and conditions upon which the 2019 Series B Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution, the

provisions of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This 2019 Series B 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 an attorney duly authorized in writing, upon the surrender of this 2019 Series B 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 B Bond or 2019 Series B Bonds, and in the same aggregate principal amount and of the same interest rate and 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 B Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2019 Series B Bonds.

The 2019 Series B Bonds are subject to redemption prior to maturity as provided in the 2019 Series B Resolution. Notice of any such redemption shall be given to the registered owners of any 2019 Series B Bonds or portions thereof to be redeemed as provided in the 2019 Series B Resolution.

Pursuant to the 2019 Series B Resolution, each owner of this 2019 Series B Bond, as a condition of purchasing or holding this 2019 Series B Bond, provides its consent to the amendments to the General Resolution provided for by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns this 2019 Series B Bond. Furthermore, the consent provided for by the preceding sentence shall be deemed to be "an instrument in writing" executed by the owner of this 2019 Series B Bond for purposes of Section 1002 of the General Resolution. Reference is made to the 2019 Series B Resolution and the Fifth Supplemental Resolution for the amendments to the General Resolution provided for by the Fifth Supplemental Resolution.

This 2019 Series B 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 2019 Series B 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 B Bonds, together with all other indebtedness of the Authority is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this 2019 Series B Bond to be executed in its name by the facsimile signature of its Executive Director and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue as set forth above.

MICHIGAN STATE HOUSING DEVELOPMENT
AUTHORITY

(Seal)

By _____
Its Executive Director

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By _____
Authorized Representative

Date of Authentication: _____

EXHIBIT B

[FORM OF 2019 SERIES B BOND (CAPITAL APPRECIATION 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 issued 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.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SINGLE-FAMILY MORTGAGE REVENUE BOND, 2019 SERIES B
(CAPITAL APPRECIATION BOND)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>Original Principal Amount per \$5,000 at Maturity</u>	<u>CUSIP</u>
Zero				

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT IF HELD TO MATURITY: _____

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 to the Registered Owner specified above, or registered assigns, on the date the principal of this 2019 Series B Bond shall become payable, the Appreciated Amount (as defined in the 2019 Series B Resolution identified below) as hereinafter provided, upon the presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association in St. Paul, Minnesota (the "Trustee"), as Trustee under the Resolution of the Authority adopted December 17, 1987, authorizing the issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds, as amended and supplemented (the "General Resolution"), or its successor as Trustee. Unless this 2019 Series B Bond shall have been redeemed or an acceleration of its maturity shall have occurred, all as hereinafter provided, the Appreciated Amount of this 2019 Series B Bond shall become due on the Maturity Date specified above. The Appreciated Amount or Redemption Price (as defined in the General Resolution) of this 2019 Series B 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. Interest shall not

be paid on this 2019 Series B Bond except in the case of the failure of the Authority to deposit the Appreciated Amount with the Trustee at the stated maturity hereof in which case such amount owing on this 2019 Series B Bond shall thereafter bear interest at the rate equal to the approximately yield established in the 2019 Series B Resolution from the date of such maturity until such amount plus interest is deposited with the Trustee.

THE STATE OF MICHIGAN IS NOT LIABLE ON THIS 2019 SERIES B BOND AND THIS 2019 SERIES B BOND IS NOT A DEBT OF THE STATE OF MICHIGAN. THE AUTHORITY HAS NO TAXING POWER.

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the hereinafter defined 2019 Series B Resolution.

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 2019 Series B 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 2019 Series B Bond. This 2019 Series B Bond is one of a duly authorized issue of Bonds of the Authority designated "Single-Family Mortgage 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 2019 Series B Bond is one of a series of Bonds designated "Single-Family Mortgage Revenue Bonds, 2019 Series B" (the "2019 Series B Bonds") issued in the initial aggregate principal amount of _____ Dollars (\$ _____) under the General Resolution and the Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series B in an Amount not to Exceed \$ _____, adopted on September 26, 2019 (the "2019 Series B Resolution") (the General Resolution and the 2019 Series B Resolution are collectively herein called the "Resolutions"). The proceeds of the 2019 Series B Bonds will be utilized by the Authority as provided in the Resolutions. The 2019 Series B Bonds will be secured by a pledge of the Pledged Property (as defined in the General Resolution) which includes the mortgage repayments required to be paid on the mortgage loans financed with the proceeds of the 2019 Series B Bonds, the Down Payment Assistance Fund established under the Authority's Series Resolution Authorizing the Issuance and Sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B adopted on November 19, 2003 (the "2003 Series B Resolution") and the repayments required to be paid on the down payment assistance loans financed with the proceeds of the 2019 Series B Bonds and will be further secured by the Loan Loss Fund established under the Authority's Resolution Establishing Single-Family Loan Loss Fund adopted on

July 8, 1988, as supplemented (the "Loan Loss Fund Resolution"). Copies of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution are on file in the office of the Authority and at the corporate trust office of the Trustee in Lansing, Michigan, and reference to the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution 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 B Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2019 Series B Bonds with respect thereto and the terms and conditions upon which the 2019 Series B Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution, the provisions of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This 2019 Series B 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 by the registered owner hereof in person, or by an attorney duly authorized in writing, upon the surrender of this 2019 Series B 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 B Bond or 2019 Series B Bonds, of the same maturity and in the applicable aggregate Appreciated Amount, 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 B Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2019 Series B Bonds.

The 2019 Series B Bonds are subject to redemption prior to maturity as provided in the 2019 Series B Resolution. Notice of any such redemption shall be given to the registered owners of any 2019 Series B Bonds or portions thereof to be redeemed as provided in the 2019 Series B Resolution.

The Appreciated Amount for this 2019 Series B Bond shall be determined as provided in the 2019 Series B Resolution.

Pursuant to the 2019 Series B Resolution, each owner of this 2019 Series B Bond, as a condition of purchasing or holding this 2019 Series B Bond, provides its consent to the amendments to the General Resolution provided for by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns this 2019 Series B Bond. Furthermore, the consent provided for by the preceding sentence shall be deemed to be "an instrument in writing" executed by the owner of this 2019 Series B Bond for purposes of Section 1002 of the General Resolution. Reference is made to the 2019 Series B Resolution and the Fifth Supplemental Resolution for the amendments to the General Resolution provided for by the Fifth Supplemental Resolution.

This 2019 Series B 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 2019 Series B 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 B Bonds, together with all other indebtedness of the Authority is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this 2019 Series B Bond to be executed in its name by the facsimile signature of its Executive Director and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue as set forth above.

MICHIGAN STATE HOUSING DEVELOPMENT
AUTHORITY

(Seal)

By _____
Its Executive Director

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By _____
Authorized Representative

Date of Authentication:

[End of 2019 Series B Bond Forms]

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
SINGLE-FAMILY MORTGAGE REVENUE BONDS, 2019 SERIES C
(FEDERALLY TAXABLE) IN AN AMOUNT NOT TO EXCEED \$125,000,000**

September 26, 2019

WHEREAS, the Members of the Michigan State Housing Development Authority (hereinafter referred to as the "Authority"), by Resolution adopted December 17, 1987, and as supplemented on January 28, 1988, October 12, 1995, January 30, 1997 and May 24, 2006 (hereinafter referred to as the "General Resolution"), have authorized the issuance of Single-Family Mortgage Revenue Bonds in one or more Series pursuant to a Series Resolution authorizing the issuance and sale of any 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 "Single-Family Mortgage Revenue Bonds, 2019 Series C (Federally Taxable)" 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 Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or Vice Chairperson of the Authority (each, together with any person duly appointed and acting in such capacity, hereinafter individually referred to as an "Authorized Representative") the power to determine certain terms and conditions of the 2019 Series C Bonds (as hereinafter defined), subject to limits established herein and in the General Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Members of the Authority as follows:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

101. 2019 Series C Resolution. This resolution (hereinafter referred to as the "2019 Series C 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 Sections 103 and 104 of Article I of the General Resolution have the same meanings in this 2019 Series C Resolution including the preambles hereto.

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

“Capital Appreciation Bonds” means the 2019 Series C Bonds, if any, which are authorized as Capital Appreciation Bonds pursuant to Section 203 hereof, which do not provide for current interest payments and which are hereby designated Deferred Interest Bonds.

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

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

“Down Payment Assistance Fund” means the Fund established pursuant to Article III of the 2003 Series B Resolution.

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

“Letter(s) of Credit” means one or more unconditional irrevocable letters 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(s) of Credit or if the Authority does not deliver to the Trustee a replacement Letter(s) of Credit.

“Loan Loss Fund” means the Loan Loss Fund established pursuant to the Loan Loss Fund Resolution.

“Loan Loss Fund Resolution” means the Authority’s Resolution Establishing Single-Family Loan Loss Fund adopted July 8, 1988, as supplemented on June 1, 1989 and April 30, 1997.

“Purchase Contract” means, the contract of purchase between the Authority and the Underwriters with respect to the 2019 Series C Bonds.

“Purchasers” means the Underwriters.

“Representation Letter” means the blanket agreement of the Authority and the Trustee to comply with the operational arrangements of DTC and any similar agreement with respect to a successor Securities Depository.

“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 DTC and its successors and assigns or if (i) the then-Securities Depository resigns from its functions as depository of the 2019 Series C Bonds or (ii) the Authority discontinues use of the then-Securities Depository pursuant to Section 403(c), any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series C Bonds and which is selected by the Authority.

“Serial Bonds” means the 2019 Series C Bonds, if any, which are authorized as Serial Bonds pursuant to Section 203 hereof.

“Super Sinker Bonds” means the 2019 Series C Bonds, if any, which are designated as Super Sinker Bonds in the Purchase Contract pursuant to Section 206(d) of this 2019 Series C Resolution.

“Surety Bond(s)” or “Surety” means one or more unconditional and irrevocable surety bonds issued by a domestic or foreign insurance company 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.

“Term Bonds” means the 2019 Series C Bonds, if any, which are authorized as Term Bonds pursuant to Section 203 hereof and which shall be subject to Sinking Fund Requirements as set forth in the Purchase Contract.

“2003 Series B Resolution” means the resolution of the Authority authorizing the issuance and sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B.

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

“2019 Series C Down Payment Assistance Loan Principal Prepayments” means any payment by a mortgagor or other recovery of principal on a 2019 Series C Down Payment Assistance Loan which is not applied on a scheduled installment of principal and interest on a 2019 Series C Down Payment Assistance Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a 2019 Series C Down Payment Assistance Loan) and the portion of any amounts received in connection with the liquidation of a defaulted 2019 Series C Down Payment Assistance Loan (whether through foreclosure, trustee’s sale or otherwise) or other payments representing such principal amounts, including payments from the sale of a 2019 Series C Down Payment Assistance Loan.

“2019 Series C Down Payment Assistance Loans” means (i) any loan financed or acquired with amounts received in connection with the issuance of the 2019 Series C Bonds or with other amounts made available by the Authority in respect of the 2019 Series C Bonds and deposited in the Down Payment Assistance Fund and pledged hereunder by the Authority in accordance with the Act, evidenced by a mortgage note and secured by a mortgage and (ii) any instrument evidencing an ownership interest in such loans.

“2019 Series C Home Improvement Mortgage Loan” means a 2019 Series C Mortgage Loan the proceeds of which are used to finance improvements to a residence and which loan satisfies the requirements for 2019 Series C Home Improvement Mortgage Loans in Section 305.

“2019 Series C Mortgage Loans” means all Mortgage Loans or portions of Mortgage Loans, including 2019 Series C Home Improvement Mortgage Loans, financed or acquired from the proceeds of or allocable to the 2019 Series C Bonds.

“Underwriters” means, collectively, Barclays Capital Inc. and such other underwriters as may be named in the Purchase Contract.

ARTICLE II AUTHORIZATION OF 2019 SERIES C 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 original principal amount of not to exceed \$125,000,000, as established pursuant to Section 203 hereof. Such Series of Bonds shall be designated as “Single-Family Mortgage Revenue Bonds, 2019 Series C (Federally Taxable).”

202. Purposes. The purposes for which the 2019 Series C Bonds are being issued are (i) the financing and purchasing of Mortgage Loans; (ii) if required to satisfy the Capital Reserve Fund Requirement, the making of a deposit to the Capital Reserve Fund in respect of the 2019 Series C Bonds, except to the extent the Authority obtains and pledges to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s) which may be drawn upon or called upon for payment, as applicable, for the purposes of the Capital Reserve Fund; (iii) the making of a deposit to the Down Payment Assistance Fund in respect of the 2019 Series C Bonds, to the extent provided for in the Purchase Contract; and (iv) paying the costs of issuance of the 2019 Series C Bonds, to the extent provided for in the Purchase Contract.

203. Interest Rates, Principal Amounts and Maturity Dates. The 2019 Series C Bonds shall be dated and shall be issued on or before December 31, 2019, as approved by an Authorized Representative. The 2019 Series C Bonds shall be issued either as current interest bearing Bonds or as Capital Appreciation Bonds, or any combination thereof, as determined by an Authorized Representative. The 2019 Series C Bonds, other than Capital Appreciation Bonds, if any, shall bear interest from the date thereof to their maturity or prior redemption, such interest to be payable on June 1 and December 1 of each year, commencing June 1, 2020, or such other date as may be set forth in the Purchase Contract. Interest shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months. Capital Appreciation Bonds, if any, shall not bear interest (except that the extent of the difference between the Original Principal Amount and the Appreciated Amount may be construed to be interest) prior to or on the date of maturity. In the event the Appreciated Amount is not paid or deemed to be paid by the Authority on the date when due by reason of maturity, such Capital Appreciation Bond shall bear interest on such Appreciated Amount from such date at the rate per annum equal to the approximate yield for such Capital Appreciation Bond, as set forth in the Purchase Contract, until such Appreciated Amount is paid or deemed to be paid by the Authority. The Appreciated Amount of each Capital Appreciation Bond as of any June 1 or December 1 shall be determined by dividing the Principal Amount if Held to Maturity on the face thereof by Five Thousand Dollars (\$5,000) and multiplying the result thereof by the applicable amount set forth in the Purchase Contract.

Interest on the 2019 Series C Bonds shall be paid by the Trustee on each interest payment date to the person appearing on the registration books of the Authority maintained by the Trustee or its designee, as the registered owner of such 2019 Series C Bonds on the fifteenth (15th) day of the month preceding the interest payment date by check mailed to the registered owner at the address as it appears on the registration books, or to the designee, at the address of such designee.

The 2019 Series C Bonds may be issued in whole or in part as Serial Bonds which shall mature on June 1 and/or December 1 in the years and principal amounts and bear interest, in the case of 2019 Series C Bonds other than Capital Appreciation Bonds, or be issued in the Original Aggregate Principal Amounts, in the case of Capital Appreciation Bonds, as approved by an Authorized Representative. The principal amounts of the Serial Bonds, if any, the designation as current interest bearing Bonds or Capital Appreciation Bonds, the maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, shall be set forth in the Purchase Contract, and the approval of such principal amounts, designation as current interest bearing Bonds or Capital Appreciation Bonds, maturities, rates of interest, and Original Aggregate Principal Amounts, as applicable, of the Serial Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

The 2019 Series C Bonds may also be issued in whole or in part as Term Bonds which shall mature on June 1 and/or December 1 in the years and principal amounts and bear interest, in the case of 2019 Series C Bonds other than Capital Appreciation Bonds, or be issued in the Original Aggregate Principal Amounts, in the case of Capital Appreciation Bonds, as approved by an Authorized Representative. The principal amounts of the Term Bonds, if any, the designation of current interest bearing Bonds or Capital Appreciation Bonds, the maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, shall be set forth in the Purchase Contract, and the approval of the principal amounts, designation as current interest bearing Bonds or Capital Appreciation Bonds, maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, of the Term Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

The purchase price of the 2019 Series C Bonds and the compensation to be paid to the Underwriters with respect to the 2019 Series C Bonds shall be as approved by an Authorized Representative and shall be set forth in the Purchase Contract, and the approval of such purchase price and compensation shall be evidenced by the execution of the Purchase Contract by the Authority.

In making the determination with respect to interest rates, the Original Aggregate Principal Amounts of Capital Appreciation Bonds, designations as Serial Bonds or Term Bonds, Capital Appreciation Bonds and the maturities of the 2019 Series C Bonds, and with respect to the compensation to be paid to the Purchasers, the purchase price of the 2019 Series C Bonds and certain other matters, the Authorized Representative making such determinations shall be limited as follows:

(a) The rate of interest on any 2019 Series C Bond shall not exceed eight percent (8.00%) per annum, unless such bond is initially sold to the Purchasers at a price in excess of the par amount thereof, in which case the yield on any such 2019 Series C Bond shall not exceed eight percent (8.00%) per annum;

(b) The compensation to be paid to the Underwriters shall not be more than one percent (1.00%) of the original principal amount of the 2019 Series C Bonds;

(c) The schedule of maturities and the amount of each maturity for the 2019 Series C Bonds, taking into account the Sinking Fund 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 608 of the General Resolution;

(d) The final maturity of the 2019 Series C Bonds shall not be later than June 1, 2052;

(e) The maximum amount of scheduled principal payments (adjusted for any previously scheduled Sinking Fund Requirements) and Sinking Fund Requirements due with respect to the 2019 Series C Bonds on any June 1 or December 1, excluding the accretion of any Capital Appreciation Bonds, shall not exceed Twelve Million Five Hundred Dollars (\$12,500,000);

(f) The proceeds of the 2019 Series C Bonds credited to the Down Payment Assistance Fund shall not exceed ten percent (10%) of the original principal amount of the 2019 Series C Bonds;

(g) The Authority shall not sell the 2019 Series C Bonds to the Purchasers at a price of less than ninety-eight percent (98%) of the principal amount thereof, exclusive of any underwriter's discount; and

(h) No more than Ten Million (\$10,000,000) of the proceeds of the 2019 Series C Bonds shall be used to finance or acquire 2019 Series C Home Improvement Mortgage Loans.

204. Denominations, Numbers and Letters. The 2019 Series C Bonds, other than the Capital Appreciation 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 C Bonds. The Capital Appreciation Bonds shall be issued as fully-registered bonds in denominations which appreciate upon maturity to Five Thousand Dollars (\$5,000), as set forth in the Purchase Contract, or any integral multiple thereof. The 2019 Series C Bonds shall be numbered consecutively from 1 upwards, with such additional designations as shall be determined by an Authorized Representative.

205. Sinking Fund Redemption. The Term Bonds, if any, shall be subject to mandatory redemption in part on June 1 and/or December 1, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date of redemption, in the case of 2019 Series C Bonds other than Capital Appreciation Bonds, and the Appreciated Amount thereof, in the case of Capital Appreciation Bonds, in such years and such amounts as shall be approved by an Authorized Representative, which approval shall be evidenced by the Sinking Fund Requirements set forth in

the Purchase Contract executed by the Authority (subject to reduction as provided in the General Resolution).

206. Special Redemptions.

(a) The 2019 Series C Bonds are redeemable, at any time in whole or in part, at the option of the Authority (except to the extent that the Authority is required to redeem 2019 Series C Bonds as set forth in subsection (b) or (d) below), at a Redemption Price equal to the principal amount (or, in the case of redemptions pursuant to clause (i) of this Section 206(a), for 2019 Series C Bonds initially purchased by the Purchasers at a price in excess of the principal amount thereof, a price not greater than the price paid by the Purchasers for such 2019 Series C Bonds) plus accrued interest to the redemption date in the case of 2019 Series C Bonds other than Capital Appreciation Bonds, and at the Appreciated Amount thereof in the case of Capital Appreciation Bonds, in a principal amount not in excess of the total of (i) 2019 Series C Bond proceeds remaining uncommitted to the financing of Mortgage Loans or 2019 Series C Down Payment Assistance Loans; (ii) Principal Prepayments (including Principal Prepayments in respect of Mortgage Loans financed from other Series of Bonds issued under the General Resolution); (iii) 2019 Series C Down Payment Assistance Loan Principal Prepayments; and (iv) Revenues available for redemption pursuant to Section 403(e)(1) of the General Resolution.

(b) With respect to redemptions pursuant to subsection (a) above, the 2019 Series C Bonds to be redeemed shall be selected from the Outstanding maturities of the 2019 Series C Bonds on such basis as shall be determined by the Authority, except as may be otherwise designated in the Purchase Contract.

(c) The Authority may designate in the Purchase Contract one or more maturities of the 2019 Series C Bonds as Super Sinker Bonds. The Super Sinker Bonds, if any, shall be subject to mandatory redemption as provided in the Purchase Contract.

207. Optional Redemption. The 2019 Series C Bonds shall be subject to redemption at any time on or after the date established by an Authorized Representative in the Purchase Contract (which date shall not be earlier than December 1, 2024) at the option of the Authority in any order of maturity from any moneys available therefor in whole or in part by lot within a maturity at the applicable Redemption Prices (expressed as percentages of the principal amount thereof, in the case of 2019 Series C Bonds other than Capital Appreciation Bonds, and the Appreciated Amount thereof, in the case of Capital Appreciation Bonds) not to exceed one hundred five percent (105%) of the principal amount of the 2019 Series C Bonds so subject to optional redemption, on the dates of redemption, all as shall be established by an Authorized Representative in the Purchase Contract.

208. Conditional Notice of Optional Redemption and No Requirement to Have Funds on Hand. As provided for by Section 302 of the General Resolution, as may be supplemented as provided therein, and notwithstanding any provision in the General Resolution to the contrary, (i) the Authority shall not be required to have in the Redemption Fund, or otherwise available and set aside in the General Receipts Fund, an amount sufficient to effect the redemption of any 2019 Series C Bonds prior to the notice of optional redemption being sent by the Trustee, and (ii) any such notice of optional redemption of any 2019 Series C Bonds may, at the direction of an Authorized Representative, state that it is conditional in nature and may be

rescinded at any time on or before the business day prior to the redemption date, together with the terms under which notice of any such rescission is to be provided to the Bondowners. If such notice is rescinded any such 2019 Series C Bonds that were subject to the notice of redemption shall remain Outstanding Bonds.

209. Sale of 2019 Series C Bonds. An Authorized Representative is authorized to negotiate, execute and deliver, on behalf of the Authority, the Purchase 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 purchase of the 2019 Series C Bonds at the price(s) and with compensation to the Underwriters, all as set forth therein. Approval of the Purchase Contract, and the purchase price set forth therein, shall be evidenced by the execution of the Purchase Contract by an Authorized Representative.

210. Expenses. The Authority's Expenses with respect to the 2019 Series C Bonds for a Fiscal Year may not exceed an amount equal to one quarter of one percent (0.25%) of the greater of the aggregate principal amount of all Outstanding 2019 Series C Bonds or the aggregate principal amount of the outstanding 2019 Series C Mortgage Loans, all as of the first day of such Fiscal Year.

ARTICLE III REQUIREMENTS AND FUNDS

301. Debt Reserve Requirement. (a) The Debt Reserve Requirement with respect to the 2019 Series C Bonds is hereby determined to be an amount equal to four percent (4%) of the sum of (i) the outstanding principal balance of 2019 Series C Mortgage Loans and 2019 Series C Down Payment Assistance Loans allocated to the 2019 Series C Bonds (except 2019 Series C Mortgage Loans underlying certificates of the Government National Mortgage Association or the Federal National Mortgage Association), (ii) the amount on deposit in the 2019 Series C Bond Proceeds Fund and allocated to the purchase or financing of 2019 Series C Mortgage Loans (except 2019 Series C Mortgage Loans underlying certificates of the Government National Mortgage Association or the Federal National Mortgage Association), and (iii) the amount on deposit in the Down Payment Assistance Fund allocated to the 2019 Series C Bonds and the financing of 2019 Series C Down Payment Assistance Loans. The deposits to the Capital Reserve Fund made and to be made pursuant to this 2019 Series C Resolution will be in the form of cash and Investment Obligations which may be used for the purposes of the Capital Reserve Fund; provided however, that the Authority may in lieu of or in replacement of or in addition to all or a portion of the deposits to the Capital Reserve Fund, obtain and pledge to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s), which Letter(s) of Credit or a portion thereof shall be exclusively available to be drawn on and which Surety Bond(s) or a portion thereof shall unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund. Any moneys so replaced by Letter(s) of Credit and/or Surety Bond(s) or a portion thereof shall be withdrawn by the Trustee and deposited in the Bond Proceeds Fund. The amount of moneys on deposit in the Capital Reserve Fund, or the amount of Letter(s) of Credit pledged to and exclusively available to be drawn on or Surety Bond(s) 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 Letter(s) of Credit pledged thereto and exclusively available to be drawn on or Surety Bond(s) which shall unconditionally and irrevocably guarantee payment for the purposes thereof, shall equal

the Capital Reserve Fund Requirement.

(b) If at any time the Trustee is required by Section 407 of the General Resolution to transfer moneys from the Capital Reserve Fund to the Debt Service Fund, the Trustee shall make such transfer to the Debt Service Fund from any moneys which shall then be on deposit in the Capital Reserve Fund, and if the moneys in the Capital Reserve Fund are not sufficient to make up the deficiency in the Debt Service Fund, the Trustee shall make a draw under any Letter(s) of Credit or make a demand for payment under any Surety Bond(s) which may be pledged to the Capital Reserve Fund and deposit such proceeds to the Debt Service Fund to the extent of the deficiency in the Debt Service Fund.

302. The Loan Loss Fund.

(a) The repayment of the 2019 Series C Bonds shall be further secured by a pledge of the amounts on deposit in the Loan Loss Fund as created by the Loan Loss Fund Resolution. The 2019 Series C Resolution shall be deemed to be a Single-Family Bond Resolution for purposes of the Loan Loss Fund Resolution. The Loan Loss Fund Requirement with respect to the 2019 Series C Bonds shall be zero (\$0), and, accordingly, the Authority shall not be required to deposit any moneys into the Loan Loss Fund prior to the disbursement of proceeds from the Bond Proceeds Fund for the financing of a 2019 Series C Mortgage Loan.

(b) If at any time moneys in the General Receipts Fund are not sufficient to permit the transfer of moneys to the Debt Service Fund required by Section 403 of the General Resolution, the Trustee shall make up such a deficiency first, by the withdrawal and transfer to the Debt Service Fund of money from any amounts which shall then be on deposit in the Loan Loss Fund, and if the amount in the Loan Loss Fund is not sufficient to make up such deficiencies, and second by a draw under any Letter(s) of Credit or a demand for payment under any Surety Bond(s) which may be pledged to the Loan Loss Fund and the deposit of such proceeds to the Debt Service Fund. Furthermore, in the event there shall be on any date on which an interest or principal payment (including any Sinking Fund Requirement) shall be due, a deficiency in the amounts in the Debt Service Fund to be applied to the payment of liquidity fees, interest or principal or a Redemption Price of the Bonds pursuant to Section 404(a) or (b) of the General Resolution but prior to any transfer to the Debt Service Fund from the Redemption Fund pursuant to Section 405 of the General Resolution or the Capital Reserve Fund pursuant to Section 406 of the General Resolution, the Trustee first shall make up such a deficiency by the withdrawal of moneys from the Loan Loss Fund and the transfer thereof to the Debt Service Fund, and second, if required, by a draw under any Letter(s) of Credit or a demand for payment under any Surety Bond(s) which may be pledged to the Loan Loss Fund and the transfer of such proceeds to the Debt Service Fund.

(c) Amounts on deposit in the Loan Loss Fund shall not be included in any calculation made in connection with any Cash Flow Statement or pursuant to Section 403(e)(3) of the General Resolution.

303. Deposits into Funds.

(a) The proceeds of the 2019 Series C Bonds shall be deposited into the Bond Proceeds Fund and shall be invested by the Trustee pursuant to instructions from the Authority only in Investment Obligations, which shall include, for purposes of this 2019 Series C Resolution, an investment agreement secured or unsecured as determined by an Authorized Representative, guaranteed by an institution whose debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency. Proceeds of the 2019 Series C Bonds in an amount sufficient to satisfy the Capital Reserve Fund Requirement relating to the 2019 Series C Bonds shall be promptly transferred by the Trustee to the Capital Reserve Fund. In the event that the Authority shall elect to obtain and pledge to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s) in an amount sufficient to satisfy all or a portion of the Capital Reserve Fund Requirement in lieu of or in replacement of or in addition to the deposits to the Capital Reserve Fund, any moneys so replaced provided by 2019 Series C Bond proceeds shall be promptly withdrawn by the Trustee and paid to the Authority for deposit in the Bond Proceeds Fund. Proceeds of the 2019 Series C Bonds in an amount not to exceed the limitation set forth in this Resolution, and as set forth in the Purchase Contract, shall be promptly transferred by the Trustee to the Down Payment Assistance Fund.

(b) All moneys representing accrued interest on the 2019 Series C 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 C Bonds on the first applicable interest payment date).

304. Reserved.

305. Series Program Determinations. Each newly originated 2019 Series C Mortgage Loan shall have the following terms, conditions, provisions and limitations:

(a) The promissory note for each 2019 Series C Mortgage Loan must be payable or endorsed to the Authority, and such 2019 Series C Mortgage Loan must (i) be originated in the name of the Authority, (ii) be assigned to the Authority, or (iii) be originated in the name of a nominee who shall register the Authority as the owner of a beneficial interest in such 2019 Series C Mortgage Loan, and such 2019 Series C Mortgage Loan must have a servicer that tracks servicing of such 2019 Series C Mortgage Loan pursuant to a written agreement with the Authority relating thereto;

(b) Each 2019 Series C Mortgage Loan (i) shall be for a term not exceeding thirty (30) years, (ii) shall have a rate or rates of interest fixed at the time of origination, and (iii) shall either have approximately equal monthly payments for each rate of interest borne by such 2019 Series C Mortgage Loan, or at the option of the Authority, shall have monthly payments that increase on a predetermined basis over the life of such 2019 Series C Mortgage Loan;

(c) Each 2019 Series C Mortgage Loan shall relate to a residence which shall be the principal residence of the mortgagor within a reasonable time after the closing of such 2019 Series C Mortgage Loan;

(d) Each 2019 Series C Mortgage Loan shall relate to a single-family residential structure or condominium unit;

(e) (1) Except for 2019 Series C Mortgage Loans that are 2019 Series C Home Improvement Mortgage Loans, each 2019 Series C Mortgage Loan shall be insured under an insurance contract, or guaranteed under a guarantee agreement, requiring benefits to be paid to the Authority following default by the mortgagor in the payment of principal or interest on the 2019 Series C Mortgage Loan in an amount which, when combined with the down payment applicable to such 2019 Series C Mortgage Loan (irrespective of the source of funds therefor), is equal to an amount in excess of eighteen percent (18%) of the purchase price of the residence; provided, however, that any such insurance shall not be initially required or may be terminated when the principal balance of the 2019 Series C Mortgage Loan is eighty percent (80%) or less of the original purchase price of the residence; and

(2) If applicable law shall not permit the Authority, or if the Authority anticipates that applicable law will not permit it, to require a mortgagor under a 2019 Series C Mortgage Loan, or a person on behalf of such mortgagor, to pay for the mortgage insurance described in paragraph (1) of this subsection, then the Authority shall pay for such mortgage insurance from moneys available under the General Resolution or otherwise, except to the extent that:

(i) the Authority either:

(A) does not pay for such mortgage insurance from moneys available under the General Resolution or otherwise; or

(B) provides additional reserves, insurance, sureties or cash equivalents as security or makes other covenants regarding the 2019 Series C Bonds; and

(ii) the taking of the action described in clause (A) or (B) above, does not, by itself, or in combination with other factors, result in a reduction in the then-current unenhanced rating of the Bonds;

(f) Except for 2019 Series C Mortgage Loans that are 2019 Series C Home Improvement Mortgage Loans, the 2019 Series C Mortgage Loans shall be: (i) conventional mortgage loans, (ii) insured by the Federal Housing Administration, (iii) guaranteed by the United States Department of Veterans' Affairs, or (iv) guaranteed by the Rural Housing Service of the United States Department of Agriculture;

(g) Except for 2019 Series C Mortgage Loans that are 2019 Series C Home Improvement Mortgage Loans, a 2019 Series C Mortgage Loan shall be used for the purchase of a residence or both the purchase and rehabilitation of a residence;

(h) Each 2019 Series C Home Improvement Mortgage Loan shall be: (i) insured under the Federal Housing Administration Title 1 Property Improvement Loan Program, and (ii) used to finance improvements to a year-round residence located in Michigan;

(i) 2019 Series C Home Improvement Mortgage Loans are not required to be evidenced by a mortgage document that constitutes a first lien on the mortgaged property;

(j) No 2019 Series C Home Improvement Mortgage Loan shall be made or acquired with proceeds of the 2019 Series C Bonds prior to the time that the Fifth Supplemental Resolution (as defined below) is in full force and effect as a result of the receipt by the Trustee of the consent of the Bondowners of not less than fifty-one percent (51%) of the principal amount of the Bonds then Outstanding; and

(k) The Authority shall not sell any 2019 Series C Mortgage Loans or 2019 Series C Down Payment Assistance Loans and use the proceeds of such sale to redeem 2019 Series C Bonds as provided in Section 206 hereof except for 2019 Series C Mortgage Loans or 2019 Series C Down Payment Assistance Loans (i) that are in default or (ii) that do not comply with the Authority's Program requirements.

306. Covenant as to Disposition of Principal Prepayments and 2019 Series C Down Payment Assistance Loan Principal Prepayments. Subject to the provisions of Section 403 of the General Resolution and Section 206 hereof, the Authority shall direct the Trustee to transfer Revenues in an amount equal to and representing (a) the Principal Prepayments derived from 2019 Series C Mortgage Loans from the General Receipts Fund to the Redemption Fund or the Bond Proceeds Fund, provided that any such Revenues deposited in the Bond Proceeds Fund must be transferred to the Redemption Fund within twelve (12) months of such deposit if not used for the purpose of financing Mortgage Loans within such one-year period and (b) the 2019 Series C Down Payment Assistance Loan Principal Prepayments from the General Receipts Fund to the Redemption Fund or the Down Payment Assistance Fund, provided that any such Revenues deposited in the Down Payment Assistance Fund must be transferred to the Redemption Fund within twelve (12) months of such deposit if not used for the purpose of financing 2019 Series C Down Payment Assistance Loans within such one-year period.

307. Down Payment Assistance Fund.

(a) Amounts on deposit in the Down Payment Assistance Fund shall be used as provided in this 2019 Series C Resolution with respect to moneys received by the Authority in connection with the issuance of the 2019 Series C Bonds.

(b) Amounts on deposit in the Down Payment Assistance Fund received by the Authority in connection with the issuance of the 2019 Series C Bonds, if any, and any additional amounts deposited by the Authority in the Down Payment Assistance Fund in respect of the 2019 Series C Bonds as hereinafter provided, if any, shall be used, upon Authority Request, to finance 2019 Series C Down Payment Assistance Loans. The Authority may, from time to time, direct that additional amounts be deposited in the Down Payment Assistance Fund in respect of the 2019 Series C Bonds from unrestricted Authority funds for the purpose of financing additional 2019 Series C Down Payment Assistance Loans. No amounts on deposit in the Down Payment Assistance Fund shall be used to finance Mortgage Loans. Each 2019 Series C Down Payment Assistance Loan shall have the following terms, conditions, provisions and limitations:

(i) Each 2019 Series C Down Payment Assistance Loan shall be made to provide down payment assistance only to a mortgagor who has received a Mortgage Loan;

(ii) Each 2019 Series C Down Payment Assistance Loan shall be evidenced by a promissory note and a mortgage document which has been properly recorded and constitutes a valid second lien on the property subject only to the mortgage securing the related Mortgage Loan and real property taxes or assessments not yet due;

(iii) The promissory note for each 2019 Series C Down Payment Assistance Loan must be payable or endorsed to the Authority and the 2019 Series C Down Payment Assistance Loan must be originated in the name of the Authority or be assigned to the Authority;

(iv) Each 2019 Series C Down Payment Assistance Loan shall be in a principal amount not to exceed Ten Thousand Dollars (\$10,000); and

(v) Each 2019 Series C Down Payment Assistance Loan shall be for a term not exceeding the term of the related Mortgage Loan, shall bear interest as determined by the Authority and shall be payable on the earliest of (A) the sale of the residence to which such 2019 Series C Down Payment Assistance Loan relates, (B) the maturity date thereof or (C) the date of payment in full of the related Mortgage Loan.

(c) Amounts on deposit in the Down Payment Assistance Fund may be transferred at any time, upon Authority Request, to the Bond Proceeds Fund.

(d) The Authority does hereby pledge, convey and assign the 2019 Series C Down Payment Assistance Loans as security for the payment of the Bonds and the interest and redemption premium, if any, thereon and for the equal and proportionate benefit and security from time to time, of the Owners of the Bonds without preference, priority or distinction as to lien or otherwise. Any 2019 Series C Down Payment Assistance Loans shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any 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 C Resolution nor any instruments by which a pledge is created need be recorded. All moneys received by or on behalf of the Authority representing principal and interest payments on the 2019 Series C Down Payment Assistance Loans including all 2019 Series C Down Payment Assistance Loan Principal Prepayments representing the same shall constitute "Revenues" for purposes of the General Resolution and shall be deposited in the General Receipts Fund.

(e) Amounts on deposit in the Down Payment Assistance Fund in respect of the 2019 Series C Down Payment Assistance Loans shall be taken into account when preparing a Cash Flow Statement in accordance with Section 608 of the General Resolution. In addition to the requirements for filing a Cash Flow Statement set forth in Section 608 of the General Resolution, the Authority shall file with the Trustee a current Cash Flow Statement prior to transferring amounts to the Down Payment Assistance Fund to finance 2019 Series C Down Payment Assistance Loans in excess of the amounts contemplated in the last Cash Flow Statement to be so transferred, or prior to applying amounts previously transferred to the Down Payment Assistance Fund to finance

2019 Series C Down Payment Assistance Loans on terms materially different from those assumed in the last Cash Flow Statement. Upon filing a Cash Flow Statement with the Trustee, the Authority shall thereafter administer its program for making 2019 Series C Down Payment Assistance Loans in all material respects in accordance with the assumptions set forth in such Cash Flow Statement. Except as necessary to dispose of defaulted 2019 Series C Down Payment Assistance Loans or to comply with requirements of the Authority relating to its program for making 2019 Series C Down Payment Assistance Loans, if the Cash Flow Statement delivered in connection with any sale of 2019 Series C Down Payment Assistance Loans at a price below book value does not project Revenues sufficient to pay Expenses and debt service on the Bonds when due in each bond year, an Authorized Representative must certify to the Trustee that the projected deficiency in each bond year is less than it would have been if all or a portion of the amounts transferred or used had been applied to the financing of 2019 Series C Down Payment Assistance Loans or invested in Investment Obligations on terms then available.

ARTICLE IV FORMS, EXECUTION AND DELIVERY OF 2019 SERIES C BONDS

401. Forms of 2019 Series C Bonds. Subject to the provisions of the General Resolution, the form of the 2019 Series C Bonds and the Certificate of Authentication with respect thereto are hereby approved substantially in the forms attached as Exhibits A and B, respectively, with necessary or appropriate variations, omissions and insertions as are incidental to their numbers, denominations, maturities, interest rate or rates, redemption provisions and other details thereof.

402. Execution and Delivery of 2019 Series C Bonds. (a) The 2019 Series C Bonds shall be executed in the name of the Authority by the manual or facsimile signature of either its Chairperson or Executive Director and the corporate seal of the Authority (or a facsimile thereof) shall be impressed or imprinted thereon in accordance with the provisions of Section 204 of the General Resolution. The 2019 Series C Bonds shall be authenticated by the manual signature of an authorized signer of the Trustee.

(b) The 2019 Series C Bonds shall be delivered by an Authorized Representative to the Purchasers in New York, New York, Lansing, Michigan, or any other location mutually agreeable to the Authority and the Purchasers, upon payment of the purchase price plus accrued interest, if any, on the 2019 Series C Bonds from the date thereof to the date of delivery in immediately available Federal Reserve Funds available to the Authority at the time or times and place or places of delivery.

(c) Initially, one fully-registered 2019 Series C Bond (a “2019 Series C Bond”) for each maturity of 2019 Series C Bonds, 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 C Bonds shall be in the form of the 2019 Series C Bond, 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 C 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 C Bonds;

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

(iv) any consent given by Cede & Co. as Bondowner of the 2019 Series C Bonds or any successor nominee of a Securities Depository as Bondowner 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 C Bonds are redeemed in part.

So long as the certificates for the 2019 Series C Bonds are not issued pursuant to subsection (c) of this Section 403, 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 C Bonds for all purposes whatsoever, including without limitation:

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

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

(3) registering transfers with respect to such 2019 Series C 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 C 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 ninety (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 C Bonds as provided in subsection (d) below. In addition, the Authority may determine at any time that the 2019 Series C 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 C Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series C Bonds as provided in subsection (d) below.

(d) Certificates for the 2019 Series C 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 C Bonds to the persons in whose names such 2019 Series C Bonds are so registered as soon as practicable.

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

ARTICLE V MISCELLANEOUS

501. Ratification of Actions. The actions of any Authorized Representative heretofore taken pursuant to the provisions of the General Resolution including, but not limited to: the publishing of notice and the conducting of a hearing with respect to the issuance of the 2019 Series C Bonds, the making of presentations to security rating agencies, the undertaking of discussions and negotiations with underwriters or groups of underwriters or purchasers regarding offers to purchase the 2019 Series C Bonds, be, and they hereby are, ratified and confirmed in all respects.

502. Authorization of 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 C Bonds subject to, and as may be required by the Purchase Contract, the General Resolution and this 2019 Series C Resolution.

(b) Any Authorized Representative is hereby authorized to pay from the General Operating Fund all funds necessary to pay the costs of issuance, including the Underwriters' fee and placement fee, if applicable, of the 2019 Series C Bonds not paid from the proceeds of the 2019 Series C Bonds, and to make the deposit of moneys, or obtain Letter(s) of Credit and/or Surety Bond(s), or an increase in the amount of existing Letter(s) of Credit and/or Surety Bond(s), as provided by Section 503 hereof.

503. Authorization of Procurement of Letter(s) of Credit and/or Surety Bond(s) and Execution of Reimbursement Agreement and/or Guaranty Agreement; Notice to the Trustee.

Any Authorized Representative hereby is authorized to obtain Letter(s) of Credit and/or Surety Bond(s), to obtain an increase in the amount of existing Letter(s) of Credit and/or Surety Bonds or to obtain a replacement for existing Letter(s) of Credit and/or Surety Bond(s) for application in lieu of the deposit of moneys to the Capital Reserve Fund as specifically authorized in this 2019 Series C Resolution. In connection with the procurement of the foregoing Letter(s) of Credit and/or Surety Bond(s) or the increase in the amount of existing Letter(s) of Credit and/or Surety Bond(s), the Authorized Representative is authorized, if necessary, to negotiate and execute a reimbursement agreement, or, if necessary, an amendment to any existing reimbursement agreement, with a banking institution, or a guaranty agreement, or, if necessary, an amendment to an existing guaranty 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 Letter(s) of Credit shall not exceed one half of one percent (0.5%) of the cumulative amount of the Letter(s) of Credit, the fee to be paid by the Authority for any Surety Bond(s) shall not exceed two percent (2%) of the Surety Bond Coverage relating thereto. The Authority shall give the Trustee sixty (60) days' written notice prior to the expiration of any Letter(s) of Credit obtained pursuant to this 2019 Series C Resolution.

504. Preliminary Official Statement. The form of the Preliminary Official Statement of the Authority with respect to the initial offering of the 2019 Series C 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. The delivery of a certificate relating to the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, is also approved.

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

506. Reserved.

507. Bondowner Continuing Consent to Fifth Resolution Supplementing the General Resolution. On September 26, 2018, the Authority adopted the Fifth Resolution Supplementing Resolution Authorizing The Issuance Of Single-Family Mortgage Revenue Bonds (the "Fifth Supplemental Resolution"), which provided for certain amendments to the General Resolution. Pursuant to the terms of the General Resolution and the Fifth Supplemental Resolution, the amendments to the General Resolution provided for by the Fifth Supplemental Resolution are effective following receipt by the Trustee of the consent of the Bondowners of not less than fifty-one percent (51%) of the Bonds Outstanding. Each Bondowner of a 2019 Series C Bond, as a condition of purchasing or holding a 2019 Series C Bond, hereby provides its consent to the amendments to the General Resolution provided by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns a 2019 Series C Bond.

508. 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 the same.

509. Notice of Redemption.

(a) At least thirty (30) days but no more than ninety (90) days before the redemption date of any 2019 Series C Bonds, the Trustee shall cause a notice of any redemption of 2019 Series C 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.

(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 C Bonds to be redeemed who has not presented and surrendered such 2019 Series C 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 302 of the General Resolution, a notice of any such redemption shall include the following information with respect to the 2019 Series C Bonds to be so redeemed: the complete title of the 2019 Series C Bonds, the CUSIP numbers of the 2019 Series C Bonds to be redeemed, the date of general mailing of such notice of redemption, the complete name of the Trustee including the telephone number for inquiries, the maturity date and the interest rate (if applicable) of the 2019 Series C Bonds.

(d) 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 C Bonds.

510. Continuing Disclosure. The 2019 Series C Bonds are hereby made subject to the Second Master Continuing Disclosure Undertaking-Single Family Mortgage Revenue Bonds, dated as of April 1, 2019, and the Authority agrees to abide by the provisions thereof so long as any of the 2019 Series C Bonds are Outstanding.

511. Notices to Rating Agency. The Authority hereby covenants and agrees that it will send written notice to S&P at 55 Water Street, 38th Floor, New York, New York 10041 and to Moody's at 7 World Trade Center at 50 Greenwich Street, New York, New York 10007, of the occurrence of any of the following events with respect to the 2019 Series C Bonds:

- (a) any acceleration of payment of the principal of and interest on the 2019 Series C Bonds;
- (b) any amendments to this 2019 Series C Resolution or the General Resolution;
- (c) any successor to the Trustee under the General Resolution; and

(d) any defeasance or redemption in whole of the 2019 Series C Bonds.

512. Effective Date. This 2019 Series C Resolution shall take effect immediately. If the 2019 Series C Bonds are not delivered to the Purchasers on or before December 31, 2019, the authority granted by this 2019 Series C Resolution shall lapse.

EXHIBIT A

[FORM OF 2019 SERIES C 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 issued 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.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SINGLE-FAMILY MORTGAGE REVENUE BOND, 2019 SERIES C
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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REGISTERED OWNER: Cede & Co.

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 to 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 principal corporate trust office of U.S. Bank National Association in St. Paul, Minnesota (the "Trustee"), as Trustee under the Resolution of the Authority adopted December 17, 1987, authorizing the issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds, as amended and supplemented (the "General Resolution"), or its successor as Trustee, and to pay to the registered owner by check or draft mailed to the registered owner on the fifteenth (15th) day of the month preceding the interest payment date at such owner's address as shown on the registration books of the Authority, as maintained by the Trustee, interest on such Principal Amount from the date hereof to the date of maturity or earlier redemption of this 2019 Series C Bond at the Interest Rate per annum specified above on _____, 20__, and semiannually thereafter on the first day of December and June. The principal or Redemption Price (as defined in the General Resolution) of this 2019 Series C 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 2019 SERIES C BOND AND THIS 2019 SERIES C BOND IS NOT A DEBT OF THE STATE OF MICHIGAN. THE AUTHORITY HAS NO TAXING POWER.

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the hereinafter defined 2019 Series C Resolution.

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 2019 Series C 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 2019 Series C Bond. This 2019 Series C Bond is one of a duly authorized issue of Bonds of the Authority designated "Single-Family Mortgage 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 2019 Series C Bond is one of a series of Bonds designated "Single-Family Mortgage Revenue Bonds, 2019 Series C (Federally Taxable)" (the "2019 Series C Bonds") issued in the initial aggregate principal amount of _____ Dollars (\$ _____) under the General Resolution and the Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series C in an Amount not to Exceed \$ _____, adopted on September 26, 2019 (the "2019 Series C Resolution") (the General Resolution and the 2019 Series C Resolution are collectively herein called the "Resolutions"). The proceeds of the 2019 Series C Bonds will be utilized by the Authority as provided in the Resolutions. The 2019 Series C Bonds will be secured by a pledge of the Pledged Property (as defined in the General Resolution) which includes the mortgage repayments required to be paid on the mortgage loans financed with the proceeds of the 2019 Series C Bonds, the Down Payment Assistance Fund established under the Authority's Series Resolution Authorizing the Issuance and Sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B adopted on November 19, 2003 (the "2003 Series B Resolution") and the repayments required to be paid on the down payment assistance loans financed with the proceeds of the 2019 Series C Bonds and will be further secured by the Loan Loss Fund established under the Authority's Resolution Establishing Single-Family Loan Loss Fund adopted on July 8, 1988, as supplemented (the "Loan Loss Fund Resolution"). Copies of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution are on file in the office of the Authority and at the corporate trust office of the Trustee in Lansing, Michigan, and reference to the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution 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 C Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2019 Series C Bonds with respect thereto and the terms and conditions upon which the 2019 Series C Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the

terms of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution, the provisions of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This 2019 Series C 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 an attorney duly authorized in writing, upon the surrender of this 2019 Series C 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 C Bond or 2019 Series C Bonds, and in the same aggregate principal amount and of the same interest rate and 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 C Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2019 Series C Bonds.

The 2019 Series C Bonds are subject to redemption prior to maturity as provided in the 2019 Series C Resolution. Notice of any such redemption shall be given to the registered owners of any 2019 Series C Bonds or portions thereof to be redeemed as provided in the 2019 Series C Resolution.

Pursuant to the 2019 Series C Resolution, each owner of this 2019 Series C Bond, as a condition of purchasing or holding this 2019 Series C Bond, provides its consent to the amendments to the General Resolution provided for by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns this 2019 Series C Bond. Furthermore, the consent provided for by the preceding sentence shall be deemed to be "an instrument in writing" executed by the owner of this 2019 Series C Bond for purposes of Section 1002 of the General Resolution. Reference is made to the 2019 Series C Resolution and the Fifth Supplemental Resolution for the amendments to the General Resolution provided for by the Fifth Supplemental Resolution.

This 2019 Series C 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 2019 Series C 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 C Bonds, together with all other indebtedness of the Authority is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this 2019 Series C Bond to be executed in its name by the facsimile signature of its Executive Director and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue as set forth above.

MICHIGAN STATE HOUSING DEVELOPMENT
AUTHORITY

(Seal)

By _____
Its Executive Director

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By _____
Authorized Representative

Date of Authentication: _____

EXHIBIT B

[FORM OF 2019 SERIES C BOND (CAPITAL APPRECIATION 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 issued 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.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SINGLE-FAMILY MORTGAGE REVENUE BOND, 2019 SERIES C
(FEDERALLY TAXABLE) (CAPITAL APPRECIATION BOND)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>Original Principal Amount per \$5,000 at Maturity</u>	<u>CUSIP</u>
Zero				

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT IF HELD TO MATURITY: _____

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 to the Registered Owner specified above, or registered assigns, on the date the principal of this 2019 Series C Bond shall become payable, the Appreciated Amount (as defined in the 2019 Series C Resolution identified below) as hereinafter provided, upon the presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association in St. Paul, Minnesota (the "Trustee"), as Trustee under the Resolution of the Authority adopted December 17, 1987, authorizing the issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds, as amended and supplemented (the "General Resolution"), or its successor as Trustee. Unless this 2019 Series C Bond shall have been redeemed or an acceleration of its maturity shall have occurred, all as hereinafter provided, the Appreciated Amount of this 2019 Series C Bond shall become due on the Maturity Date specified above. The Appreciated Amount or Redemption Price (as defined in the General Resolution) of this 2019 Series C 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.

Interest shall not be paid on this 2019 Series C Bond except in the case of the failure of the Authority to deposit the Appreciated Amount with the Trustee at the stated maturity hereof in which case such amount owing on this 2019 Series C Bond shall thereafter bear interest at the rate equal to the approximately yield established in the 2019 Series C Resolution from the date of such maturity until such amount plus interest is deposited with the Trustee.

THE STATE OF MICHIGAN IS NOT LIABLE ON THIS 2019 SERIES C BOND AND THIS 2019 SERIES C BOND IS NOT A DEBT OF THE STATE OF MICHIGAN. THE AUTHORITY HAS NO TAXING POWER.

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the hereinafter defined 2019 Series C Resolution.

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 2019 Series C 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 2019 Series C Bond. This 2019 Series C Bond is one of a duly authorized issue of Bonds of the Authority designated "Single-Family Mortgage 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 2019 Series C Bond is one of a series of Bonds designated "Single-Family Mortgage Revenue Bonds, 2019 Series C (Federally Taxable)" (the "2019 Series C Bonds") issued in the initial aggregate principal amount of _____ Dollars (\$ _____) under the General Resolution and the Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series C in an Amount not to Exceed \$ _____, adopted on September 26, 2019 (the "2019 Series C Resolution") (the General Resolution and the 2019 Series C Resolution are collectively herein called the "Resolutions"). The proceeds of the 2019 Series C Bonds will be utilized by the Authority as provided in the Resolutions. The 2019 Series C Bonds will be secured by a pledge of the Pledged Property (as defined in the General Resolution) which includes the mortgage repayments required to be paid on the mortgage loans financed with the proceeds of the 2019 Series C Bonds, the Down Payment Assistance Fund established under the Authority's Series Resolution Authorizing the Issuance and Sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B adopted on November 19, 2003 (the "2003 Series B Resolution") and the repayments required to be paid on the down payment assistance loans financed with the proceeds of the 2019 Series C Bonds and will be further secured by the Loan Loss Fund established under the Authority's Resolution Establishing Single-Family Loan Loss Fund

adopted on July 8, 1988, as supplemented (the "Loan Loss Fund Resolution"). Copies of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution are on file in the office of the Authority and at the corporate trust office of the Trustee in Lansing, Michigan, and reference to the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution 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 C Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2019 Series C Bonds with respect thereto and the terms and conditions upon which the 2019 Series C Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution, the provisions of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This 2019 Series C 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 by the registered owner hereof in person, or by an attorney duly authorized in writing, upon the surrender of this 2019 Series C 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 C Bond or 2019 Series C Bonds, of the same maturity and in the applicable aggregate Appreciated Amount, 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 C Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2019 Series C Bonds.

The 2019 Series C Bonds are subject to redemption prior to maturity as provided in the 2019 Series C Resolution. Notice of any such redemption shall be given to the registered owners of any 2019 Series C Bonds or portions thereof to be redeemed as provided in the 2019 Series C Resolution.

The Appreciated Amount for this 2019 Series C Bond shall be determined as provided in the 2019 Series C Resolution.

Pursuant to the 2019 Series C Resolution, each owner of this 2019 Series C Bond, as a condition of purchasing or holding this 2019 Series C Bond, provides its consent to the amendments to the General Resolution provided for by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns this 2019 Series C Bond. Furthermore, the consent provided for by the preceding sentence shall be deemed to be "an instrument in writing" executed by the owner of this 2019 Series C Bond for purposes of Section 1002 of the General Resolution. Reference is made to the 2019 Series C Resolution and the Fifth Supplemental Resolution for the amendments to the General Resolution provided for by the Fifth Supplemental Resolution.

This 2019 Series C 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 2019 Series C 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 C Bonds, together with all other indebtedness of the Authority is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this 2019 Series C Bond to be executed in its name by the facsimile signature of its Executive Director and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue as set forth above.

MICHIGAN STATE HOUSING DEVELOPMENT
AUTHORITY

(Seal)

By _____
Its Executive Director

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By _____
Authorized Representative

Date of Authentication:

[End of 2019 Series C Bond Forms]



M E M O R A N D U M

TO: Authority Members
FROM: Gary Heidel, Acting Executive Director 
DATE: September 26, 2019
RE: Liquidity Replacement for the Single-Family Mortgage Revenue Bonds, 2007 Series E

Recommendation:

I am recommending that the Michigan State Housing Development Authority (the "Authority") Board approve the attached resolution giving Authority staff the authorization to carry out the steps necessary to replace the current Single-Family Mortgage Revenue Bonds, 2007 Series E (the "Bonds") Standby Bond Purchase Agreement (liquidity facility).

Executive Summary:

The Bonds, with a current balance of \$93.1 million, were issued as variable rate demand obligations ("VRDOs"). In order to enhance the marketability to institutions and money market funds the Authority's VRDOs require a put option. The put option gives the bondholder the ability to put the debt back to the Authority in the case of a failed remarketing; therefore, the Authority needs to enter into a liquidity facility.

Currently, the Authority has a liquidity facility in place with the Bank of Tokyo-Mitsubishi UFJ, LTD ("MUFG") that expires June 29, 2020, and has an annualized fee rate of 45 basis points. While the MUFG liquidity facility does not expire until next year, the Authority has the option to terminate with no penalty. The Authority has negotiated terms with the Royal Bank of Canada, New York Branch ("RBC"). The RBC liquidity facility will be for five years at an annualized rate of 34 basis points.

If the bonds are held by RBC, also referred to as bank bonds, the interest rate paid will be the highest of (i) 8%, (ii) the Fed Fund Rate plus 2.5%, or (iii) the Prime Rate plus 2.5%. Once the bonds become bank bonds, beginning on the 365th day, they will then pay down in six equal semi-annual principal installments.

The remarketing of these bonds will be moved from Morgan Stanley to RBC.

Issues, Policy Considerations, and Related Actions:

None.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SECOND RESOLUTION SUPPLEMENTING
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
SINGLE-FAMILY MORTGAGE REVENUE BONDS, 2007 SERIES E
IN AN AMOUNT NOT TO EXCEED \$135,000,000**

September 26, 2019

WHEREAS, the Members of the Michigan State Housing Development Authority (hereinafter referred to as the "Authority"), by Resolution adopted December 17, 1987, and as supplemented on January 28, 1988, October 12, 1995, January 30, 1997 and May 24, 2006 (hereinafter referred to as the "General Resolution"), have authorized the issuance of Single-Family Mortgage Revenue Bonds in one or more Series pursuant to a Series Resolution authorizing the issuance and sale of any such Series; and

WHEREAS, pursuant to the General Resolution, on November 28, 2007, the Members of the Authority adopted the Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2007 Series E in an Amount Not To Exceed \$135,000,000 (the "Original 2007 Series E Resolution"), authorizing the issuance and sale of a Series of Bonds designated "Single-Family Mortgage Revenue Bonds, 2007 Series E" (the "2007 Series E Bonds") to provide moneys to carry out the purposes of the Authority, and supplemented such Original 2007 Series E Resolution on May 23, 2012 pursuant to the First Resolution Supplementing Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2007 Series E in an Amount Not To Exceed \$135,000,000 (the "First Supplemental Resolution," and together with the Original 2007 Series E Resolution, the "2007 Series E Resolution"); and

WHEREAS, the 2007 Series E Bonds were issued and delivered to the original purchasers thereof on December 11, 2007 in the original principal amount of \$125,000,000, currently bear interest at a Weekly Rate and are subject to optional and mandatory tender for purchase as provided in the 2007 Series E Resolution; and

WHEREAS, the purchase price due upon optional and mandatory tender of the 2007 Series E Bonds bearing interest at a Weekly Rate, in the event of a failed remarketing, is payable by MUFG Bank, LTD (f/k/a Bank of Tokyo-Mitsubishi UFJ, LTD, acting through its New York Branch) ("MUFG") pursuant to a Standby Bond Purchase Agreement, dated as of July 1, 2012, as amended by the First Amendment to Standby Bond Purchase Agreement, dated as of June 18, 2015 (the "MUFG Liquidity Facility"), among MUFG, the Authority and U.S. Bank National Association, as Trustee (the "Trustee"); and

WHEREAS, the Authority expects to substitute the MUFG Liquidity Facility with a Standby Bond Purchase Agreement (the "Alternate Liquidity Facility") provided by Royal Bank of Canada, acting through its branch located at 200 Vesey Street, New York, New York ("RBC"); and

WHEREAS, Morgan Stanley & Co. LLC ("Morgan Stanley") is acting as remarketing agent with respect to the 2007 Series E Bonds pursuant to the Remarketing Agreement, dated as of June 25, 2012 (the "Morgan Stanley Remarketing Agreement"), between the Authority and Morgan Stanley; and

WHEREAS, the Authority expects to replace Morgan Stanley with RBC Capital Markets, LLC ("RBC Capital") as Remarketing Agent; and

WHEREAS, pursuant to Section 27(l) of the Act, the Authority has determined to delegate to the Executive Director, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or Vice Chairperson of the Authority (each, together with any person duly appointed or acting in such capacity, hereinafter individually referred to as an "Authorized Representative") the power to cancel or terminate a Liquidity Facility in accordance with its terms and to provide one or more Alternate Liquidity Facilities in such amounts and at such times as determined by an Authorized Representative; and

WHEREAS, it is necessary to amend the 2007 Series E Resolution as hereinafter provided.

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

**ARTICLE I
AUTHORITY AND DEFINITIONS**

101. 2007 Series E Second Supplemental Resolution. This resolution (the "2007 Series E Second Supplemental Resolution") is adopted in accordance with the provisions of Sections 1001(e) and 1001(l) of the General Resolution and pursuant to the authority contained in the Act.

102. Definitions. All terms which are defined in Section 103 and 104 of Article I of the General Resolution and in the recitals to and Section 102 of the Original 2007 Series E Resolution and in Section 102 of the First Supplemental Resolution, shall have the same meanings, as applicable in this 2007 Series E Second Supplemental Resolution, including the preambles hereto.

**ARTICLE II
ACQUISITION OF ALTERNATE LIQUIDITY FACILITY
REMARKETING OF 2007 SERIES E BONDS**

201. Remarketing Agreement. The form of the Remarketing Agreement, between the Authority and RBC Capital relating to the 2007 Series E Bonds (the "RBC Remarketing Agreement") presented to the Authority at this meeting is hereby approved and any Authorized Representative is authorized to execute and deliver the RBC Remarketing Agreement for and on behalf of the Authority with such changes, omissions, insertions and revisions as may be necessary or desirable, permitted by the Act and otherwise by law, and not materially adverse to the Authority.

202. Alternate Liquidity Facility. Pursuant to Section 702 of the 2007 Series E Resolution, as amended herein, the Authority hereby authorizes and directs an Authorized Representative to acquire an Alternate Liquidity Facility from RBC, or such other alternate Liquidity Facility Provider as an Authorized Representative shall select (the "Alternate Liquidity Facility Provider"), and to negotiate and execute the Alternate Liquidity Facility, substantially in the form presented at this meeting with such changes in such document as may be necessary or desirable, permitted by the Act and otherwise by law, and are not materially adverse to the Authority, taking into account the benefits to be derived by the Authority from the remarketing of the 2007 Series E Bonds as provided in the 2007 Series E Resolution, as amended herein, and subject to the following additional conditions:

(i) The Fee Agreement between the Authority and Alternate Liquidity Facility Provider (the "Fee Agreement") in substantially the form presented to this meeting, is hereby approved with such changes in such document as may be necessary or desirable, permitted by the Act and otherwise by law; provided, however, the commitment fee rate to be paid in respect of the Alternate Liquidity Facility in effect as of (A) the date of execution of the Fee Agreement or (B) the date the Fee Agreement is amended or modified in connection with an extension of the term of the Alternate Liquidity Facility, shall not exceed 2.00% of the available commitment thereunder; provided further, however, that such commitment fee rates may be increased and adjusted in accordance with the provisions of such Liquidity Facility and such Fee Agreement without regard to the foregoing limitation on the initial or amended commitment fee rate (e.g. downgrade pricing may exceed 2.00%).

(ii) The available commitment under the Alternate Liquidity Facility shall not exceed an amount equal to the sum of (A) the principal amount of the Outstanding 2007 Series E Bonds and (B) the Available Interest Commitment with respect to such principal amount.

203. Disclosure Document. The form of disclosure document of the Authority with respect to the 2007 Series E Bonds (the "Disclosure Document"), substantially in the form presented to this meeting, is hereby authorized and approved as the final Disclosure Document of the Authority, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate, and such final Disclosure Document is approved for execution on behalf of the Authority and the remarketing of the 2007 Series E Bonds. One or more Authorized Representatives are hereby authorized to execute such final Disclosure Document and deliver it to the Remarketing Agent for distribution on behalf of the Authority.

204. 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 undertaking of discussions and negotiations with rating agencies, MUFG, the Alternate Liquidity Facility Provider, Morgan Stanley, and RBC Capital are hereby ratified and confirmed in all respects.

205. 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 in connection with the execution of the Alternate Liquidity Facility, for the proper remarketing by Morgan Stanley or RBC Capital of the 2007 Series E Bonds bearing interest at a Weekly Rate, with, as applicable, the MUFG Liquidity Facility or the Alternate Liquidity Facility, subject to, as may be required by the MUFG Liquidity Facility, the Alternate Liquidity Facility, the Morgan Stanley Remarketing Agreement, the RBC Remarketing Agreement, the General Resolution, the 2007 Series E Resolution and this 2007 Series E Second Supplemental Resolution.

(b) The Director of Finance or Deputy Director of Finance is hereby authorized to pay from the Operating Fund, the costs of executing and delivering the Alternate Liquidity Facility and the RBC Remarketing Agreement and preparing, executing and distributing the Disclosure Document described in Section 303 above.

ARTICLE III MISCELLANEOUS

301. Effective Date. This 2007 Series E Second Supplemental Resolution shall take effect immediately.

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M E M O R A N D U M

TO: Authority Members
FROM: Gary Heidel, Acting Executive Director 
DATE: September 26, 2019
RE: Resolution Authorizing Mortgage Loans for Shiloh Commons, MSHDA No. 960-2

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the sale of the property, 3) authorize the prepayment of the existing mortgage loans, 4) authorize tax-exempt bond, Mortgage Resource Fund ("MRF") and Michigan Housing and Community Development Fund ("MHCDF") mortgage loans in the amounts set forth in the accompanying staff report, and 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

Executive Summary:

Shiloh Commons is a 125-unit family development located in Flint, originally constructed in 2000 under a blend of the Authority's 70/30 and 1% programs, Risk-Sharing and HOME funding from the City of Flint. The development is comprised of 76 two-bedroom and 49 three-bedroom units with attached garages in fifteen townhome buildings, and a single-story community building with an office. Due to the lack of demand for market rate units after completion of construction, the 52 market rate units were eliminated, the interest rate on the permanent loan was reduced to 1%, and the mortgage loan was reduced to \$7,565,000. In addition, a special operating reserve of \$500,000 was established, although this reserve has nearly been exhausted. Units are presently targeted at 25%, 35% and 50% of area median income. Because this development was selected for participation in HUD's Risk-Sharing program, its condition must be rated by HUD's Real Estate Assessment Center ("REAC") and has received very low REAC scores for several years. The prior general partner contributed approximately \$640,000 to keep the development solvent and to perform some of the most badly needed physical repairs but has recently transferred its interest to an affiliate of MHT Housing, Inc. (the sponsor of the proposed transaction) and withdrawn from the ownership. Continental Management, the sponsor's management company, took over management in January of 2018 for a reduced fee, and since that time has stabilized the operation of the development. MHT Housing, Inc. has also contributed in excess of \$130,000 to the operating account.

This preservation transaction will allow the new owner to fully rehab the development, repay all Authority outstanding debt and put the development in to a better position in the marketplace. In addition, the sponsor has secured a HAP contract that will be transferred to this owner and assist

71 low income family households.

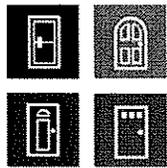
Issues, Policy Considerations, and Related Actions:

Shiloh Commons is currently in an Authority-approved mortgage loan workout that will terminate when this transaction closes. At that time the Authority will be made whole on the outstanding mortgage loans owed to the Authority, which total slightly more than four million dollars.

The City of Flint has an outstanding HOME loan that it will agree to subordinate and eventually forgive following the compliance period over a set number of years.

The sponsor is also providing long-term financing in the form of a seller's note for the difference between the sales price and the outstanding debt so no gain on the sale will be immediately realized by the sponsor.

The sponsor has received HUD approval for the transfer of an existing HAP (Housing Assistance Payments) contract from a property in Ohio, which will provide a deep subsidy for 71 of the 125 units.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

September 26, 2019

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the sale of the property, 3) authorize the prepayment of the existing mortgage loans, 4) authorize tax-exempt bond, Mortgage Resource Fund ("MRF") and Michigan Housing and Community Development Fund ("MHCDF") mortgage loans in the amounts set forth in this report, and 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

<u>MSHDA No.:</u>	960-2
<u>Development Name:</u>	Shiloh Commons
<u>Development Location:</u>	City of Flint, Genesee County
<u>Sponsor:</u>	MHT Housing, Inc.
<u>Mortgagor:</u>	Shiloh Commons II/MHT Limited Dividend Housing Association, LLC
<u>TE Bond Construction Loan:</u>	\$8,476,961 (52% of TDC)
<u>TE Bond Permanent Loan:</u>	\$4,940,676
<u>MSHDA MRF Loan:</u>	\$911,352
<u>MSHDA HTF Loan:</u>	\$3,983,706
<u>MSHDA MHCDF Loan:</u>	\$239,800
<u>Total Development Cost:</u>	\$16,301,849
<u>Mortgage Term:</u>	40 years for the tax-exempt bond loan; 50 years for the MRF loan; 50 years for the HTF loan and 50 years for the MHCDF loan
<u>Interest Rate:</u>	4.90% for the tax-exempt bond loan; 1% simple interest for the MHCDF loan and HTF loan and 3% simple interest for the MRF Loan
<u>Program:</u>	Tax-Exempt Bond and Housing Trust Fund (HTF) Programs
<u>Number of Units:</u>	125 family, rehabilitation
<u>Unit Configuration:</u>	76 two-bedroom, one and a half bath and 49 three-bedroom, two-bath townhomes with garages
<u>Builder:</u>	MHT Construction LLC
<u>Syndicator:</u>	CREA (City Real Estate Advisors)
<u>Date Application Received:</u>	February 1, 2019
<u>HDO:</u>	James E. Smith II

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

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

Shiloh Commons is currently in an Authority-approved mortgage loan workout that will terminate when this transaction closes. At that time the Authority will be made whole on the outstanding mortgage loans owed to the Authority, which total slightly more than four million dollars.

The City of Flint has an outstanding HOME loan that it will agree to subordinate and eventually forgive following the compliance period over a set number of years. See Special Condition No. 5.

The sponsor is also providing long-term financing in the form of a seller's note for the difference between the sales price and the outstanding debt so no gain on the sale will be immediately realized by the sponsor. See Special Condition No. 4.

The sponsor has received HUD approval for the transfer of an existing HAP (Housing Assistance Payments) contract from a property in Ohio, which will provide a deep subsidy for 71 of the 125 units. See Special Condition No.3.

EXECUTIVE SUMMARY:

Shiloh Commons is a 125-unit family development located in Flint, originally constructed in 2000 under a blend of the Authority's 70/30 and 1% programs, Risk-Sharing and HOME funding from the City of Flint. The development is comprised of 76 two-bedroom and 49 three-bedroom units with attached garages in fifteen townhome buildings, and a single-story community building with an office. Due to the lack of demand for market rate units after completion of construction, the 52 market rate units were eliminated, the interest rate on the permanent loan was reduced to 1%, and the mortgage loan was reduced to \$7,565,000. In addition, a special operating reserve of \$500,000 was established, although this reserve has nearly been exhausted. Units are presently targeted at 25%, 35% and 50% of area median income. Because this development was selected for participation in HUD's Risk-Sharing program, its condition must be rated by HUD's Real Estate Assessment Center ("REAC") and has received very low REAC scores for several years. The prior general partner contributed approximately \$640,000 to keep the development solvent and to perform some of the most badly needed physical repairs but has recently transferred its interest to an affiliate of MHT Housing, Inc. (the sponsor of the proposed transaction) and withdrawn from the ownership. Continental Management, the sponsor's management company, took over management in January of 2018 for a reduced fee, and since that time has stabilized the operation of the development. MHT Housing, Inc. has also contributed in excess of \$130,000 to the operating account.

This preservation transaction will allow the new owner to fully rehabilitate the development, repay all Authority outstanding debt and put the development in a better position in the marketplace. In addition, the sponsor has secured a HAP contract that will be transferred to this owner and assist 71 low income family households.

Structure of the Transaction and Funding:

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

Mortgage Feasibility/Commitment Staff Report
Shiloh Commons, MSHDA No. 960-2
City of Flint, Genesee County
September 26, 2019

- Tax-exempt bond construction and permanent mortgage loans will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of \$8,476,961 at 4.90% interest with an 18-month construction term, which will be used to bridge an extended equity pay-in period. Interest-only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").
- The permanent loan provided by the Authority will be in the amount of \$4,940,676. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, and an annual interest rate of 4.90%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.
- A subordinate loan from the Authority's Mortgage Resource Fund ("MRF") in the amount of \$911,352 (the "MRF Loan") will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.
- A subordinate loan from the Michigan Housing and Community Development Fund ("MHCDF") in the amount of \$239,800 (the "HCDF Loan") will be provided at 1% simple interest with payments initially deferred. The HCDF Loan will be in **Third Position**.
- A subordinate loan using Housing Trust Fund ("HTF") monies from the Authority in the amount of \$3,983,706 (the "HTF Loan") will be provided at 1% simple interest with payments initially deferred. The HTF Loan will be in **Fourth Position**.
- The City Flint will forgive a current HOME Loan in the amount of \$848,148. See Special Condition No. 5.
- The Sponsor is providing a loan in the amount of \$739,445. See Special Condition No. 4.
- The special limited partner will make a capital contribution in the amount of \$100.
- The general partner will make a capital contribution in the amount of \$100.
- Equity support comes from the sale of 4% LIHTC in the estimated amount of \$3,991,410.
- Deferred developer fee?
- A HAP contract is being purchased by the sponsor and will be assigned to this property, providing 71 units with project-based rental subsidy. The HAP contract will be for an initial term of 20 years, with extensions possible, subject to Congressional appropriation. See Special Condition No. 3.

Mortgage Feasibility/Commitment Staff Report
Shiloh Commons, MSHDA No. 960-2
City of Flint, Genesee County
September 26, 2019

- 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 \$466,550.
- 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.
- An operating deficit reserve will be required to fund projected operating deficits per the cash flow analysis establishing the operating deficit reserve, identified in the attached proforma. This reserve will be capitalized at closing and 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.
- 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.
- Tax and insurance escrow proceeds in the amount identified in the attached proforma will be transferred from the existing project to the new project to fund a new tax and insurance escrow account.
- The balance in the special operating reserve as identified in the attached proforma will be transferred from the existing project to the new project to use as a source of funding.

Scope of Rehabilitation:

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

- Parking lot and concrete repair and replacement
- Siding replacement
- New roofs
- New gutters and downspouts
- New windows and entry door at each unit
- Garage doors
- Landscaping
- Upgrades to parking area lighting
- Office and community room renovation
- New bathroom vanities
- New walk in showers and bathtubs
- New unit flooring

- New unit lighting
- New interior and closet doors
- New kitchen cabinets and appliances
- Painting of units and common areas

Affordability Requirements:

The low-income housing tax credit ("LIHTC") regulatory agreement will require that all of the dwelling units in the property assisted by LIHTC remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") income limit. Eleven (11) HOME units are designated as Low HOME and will be restricted to households with incomes at or below 50% of area median income ("AMI"). 35 units will be designated as HTF units and will be occupied by extremely low income households with incomes at or below 30% of AMI. The number of LIHTC restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants. Furthermore, 71 of the units will benefit from the addition of a Section 8 HAP contract and for those tenants, their out-of-pocket payment for rent and utilities will not exceed 30% of their income.

Site Selection:

This development is currently in our portfolio and meets our site selection criteria.

Market Evaluation:

The Manager of Marketing has determined the proposed rents and amenities of the project are acceptable. However, due to the condition of some of the buildings in the surrounding neighborhood, a blight resolution plan is required. See Special Condition No. 6.

Valuation of the Property:

An appraisal dated 1/29/2019 estimated the value of Shiloh Commons at \$5,450,000.

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, the existing Mortgagor (the "Seller") 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 twelve percent (12%) of the Mortgagor's equity. Following repayment of all subordinate Authority loans, the Mortgagor's rate of return may increase 1% per annum until a cap of twenty-five (25%) per annum is reached. 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 twenty-five (125) units of this proposal are as follows:

- a. Eleven (11) units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (through May 2, 2023), must be available for occupancy by households whose incomes do not exceed the HOME Very Low Income Limit (50% of AMI), published annually by HUD, adjusted for family size.
- b. Thirty-five (35) units have been designated as HTF units and during the Period of Affordability required under the HTF program (30 years) must be available for occupancy by Extremely Low Income households whose incomes do not exceed 30% of AMI, as determined by HUD, adjusted for family size, or families whose adjusted gross income is at or below the poverty line (as defined in Section 673 of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. 9902), whichever is greater.
- c. Seventy-one (71) units (65 two-bedroom units and 6 three-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the HAP Contract for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.
- d. One hundred and twenty-five (125) units (76 two-bedroom units and 49 three-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limit, adjusted for family size, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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

3. Limitations on Rental Rates:

The Total Housing Expense (contract rent plus tenant-paid utilities) for one hundred twenty-five (125) units is subject to the following limitations:

- a. During the Period of Affordability required under the HOME program (through May 2, 2023), the Total Housing Expense for the eleven Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.
- b. During the Period of Affordability required under the HTF program (30 years), the Total Housing Expense for the thirty-five HTF units may not exceed the Housing Trust Fund rent limit for the unit established and published annually by HUD, and based upon an imputed occupancy of one and one-half persons per bedroom.
- c. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents for all HAP-assisted units (65 two-bedroom units, and 6 three-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.
- d. The Total Housing Expense for all one hundred twenty five (125) units (76 two-bedroom units, and 49 three-bedroom units), may not exceed one-twelfth (1/12th) 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. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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.

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

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

4. Covenant Running with the Land:

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

5. Restriction on Prepayment and Subsequent Use:

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

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

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

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

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

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to four months' of estimated Development operating expenses (estimated to be \$357,347). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Operating Deficit Reserve:

At Initial Closing, the Mortgagor must establish an operating deficit reserve ("ODR") with the Authority in the initial amount of \$742,671. The ODR shall be used to fund projected operating deficits at the Development as shown on the cash flow analysis, and in accordance with Authority policies and requirements regarding the Operating Deficit Reserve.

In the event that the Development experiences an operating deficit that is greater than that projected on the cash flow analysis, the Mortgagor may request that the Authority increase the amount drawn from the ODR. The Director of Asset Management must approve the request. However, the Mortgagor shall not be entitled to receive a Limited Dividend payment for any year in which the amount drawn from the ODR is greater than the annual projected budget deficit for that year, until the balance of the ODR is restored to the appropriate level.

At the earlier of the time when 80% of the ODR has been depleted or during the 18th year after the commencement of amortization, the Authority will determine the annual projected operating deficits and the total amount sufficient to fund projected operating deficits through the remaining term of the Authority's mortgage loan(s). The Mortgagor must deposit this amount in cash into the ODR, to be held by the Authority and disbursed as noted above. Failure to replenish the ODR when required by the Authority shall constitute a default on the Authority's mortgage loan(s).

8. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of \$1,720 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 (\$92,678) into the Development's operating account.

10. Authority Subordinate Loan(s):

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

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

- So long as both of the Mortgage Loan and the MRF Loan remain outstanding, then repayment of the MRF Loan will be made from fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HCDF and HTF Loans.
- Upon payment in full of the Mortgage Loan, if the MRF Loan is still outstanding, then the MRF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. Repayment of the HCDF Loan will be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal, and no payments will be required on the HTF Loan.
- Upon payment in full of both the Mortgage Loan and the MRF Loan, if the HCDF Loan is still outstanding, then the HCDF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. Repayment of the HTF Loan will be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal. Upon payment in full of the Mortgage Loan, the MRF Loan and the HCDF Loan, if the HTF Loan is still outstanding, then the HTF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan.

- Notwithstanding the foregoing, the entire principal balance and any accrued interest of the MRF, HCDF and the HTF Loans will be due and payable after 50 years, or in the event of any sale or refinance of the Development.

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

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

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

12. Owner/Architect Agreement:

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

13. Trade Payment Breakdown:

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

14. Section 3 Requirements:

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

15. Equal Opportunity and Fair Housing:

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

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

16. Cost Certification:

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

17. Title Insurance Commitment and Survey:

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

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

18. Organizational Documents/Equity Pay-In Schedule:

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

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

19. Designation of Authority Funds:

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

20. Management & Marketing:

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

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

21. Guaranties:

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

22. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s)

and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

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

23. Future Contributions:

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

24. Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:

The Seller is responsible for all Development payables due up to the date that the Seller's loan is repaid, and ownership of the Development is transferred to Buyer (the "Closing Date"). The Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within thirty (30) days after the Closing Date, the Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

The Seller waives any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

25. Transfer and Ownership of Development Reserves:

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

26. Section 8 Required Approvals - HUD and MSHDA:

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

procedures as required under the Regulatory Agreement.

27. HAP Extension:

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

28. HUD Subsidy Layering Review:

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

29. Application for Disbursement:

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

30. Uniform Relocation Act Compliance:

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

SPECIAL CONDITIONS:

1. Legal Requirements:

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

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

2. 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.

The Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Environmental Division for the items listed below:

- **HTF/NEPA Environmental Review** – Retain consultant from MSHDA "Group B" qualified consultant list to provide HTF environmental compliance documentation and 24CFR Part 58 Environmental review pursuant to the provisions of HTF guidance found in Notice CPD-16-14.

3. HAP Contract;

Prior to Mortgage Loan Commitment, the Mortgagor must submit a new 20-year HAP renewal contract for 71 units at rent levels acceptable to the Authority's Director of Legal Affairs and Director of Development.

4. 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.

5. Local HOME Loan Subordination and Forgiveness:

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

6. Blight Plan

Prior to Mortgage Loan Commitment, the Mortgagor must submit a blight resolution plan acceptable to the Authority's Chief Market Analyst.

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** Shiloh Commons II/MHT Limited Dividend Housing Association, LLC

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: MHT Housing, Inc.
Address: 32600 Telegraph Rd.
Bingham Farms, Michigan 48205

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: T. Van Fox-MHT Housing
Address: 32600 Telegraph Rd.
Bingham Farms, Michigan 48205

Individuals Assigned: T. Van Fox
Telephone: 248-833-0550
Fax: 248-833-0551
E-mail: vanfox@mhthousing.net

1. **Experience:** The Sponsor has experience working on Authority-financed developments.
2. **Interest in the Mortgagor and Members:** Shiloh MHT GP, LLC will own .01% and CREA TPD, LLC will own 99.99%

B. **Architect:**

Name: Kem-Tec: A group of Companies
Address: 33556 Gratiot Avenue
Eastpointe, MI, 48201

Individual Assigned: Jeffrey Graham
Telephone: 586-772-2222
Fax: 586-772-4048
E-Mail: jgraham@kemtec-survey.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301035132 exp. 10/31/2020

C. **Attorney:**

Name: Wenzloff & Fireman P.C.
Address: 903 N. Jackson Street
Bay City, MI 48708

Individual Assigned: Paul Wenzloff
Telephone: 989-893-9511
Fax: 989-893-6988
E-Mail: wenzloffbankruptcy@sbcglobal.net

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

D. **Builder:**

Name: MHT Construction LLC
Address: 32600 Telegraph Road
Bingham Farms, MI 48025

Individual Assigned: Brian Gallaher
Telephone: 248-833-0550
Fax: 248-833-0551
E-mail: bgallher@mhthousing.net

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 2012217229, with an expiration date of 05/31/2020.

E. **Management and Marketing Agent:**

Name: MHT Management LLC
Address: 32600 Telegraph Road
Bingham Farms, MI 48025

Individual Assigned: T. Van Fox
Telephone: 248-833-0550
Fax: 248-833-0551
E-mail: vanfox@mhthousing.net

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

F. **Development Team Recommendation:** Approve and proceed to board for approval.

IV. **SITE DATA:**

- A. **Land Control/Purchase Price:**
The purchase price is \$5,546,209 which includes \$96,209 of reserves.

- B.** Site Location:
3209 Buick Street, Flint, Genesee County
- C.** Size of Site:
The site is just under 20 acres in size.
- D.** Density:
The density is appropriate for the site.
- E.** Physical Description:
1. Present Use:
125-unit family townhome development.
 2. Existing Structures:
Fifteen apartment buildings and one community building.
 3. Relocation Requirements:
None
- F.** Zoning:
The property is zoned C1 which permits multifamily apartments.
- G.** Contiguous Land Use:
1. North: Residential
 2. South: Abandoned but secured school
 3. East: Vacant land then commercial.
 4. West: Residential
- H.** Tax Information:
The property has a new PILOT equal to 4% of annual rents
- I.** Utilities:
- Water and sewer are supplied by the City of Flint
 - Electricity and Natural Gas is supplied by Consumers Energy
- J.** Community Facilities:
1. Shopping:
The market area has a typical offering of shopping facilities including free-standing stores, small to large strip retail centers, and a regional shopping mall. In this area, commercial development is concentrated along major roadways such as Saginaw Road, Miller Road, and Hill Road. The Genesee Valley Center is an enclosed regional shopping mall located at the intersection of Miller and Linden Roads in Flint Township. In addition to anchor tenants including JC Penny's, Macy's, Sears and Burlington Coat

Factory, this center includes various stores, restaurants, specialty shops and services. Significant commercial development surrounds this regional mall including a variety of national retailers and local businesses.

2. Recreation:
Recreational land uses in this area included various parks, golf courses, lakes, and biking and walking trails. The closest park is Forest Park located just northwest and within walking distance from the property.
3. Public Transportation:
The Mass Transportation Authority, (MTA) provides transportation in the Flint area. Bus stops are located along MLK boulevard to the west and Saginaw Street to the east.
4. Road Systems:
The roads are in good condition and the properties location is nicely situated near major roadways in the community.
5. Medical Services and other Nearby Amenities:
Comprehensive healthcare services are available at the Genesys Regional Medical Center located 7.5 miles south of the development.
6. Description of Surrounding Neighborhood:
It's a typical challenged neighborhood where some nice homes as well as some blighted homes and buildings. The sponsor is working with the city and County and have a plan to reduce or eliminate any blight in the surrounding area. Two properties are already slated to be demolished nearby the property.
7. Local Community Expenditures Apparent:
There are areas around the development where it is evident that capital expenditures have been recently invested.
8. Indication of Local Support:
The City is supportive and has agreed to the PILOT as well as subordinating and eventually forgiving a HOME loan.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority (see Special Condition No. 2).

VI. DESIGN AND COSTING STATUS:

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

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

VII. MARKET SUMMARY:

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

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

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

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

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

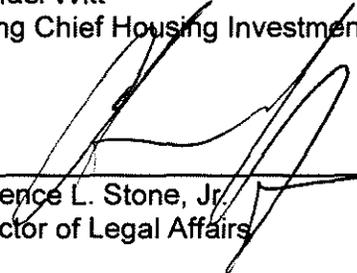
XII. ATTACHMENTS:

- A. Development Proforma

APPROVALS:



Michael Witt
Acting Chief Housing Investment Officer
9-17-19
Date



Clarence L. Stone, Jr.
Director of Legal Affairs
9-17-2019
Date



Gary Heidel
Acting Executive Director
9/17/19
Date

Instructions

Income Limits for	Genesee County (Effective April 3, 2018)					
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	12,330	14,100	15,870	17,610	19,020	20,430
40% of area median	16,440	18,800	21,160	23,480	25,360	27,240
50% of area median	20,550	23,500	26,450	29,350	31,700	34,050
60% of area median	24,660	28,200	31,740	35,220	38,040	40,860

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential Under/Over	Differential %	Effective AMI%	Contract Rent/Sq. Foot
30% Area Median Income Units																						
Family Occupancy																						
A	35	Townhome	2	1.5	1,165	783	124	907	328,860	1,067	29.6%	28.0%	40,775	26.0%	40,775	HTF	397	TC Rent	(510)	-128.54%	68.6%	\$0.67
B	2	Townhome	3	2.0	1,388	930	155	1,085	22,320	1,276	2.0%	1.6%	2,776	1.8%	2,776		458	TC Rent	(627)	-136.94%	71.1%	\$0.67
									351,180	2,343	31.6%	29.6%	43,551	27.8%	43,551							
50% Area Median Income Units																						
50% Tenant AMI Restriction (if different from rent restriction)																						
Family Occupancy																						
A	7	Townhome	2	1.5	1,165	783	124	907	65,772	1,067	5.9%	5.6%	8,155	5.2%	8,155	Low HOME	661	HOME Rent	(246)	-37.22%	68.6%	\$0.67
B	4	Townhome	3	2.0	1,388	930	155	1,085	44,640	1,276	4.0%	3.2%	5,552	3.5%	5,552	Low HOME	763	HOME Rent	(322)	-42.20%	71.1%	\$0.67
C	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
D	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
E	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
F	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
G	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
H	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
I	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
J	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
									110,412	2,343	9.9%	8.8%	13,707	8.8%	13,707							
50% Area Median Income Units																						
50% Tenant AMI Restriction (if different from rent restriction)																						
Family Occupancy																						
A	23	Townhome	2	1.5	1,165	783	124	907	216,108	1,067	19.4%	18.4%	26,795	17.1%	26,795		661	TC Rent	(246)	-37.20%	68.6%	\$0.67
B	0	Townhome	3	2.0	1,388	930	155	1,085	0	1,276	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	\$0.67
C	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
D	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
E	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
F	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
G	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
H	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
I	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
J	0	0	0	0.0	0	0	0	0	0	0	0.0%	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
									216,108	2,343	19.4%	18.4%	26,795	17.1%	26,795							
60% Area Median Income Units																						
Family Occupancy																						
A	11	Townhome	2	1.5	1,165	590	124	714	77,880	1,067	7.0%	8.8%	12,815	8.2%	12,815		754	95% of TC Ren	40	5.31%	54.0%	\$0.51
B	43	Townhome	3	2.0	1,388	691	155	846	356,556	1,276	32.1%	34.4%	59,684	38.1%	59,684		870	95% of TC Ren	24	2.76%	55.4%	\$0.50
									434,436	2,343	39.1%	43.2%	72,499	46.3%	72,499							
													156,552		156,552							
									Gross Rent Potential			1,112,136	HOME Units SF/Total Units SF			8.8%						
									Average Monthly Rent			741	# HOME Units/# Total Units			8.8%						
									Gross Square Footage			156,552										

Total Units 125

Annual Non-Rental Income

Misc. and Interest	
Laundry	2,200
Carports	
Other:	
	2,200

Utility Allowances

	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Qvende
A						0	104
B						0	155
C						0	
D						0	
E						0	
F						0	
G						0	
H						0	

	Annual	Monthly
Total Income		
Rental Income	1,112,136	92,678
Non-Rental Income	2,200	183
Total Project Revenue	1,114,336	92,861

Development Shiloh Commons 2019
 Financing Tax Exempt
 MSHDA No. 960
 Step Commitment
 Date 09/26/2019
 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	8,897	1,112,136
Annual Non-Rental Income	18	2,200
Total Project Revenue	8,915	1,114,336

Total Development Expenses

Vacancy Loss	7.00% of annual rent potential	623	77,850
Management Fee	527 per unit per year	527	65,875
Administration		1,087	135,909
Project-paid Fuel		67	8,330
Common Electricity		154	19,300
Water and Sewer		1,120	140,000
Operating and Maintenance		1,678	209,802
Real Estate Taxes		0	
Payment in Lieu of Taxes (PILOT)	4.00% Applied to: All Units	277	34,666
Insurance		300	37,500
Replacement Reserve	300 per unit per year	300	37,500
Other: Workers Comp and Emp Health		187	23,339
Other:		0	

Initial Inflation Factor	Beginning in Year	Future Inflation Factor
1.0%	6	2.0%
1.0%	6	2.0%
Future Vacancy		
	6	6.5%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	6	3.0%
4.0%	6	3.0%
5.0%	6	5.0%
3.0%	1	3.0%
5.0%	1	5.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

% of Revenue

Total Expenses	70.90%	6,321	790,071	
Base Net Operating Income		2,594	324,265	Override
Part A Mortgage Payment	25.30%	2,256	281,970	
Part A Mortgage		39,525	4,940,676	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		0		
Base Project Cash Flow (excludes ODR)	3.80%	338	42,295	

Instructions

TOTAL DEVELOPMENT COSTS

	Per Unit	Total	% in	Tax Credit Basis	Historic TC Basis
Acquisition					
Land	3,440	430,000			
Existing Buildings	33,375	4,171,852	100%	4,171,852	
Other: \$848,148 HOME Assumption and \$96,209 Existing Reserves Purc	7,555	944,357	90%	853,132	
Subtotal	44,370	5,546,209			
Construction/Rehabilitation					
Off Site Improvements	0		100%	0	
On-site Improvements	4,000	500,000	100%	500,000	
Landscaping and Irrigation	0		100%	0	
Structures	34,891	4,361,369	100%	4,361,369	4,361,369
Community Building and/or Maintenance Facility	0		100%	0	
Construction not in Tax Credit basis (i.e. Carports and Commercial Space	0				
General Requirements % of Contract 6.00% Within Range	2,333	291,682	100%	291,682	291,682
Builder Overhead % of Contract 2.00% Within Range	824	103,061	100%	103,061	103,061
Builder Profit % of Contract 6.00% Within Range	2,523	315,367	100%	315,367	315,367
Permits, Bond Premium, Tap Fees, Cost Cert.	1,212	151,500	100%	151,500	151,500
Other:	0		100%	0	
Subtotal	45,784	5,722,979			
15% of acquisition and \$15,000/unit test:		met			
Professional Fees					
Design Architect Fees	172	21,520	100%	21,520	21,520
Supervisory Architect Fees	43	5,380	100%	5,380	5,380
Engineering/Survey	0		100%	0	0
Other: Alta survey	42	5,200	100%	5,200	5,200
Subtotal	257	32,100			
Interim Construction Costs					
Property & Casualty Insurance	300	37,500	100%	37,500	37,500
Construction Loan Interest	Override 394,384	3,155	67%	262,923	262,923
Title Work	200	25,000	100%	25,000	
Legal Fees (in Tax Credit Basis)	600	75,000	100%	75,000	
Construction Taxes	277	34,666	100%	34,666	34,666
Other:			100%	0	0
Subtotal	4,532	566,550			
Permanent Financing					
Loan Commitment Fee to MSHDA	2%	2,178		0	0
Other:		0		0	0
Subtotal	2,178	272,236			
Other Costs (In Basis)					
Application Fee	20	2,500	100%	0	0
Market Study	52	6,500	100%	6,500	6,500
Environmental Studies	1,000	125,000	100%	125,000	125,000
Cost Certification	64	8,000	100%	8,000	8,000
Equipment and Furnishings	600	75,000	100%	75,000	
Temporary Tenant Relocation	400	50,000	100%	50,000	50,000
Construction Contingency	4,578	572,298	100%	572,298	572,298
Appraisal and C.N.A.	100	12,500	100%	12,500	12,500
Other:	0		100%	0	0
Subtotal	6,814	861,798			
Other Costs (NOT In Basis)					
Start-up and Organization	400	50,000	0%	0	0
Tax Credit Fees (based on 2017 QAP)	29,112	29,112	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)	475	59,375	0%	0	0
Marketing Expense	80	10,000	0%	0	0
Syndication Legal Fees	0		0%	0	0
Rent Up Allowance	0	0	0%	0	0
Other:	0		0%	0	0
Subtotal	1,188	148,487			

Project Reserves

	Per Unit	Total	% in	Tax Credit Basis	Historic TC Basis
Operating Assurance Reserv 4.0 months Funded in Cas	2,859	357,347			
Replacement Reserve Required	1,720	214,974			
Operating Deficit Reserve	5,941	742,671			
Rent Subsidy Reserve	0	0			
Syndicator Held Reserve	0	0			
Rent Lag Escrow	0	0			
Tax and Insurance Escrows	692	86,556			
Other:	0				
Other:	0				
Subtotal	11,212	1,401,548			
Miscellaneous					
Deposit to Development Operating Account (1MGRF Required)	741	92,678			
Other (Not in Basis):	0	0			
Other (In Basis):	0	0	100%	0	0
Other (In Basis):	0	0	100%	0	0
Subtotal	741	92,678			
Total Acquisition Costs	44,370	5,546,209			
Total Construction Hard Costs	45,784	5,722,979			
Total Non-Construction ("Soft") Costs	26,923	3,365,397			

Developer Overhead and Fee

Maximum	1,667,264	13,338	1,667,264	100%	1,667,264	1,667,264
7.5% of Acquisition/Project Reserves		Override	5% Attribution Test			
15% of All Other Development Costs			met			
Total Development Cost	130,416	16,301,849				

TOTAL DEVELOPMENT SOURCES

	% of TDC				
MSHDA Permanent Mortgage	30.31%	39,525	4,940,676		
Conventional/Other Mortgage	0.00%	0	0		
Equity Contribution from Tax Credit Syndication	24.48%	31,931	3,991,410		
MSHDA NSP Funds	0.00%	0			
MSHDA HOME	0.00%	0			
MSHDA MRF	5.59%	7,291	911,352		
Other MSHDA/ Housing Trust Fund	24.44%	31,870	3,983,706		
Local HOME Assumption	5.20%	6,785	848,148		
Income from Operations	2.86%	3,732	466,550		
Other Equity MHCDF	1.47%	1,918	239,800		
Transferred Reserves:	0.59%	770	96,209		
Other: Seller Note	4.54%	5,916	739,445		
Other: GP Equity & SLP Equity	0.00%	2	200		
Deferred Developer Fee	0.52%	675	84,353		
Total Permanent Sources			16,301,849		

Sources Equal Uses?

Surplus/(Gap)	Balanced	0
MSHDA Construction Loan	52.00%	67,816
Construction Loan Rate	4.900%	
Repaid from equity prior to final closing		3,536,285

Eligible Basis for LIHTC/TCAP

	Value of LIHTC/TCAP	
Acquisition	5,255,077	169,739
Construction	8,476,637	273,795
Acquisition Credit %	3.23%	443,534
Rehab/New Const Credit %	3.23%	\$0.9000
Qualified Percentage	100.00%	\$0.9000
QCT/DDA Basis Boost	100%	3,991,410
Historic?	No	

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	3,991,410
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	3,991,410

Summary of Acquisition Price

	As of August 1, 2019
Attributed to Land	430,000
Attributed to Existing Structure	4,171,852
City of Flint HOME & reserves	944,357
Fixed Price to Seller	5,546,209
Premium/(Deficit) vs Existing Debt	1,600,011

Construction Loan Term

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

Appraised Value

	Value As of January 29, 2019
"Encumbered As-Is" value as determined by appraisal:	5,450,000
Plus 5% of Appraised Value:	272,500
LESS Fixed Price to the Seller:	5,546,209
Surplus/(Gap)	176,291

Existing Reserve Analysis

DCE Interest:	
Insurance:	79,293
Taxes:	7,263
Rep. Reserv:	120
ORC:	
DCE Principal:	
Other:	9,533

Cash Flow Projections

Development Shiloh Commons 2019
 Financing Tax Exempt
 MSHDA No. 960
 Step Commitment
 Date 09/26/2019
 Type Preservation - Subsidized

	Initial Inflator	Starting in Yr	Future Inflator	2019	1	2	3	4	5	6	7	8	9	10
Income														
Annual Rental Income	1.0%	6	2.0%		1,112,136	1,123,257	1,134,490	1,145,835	1,157,293	1,180,439	1,204,048	1,228,129	1,252,691	1,277,745
Annual Non-Rental Income	1.0%	6	2.0%		2,200	2,222	2,244	2,267	2,289	2,335	2,382	2,429	2,478	2,528
Total Project Revenue					1,114,336	1,125,479	1,136,734	1,148,101	1,159,583	1,182,774	1,206,430	1,230,558	1,255,169	1,280,273
Expenses														
Vacancy Loss	7.0%	6	6.5%		77,850	78,628	79,414	80,208	81,011	76,729	78,263	79,828	81,425	83,053
Management Fee	3.0%	1	3.0%		65,875	67,851	69,887	71,983	74,143	76,367	78,658	81,018	83,448	85,952
Administration	3.0%	1	3.0%		135,909	139,966	144,186	148,511	152,987	157,556	162,282	167,151	172,165	177,330
Project-paid Fuel	3.0%	6	3.0%		8,330	8,580	8,837	9,102	9,375	9,657	9,946	10,245	10,552	10,869
Common Electricity	4.0%	6	3.0%		19,300	20,072	20,875	21,710	22,578	23,258	23,953	24,672	25,412	26,174
Water and Sewer	5.0%	6	5.0%		140,000	147,000	154,350	162,068	170,171	178,679	187,613	196,994	206,844	217,186
Operating and Maintenance	3.0%	1	3.0%		209,802	216,096	222,579	229,256	236,134	243,218	250,515	258,030	265,771	273,744
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					34,666	34,759	34,841	34,910	34,966	35,985	36,171	36,656	37,138	37,619
Insurance	3.0%	1	3.0%		37,500	38,625	39,784	40,977	42,207	43,473	44,777	46,120	47,504	48,929
Replacement Reserve	3.0%	1	3.0%		37,500	38,625	39,784	40,977	42,207	43,473	44,777	46,120	47,504	48,929
Other: Workers Comp and Emp Health	3.0%	1	3.0%		23,339	24,039	24,760	25,503	26,268	27,058	27,868	28,704	29,565	30,452
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					790,071	814,262	839,296	865,207	892,027	915,148	944,824	975,538	1,007,329	1,040,238
Debt Service														
Debt Service Part A					281,970	281,970	281,970	281,970	281,970	281,970	281,970	281,970	281,970	281,970
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					1,072,041	1,096,232	1,121,266	1,147,177	1,173,996	1,197,118	1,226,794	1,257,508	1,289,299	1,322,207
Cash Flow/(Deficit)					42,295	29,248	15,468	925	(14,414)	(14,344)	(20,364)	(26,950)	(34,129)	(41,934)
Cash Flow Per Unit					338	234	124	7	(115)	(115)	(163)	(216)	(273)	(335)
Debt Coverage Ratio on Part A Loan					1.15	1.10	1.05	1.00	0.95	0.95	0.93	0.90	0.88	0.85
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 742,671	742,671	764,951	787,900	811,537	835,883	846,546	857,598	862,962	861,901	853,629
Total Annual Draw to achieve 1.0 DCR	0	0	0	0	(14,414)	(14,344)	(20,364)	(26,950)	(34,129)	(41,934)	
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	(14,414)	(14,344)	(20,364)	(26,950)	(34,129)	(41,934)	
Interest	22,280	22,949	23,637	24,346	25,076	25,396	25,728	25,889	25,857	25,609	
Ending Balance at Maintained DCR	764,951	787,900	811,537	835,883	846,546	857,598	862,962	861,901	853,629	837,303	
Maintained Cash Flow Per Unit	338	234	124	7	0	0	0	0	0	0	
Maintained Debt Coverage Ratio on Part A Loan	1.15	1.10	1.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Maintained Debt Coverage Ratio on Conventional/Other Standard ODR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Non-standard ODR	356,802	385,869									

Operating Assurance Reserve Analysis

Required in Year:	357,347									
Initial Deposit	357,347									
Initial Balance	357,347	368,067	379,109	390,483	402,197	414,263	426,691	439,492	452,676	466,257
Interest Income	10,720	11,042	11,373	11,714	12,066	12,428	12,801	13,185	13,580	13,988
Ending Balance	368,067	379,109	390,483	402,197	414,263	426,691	439,492	452,676	466,257	480,244

Deferred Developer Fee Analysis

Initial Balance	84,353	42,058	12,810	0	0	0	0	0	0	0
Dev Fee Paid	42,295	29,248	12,810	0	0	0	0	0	0	0
Ending Balance	42,058	12,810	0	0	0	0	0	0	0	0

MSHDA Preservation Financing

Interest Rate on Subordinate Financing	3%									
Principal Amount of all MSHDA Soft Funds	Initial Balance 911,352									
Current Yr Int	27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341
Accrued Int	0	27,341	54,681	80,693	107,571	134,911	162,252	189,592	216,933	244,273
Subtotal	938,693	966,033	993,374	1,019,385	1,046,263	1,073,604	1,100,944	1,128,285	1,155,625	1,182,966
Annual Payment Due	0	0	1,329	462	0	0	0	0	0	0
Year End Balance	938,693	966,033	992,045	1,018,923	1,046,263	1,073,604	1,100,944	1,128,285	1,155,625	1,182,966

Cash Flow Projections

	Initial Inflation	Starting in Yr	Future Inflation	11	12	13	14	15	16	17	18	19	20
Income													
Annual Rental Income	1.0%	6	2.0%	1,303,300	1,329,366	1,355,953	1,383,072	1,410,734	1,438,949	1,467,728	1,497,082	1,527,024	1,557,564
Annual Non-Rental Income	1.0%	6	2.0%	2,578	2,630	2,682	2,736	2,791	2,846	2,903	2,961	3,021	3,081
Total Project Revenue				1,305,878	1,331,996	1,358,636	1,385,808	1,413,525	1,441,795	1,470,631	1,500,044	1,530,044	1,560,645
Expenses													
Vacancy Loss	7.0%	6	6.5%	84,715	86,409	88,137	89,900	91,698	93,532	95,402	97,310	99,257	101,242
Management Fee	3.0%	1	3.0%	88,530	91,186	93,922	96,740	99,642	102,631	105,710	108,881	112,148	115,512
Administration	3.0%	1	3.0%	182,650	188,130	193,774	199,587	205,575	211,742	218,094	224,637	231,376	238,317
Project-paid Fuel	3.0%	6	3.0%	11,195	11,531	11,877	12,233	12,600	12,978	13,367	13,768	14,181	14,607
Common Electricity	4.0%	6	3.0%	26,960	27,768	28,601	29,460	30,343	31,254	32,191	33,157	34,152	35,176
Water and Sewer	5.0%	6	5.0%	228,045	239,448	251,420	263,991	277,190	291,050	305,602	320,883	336,927	353,773
Operating and Maintenance	3.0%	1	3.0%	281,956	290,415	299,127	308,101	317,344	326,865	336,671	346,771	357,174	367,889
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				38,095	38,568	39,037	39,500	39,956	40,405	40,847	41,279	41,700	42,111
Insurance	3.0%	1	3.0%	50,397	51,909	53,466	55,070	56,722	58,424	60,176	61,982	63,841	65,756
Replacement Reserve	3.0%	1	3.0%	50,397	51,909	53,466	55,070	56,722	58,424	60,176	61,982	63,841	65,756
Other: Workers Comp and Emp Health	3.0%	1	3.0%	31,366	32,307	33,276	34,274	35,302	36,361	37,452	38,576	39,733	40,925
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				1,074,306	1,109,579	1,146,103	1,183,925	1,223,095	1,263,665	1,305,690	1,349,225	1,394,330	1,441,065
Debt Service													
Debt Service Part A				281,970	281,970	281,970	281,970	281,970	281,970	281,970	281,970	281,970	281,970
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				1,356,276	1,391,549	1,428,073	1,465,894	1,505,064	1,545,635	1,587,659	1,631,195	1,676,299	1,723,035
Cash Flow/(Deficit)				(50,398)	(59,553)	(69,437)	(80,086)	(91,540)	(103,840)	(117,028)	(131,151)	(146,255)	(162,389)
Cash Flow Per Unit				(403)	(476)	(555)	(641)	(732)	(831)	(936)	(1,049)	(1,170)	(1,299)
Debt Coverage Ratio on Part A Loan				0.82	0.79	0.75	0.72	0.68	0.63	0.58	0.53	0.48	0.42
Debt Coverage Ratio on Conventional/Other Financing				N/A									
Interest Rate on Reserves				3%									
Operating Deficit Reserve (ODR) Analysis													
Maintained Debt Coverage Ratio (Hard Debt)				1.00									
Maintained Operating Reserve (No Hard Debt)				250									
Initial Balance				742,671									
Total Annual Draw to achieve 1.0 DCR				(50,398)	(59,553)	(69,437)	(80,086)	(91,540)	(103,840)	(117,028)	(131,151)	(146,255)	(162,389)
Total Annual Deposit to achieve Maintained DCR				0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR				(50,398)	(59,553)	(69,437)	(80,086)	(91,540)	(103,840)	(117,028)	(131,151)	(146,255)	(162,389)
Interest				25,119	24,361	23,305	21,921	20,176	18,035	15,461	12,414	8,852	4,730
Ending Balance at Maintained DCR				812,025	776,832	730,700	672,535	601,172	515,367	413,800	295,062	157,659	0
Maintained Cash Flow Per Unit				0	0	0	0	0	0	0	0	0	0
Maintained Debt Coverage Ratio on Part A Loan				1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maintained Debt Coverage Ratio on Conventional/Other Standard ODR				N/A									
Non-standard ODR				356,802									
				385,869									
Operating Assurance Reserve Analysis													
Required in Year:				357,347									
Initial Balance				357,347									
Interest Income				480,244	494,652	509,491	524,776	540,519	556,735	573,437	590,640	608,359	626,610
Ending Balance				14,407	14,840	15,285	15,743	16,216	16,702	17,203	17,719	18,251	18,798
				494,652	509,491	524,776	540,519	556,735	573,437	590,640	608,359	626,610	645,408
Deferred Developer Fee Analysis													
Initial Balance				0	0	0	0	0	0	0	0	0	0
Dev Fee Paid				0	0	0	0	0	0	0	0	0	0
Ending Balance				0	0	0	0	0	0	0	0	0	0
Repaid in yr:				0	0	0	0	0	0	0	0	0	0
MSHDA Preservation Financing													
Interest Rate on Subordinate Financing				3%									
Principal Amount of all MSHDA Soft Funds				911,352									
Current Yr Int				911,352	911,352	911,352	911,352	911,352	911,352	911,352	911,352	911,352	911,352
Accrued Int				27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341
Subtotal				271,614	298,955	326,295	353,636	380,976	408,317	435,657	462,998	490,339	517,679
Annual Payment Due				1,210,307	1,237,647	1,264,988	1,292,328	1,319,669	1,347,009	1,374,350	1,401,691	1,429,031	1,456,372
Year End Balance				50%	0	0	0	0	0	0	0	0	0
				1,210,307	1,237,647	1,264,988	1,292,328	1,319,669	1,347,009	1,374,350	1,401,691	1,429,031	1,456,372

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING WAIVER OF MORTGAGE
LOAN PREPAYMENT PROHIBITION AND SALE OF
DEVELOPMENT AND DETERMINING MORTGAGE LOAN FEASIBILITY
SHILOH COMMONS, MSHDA DEVELOPMENT NO. 960-2
CITY OF FLINT, GENESEE COUNTY

September 26, 2019

WHEREAS, Shiloh Commons Limited Dividend Housing Association Limited Partnership (the "Seller") is the owner of a development for low and moderate income persons located in the City of Flint, Genesee County, Michigan, known as Shiloh Commons, MSHDA Development No. 960 (the "housing project"); and

WHEREAS, the Michigan State Housing Development Authority (the "Authority") provided a mortgage loan to aid in the acquisition and original construction of the housing project (the "Mortgage Loan"), which Mortgage Loan contains a prohibition against prepayment; and

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by MHT Housing, Inc. (the "Applicant") for the housing project, having an estimated total development cost of Sixteen Million Three Hundred One Thousand Eight Hundred Forty-Nine Dollars (\$16,301,849), a total estimated maximum mortgage loan amount of Eight Million Four Hundred Seventy-Six Thousand Nine Hundred Sixty-One Dollars (\$8,476,961), a Michigan Housing and Community Development Fund loan in the amount of Two Hundred Thirty-Nine Thousand Eight Hundred Dollars (\$239,800) and a Mortgage Resource Fund loan in the amount of Nine Hundred Eleven Thousand Three Hundred Fifty-Two Dollars (\$911,352) (hereinafter referred to as the "Application"); and

WHEREAS, the Seller proposes to sell the housing project to the Applicant and is requesting approval for the sale of the housing project and a waiver of the prohibition against prepayment of the Mortgage Loan; and

WHEREAS, 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 may become eligible to receive a mortgage loan from the Authority under the provisions of the Act and the Authority's General Rules; and

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

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

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

1. The following determinations be and they hereby are made:
 - a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.
 - b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.
 - c. The proposed housing project will meet a social need in the area in which it is to be located.
 - d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.
 - e. The proposed housing project is a feasible housing project.
 - f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Ten Million Four Hundred Seventy-Two Thousand Five Hundred Dollars (\$10,472,500).

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

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

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

Mortgage Loan to the Applicant.

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

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated September 26, 2019 (the "Staff Report"), which conditions are hereby incorporated by reference as if fully set forth herein.

7. The Authority hereby approves the prepayment of the Mortgage Loan and the sale of the housing project by the Seller to the Applicant, subject to the terms and conditions contained in the Staff Report and also subject to the issuance of a mortgage loan commitment by the Authority.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOANS

**SHILOH COMMONS, MSHDA DEVELOPMENT NO. 960-2
CITY OF FLINT, GENESEE COUNTY**

September 26, 2019

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

WHEREAS, an application (the "Application") has been filed with the Authority by MHT Housing, Inc. (the "Applicant") for a construction mortgage loan in the amount of Eight Million Four Hundred Seventy-Six Thousand Nine Hundred Sixty-One Dollars (\$8,476,961), and a permanent mortgage loan in the amount of Four Million Nine Hundred Forty Thousand Six Hundred Seventy-Six Dollars (\$4,940,676), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Sixteen Million Three Hundred One Thousand Eight Hundred Forty-Nine Dollars (\$16,301,849), to be known as Shiloh Commons located in the City of Flint, Genesee County, Michigan, and to be owned by Shiloh Commons II/MHT Limited Dividend Housing Association, LLC (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund loan in the estimated amount of Nine Hundred Eleven Thousand Three Hundred Fifty-Two Dollars (\$911,352) (the "MRF Loan"), a Michigan Housing and Community Development Fund loan in the estimated amount of Two Hundred Thirty-Nine Thousand Eight Hundred Dollars (\$239,800) (the "HCDF Loan") and a mortgage loan under the Housing Trust Fund Program in the estimated amount of Three Million Nine Hundred Eighty-Three Thousand Seven Hundred Six Dollars (\$3,983,706) (the "HTF Loan"); and

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

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

- (a) The Mortgagor is an eligible applicant;
- (b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;
- (c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;

- (d) The proposed housing project will meet a social need in the area in which it is to be located;
- (e) The proposed housing project may reasonably be expected to be marketed successfully;
- (f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;
- (g) The construction or rehabilitation will be undertaken in an economical manner and it will not be of elaborate design or materials; and
- (h) In light of the estimated total project cost of the proposed housing project, the amount of the mortgage loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

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

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

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

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

2. A construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project in an amount not to exceed Eight Million Four Hundred Seventy-Six Thousand Nine Hundred Sixty-One Dollars (\$8,476,961), and permanent financing in an amount not to exceed Four Million Nine Hundred Forty Thousand Six Hundred Seventy-Six Dollars (\$4,940,676), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of four and 90/100 percent (4.9%) per annum. The amount of proceeds of tax exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Ten Million Four Hundred Seventy-Two Thousand Five Hundred Dollars (\$10,472,500). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MRF Loan be and it hereby is authorized and an Authorized Officer is hereby

authorized to issue to the Applicant and the Mortgagor a commitment for an MRF Loan in the estimated amount of Nine Hundred Eleven Thousand Three Hundred Fifty-Two Dollars (\$911,352), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

4. The HCDF Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for an HCDF Loan (together with the commitment for the Mortgage Loan and the MRF Loan, the "Mortgage Loan Commitment") in the estimated amount of Two Hundred Thirty-Nine Thousand Eight Hundred Dollars (\$239,800), and to have a term not to exceed fifty (50) years and to bear interest at a rate of one percent (1%) per annum.

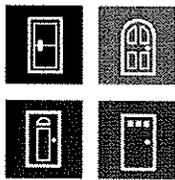
5. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse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

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

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

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

9. The Mortgage Loans shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated September 26, 2019 which conditions are hereby incorporated by reference as if fully set forth herein.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director 

DATE: September 26, 2019

RE: Resolution Authorizing Mortgage Loans for Colonial Meadows, MSHDA No. 893-2

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the sale of the property, 3) authorize the prepayment of the existing mortgage loans, 4) authorize a tax-exempt bond mortgage loan in the amount set forth in the accompanying staff report, and 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

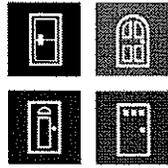
Executive Summary:

This property was constructed in 1993 and financed by the Authority under the taxable bond program. This 82-apartment senior development is located at 1246 East Walton Bouvard in Pontiac. Historically, this development has long been a troubled property and had received a HOME loan for deferred repairs, a small size operating loan and two mortgage workout transactions which deferred all or a portion of the accrued interest and principal for various periods. The property remained problematic until MHT Housing, Inc. acquired ownership of the mortgagor from First Centrum on July 1, 2011 and placed its management company, Continental Management, in charge of operations. The property's operations were eventually stabilized by Continental Management, and Colonial Meadows has been experiencing high occupancy since then.

This proposal will be financed under the Authority's Housing Trust Fund ("HTF") Program which will utilize tax-exempt bonds, the low-income housing tax credit ("LIHTC") and, in this case, HOME funding as well as Housing Trust funds to help fill the funding gap. HOME funds will be used in place of a significant portion of the HTF funds the project qualifies for because the owner will be paying off an existing HOME loan. Furthermore, the Detroit Housing Commission will be providing a project-based voucher Section 8 contract for all 82 units so that no tenants will need to pay more than 30% of their household income for rent.

Issues, Policy Considerations, and Related Actions:

In 2004, the original owner of Colonial Meadows entered into a mortgage loan workout with the Authority. A HOME loan for major repairs to the development was made in 2007, and in 2011, an affiliate of MHT Housing acquired 100% of the ownership interests in owner and at the same time entered into a third workout for the property. As part of this reset for Colonial Meadows, the Authority will waive the prepayment prohibition that was imposed as part of the last workout.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

September 26, 2019

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the sale of the property, 3) authorize the prepayment of the existing mortgage loans, 4) authorize a tax-exempt bond mortgage loan in the amount set forth in this report, and 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

<u>MSHDA No.:</u>	893-2
<u>Development Name:</u>	Colonial Meadows
<u>Development Location:</u>	City of Pontiac, Oakland County
<u>Sponsor:</u>	MHT Housing, Inc
<u>Mortgagor:</u>	Colonial Meadows II/MHT Limited Dividend Housing Association, LLC
<u>TE Bond Construction Loan:</u>	\$6,194,334 (52% of TDC)
<u>TE Bond Permanent Loan:</u>	\$5,193,181
<u>MSHDA HOME Loan:</u>	\$1,555,691
<u>MSHDA Housing Trust Fund Loan (HTF):</u>	\$305,443
<u>Total Development Cost:</u>	\$11,912,180
<u>Mortgage Term:</u>	40 years for the tax-exempt bond loan; 50 years for the HOME and HTF loans
<u>Interest Rate:</u>	4.90% for the tax-exempt bond loan; 1% simple interest for the HOME and HTF loans
<u>Program:</u>	Tax-Exempt Bond and Housing Trust Fund (HTF) Gap Financing Programs
<u>Number of Units:</u>	82 elderly units, rehabilitation
<u>Unit Configuration:</u>	51 one-bedroom one-bath apartments and 31 two-bedroom one-bath apartments in a single three-story building
<u>Builder:</u>	MHT Construction LLC
<u>Syndicator:</u>	CREA (City Real Estate Advisors)
<u>Date Application Received:</u>	February 1, 2019
<u>HDO:</u>	James E. Smith II

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

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

In 2004, the original owner of Colonial Meadows entered into a mortgage loan workout with the Authority. A HOME loan for major repairs to the development was made in 2007, and in 2011, an affiliate of MHT Housing acquired 100% of the ownership interests in owner and at the same time entered into a third workout for the property. As part of this reset for Colonial Meadows, the Authority will waive the prepayment prohibition that was imposed as part of the last workout.

EXECUTIVE SUMMARY:

This property was constructed in 1993 and financed by the Authority under the taxable bond program. This 82-apartment senior development is located at 1246 East Walton Bouvard in Pontiac. Historically, this development has long been a troubled property and had received a HOME loan for deferred repairs, a small size operating loan and two mortgage workout transactions which deferred all or a portion of the accrued interest and principal for various periods. The property remained problematic until MHT Housing, Inc. acquired ownership of the mortgagor from First Centrum on July 1, 2011 and placed its management company, Continental Management, in charge of operations. The property's operations were eventually stabilized by Continental Management and Colonial Meadows has been experiencing high occupancy since then.

This proposal will be financed under the Authority's Housing Trust Fund ("HTF") Program which will utilize tax-exempt bonds, the low-income housing tax credit ("LIHTC") and, in this case, HOME funding as well as Housing Trust funds to help fill the funding gap. HOME funds will be used in place of a significant portion of the HTF funds the project qualifies for because the owner will be paying off an existing HOME loan. Furthermore, the Detroit Housing Commission will be providing a project-based voucher Section 8 contract for all 82 units so that no tenants will need to pay more than 30% of their household income for rent.

Structure of the Transaction and Funding:

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

- Tax-exempt bond construction and permanent mortgage loans will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of \$6,194,334 at 4.90% interest with an 18-month term (a 12-month construction term and a 6-month rent-up period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the 18-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").
- The permanent loan provided by the Authority will be in the amount of \$5,193,181. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements, and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of 4.90%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.

**Mortgage Feasibility/Commitment Staff Report
Colonial Meadows, MSHDA No. 893-2,
City of Pontiac, Oakland County
September 26, 2019**

- A subordinate loan using Authority HOME funds in the amount of \$1,555,691 (the "HOME Loan") will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Second Position**.
- A subordinate loan using Housing Trust Fund ("HTF") monies from the Authority in the amount of \$305,443 (the "HTF Loan") will be provided at 1% simple interest with payments initially deferred. The HTF Loan will be in **Third Position**.
- The Sponsor is providing a loan in the amount of \$819,799. See Special Condition No.3
- The Mortgagor's managing member will make a capital contribution in the amount of \$100.
- The Mortgagor's special member will also make a capital contribution in the amount of \$100.
- Equity support comes from the sale of 4% LIHTC in the estimated amount of \$2,976,639.
- A new project-based voucher ("PBV") housing assistance payments ("HAP") contract from the Detroit Housing Commission will, subject to final HUD approval, be granted to the Mortgagor and will provide deep subsidy assistance for all units.
- Income from operations will be used as a source of funding to make the interest only payments on the construction loan, and the tax and insurance payments during the construction period in the amount of \$469,350.
- The Sponsor has agreed to defer \$386,825 of the developer fee to help fill the remaining funding gap.
- An amount equal to one month's gross rent potential will be funded in the Development's operating account.
- A Rent Transition Reserve of \$80,000 is established to assist operations between closing and the award of HAP. The amount represents the income difference between current rents and the new voucher rents for a period of six months. Vouchers payments will begin at the proforma rents once the units meet HQS standards
- An operating assurance reserve will be required in the amount identified in the attached proforma. \$49,340 of which is required by the syndicator. The reserve will be capitalized at closing in an amount that, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority. See Special Condition No. 2.
- The Development will be renovated, and a new replacement reserve requirement imposed, based upon a post-rehab 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.

- Funds in the existing replacement reserve and Operating Reserve Cash (ORC) accounts in the amount identified in the attached proforma will be transferred from the existing project to use as a source of funding.
- Funds in the existing tax and insurance escrow in the amount identified in the attached proforma will be transferred from the existing project to fund a new tax and insurance escrow account.

Scope of Rehabilitation:

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

- Parking lot and cement repair and replacement
- New Boilers
- New Elevators
- Landscaping
- Common area lighting
- Common area flooring
- New unit appliances
- New bathroom vanities
- New unit flooring
- New unit lighting
- Updated kitchens
- Upgraded bathrooms
- Painting of units and common areas
- Updated common area restrooms and kitchen

Affordability Requirements:

The low income housing tax credit ("LIHTC") regulatory agreement will require that all of the dwelling units in the property assisted by LIHTC remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Projects ("MTSP") income limit, adjusted for family size. Twelve (12) HOME units are designated as Low HOME and will be restricted to households with incomes at or below 50% of area median income ("AMI"). Three (3) units will be designated as HTF units and will be occupied by extremely low income households with incomes at or below 30% of AMI. The number of LIHTC restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants. The development will be receiving a PBV HAP contract, and the monthly rent payment is expected to decrease for all tenants who qualify for the PBV Section 8 subsidy. A reserve will be established for a few existing tenants who don't currently qualify for the Section 8 subsidy so their total payment for rent and utilities will not be increased above the existing LIHTC rent limits.

Site Selection:

This development is currently in our portfolio and meets our site selection criteria.

Market Evaluation:

The Manager of Marketing has determined the rent and amenities of the proposal are acceptable.

Valuation of the Property:

An appraisal dated January 10, 2019 estimates the value of Colonial Meadows at \$5,350,000.

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 proposed Mortgagor and other members of the Development team, as well as the current owner (Colonial Meadows Limited Dividend Housing Association Limited Partnership, as "Seller"), where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of \$2,976,639). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the HOME Loan has been repaid. Thereafter, Limited Dividend Payments may increase by 1% per annum until a cap of 25% per annum is reached.

2. Income Limits:

The income limitations for eighty-two (82) units of this proposal are as follows:

- a. Twelve (12) units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed the HOME Very Low Income Limit (50% of AMI) published annually by HUD, adjusted for family size.
- b. Three (3) units have been designated as HTF units and during the Period of Affordability required under the HTF program (30 years) must be available for occupancy by Extremely Low Income households whose incomes do not exceed 30% of AMI, as determined by HUD, adjusted for family size, or families whose adjusted gross income is at or below the poverty line (as defined in Section 673 of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. 9902), whichever is greater.

**Mortgage Feasibility/Commitment Staff Report
Colonial Meadows, MSHDA No. 893-2,
City of Pontiac, Oakland County
September 26, 2019**

- c. Eighty-two (82) units (51 one-bedroom units and 31 two-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the Housing Assistance Payments Contract (the "HAP Contract") for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.
- d. Eighty-two (82) units (51 one-bedroom units and 31 two-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limit, adjusted for family size, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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

3. Limitations on Rental Rates:

The Total Housing Expense (contract rent plus tenant-paid utilities) for eighty-two (82) units is subject to the following limitations:

- a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 12 Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.
- b. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents for all PBV HAP-assisted units (51 one-bedroom units, and 31 two-bedroom units) ("Contract Rents") that comply with the rent levels established by the PBV HAP Contract and that do not exceed the rent levels approved by HUD.
- c. During the Period of Affordability required under the HTF program (30 years), the Total Housing Expense for the three HTF units may not exceed the Housing Trust Fund rent limit for the unit established and published annually by HUD, and based upon an imputed occupancy of one and one-half persons per bedroom.
- d. The Total Housing Expense for all eighty-two (82) units (51 one-bedroom units, and 31 two-bedroom units), may not exceed one-twelfth ($1/12^{\text{th}}$) 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. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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

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

4. Covenant Running with the Land:

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

5. Restriction on Prepayment and Subsequent Use:

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

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

- a. 1% of the balance being prepaid;
- b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
- c. Any loss of debt service spread between the Mortgage Loan and the bonds used to

finance the loan from the date of the prepayment through the end of the 20th year of amortization.

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

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

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to four months' of estimated Development operating expenses (estimated to be \$311,397). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of \$1,025 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of \$300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. One Month's Gross Rent Potential:

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential (\$68,719) into the Development's operating account.

9. Authority Subordinate Loan(s):

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

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

- So long as both the Mortgage Loan and the HOME Loan remain outstanding, then repayment of the HOME Loan will be made from fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HTF Loan.
- If the HOME Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the HOME Loan, repayment of the HTF Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.
- Upon payment in full of the Mortgage Loan, if both the HOME Loan and the HTF Loan remain outstanding, then the outstanding balance of the HOME Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments on the HTF Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.
- Upon payment in full of both the Mortgage Loan and the HOME Loan, the outstanding balance of the HTF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan.
- Notwithstanding the foregoing, the entire principal balance and any accrued interest of the HOME Loan and the HTF Loan will be due and payable after 50 years, or in the event of any sale or refinance of the Development.

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

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

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

11. Owner/Architect Agreement:

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

12. Trade Payment Breakdown:

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

13. Section 3 Requirements:

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

14. Equal Opportunity and Fair Housing:

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

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

15. Davis-Bacon and Cross-cutting Federal Requirements:

At Initial Closing, the general contractor must agree to comply with all federal prevailing wage requirements, the requirements of the Davis-Bacon and Related Acts, and other applicable federal regulations as required under the terms of the HOME Program and the Housing Choice Voucher Program.

16. Cost Certification:

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost

certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

17. Environmental Review and Indemnification:

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

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

18. Title Insurance Commitment and Survey:

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

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

19. Organizational Documents/Equity Pay-In Schedule:

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

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

20. Designation of Authority Funds:

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

21. Management & Marketing:

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

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

22. Guaranties:

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

23. Financial Statements:

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

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

24. Future Contributions:

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

25. Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:

The Seller is responsible for all Development payables due up to the date that the Seller's loan is repaid, and ownership of the Development is transferred to the Mortgagor (the "Closing Date"). The Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within thirty (30) days after the Closing Date, the Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

The Seller waives any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

26. Transfer and Ownership of Development Reserves:

At Initial Closing, the Development's existing tax and insurance escrows and replacement reserve will be transferred to the account of the Mortgagor. In addition, 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. This agreement must be acceptable to the Authority's Director of Legal Affairs.

27. HUD Authority to Use Grant Funds:

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

28. HUD Subsidy Layering Review:

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

29. Application for Disbursement:

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

30. Uniform Relocation Act Compliance:

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

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:

- Receive approval of the PBV Agreement to Enter Into HAP contract from the Detroit Housing Commission.
- Update title commitment with the required endorsements or amount of insurance.
- Correct the deficient shared easements with the neighboring properties.
- Submit full sized survey for review.
- Submit acceptable zoning letter and the City's zoning ordinance.
- Amend Mortgagor's organizational documents.
- 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 Transition Funding

To account for revenue loss for tenants who do not currently qualify for the PBV Section 8 rent subsidy, the Authority is requiring "rent transition funding" in the amount of \$80,000. The funding is established to assist operations between closing and the award of HAP. The amount represents the income difference between current rents and the new higher voucher rents for a period of six months. Voucher payments will begin at the proforma rents as soon as the units meet HQS (Housing Quality Standards). This funding will be deposited, in cash, in the operating account at closing.

3. 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:** Colonial Meadows II/ MHT Limited Dividend Housing Association LLC

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: MHT Housing, Inc.
Address: 32600 Telegraph Rd.
Bingham Farms, Michigan 48205

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: T. Van Fox-MHT Housing
Address: 32600 Telegraph Rd.
Bingham Farms, Michigan 48205

Individuals Assigned: T. Van Fox
Telephone: 248-833-0550

**Mortgage Feasibility/Commitment Staff Report
Colonial Meadows, MSHDA No. 893-2,
City of Pontiac, Oakland County
September 26, 2019**

Fax: 248-833-0551
E-mail: vanfox@mhthousing.net

1. **Experience:** The Sponsor has experience working on Authority-financed developments.
2. **Interest in the Mortgagor and Members:** Colonial MHT GP Inc. will own .01% and CREA TPD, LLC will own 99.99%

B. Architect:

Name: Kem-Tec: A group of Companies
Address: 33556 Gratiot Avenue
Eastpointe, MI, 48201

Individual Assigned: Jeffrey Graham
Telephone: 586-772-2222
Fax: 586-772-4048
E-Mail: jgraham@kemtec-survey.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301035132 exp. 10/31/2020

C. Attorney:

Name: Wenzloff & Fireman, P.C.
Address: 903 N Jackson Street
Bay City, MI 48708

Individual Assigned: Paul Wenzloff
Telephone: 989-893-9511
Fax: 989-893-6988
E-Mail: wenzloffbankruptcy@sbcglobal.net

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

D. Builder:

Name: MHT Construction LLC
Address: 32600 Telegraph Road
Bingham Farms, MI 48025

Individual Assigned: Brian Gallaher
Telephone: 248-833-0550
Fax: 248-833-0551
E-mail: bgallher@mhthousing.net

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 2012217229, with an expiration date of 05/31/2020.

E. Management and Marketing Agent:

Name: MHT Management LLC
Address: 32600 Telegraph Road
Bingham Farms, MI 48025

Individual Assigned: T. Van Fox
Telephone: 248-833-0550
Fax: 248-833-0551
E-mail: vanfox@mhthousing.net

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

F. Development Team Recommendation: Approve and proceed to board for approval.

IV. SITE DATA:

- A. **Land Control/Purchase Price:**
The purchase price is \$5,350,000 and the options states that it is valid until January 31, 2020
- B. **Site Location:**
1246 East Walton Avenue, Pontiac, Oakland County
- C. **Size of Site:**
The site is approximately 4.81 acres
- D. **Density:**
Appropriate for the existing complex
- E. **Physical Description:**
 1. **Present Use:** A three story elderly apartment complex
 2. **Existing Structures:** A three story building and some carports.
 3. **Relocation Requirements:** No Permanent or temporary relocation will be needed
- F. **Zoning:**
R3 Multiple Family Dwelling District
- G. **Contiguous Land Use:**
 1. North: East Walton Blvd

2. South: Pontiac Villages Estates Co-op
3. East: Food Land and Concentra Urgent care
4. West: Auburn Colonial Square Apartments

H. Tax Information:

The development has a PILOT of 10%

I. Utilities:

- Consumers Energy - Gas
- DTE Services - Electric
- Oakland County Water Resources Commission handles the water and sewer

J. Community Facilities:

1. Shopping:
Food Land is located next door in small strip mall
2. Recreation:
There are many parks and recreational activities in the City are surrounding area.
3. Public Transportation:
Pontiac has Smart Bus and there are stops nearby the development.
4. Road Systems
E Walton Blvd is a major roadway and there is easy access to I-75
5. Medical Services and other Nearby Amenities:
There are a few hospitals and many services in the area the closest hospital is Havenwyck Hospital and is about 1.1 miles North of the site.
6. Description of Surrounding Neighborhood:
The immediate area is well maintained and there is evidence of recent capital investments
7. Local Community Expenditures Apparent:
The streets were being worked on while there and the area appears to be well maintained by the local community.
8. Indication of Local Support:
The City and county are committed to this project by support of a HAP contract and a continuation of the PILOT.

V. ENVIRONMENTAL FACTORS:

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

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of

corrected and final plans and specifications must be made prior to initial closing.

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

VII. MARKET SUMMARY:

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

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

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

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	September 2019
B. Initial Closing and Disbursement:	November 2019
C. Construction Completion:	October 2020
D. Cut-Off Date:	April 2021

XII. ATTACHMENTS:

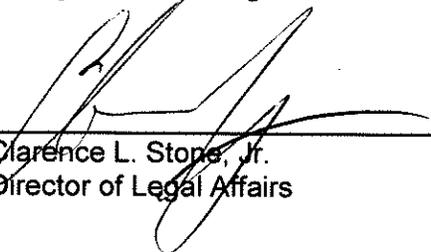
- A. Development Proforma

Mortgage Feasibility/Commitment Staff Report
Colonial Meadows, MSHDA No. 893-2,
City of Pontiac, Oakland County
September 26, 2019

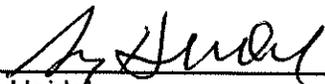
APPROVALS:



Michael Witt
Acting Chief Housing Investment Officer
9-17-19
Date



Clarence L. Stone, Jr.
Director of Legal Affairs
9-17-2019
Date



Gary Heidel
Acting Executive Director
9/17/19
Date

INSTRUCTIONS

Income Limits for (Effective April 24, 2019)

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	18,050	20,810	22,800	24,750	26,500	28,500
40% of area median	21,460	24,440	26,500	28,500	30,000	31,440
50% of area median	24,750	28,500	30,000	31,440	32,500	34,000
60% of area median	28,500	32,500	34,000	35,500	36,500	38,000

Unit	No. of Units	Unit Type	Bedroom	Bath	Net Sq. Ft.	Contract Rent	Utilities	Total Utilities Expense	Special Rent	Ground Rent	% of Gross Rent	Special Stamen Fee	% of Total Stamen Fee	TC Unit Stamen Fee	TC Unit Stamen Fee	Unit Type	Max. Allowed Income	Effective AMR	Differential Under Rent	Bed Linked In	Contract Rent/360	
30% Area Median Income Units																						
Local PMA Project Based Voucher Units																						
Occupancy	41	Apartment	1	1.0	776	766	72	371,802	628	45.1%	50.0%	31,775	47.1%	31,775	HTF	716	97.8%	-15.84%	TC Rent	\$0.98		
Apartment	26	Apartment	2	1.0	800	873	60	303,275	1,055	34.9%	81.7%	25,400	34.7%	25,400	HTF	858	61.9%	-23.89%	TC Rent	\$1.08		
Area Median Income Units																						
Local PMA Project Based Voucher Units																						
Occupancy	72	Apartment	1	1.0	776	766	72	18,144	828	2.2%	2.4%	1,550	2.3%	1,550	HTF	428	97.8%	-80.01%	TC Rent	\$0.98		
Apartment	2	Apartment	2	1.0	800	873	60	11,675	1,055	1.4%	1.5%	800	1.3%	800	HTF	515	61.9%	-106.41%	TC Rent	\$1.08		
Area Median Income Units																						
Local PMA Project Based Voucher Units																						
Occupancy	72	Apartment	1	1.0	776	766	72	71,578	828	6.4%	0.0%	6,000	0.0%	6,000	Low HOME	716	97.8%	-15.84%	TC Rent	\$0.98		
Apartment	2	Apartment	2	1.0	800	873	60	46,704	1,055	5.7%	4.8%	3,000	5.5%	3,000	Low HOME	858	61.9%	-23.89%	TC Rent	\$1.08		
Area Median Income Units																						
Local PMA Project Based Voucher Units																						
Occupancy	72	Apartment	1	1.0	776	766	72	119,200	3,238	14.5%	0.0%	9,000	0.0%	9,000	Low HOME	716	97.8%	-15.84%	TC Rent	\$0.98		
Apartment	2	Apartment	2	1.0	800	873	60	0	3,238	0.0%	0.0%	0	0.0%	0	Low HOME	858	61.9%	-23.89%	TC Rent	\$1.08		
Area Median Income Units																						
Local PMA Project Based Voucher Units																						
Occupancy	72	Apartment	1	1.0	776	766	72	87,428	3,238	14.5%	0.0%	9,000	0.0%	9,000	Low HOME	716	97.8%	-15.84%	TC Rent	\$0.98		
Apartment	2	Apartment	2	1.0	800	873	60	0	3,238	0.0%	0.0%	0	0.0%	0	Low HOME	858	61.9%	-23.89%	TC Rent	\$1.08		
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Occupancy	72	Apartment	1	1.0	776	766	72	87,428	3,238	14.5%	0.0%	9,000	0.0%	9,000	Low HOME	716	97.8%	-15.84%	TC Rent	\$0.98		
Apartment	2	Apartment	2	1.0	800	873	60	0	3,238	0.0%	0.0%	0	0.0%	0	Low HOME	858	61.9%	-23.89%	TC Rent	\$1.08		

HOME Units SF/Total Units SF 14.8%

HOME Units/ Total Units 14.8%

	Annual	Monthly
Total Income	14,000	617.0
Special Stamen Fee	4,000	168.9
Home Income	10,000	448.1
Total Project Revenue	18,000	816.0

URRY Allowances

	Electricity	Gas	Water	Waste	Other	Total	Union
A	0	0	0	0	0	0	0%
B	0	0	0	0	0	0	0%
C	0	0	0	0	0	0	0%
D	0	0	0	0	0	0	0%
E	0	0	0	0	0	0	0%
F	0	0	0	0	0	0	0%
G	0	0	0	0	0	0	0%
H	0	0	0	0	0	0	0%

Annual Non-Rental Income

	Amount
Misc. and Interest	1,000
Carson	2,000
Other	6,000

Total Units Income Average

	Amount
Net Rent	87,428
Income Average	87,428
Net Rent	87,428

Development Colonial Meadows
 Financing Tax Exempt
 MSHDA No. 893-2
 Step Commitment
 Date 09/26/2019
 Type Preservation - LIHTC

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	10,056	824,628
Annual Non-Rental Income	73	6,000
Total Project Revenue	10,130	830,628

Total Development Expenses

Vacancy Loss	5.00% of annual rent potential	503	41,231
Management Fee	527 per unit per year	527	43,214
Administration		1,206	98,875
Project-paid Fuel		289	23,700
Common Electricity		261	21,396
Water and Sewer		498	40,800
Operating and Maintenance		1,253	102,755
Real Estate Taxes		0	
Payment in Lieu of Taxes (PILOT)	10.00% Applied to: All Units	851	69,750
Insurance		286	23,469
Replacement Reserve	300 per unit per year	300	24,600
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%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

	% of Revenue		
Total Expenses	58.97%	5,973	489,790
Base Net Operating Income		4,157	340,838
Part A Mortgage Payment	35.68%	3,614	296,380
Part A Mortgage		63,331	5,193,181
Non MSHDA Financing Mortgage Payment		0	
Non MSHDA Financing Type:		0	
Base Project Cash Flow (excludes ODR)	5.35%	542	44,457

Override

Instructions

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
TOTAL DEVELOPMENT COSTS					
Acquisition					
Land	5,976	490,000	0%	0	0
Existing Buildings	59,268	4,860,000	100%	4,860,000	0
Other reserves	2,504	205,325	0%	0	0
Subtotal	67,748	5,555,325			
Construction/Rehabilitation					
Off Site Improvements	0	0	100%	0	0
On-site Improvements	1,707	140,000	100%	140,000	0
Landscaping and Irrigation Structures	500	41,000	100%	41,000	41,000
Community Building and/or Maintenance Facility	30,258	2,481,178	100%	2,481,178	2,481,178
Construction not in Tax Credit basis (i.e Carpools and Commercial Space)	0	0	100%	0	0
General Requirements % of Contract 6.00%	1,948	159,731	100%	159,731	159,731
Builder Overhead % of Contract 2.00%	688	56,438	100%	56,438	56,438
Builder Profit % of Contract 6.00%	2,106	172,701	100%	172,701	172,701
Permits, Bond Premium, Tap Fees, Cost Cert.	2,268	186,000	100%	186,000	186,000
Other:	0	0	100%	0	0
Subtotal	39,476	3,237,048			
15% of acquisition and \$15,000/unit test: met					
Professional Fees					
Design Architect Fees	204	16,720	100%	16,720	16,720
Supervisory Architect Fees	51	4,180	100%	4,180	4,180
Engineering/Survey	0	0	100%	0	0
Other: Alta Survey	63	5,200	100%	5,200	5,200
Subtotal	318	26,100			
Interim Construction Costs					
Property & Casualty Insurance	300	24,600	100%	24,600	24,600
Construction Loan Interest	4,573	375,000	67%	250,000	250,000
Title Work	305	25,000	100%	25,000	0
Legal Fees (in Tax Credit Basis)	915	75,000	100%	75,000	0
Construction Taxes	851	69,750	100%	69,750	69,750
Other:	0	0	100%	0	0
Subtotal	6,943	569,350			
Permanent Financing					
Loan Commitment Fee to MSHDA	1,965	161,109	0%	0	0
Other:	0	0	0%	0	0
Subtotal	1,965	161,109			
Other Costs (In Basis)					
Application Fee	30	2,500	100%	2,500	2,500
Market Study	79	6,500	100%	6,500	6,500
Environmental Studies	305	25,000	100%	25,000	25,000
Cost Certification	98	8,000	100%	8,000	8,000
Equipment and Furnishings	1,220	100,000	100%	100,000	100,000
Temporary Tenant Relocation	610	50,000	100%	50,000	50,000
Construction Contingency	3,948	323,705	100%	323,705	323,705
Appraisal and C.N.A.	146	11,940	100%	11,940	11,940
Other:	0	0	100%	0	0
Subtotal	6,435	627,646			
Other Costs (NOT In Basis)					
Start-up and Organization	610	50,000	0%	0	0
Tax Credit Fees (based on 2017 QAP)	22,346	22,159	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)	475	38,950	0%	0	0
Marketing Expense	122	10,000	0%	0	0
Syndication Legal Fees	0	0	0%	0	0
Rent Up Allowance	0	0	0%	0	0
Other:	0	0	0%	0	0
Subtotal	1,477	121,109			

Summary of Acquisition Price		As of	6/1/2019
Attributed to Land	490,000	1st Mortgage Balance	2,093,714
Attributed to Existing Structure	4,860,000	Deferred Interest	1,694,197
Other:	205,325	Small size loan	95,250
Fixed Price to Seller	5,555,325	HOME loan	647,040
Premium/(Deficit) vs Existing Debt			1,025,124

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

Appraised Value		Value As of	May 8, 2019
"Encumbered As-Is" value as determined by appraisal:			5,350,000
Plus 5% of Appraised Value:			267,500
LESS Fixed Price to the Seller:			5,555,325
Surplus/(Gap)			62,175

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Project Reserves					
Operating Assurance Reserv	4.0 months	Funded in Cas	3,798	311,397	0%
Replacement Reserve		Required	1,025	84,025	0%
Operating Deficit Reserve		Not Required	0	0	0%
Rent Subsidy Reserve			0	0	0%
Syndicator Held Reserve			0	0	0%
Rent Lag Escrow			0	0	0%
Tax and Insurance Escrows			304	24,916	0%
Other:			0	0	0%
Other: Rent Transition Funding			976	80,000	0%
Subtotal			6,102	500,338	
Miscellaneous					
Deposit to Development Operating Account (1MGRF Required)			838	68,719	0%
Other (Not in Basis):			0	0	0%
Other (In Basis):			0	0	100%
Other (In Basis):			0	0	100%
Subtotal			838	68,719	

Total Acquisition Costs	67,748	5,555,325			
Total Construction Hard Costs	39,476	3,237,048			
Total Non-Construction ("Soft") Costs	24,078	1,974,370			
Developer Overhead and Fee					
Maximum	1,145,437		13,969	1,145,437	100%
7.5% of Acquisition/Project Reserves		Override	5%	Attribution Test	
15% of All Other Development Costs			met		
Total Development Cost	145,270	11,912,180			

TOTAL DEVELOPMENT SOURCES		% of TDC				Gap to Hard Debt
MSHDA Permanent Mortgage	43.60%	53,331	5,193,181			
Conventional/Other Mortgage	0.00%	0	0			
Equity Contribution from Tax Credit Syndication	24.99%	36,300	2,976,639			
MSHDA NSP Funds	0.00%	0	0			
MSHDA HOME	13.06%	18,972	1,555,691			
Mortgage Resource Funds	0.00%	0	0			
Other MSHD/ HTFs	2.56%	3,725	305,443			
Local HOME	0.00%	0	0			
Income from Operations	3.94%	5,724	469,350			
Other Equity GP equity	0.00%	1	100			
Transferred Reserves:	1.72%	2,501	205,052			
Other: Special Limited equity	0.00%	1	100			
Other: Seller Note	6.88%	9,998	819,799			
Deferred Developer Fee	3.25%	4,717	386,825			
Total Permanent Sources			11,912,180			

Sources Equal Uses?	Balanced
Surplus/(Gap)	0

MSHDA Construction Loan		52.00%	75,541	6,194,334
Construction Loan Rate	4.900%			
Repaid from equity prior to final closing				1,001,153

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP	
Acquisition	5,127,500	Acquisition	165,618
Construction	5,113,080	Construction	165,152
Acquisition Credit %	3.23%	Total Yr Credit	330,771
Rehab/New Const Credit %	3.23%	Equity Price	\$0.9000
Qualified Percentage	100.00%	Equity Effective Price	\$0.9000
QCT/DDA Basis Boost	100%	Equity Contribution	2,976,639
Historic?	No		

Existing Reserve Analysis:	
DCE Interest:	
Insurance:	15,363
Taxes:	9,553
Rep. Reserv:	172,778
ORC:	7,358
DCE Principal:	
Other:	

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	2,976,639
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	2,976,639

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING WAIVER OF MORTGAGE
LOAN PREPAYMENT PROHIBITION AND SALE OF
DEVELOPMENT AND DETERMINING MORTGAGE LOAN FEASIBILITY
COLONIAL MEADOWS, MSHDA DEVELOPMENT NO. 893-2
CITY OF PONTIAC, OAKLAND COUNTY

September 26, 2019

WHEREAS, Colonial Meadows Limited Dividend Housing Association Limited Partnership (the "Seller") is the owner of a development for low and moderate income persons located in the City of Pontiac, Oakland County, Michigan, known as Colonial Meadows, MSHDA Development No. 893 (the "housing project"); and

WHEREAS, the Michigan State Housing Development Authority (the "Authority") provided a mortgage loan to aid in the acquisition and original construction of the housing project (the "Mortgage Loan"), which Mortgage Loan contains a prohibition against prepayment; and

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by MHT Housing, Inc. (the "Applicant") for the housing project, having an estimated total development cost of Eleven Million Nine Hundred Twelve Thousand One Hundred Eighty Dollars (\$11,912,180), a total estimated maximum mortgage loan amount of Six Million One Hundred Ninety-Four Thousand Three Hundred Thirty-Four Dollars (\$6,194,334) (hereinafter referred to as the "Application"); and

WHEREAS, the Seller proposes to sell the housing project to the Applicant and is requesting approval for the sale of the housing project and a waiver of the prohibition against prepayment of the Mortgage Loan; and

WHEREAS, 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 may become eligible to receive a mortgage loan from the Authority under the provisions of the Act and the Authority's General Rules; and

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

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

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

1. The following determinations be and they hereby are made:
 - a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.
 - b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.
 - c. The proposed housing project will meet a social need in the area in which it is to be located.
 - d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.
 - e. The proposed housing project is a feasible housing project.
 - f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Seven Million One Hundred Nine Thousand Five Hundred Dollars (\$7,109,500).

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

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

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

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

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated September 26, 2019 (the "Staff Report"), which conditions are hereby incorporated by reference as if fully set forth herein.

7. The Authority hereby approves the prepayment of the Mortgage Loan and the sale of the housing project by the Seller to the Applicant, subject to the terms and conditions contained in the Staff Report and also subject to the issuance of a mortgage loan commitment by the Authority.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING MORTGAGE LOAN
COLONIAL MEADOWS, MSHDA DEVELOPMENT NO. 893-2
CITY OF PONTIAC, OAKLAND COUNTY

September 26, 2019

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

WHEREAS, an application (the "Application") has been filed with the Authority by MHT Housing, Inc. (the "Applicant") for a construction mortgage loan in the amount of Six Million One Hundred Ninety-Four Thousand Three Hundred Thirty-Four Dollars (\$6,194,334), and a permanent mortgage loan in the amount of Five Million One Hundred Ninety-Three Thousand One Hundred Eighty-One Dollars (\$5,193,181), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Eleven Million Nine Hundred Twelve Thousand One Hundred Eighty Dollars (\$11,912,180), to be known as Colonial Meadows located in the City of Pontiac, Oakland County, Michigan, and to be owned by Colonial Meadows II/MHT Limited Dividend Housing Association, LLC (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a HOME loan in the estimated amount of One Million Five Hundred Fifty-Five Thousand Six Hundred Ninety-One Dollars (\$1,555,691) (the "HOME Loan") and a mortgage loan under the Housing Trust Fund Program in the estimated amount of Three Hundred Five Thousand Four Hundred Forty-Three Dollars (\$305,443) (the "HTF Loan"); and

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

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

- (a) The Mortgagor is an eligible applicant;
- (b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;
- (c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;
- (d) The proposed housing project will meet a social need in the area in which it is to

be located;

- (e) The proposed housing project may reasonably be expected to be marketed successfully;
- (f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;
- (g) The construction or rehabilitation will be undertaken in an economical manner and it will not be of elaborate design or materials; and
- (h) In light of the estimated total project cost of the proposed housing project, the amount of the mortgage loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

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

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

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

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

2. A construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project in an amount not to exceed Six Million One Hundred Ninety-Four Thousand Three Hundred Thirty-Four Dollars (\$6,194,334), and permanent financing in an amount not to exceed Five Million One Hundred Ninety-Three Thousand One Hundred Eighty-One Dollars (\$5,193,181), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of four and 90/100 percent (4.9%) per annum. The amount of proceeds of tax exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Seven Million One Hundred Nine Thousand Five Hundred Dollars (\$7,109,500). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall

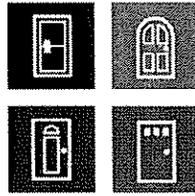
not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

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

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

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

7. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated September 26, 2019 which conditions are hereby incorporated by reference as if fully set forth herein.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director 

DATE: September 26, 2019

RE: The Preserve at Orianna Ridge, MSHDA No. 1074

Recommendation:

I recommend approval of the transfer of 100% of the general and limited partner interests in Orianna Ridge Limited Dividend Housing Association Limited Partnership ("Partnership"). The Partnership is the owner of The Preserve at Orianna Ridge, MSHDA No. 1074.

Executive Summary:

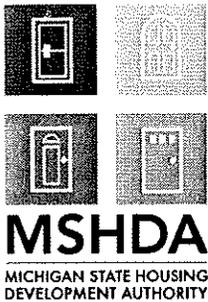
The Preserve at Orianna Ridge is an 80-unit development ("Development") located in Marquette. There are nine two-story buildings which contain 8 one-bedroom, 49 two-bedroom and 23 three-bedroom units. The project was funded with The Authority's HOME TEAM Advantage program in 2003.

The Authority was notified on June 30, 2019 of the intent to transfer ownership interests of the Partnership. The current general partner and limited partner intend to sell all interests to Break the Cycle, Inc. and Craftsmen Holdings, LLC. Craftsmen Holdings, LLC will assume 100% of the general partner interest of the Partnership as well as 49.89% interest in the limited partner. Break the Cycle, Inc. will assume the remaining limited partner interest from the outgoing limited partner. The Partnership will convert Craftsmen Holdings, LLC's 49.89% limited partner interest to a general partner interest. Craftsmen Holdings, LLC will hold 49.90% interest as the general partner and Break the Cycle, Inc. will hold 50.10% interest as the limited partner. Craftsmen Holdings, LLC is an entity related to Medallion Management. Craftsmen Holdings, LLC has taken over other Authority-financed projects in recent years with the intent of operating the project through the Low Income Housing Tax Credit initial compliance period before evaluating refinance options.

Medallion Management has managed the Development since it was placed in service in 2004. Management of the Development will remain in place and operations of the Development are not expected to change as a result of the proposed transfer. The Development is included in Asset Management's Core Portfolio and is currently scores a '0.5' on the Authority's Risk Rating matrix, indicating a stable development.

Issues, Policy Considerations, and Related Actions:

None.



ACTION REPORT

DATE:	<u>September 26, 2019</u>
ASSET MANAGER:	<u>Amber McCray</u>
MSHDA #:	<u>1074</u>
DEVELOPMENT NAME:	<u>The Preserve at Orianna Ridge</u>
LOCATION:	<u>727 Pioneer Road Marquette, MI 49855</u>
CUT-OFF DATE:	<u>December 17, 2004</u>
ASSIGNED ATTORNEY:	<u>Richard Norton</u>
MANAGEMENT AGENT:	<u>Medallion Management</u>
MANAGING GENERAL PARTNER:	<u>Marvin Veltkamp, Trilogy GP, Inc., Orianna Ridge Development Corporation</u>
LIMITED PARTNER:	<u>Michigan Capital Fund for Housing Limited Partner VIII</u>

RECOMMENDATION:

I recommend approval of a transfer of 100% of the general and limited partner interests in Orianna Ridge Limited Dividend Housing Association Limited Partnership ("Partnership"). The Partnership is the owner of The Preserve at Orianna Ridge, MSHDA # 1074.

I. BACKGROUND:

The Preserve at Orianna Ridge is an 80-unit development ("Development") located in Marquette. There are nine two-story buildings which contain 8 one-bedroom, 49 two-bedroom and 23 three-bedroom units. The project was funded with The Authority's HOME TEAM Advantage program in 2003.

The Authority was notified on June 30, 2019 of the intent to transfer ownership interests of the Partnership. The current general partner and limited partner intend to sell all interests to Break the Cycle, Inc. and Craftsmen Holdings, LLC. Craftsmen Holdings, LLC will assume 100% of the general partner interest of the Partnership as well as 49.9% interest in the limited partner. Break the Cycle, Inc. will assume the remaining limited partner interest from the outgoing limited partner. The Partnership will convert Craftsmen Holdings, LLC's 49.89% limited partner interest to a general partner interest. Craftsmen Holdings, LLC will hold 49.90% interest as the general partner and Break the Cycle, Inc. will hold a 50.10% interest as the limited partner. Craftsmen Holdings, LLC is an entity related to Medallion Management. Craftsmen Holdings, LLC has taken over other Authority-financed projects in recent years with the intent of operating the project through the Low Income Housing Tax Credit initial compliance period before evaluating options to refinance.

Medallion Management has managed the Development since it was placed in service in 2004. Management of the Development will remain in place and operations of the Development are not expected to change as a result of the proposed transfer. The Development is included in Asset Management's Core Portfolio and currently scores a '0.5' on the Authority's Risk Rating matrix, indicating a stable development.

II. CURRENT FINANCIAL CONDITION:

- A. The Development currently has 2 vacant units (3%) with an economic vacancy totaling (3.13%) YTD through July 2019.
- B. Liquidity has increased from (\$4,332) as of July 2018 to \$2,778 as of July 2019.
- C. The Development currently has \$2,265 in receivables, of which \$0 is over 30 days.
- D. The Development currently has \$18,615 in payables, of which \$0 is over 60 days.

III. SUMMARY OF PROPOSAL:

- A. In accordance with the Procedures and Requirements for Transfers Involving Authority-Financed Developments ("Authority Resale Policy"), Section IV (A)(1), adopted by the Authority on June 27, 2007, this transaction may be approved by the Authority Board, after review by the Asset Review Committee, if all requirements necessary for approval of the proposed transfer have been met.
- B. Under the proposal, the proposed limited partner will pay transaction costs of \$10,000 and consideration of \$5 to the limited partner for its partnership interest. The proposed general partner will pay consideration of \$20,000 to Orianna Ridge Development Corporation for its partnership interest. The proposed general partner will pay consideration of \$5.00 to Trilogy GP, Inc. for its partnership interest. The proposed general partner will pay no consideration to Marvin Velkamp for his partnership interest.
- C. Authority staff has reviewed the proposed transfer for compliance with State and Federal rules and regulations, along with reviewing mortgage servicing statements, Monthly Income and Expenditure Reports, the Annual Certified Audit, the Annual Physical Inspection and the Capital Needs Assessment, if any. No issues have been identified.
- D. Section IV(A)(3) of the Authority Resale Policy states that a fee of \$10,000 will be charged for the review and authorization of the proposed transfer. A \$1,000 deposit has been submitted to the Authority.
- E. The applicants have met all other requirements of the Authority Resale Policy.

IV. CURRENT DEVELOPMENT STATUS:

Vacancy: 2 Units are Vacant or 3%
Economic Vacancy: 3.13%

Reserve and Escrow Balances as of September 4, 2019:

Replacement Reserve:	\$175,496
ORC:	\$4,685
OAR:	\$14,727
Replacement Reserve Needs:	\$32,286

Financial Status:

Liquidity: \$2,778
 One Month's Rent Potential: \$61,317

Prior Authority Action:

- None.

V. RENT SCHEDULE:

Bedroom	# Units	# Units Vacant	Current Rents	Utility Allowance
1-TH-PBV-30%LH	5	0	\$590	\$101
2-APT-PBV-30%LH	6	0	\$785	\$142
2-TH-PBV-30%LH	6	0	\$785	\$133
3-TH-PBV-30LH	3	0	\$785	\$175
2-APT-50%LH	2	0	\$580	\$142
2-TH-50%LH	2	0	\$561	\$133
3-TH-50%LH	1	0	\$659	\$175
1-TH-60%	3	1	\$651	\$101
2-APT-60%	16	1	\$758	\$142
2-TH-60%	17	0	\$758	\$133
3-TH-60%	18	0	\$847	\$175
3-TH-MRG UNIT	1	0	\$842	\$175
TOTAL	80	2		

VI. CHANGES IN PARTNERSHIP ENTITY:

Current:		Proposed:	
General Partners:		General Partners:	
Marvin Veltkamp	.00082%		
Trilogy GP, Inc.	.00408%		
Orianna Ridge Development Corporation	.0051%		
		Craftsmen Holdings, LLC.	49.90%
Limited Partners:		Limited Partners:	
Michigan Capital Fund for Housing LP VIII	99.99%		
		Break the Cycle, Inc.	50.10%

VII. SPECIAL CONDITIONS AND/OR REQUIREMENTS:

- A. The parties must provide assignments, partnership amendments, attorney opinions, and such other documents as are deemed necessary by the Director of Legal Affairs to effectuate the terms and conditions outlined in this report.
- B. The ownership transfer cannot take place until the balance of the \$10,000 fee has been paid.

APPROVED:



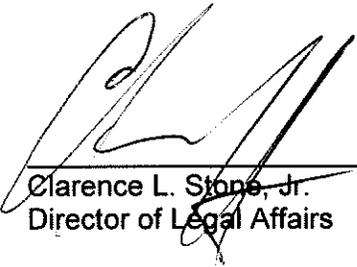
Troy Thelen
Acting Director of Asset Management

9-16-19
Date



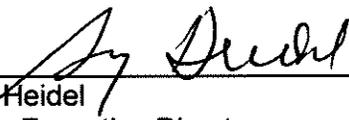
Kelly Rose
Chief Housing Solutions Officer

9.18.2019
Date



Clarence L. Stone, Jr.
Director of Legal Affairs

9-18-2019
Date



Gary Heidel
Acting Executive Director

9/18/19
Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING TRANSFER OF MEMBERSHIP INTERESTS
THE PRESERVE AT ORIANNA RIDGE, MSHDA DEVELOPMENT NO. 1074
CITY OF MARQUETTE, MARQUETTE COUNTY**

September 26, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") made a mortgage loan (the "Mortgage Loan") to Orianna Ridge Limited Dividend Housing Association, Limited Partnership (the "Mortgagor") for the acquisition and construction or rehabilitation of The Preserve at Orianna Ridge, MSHDA Development No. 1074 (the "Development"); and

WHEREAS, the Mortgagor has requested the approval of the Authority for the transfer of 100% of the membership interests in the Mortgagor; and

WHEREAS, pursuant to Section IV.A. of the Authority's policy entitled "Procedures and Requirements for Transfers Involving Authority-Financed Developments" adopted on June 27, 2007 (the "Sale Policy"), such transfers require a full review by staff and the approval of the Authority; and

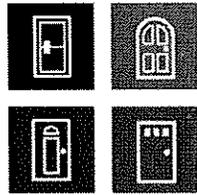
WHEREAS, Authority staff have reviewed the proposed transfer and determined that the requirements of the Sale Policy have been met; and

WHEREAS, the Acting Executive Director has recommended that the Authority approve the transfer of the membership interests in the Mortgagor in accordance with the terms and conditions set forth in the accompanying Action Report; and

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

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

1. The Authority hereby approves the transfer of the membership interests in the Mortgagor in accordance with the requirements of Section IV.A. of the Sale Policy, subject to the conditions set forth in the accompanying Action Report.
2. The Executive Director, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer or any person duly acting in such capacity (each, an "Authorized Officer"), or any of them, is hereby authorized to take any further action or waive any condition that, in the discretion of the Authorized Officer, is necessary to effectuate the proposal as set forth in the Action Report.



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: September 26, 2019

RE: Pilgrim Village Apartments, MSHDA #1413

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") accept the offer from Pilgrim Villa LLC (the "Purchaser") to purchase Pilgrim Village Apartments for \$770,000.

Executive Summary:

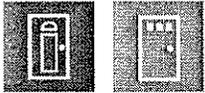
Pilgrim Village Apartments (the "Development") is a Real Estate Owned (REO) property consisting of 22 family units located in northwest Detroit east of Livernois Avenue and south of the University of Detroit Mercy. The Development was financed under the Authority's Neighborhood Preservation Program and layered with HOME funding and equity support from the sale of Low Income Housing Tax Credits.

Low rental income due to original deep target rents along with economies of scale were the primary factors in causing foreclosure. The Development became delinquent in March of 2013, but the foreclosure process was delayed due to title issues that had to be resolved prior to the Sheriff's sale. The Development became an Authority Real Estate Owned property on November 15, 2014 and at that time the Broker's Opinion of Value was \$400,000-\$500,000. Due to the depressed sale market, as well as to protect HOME restrictions, the Development was held for several years with no attempt to market it.

As the operations at the Development improved, and with a stronger real estate market, the Authority listed The Development for sale in June of 2019. The Authority received four (4) final offers with bids ranging from \$750,000 - \$800,000. The bid from Purchaser is \$30,000 less than the highest offer, however Purchaser's offer included the greatest amount of continued affordability at the Development as Purchaser has committed to restrict 11 of the units to 60% or below of area median income.

Issues, Policy Considerations, and Related Actions:

None.



MSHDA

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

ACTION REPORT

DATE:	<u>September 26, 2019</u>
ASSET MANAGER:	<u>Kathy Evans</u>
MSHDA #:	<u>1413</u>
DEVELOPMENT NAME:	<u>Pilgrim Village Apartments</u>
LOCATION:	<u>3800 Puritan Street</u> <u>Detroit, MI 48238</u>
FINAL CLOSING DATE:	<u>June 30, 2002</u>
ASSIGNED ATTORNEY:	<u>Kara Hart-Negrich</u>
MANAGEMENT AGENT:	<u>Continental Management</u>
MANAGING GENERAL PARTNER (S):	<u>MSHDA Real Estate Owned</u>

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") accept the offer from Pilgrim Villa LLC (the "Purchaser") to purchase Pilgrim Village Apartments for \$770,000.

I. BACKGROUND:

Pilgrim Village Apartments (the "Development") is a Real Estate Owned (REO) property consisting of 22 family units located in northwest Detroit east of Livernois Avenue and south of the University of Detroit Mercy. The Development was financed under the Authority's Neighborhood Preservation Program ("NPP") and layered with HOME funding and equity support from the sale of Low Income Housing Tax Credits ("LIHTC").

Low rental income due to original deep target rents along with economies of scale were the primary factors in causing foreclosure. The Development became delinquent in March of 2013, but the foreclosure process was delayed due to title issues that had to be resolved prior to Sheriff's sale. Pilgrim Village became an Authority Real Estate Owned property on November 15, 2014. At that time, the Broker's Opinion of Value was \$400,000-\$500,000. Due to the depressed sale market, as well as wanting to protect HOME restrictions, the Development was held for several years with no attempt to market it.

During that time, deep target restrictions were rolled back (through attrition) thereby improving the income and overall stability of the Development. The LIHTC requirements (other than Tenant Protection Period) ended with the foreclosure, and the HOME affordability end date was April 2019. Typically, the NPP requirements would remain as the Authority Regulatory Agreement is not released until after a sale. In this instance however, Pilgrim Village was largely burdened by the NPP restrictions which allowed no units above 50% area median income ("AMI"). Subsequently, effective January 1, 2017, the NPP restrictions were removed with existing residents remaining protected. Currently

the site has five (5) restricted units and the Purchaser intends to maintain eleven (11) affordable units after the sale closing.

Marcus & Millichap marketed the property for several weeks receiving five (5) initial offers ranging in price from \$450,000-\$750,000. After discussing the offers with Authority staff, Marcus & Millichap went back to the top bidders to solicit best and final offers. This resulted in four (4) final offers ranging from \$750,000 - \$800,000. The \$770,000 bid from Pilgrim Villa LLC is \$30,000 less than the highest offer, however, Purchaser's offer promises a generous retention of quality, affordable housing in the City of Detroit. Purchaser will keep 11 units restricted to 50% and 60% of AMI, respectively. The property is in good physical condition overall and initially Purchaser plans cosmetic improvements such as new flooring and cupboards.

II. CURRENT FINANCIAL CONDITION:

- A. The Development currently has 0 vacant units.
- B. The Development is remitting \$3,000 per month in excess operating cash to the Authority.
- C. The Development has \$1,425 in receivables of which \$50 (3.50%) is over 30 days.
- D. The Development has (\$3,299) in payables. This negative amount represents the refund due from the Detroit Water and Sewage Department

III. SUMMARY OF PROPOSAL:

- A. Purchaser has made a cash offer of \$770,000 with a \$100,000 earnest money deposit.
 - 1. The \$100,000 deposit is non-refundable upon the later of due diligence expiration or waiver of the environmental contingency.
 - 2. The due diligence period shall be 10 days.
 - 3. Closing is to occur the latter of (a) 10 days following the expiration of the due diligence period, (b) 10 days after waiving environmental contingency, or (c) 10 days after receipt of an ALTA title insurance commitment satisfactory to Purchaser.
 - 4. Purchaser shall have two (2) days after receipt of environmental results to inform the Authority of its intent to waive said the environmental contingency or to terminate contract.
- B. Purchaser has committed to retain eleven (11) units as affordable. This translates into 3 units at 50% AMI and 8 units at 60% AMI.
- C. Marcus & Millichap will receive a brokerage fee equal to 2.5% of the gross sales price, which equates to \$19,250 which will be paid from sales proceeds at closing.
- D. Any Authority held reserves and all operating cash will be retained by the Authority.

IV. CURRENT DEVELOPMENT STATUS:

Program Types:	NPP, LIHTC, HOME, 1% Tax
Current Restrictions:	QPP Only
	NPP ended 2017 through attrition
	TPP ended 5/14/2017
	HOME ended April 2019
Original Mortgage Amount:	\$995,376
Mortgage Balance at Foreclosure:	\$546,608 – P & I
HOME Balance at Foreclosure:	\$320,727

Vacancy: 0 Units are Vacant
 Economic Vacancy 0%

Reserve and Escrow Balances as of August 14, 2019:

Replacement Reserve:	\$ 67,748
Excess Operating Cash:	\$212,842
ORC	\$ 29,498
Insurance:	\$ 8,148
TOTAL	\$318,236

Financial Status:

One Month's Rent Potential: \$16,401

Prior Authority Action:

- None

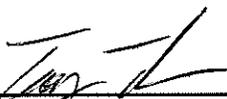
V. RENT SCHEDULE:

Bedroom	# Units	# Units Vacant	Current Rents	Utility Allowance
2 Bd – 60%	3		\$777	\$113
2 Bd – Market	11		\$777	\$113
3 Bd - Market	6		\$815	\$128
3 Bd – 60% Blk	1		\$550	\$128
3 Bd – 50% Ham	1		\$500	\$128
TOTAL	22	0		

Proposed Sale Breakeven Calculation

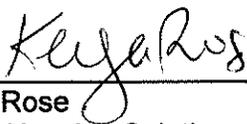
Breakeven Calculation		Loan Loss	
Debt Owed at Foreclosure:	\$546,608	Reserved	\$240,000
HOME Debt at Foreclosure:	\$320,727	Actual	\$ <u>0</u>
Less Captured Escrows & Operating Income	(\$347,568)	Difference	\$240,000
Total Carrying Costs	\$519,767		
SALE PRICE	(\$770,000)		
Minus Closing Costs	\$ <u>21,750</u>		
GAIN of	\$228,483		

APPROVED:



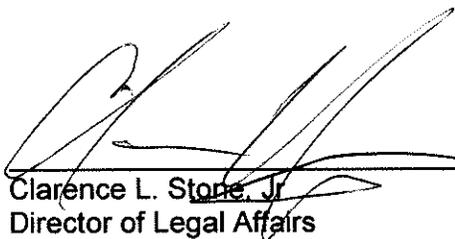
Troy Thelen
Acting Director of Asset Management

9-16-19
Date



Kelly Rose
Chief Housing Solutions Officer

9-16-2019
Date



Clarence L. Stone, Jr.
Director of Legal Affairs

9-18-2019
Date



Gary Heidel
Acting Executive Director

9/18/19
Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING SALE OF DEVELOPMENT
PILGRIM VILLAGE APARTMENTS, MSHDA DEVELOPMENT NO. 1413 (f/k/a NO. 9014)
CITY OF DETROIT, WAYNE COUNTY**

September 26, 2019

WHEREAS, on December 20, 1995, the Authority authorized a mortgage loan (the "Mortgage Loan") for the acquisition and construction of Pilgrim Village Apartments, MSHDA Development No. 1413 (f/k/a No. 9014) (the "Development"); and

WHEREAS, the Development experienced significant operational and financial difficulties for a number of years and the mortgagor ceased making payments on the Mortgage Loan; and

WHEREAS, the Authority foreclosed the Mortgage Loan and received a Sheriff's Deed to the Development on May 14, 2014, and the period of redemption expired on November 14, 2014; and

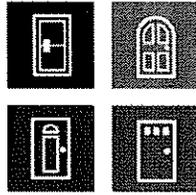
WHEREAS, the Authority's commercial broker, Marcus & Millichap, solicited bids in connection with the possible sale of the Development, and the Authority has received a letter of intent from Pilgrim Villa LLC (the "Purchaser") to purchase the Development on the terms set forth in the accompanying Action Report; and

WHEREAS, the Executive Director is recommending that the Authority accept the letter of intent and approve the sale of the Development in accordance with the terms and conditions set forth in the accompanying Action Report; 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:

The Authority hereby approves the sale of Pilgrim Village Apartments, MSHDA Development No. 1413 (f/k/a No. 9014) to Pilgrim Villa LLC or another entity to be formed or controlled by the Purchaser, in accordance with the terms and conditions described in the accompanying Action Report.



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: September 26, 2019
RE: The Depot, MSHDA No. 971

Recommendation:

I recommend approval for the waiver of the prepayment prohibition for the mortgage loan on The Depot, MSHDA No. 971.

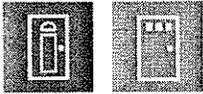
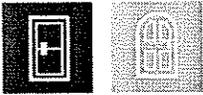
Executive Summary:

The Depot is a 51-unit elderly development ("Development") consisting of 36 one-bedroom, and 15 two-bedroom units located in Coopersville. The Development was originally built in 1999 and financed under the TEAM (Tax-Exempt Bond) financing program, with a loan under the Authority's HOME Equity Enhancement Program. The Development also received a Small Size Operating Loan.

The owner is seeking permission from the Authority to prepay the first mortgage loan based upon a plan to refinance the Development. Since the Development is ineligible for prepayment until October 1, 2020, the Authority will require the payment of the lost interest spread in order to make this transaction revenue neutral to the Authority. The mortgage note also requires a prepayment penalty of 1% of the balance being prepaid. In addition, the Development will be required to keep all HOME income and rent restrictions in place until the end of the HOME affordability period on February 6, 2023. As a contingency to their new financing, the owner has agreed to amend and extend the LIHTC Regulatory Agreement for an additional eleven years, thus preserving affordability until December 31, 2041. No residents shall be displaced due to the prepayment of the Authority's loans.

Issues, Policy Considerations, and Related Actions:

None.



MSHDA
MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

ACTION REPORT

DATE:	September 26, 2019
ASSET MANAGER:	Troy Thelen
MSHDA #:	971
DEVELOPMENT NAME:	The Depot
LOCATION:	301 Ottawa St Coopersville, MI 49404
FINAL CLOSING DATE:	June 12, 2001
ASSIGNED ATTORNEY:	Margaret Meyers
MANAGEMENT AGENT:	Affinity Property Management / KMG Prestige
MANAGING GENERAL PARTNER(S):	Smith New LP, Seybert New LP
TAX CREDIT SYNDICATOR:	PNC Institutional Fund II LP

RECOMMENDATION:

I recommend approval for the waiver of the prepayment prohibition for the mortgage loan on The Depot, MSHDA No. 971.

I. BACKGROUND:

The Depot is a 51-unit elderly development ("Development") consisting of 36 one-bedroom, and 15 two-bedroom units located in Coopersville. The Development was originally built in 1999 and financed under the TEAM (Tax-Exempt Bond) financing program, with a loan under the Authority's HOME Equity Enhancement Program. The Development also received a Small Size Operating Loan.

The owner is seeking permission from the Authority to prepay the first mortgage loan ("First Mortgage Loan") based upon a plan to refinance the Development. Since the Development is ineligible for prepayment until October 1, 2020, the Authority will require the payment of the lost interest spread in order to make this transaction revenue neutral to the Authority. The mortgage note also requires a prepayment penalty of 1% of the balance being paid. In addition, the Development will be required to keep all HOME income and rent restrictions in place until the end of the HOME affordability period on February 6th, 2023. As a contingency to their new financing, the owner has agreed to amend and extend the LIHTC Regulatory Agreement for an additional eleven years, thus preserving affordability until December 31, 2041. No residents shall be displaced due to the prepayment of the Authority's loans.

II. CURRENT FINANCIAL CONDITION:

- A. The Development currently has 1 vacant unit with an economic vacancy of 2.30%.
- B. Liquidity has decreased from \$107,074 in January 2019 to \$59,921 in July 2019.
- C. The Development currently has \$1,062 in receivables, of which \$0 are over 60 days.
- D. The Development currently has \$2,328 in payables, of which \$0 are over 60 days.

III. SUMMARY OF PROPOSAL:

- A. The Authority has received notification from the owner of the intent to prepay the First Mortgage Loan.
- B. The First Mortgage Loan is not eligible for prepayment without the Authority's consent. Therefore, the lost interest spread must also be paid to the Authority in order to make the transaction revenue-neutral to the Authority. Based upon a December 31, 2019 payoff date, the lost interest is expected to be approximately \$16,289.59.
- C. There is a prepayment penalty associated with this mortgage note equal to the sum of 1% of the balance being prepaid. This amount is expected to be approximately \$12,154.24, based upon a December 31, 2019 payoff date.
- D. HOME income and rent restrictions are required to be kept in place after the mortgage payoff until the expiration of the HOME affordability period, which is February 6, 2023.
- E. The Authority's bond Regulatory Agreement will be amended and will continue in effect until the end of the HOME Affordability Period.
- F. The LIHTC Regulatory Agreement will be amended and extended until December 31, 2041.
- G. Authority staff has verified that no open conditions exist related to the Development for either owner or agent.

IV. CURRENT DEVELOPMENT STATUS:

Program Type:	TEAM (Tax Exempt Bond w/ HOME)
Original Mortgage Amount:	\$2,032,485
Current Mortgage Amount:	\$1,229,833
Payment Status:	Current
Current Interest Rate:	3.34% (1.66% deferred)
Deferred Interest Balance:	\$345,720
Mortgage Prepayment Eligibility Date:	October 1, 2020
Original HOME Mortgage Amount:	\$716,039
Current HOME Mortgage Amount:	\$716,039
HOME Compliance End Date:	February 6, 2023
Initial LIHTC Compliance End Date:	December 31, 2015
Ext. Use LIHTC Compliance End Date:	December 31, 2030

Vacancy: 1 Units are Vacant or 1.96%

Economic Vacancy: 2.30%

Reserve and Escrow Balances as of August 31, 2019:

Replacement Reserve:	\$	594,963
ORC:	\$	23,266
Operating Assurance:	\$	0

Financial Status:

Liquidity:	\$	59,921
One Month's Rent Potential:	\$	32,620

Prior Authority Action:

- None

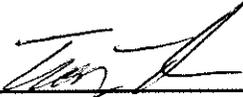
V. RENT SCHEDULE:

Bedroom	# Units	# Units Vacant	Current Rents	Utility Allowance
1 BD - 40%	15	0	\$535	\$52
1 BD - 50% LH	2	0	\$640	\$52
1 BD - 50% HH	6	0	\$640	\$52
1 BD - 50%	10	1	\$655	\$52
1 BD - 60%	3	0	\$725	\$52
2 BD - 40%	6	0	\$633	\$71
2 BD - 50% LH	1	0	\$720	\$71
2 BD - 50% HH	2	0	\$720	\$71
2 BD - 50%	2	0	\$730	\$71
2 BD/1.5 Bath - 50%	3	0	\$809	\$71
2 BD/1.5 Bath - 60%	1	0	\$905	\$71
TOTAL	51	1		

VI. SPECIAL CONDITIONS AND/OR REQUIREMENTS:

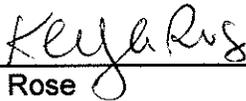
- A. The parties must provide assignments, partnership amendments, attorney opinions, and such other documents as are deemed necessary by the Director of Legal Affairs to effectuate the terms and conditions outlined in this report.

APPROVED:



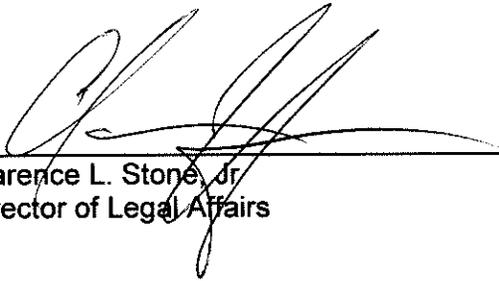
Troy Thelen
Acting Director of Asset Management

9-16-19
Date



Kelly Rose
Chief Housing Solutions Officer

9-16-2019
Date



Clarence L. Stone, Jr.
Director of Legal Affairs

9-18-2019
Date



Gary Hejdel
Acting Executive Director

9/18/19
Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING WAIVER OF MORTGAGE LOAN
PREPAYMENT PROHIBITION

THE DEPOT, MSHDA DEVELOPMENT NO. 971
CITY OF COOPERSVILLE, OTTAWA COUNTY

September 26, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") made a mortgage loan (the "Mortgage Loan") to The Depot Limited Dividend Housing Association Limited Partnership (the "Mortgagor") for the acquisition and construction of The Depot, MSHDA Development No. 971 (the "Development"); and

WHEREAS, the Mortgage Loan documents for such Development currently prohibit prepayment of the Mortgage Loan; and

WHEREAS, the Mortgagor has requested that the Authority waive the prepayment prohibition and allow a payoff of the Mortgage Loan for the reasons set for in the accompanying Action Report dated of even date (the "Action Report"); and

WHEREAS, the Executive Director recommends that the Authority waive the prepayment prohibition and allow the prepayment of the Mortgage Loan, subject to compliance with the terms and conditions set forth in the Action Report; and

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

NOW, THEREFORE, the Michigan State Housing Development Authority resolves as follows:

1. The Authority hereby approves the prepayment of the Mortgage Loan, subject to the terms and conditions described in the accompanying Action Report.
2. The Executive Director, Chief Housing Investment Officer, Chief Financial Officer, Director of Legal Affairs, Deputy Director of Legal Affairs or any person duly appointed to act in that capacity, each is hereby authorized to (a) consent to a modification of the terms and conditions set forth in the attached Action Report, as he or she shall deem advisable and appropriate, and (b) enter into such agreements as may be necessary or appropriate to effectuate the prepayment transaction, including without limitation discharges, releases, swap termination agreements and amended regulatory agreements.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING CONTRACT TO RETAIN EXECUTIVE SEARCH FIRM TO
CONDUCT EXECUTIVE DIRECTOR SEARCH**

September 26, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is required, under the provisions of Section 21(6) of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (MCL 125.1421(6)), to employ an Executive Director; and

WHEREAS, Article II, Section 4 of the Bylaws of the Authority provides for the appointment of the Executive Director by the members of the Authority; and

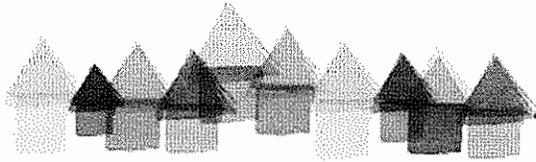
WHEREAS, the Authority desires the services of a professional executive search firm to conduct a nationwide search, and recommend potential candidates, for Authority consideration to fill the vacant Executive Director position; and

WHEREAS, on November 16, 2011, the Authority adopted a policy to competitively bid for professional services for best value when contracting for professional services; and

WHEREAS, the Chair and not more than two Authority members selected by the Chair intend to identify and select through a competitive bid process an executive search firm to search for and recommend potential candidates for Authority consideration to fill the vacant Executive Director position.

WHEREAS, it is the Authority's desire to enter into a contract for executive search firm services for an amount not to exceed One Hundred Thousand Dollars (\$100,000) to conduct the Authority's search for candidates.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that the Chair of the Authority is authorized to enter into a contract with a professional executive search firm selected through a competitive bid process for a maximum contract amount not to exceed One Hundred Thousand Dollars (\$100,000).



AUGUST 2019

Helping Michigan's Hardest-Hit Homeowners

HARDEST HIT PROGRAMS				
	# OF HOUSEHOLDS THIS MONTH	# OF CUMULATIVE HOUSEHOLDS 2010-CURRENT	MONEY SPENT THIS MONTH	CUMULATIVE MONEY SPENT 2010-CURRENT
MORTGAGE & TAX ASSISTANCE	123	38,304	\$892,115.43	\$299,130,651
BLIGHT ELIMINATION	337	18,992	\$6,559,545.11	\$299,587,616
Step Forward DPA	16	1,490	\$238,739.00	\$22,177,478

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


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

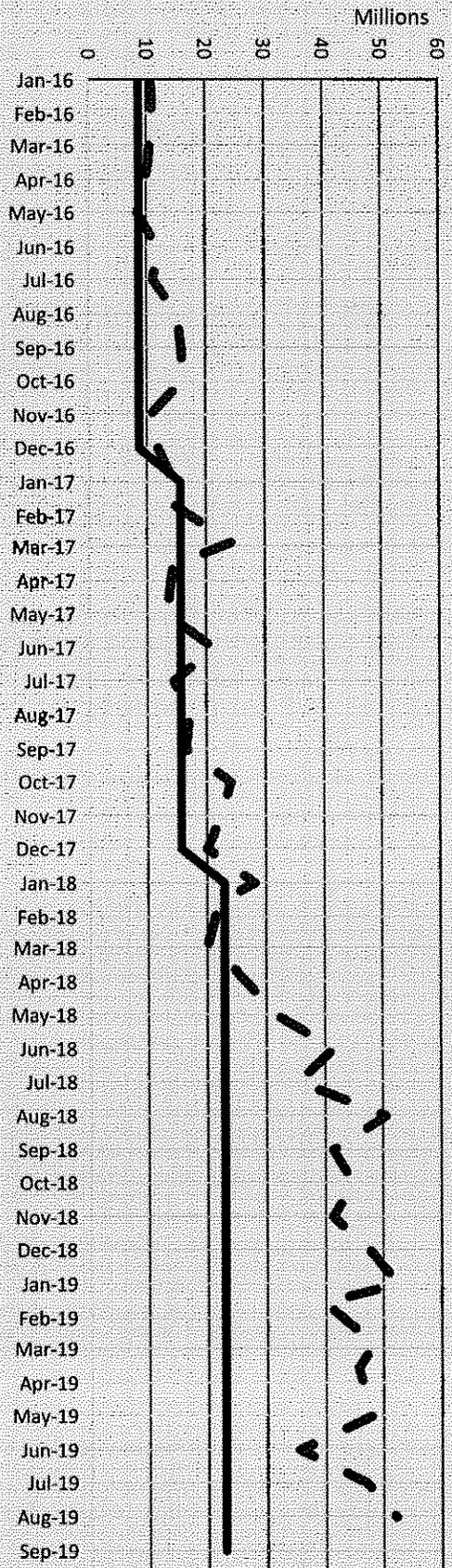
CURRENT AND HISTORICAL HOMEOWNERSHIP DATA

August 2019



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



Monthly Homeownership Production Report: AUGUST 2019

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	Commitment Substitutions Net	Transfers IN	Transfers OUT	COMMITMENTS ENDING	PURCHASED #1	PURCHASED-DPA #	PURCHASED Prior Total	PURCHASED NEW Total	1st + DPA TO DATE	NEWEST ALLOCATED
031		0	\$ 0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
031	07-25-17	0	\$ 0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
066	Aug-19	0	\$ 0.00	2	\$284,621.00	0	\$0.00	-1	\$-278,070.00	1	\$76,551.00	0	\$0.00	0	\$0.00
155	Jul-19	0	\$ 0.00	3	\$395,271.00	0	\$0.00	-1	\$140,850.00	2	\$254,621.00	0	\$0.00	0	\$0.00
068	Aug-19	0	\$ 0.00	47	\$4,324,811.00	1	\$84,442.00	-1	\$84,442.00	272	\$31,841,102.00	268	\$1,786,924.00	0	\$0.00
156	Jul-19	0	\$ 0.00	18	\$1,813,957.00	136	\$13,216,910.00	-13	\$1,334,104.00	325	\$38,123,305.00	319	\$2,097,503.00	0	\$0.00
067	Aug-19	804	\$ 57,423,798.00	811	\$88,447,813.00	851	\$42,338,884.00	426	\$47,878,828.00	-1	\$280,865.00	1	\$176,070.00	-238	\$888,888,888.00
157	Jul-19	550	\$2,589,240.00	528	\$59,802,189.00	516	\$59,983,303.00	374	\$41,808,085.00	-1	\$430,810.00	90	\$8,933,195.00	-322	\$888,888,888.00
TOTAL	Aug-19	804	\$57,423,798.00	811	\$88,447,813.00	851	\$42,338,884.00	427	\$47,878,828.00	-1	\$280,865.00	1	\$176,070.00	-238	\$888,888,888.00

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
0340019	Aug-19	0	\$ -	-1	\$ (16,000.00)	0	\$ -	0	\$ -
	Jul-19	0	\$ -	-5	\$ (75,000.00)	0	\$ -	0	\$ -
GRAND TOTAL		0	\$ -	-6	\$ (91,000.00)	0	\$ -	0	\$ -
								16	\$ 238,739.00
								18	\$ 268,798.30
									REMAINING:

MI HOME FLEX Loan Program (MBS)

Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	COMMITMENT Substitutions Net	COMMITMENT & PURCHASE Substitutions Net	COMMITMENTS ENDING	PURCHASED #1	PURCHASED-DPA
000	Aug-19	23	\$ 2,871,296.00	31	\$3,496,673.99	70	\$7,198,906.00	23	\$2,477,902.00	0
11/14/2013	Jul-19	23	\$ 3,495,953.00	28	\$3,840,092.00	57	\$5,635,363.00	27	\$2,896,009.00	-1

Series /Date	Month	RESERVATIONS	APPS RECEIVED	COMMITMENTS	CERTIFICATES
111 MCC	Aug-19	57	\$ 4,638,787.00	29	\$ 4,693,477.00
0132019	Jul-19	57	\$ 4,780,181.00	36	\$ 5,301,733.00

Series /Date	Month	Applications	Commitments	Purchased
	July-19	1	\$ 2,000.00	2