MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A
June 25, 2020 - 10:00 a.m.
TELECONFERENCE
248-509-0316
Conference ID: 269 761 3#

Roll Call:

Public Comments:

Remarks:

Chairperson
Executive Director

Voting Issues:

Tab A Approval of Agenda

CONSENT AGENDA ITEMS

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

Tab B Minutes – May 21, 2020

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

Tab D Amended and Restated Resolution Authorizing Signatories

Tab E Resolution Authorizing Professional Services Contract for Auditing Services with Plante Moran, PLLC and Michigan Office Of Auditor General

REGULAR VOTING ITEMS

Tab F Resolution Approving 2020-2021 Budget

Tab G Inducement Resolution, CityLine Apartments, MSHDA No. 44c-170, City of Kentwood, Kent County

Tab H Resolution Determining Mortgage Loan Feasibility, HOM Flats on 28th Street II, MSHDA No. 3856, City of Wyoming, Kent County

Resolution Authorizing Mortgage Loans, HOM Flats on 28th Street II, MSHDA No. 3856, City of Wyoming, Kent County

Tab I Resolution Determining Mortgage Loan Feasibility, Lake Superior Village, MSHDA No. 3923, City of Marquette, Marquette County

Resolution Authorizing Mortgage Loans, Lake Superior Village, MSHDA No. 3923, City of Marquette, Marquette County

Tab J Resolution Determining Mortgage Loan Feasibility, Savannah-Wilshire, MSHDA No. 3912, City of Detroit, Wayne County

Resolution Authorizing Mortgage Loans, Savannah-Wilshire, MSHDA No. 3912, City of Detroit, Wayne County

Tab K Resolution Determining Mortgage Loan Feasibility, Transfiguration Place, MSHDA No. 3803, City of Detroit, Wayne County

Resolution Authorizing Mortgage Loans, Transfiguration Place, MSHDA No. 3803, City of Detroit, Wayne County

Tab L Resolution Determining Mortgage Loan Feasibility, Waverly Place, MSHDA No. 3921, City of Lansing, Ingham County

Resolution Authorizing Mortgage Loans, Waverly Place, MSHDA No. 3921, City of Lansing, Ingham County

Closed Session

None.

Discussion Issues:

None.

Reports:

Tab 1 Short Term Mortgage Relief Report

Tab 2 Financial Report – Quarter and Year to Date Ended March 31, 2020

Tab 3 Hardest Hit Report

Tab 4 Current and Historical Homeownership Data

Tab 5 Homeownership Production Report

Tab 6 Board Calendar

Michigan State Housing Development Authority
Minutes of Authority Meeting
May 21, 2020

AUTHORITY MEMBERS PRESENT:

Regina Bell
Mark Burton
Carl English
Rachael Eubanks
Jennifer Grau
Deb Muchmore

AUTHORITY MEMBERS ABSENT:

Jeff Donofrio

OTHERS PRESENT:

Gary Heidel, Acting Executive Director
Maria Ostrander, Executive
Mary Cook, Executive
Clarence Stone, Legal Affairs
Rick Norton, Legal Affairs
Lisa Ward, Legal Affairs
Jeff Sykes, Finance
Troy Thelen, Asset Management
John Hundt, Rental Development
Kelly Rose, Rental Assistance and Homeless Solutions
Jonathan Hilliker, Executive
Chad Benson, Rental Development
Mike Witt, Rental Development
Ryan Koenigsknecht, Rental Development
Lisa Kemmis, Rental Assistance and Homeless Solutions
Daphne Wells, Executive
Mike Fobbe, Office of Attorney General
John Millhouse, Office of Attorney General
James Kiefer, Dykema
Kris Nied, Miller Canfield
Katie Bach, Communications
Maryanne Vukonich, Rental Development
Tonya Young, Housing Initiatives
Susan Corbin, Department of Labor and Economic Opportunity
Sandy Pearson, Habitat for Humanity

Seventeen additional members of the public participated via the following conference line: +1 248-509-0316 Conference ID: 651 647 662#.

Vice Chair Rachael Eubanks opened the meeting at 10:01 a.m. Ms. Eubanks asked Jonathan Hilliker, IT Customer Service Liaison, to provide an overview of the meeting format, which was being conducted through Microsoft Teams. Mr. Hilliker explained that Board members and presenters were participating by video through a previously provided video link. A separate telephonic conference line linked to the video meeting was made available to the public.

Ms. Eubanks requested public comments from teleconference participants. Ms. Sandy Pearson from Habitat for Humanity asked to note her presence at the meeting.

Ms. Eubanks proceeded to mention the following goldenrods:

- Tab A (Agenda) was updated to reflect the revised title for Tab E
- Tabs D and E— the documents were revised to update amounts for the issuance of Single-Family Mortgage Revenue Bonds, 2020 Series A & B.
- Tab F (HCV Contract) – there was a minor grammatical correction.
- Tab G (Cliffview Apartments)— the documents were revised to decrease loan amounts and correct the mix of one and two bedroom units.

Ms. Eubanks mentioned that Chairperson Jeff Donofrio would provide an update on the search for a permanent Executive Director at the June 2020 Authority meeting. She noted that the search firm has identified a list of candidates; however, due to the COVID-19 pandemic, the process is on hold until July 2020.

Following Ms. Eubanks comments, Mr. Gary Heidel, Acting Executive Director, began the Executive Director's report. He noted that temporary layoffs of Authority staff began this week. Most employees will have a furlough day on a Monday or Friday for the next five pay periods, ending July 25, 2020. Staff with a classification of 17 or higher will have one furlough day every other pay period.

Mr. Heidel next addressed the Office of the State Employer's guidance to create a Return to Work Plan. Mr. Heidel and Authority staff are working with the Department of Labor and Economic Opportunity to create and implement a plan for MSHDA. There is no set date to return to the office; the needs of each Authority division will be assessed separately.

Mr. Heidel asked Jeff Sykes, Finance, to provide an overview of the proposed 2020-2021 Authority Budget. The budget will be presented to the Board for a vote at the June 2020 meeting. Mr. Sykes reviewed the documents as detailed in Tab 3 of the Board Docket. He noted that the budget is intended to be in line with the Authority's Mission, Vision and Guiding Principles. In response to Authority members, Mr. Sykes confirmed that changes had been made to increase available grant funding in response to the COVID-19 pandemic. Vice Chair Eubanks noted that the numbers in the budget had been reviewed in detail during Real Estate Finance subcommittee meeting.

In the next portion of the Executive Director's Report, Troy Thelen of Asset Management gave an overview of the Authority's Short-Term Relief Policy, as well as its monthly report. Mr. Thelen reviewed the subject matter as detailed in Tabs 1 and 2 in the Board Docket. He further noted that the program requires landlords to allow payment plans and prohibits evictions during the relief term. This eviction prohibition exceeds the length of the current eviction moratorium.

Following Mr. Thelen's remarks, Tonya Young of Housing Initiatives, presented a short video detailing the current status and accomplishments of the MSHDA Modular Program.

VOTING ISSUES:

Approval of the Agenda **(Tab A):**

Deb Muchmore moved approval of **Tab A (Agenda).** Mark Burton supported. The following Roll Call was taken for **Tab A**:

Regina Bell	Yes	Jeff Donofrio	Absent
Carl English	Yes	Rachael Eubanks	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Yes
Mark Burton	Yes	Deb Muchmore	Yes

There were 7 "yes" votes. The agenda was approved.

Consent Agenda **(Tabs B and C)** The Consent Agenda included the following items:

Tab B Minutes – April 23, 2020

Tab C Resolution Authorizing Professional Services Contracts for Design Review

Mark Burton moved approval of the Consent Agenda. Deb Muchmore supported. The following Roll Call was taken for the Consent Agenda:

Regina Bell	Yes	Jeff Donofrio	Absent
Carl English	Yes	Rachael Eubanks	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Yes
Mark Burton	Yes	Deb Muchmore	Yes

There were 7 "yes" votes. The Consent Agenda was approved.

Regular Voting Items:

Jeff Sykes, Finance and James Kiefer, Bond Counsel with Dykema presented **Tab D, Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2020 Series A in an Amount Not to Exceed $300,000,000,** as well as **Tab E, Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2020 Series B (Federally Taxable) in an Amount Not to Exceed $100,000,000.** Mr. Sykes reviewed the business terms, and Mr. Kiefer reviewed the resolutions as outlined in **Tabs D and E** of the board docket.

Ms. Kris Nied, Bond Counsel with Miller Canfield, confirmed that the documents in **Tabs D and E** were acceptable for the Board's consideration.

Mr. John Millhouse with the Office of Attorney General confirmed that the documents in **Tabs D and E** were acceptable for the Board's consideration.

Mr. Clarence Stone, Director of Legal Affairs, confirmed that the documents in **Tabs D and E** were acceptable for the Board's consideration.

Jennifer Grau moved approval of **Tab D.** Regina Bell Supported. The following Roll Call was taken for **Tab D**:

Regina Bell	Yes	Jeff Donofrio	Absent

Carl English	Yes	Rachael Eubanks	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Yes
Mark Burton	Yes	Deb Muchmore	Yes

There were 7 “yes” votes. The resolution was approved.

Carl English moved approval of **Tab E.** Deb Muchmore Supported. The following Roll Call was taken for **Tab E**:

Regina Bell	Yes	Jeff Donofrio	Absent
Carl English	Yes	Rachael Eubanks	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Yes
Mark Burton	Yes	Deb Muchmore	Yes

There were 7 “yes” votes. The resolution was approved.

Lisa Kemmis, Rental Assistance and Homeless Solutions presented **Tab F, Resolution Authorizing Amendment to Professional Services Contract for Independent Contractual Housing Agents – Housing Choice Voucher Program**. Ms. Kemmis reviewed the documents as detailed in the board docket.

Jennifer Grau moved approval of **Tab F.** Carl English Supported. The following Roll Call was taken for **Tab F**:

Regina Bell	Yes	Jeff Donofrio	Absent
Carl English	Yes	Rachael Eubanks	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Yes
Mark Burton	Yes	Deb Muchmore	Yes

There were 7 “yes” votes. The resolution was approved.

John Hundt of Rental Development presented **Tab G, Resolution Determining Mortgage Loan Feasibility, Cliffview Apartments, Development No. 124-2, City of Rochester Hills, Oakland County** and **Resolution Authorizing Mortgage Loans, Cliffview Apartments, Development No. 124-2, City of Rochester Hills, Oakland County** Mr. Hundt reviewed the documents as detailed in the board docket.

Regina Bell requested that Authority staff provide evidence of community support in addition to noting the approval of a PILOT (Payment in Lieu of Taxes), when applicable. Mr. Heidel indicated that additional types of support would be more evident for new construction, whereas this was a rehabilitation project. He also noted that developers work with community residents when requesting a PILOT.

Regina Bell moved approval of **Tab G.** Deb Muchmore Supported. The following Roll Call was taken for **Tab G**:

Regina Bell	Yes	Jeff Donofrio	Absent
Carl English	Yes	Rachael Eubanks	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Yes
Mark Burton	Yes	Deb Muchmore	Yes

There were 7 “yes” votes. The resolution was approved.

John Hundt of Rental Development presented **Tab H, Resolution Determining Mortgage Loan Feasibility, Pine Ridge, Development No. 3924, City of Marquette, Marquette County** and **Resolution Authorizing Mortgage Loans, Pine Ridge, Development No. 3924 City of Marquette, Marquette County.** Mr. Hundt reviewed the documents as detailed in the board docket.

Tyrone Hamilton stated that he was glad to see affordable housing needs addressed in all parts of Michigan. Ms. Eubanks agreed and asked how many developments were in the Upper Peninsula of Michigan and whether a map could be generated to display these locations. Troy Thelen of Asset Management confirmed that the Authority has a presence in many places throughout the state, including Marquette, Escanaba and Sault Sainte Marie.

Tyrone Hamilton moved approval of **Tab H.** Jennifer Grau Supported. The following Roll Call was taken for **Tab H**:

Regina Bell	Yes	Jeff Donofrio	Absent
Carl English	Yes	Rachael Eubanks	Yes
Jennifer Grau	Yes	Tyrone Hamilton	Yes
Mark Burton	Yes	Deb Muchmore	Yes

There were 7 “yes” votes. The resolution was approved.

There being no additional remarks, Ms. Eubanks noted that the following reports were included for information: **(Tab 1)** Short Term Mortgage Relief Policy - Michigan State Housing Development Authority Financed Properties, **(Tab 2)** Short Term Mortgage Relief Policy Monthly Report, **(Tab 3)** Draft 2020-2021 Authority Budget, **(Tab 4)** Hardest Hit Report, **(Tab 5)** Current and Historical Homeownership Data, **(Tab 6)** Homeownership Production Report, and **(Tab 7)** Board Calendar.

Ms. Eubanks further stated that the next two Regular board meetings are June 25, 2020 and July 23, 2020.

Prior to adjourning, Ms. Eubanks focused on questions posed by Authority members via the teleconference chat. Ms. Bell had asked whether the Authority had any properties affected by the recent flooding in Midland County. Mr. Thelen confirmed that no Authority properties were affected. Ms. Kelly Rose of Rental Assistance and Homeless Solutions responded that at least three Housing Choice Voucher (HCV) units were impacted; however, there were several people they were still trying to reach. Ms. Bell requested that the Board be kept updated on this matter.

Ms. Bell also asked if there would be additional funding provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Ms. Rose explained that while no new allocations have been issued, the hope is to have more information by the end of the month. In response to additional questions on how the Authority could provide additional assistance during the pandemic, Mr. Heidel explained that Authority staff are working with the Department of Labor and Economic Opportunity to coordinate relief efforts. Additionally, the progress of the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act is being closely followed. This piece of legislation is currently pending in Congress and addresses many housing matters. Additional resources and opportunities to help should be more evident in the coming weeks.

Ms. Eubanks further noted that the HEROES Act would provide needed support for local and state governments. She mentioned that there has been a significant decline in Michigan's revenue, and the CARES Act only covers new COVID-19 related expenses. As such, she will be watching the HEROES Act closely. Ms. Bell asked that an update on the status of the HEROES Act be provided at the next Board meeting.

Mr. Hamilton requested a transcript/explanation of the MSHDA Modular video shown during the Executive Director's report.

There being no additional comments, Rachael Eubanks requested a motion to adjourn. Tyrone Hamilton moved to adjourn. Regina Bell supported the motion, and it was unanimously approved and accepted. The meeting adjourned at 11:07 a.m.

REVIEWED
By Lisa Ward at 8:47 am, Jun 01, 2020

REVIEWED
By Clarence Stone at 9:37 am, Jun 01, 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

DATE: June 25, 2020

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

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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. The Bank Account Resolution is being amended to add a new account for CARES Act administration and to update the individual in the role of Acting Chief Housing Investment Officer.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

The amendment of the Bank Account Resolution to add a new account for CARES Act administration allows the Authority to utilize funding necessary to support its mission.

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 25, 2020~~February 27, 2020~~

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:

FUND NUMBER	ACCOUNT	BANK NAME
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

95	**CARES ADMIN ACCOUNT**	**BANK OF AMERICA**
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 Executive Director, the 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:

NAME	TITLE
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
Richard M. Norton	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:

NAME	TITLE
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
Richard M. Norton	Deputy Director of Legal Affairs
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing
Jeffrey J. Sykes	Chief Financial Officer
KELLY A. ROSE~~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:

NAME	TITLE

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 25, 2020**~~February 27, 2020~~.

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 **JUNE 25, 2020**~~February 27, 2020~~. I further certify that the true signatures of the signatories authorized to sign on the accounts referred to in the foregoing Resolution appear below.

Name	Title	
Gary Heidel	Acting Executive Director	_____
Clarence L. Stone, Jr.	Director of Legal Affairs	_____
Richard M. Norton	Deputy Director of Legal Affairs	_____
Kelly A. Rose	Chief Housing Solutions Officer	_____
Jeffrey J. Sykes	Chief Financial Officer	_____

KELLY A. ROSE~~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 **JUNE 2020**~~February 2020~~.

_____
Jeff Donofrio, Chair

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED
RESOLUTION DESIGNATING BANK ACCOUNTS AND AUTHORIZING OFFICERS AS TO REQUISITION AND INVESTMENT OF FUNDS

June 25, 2020

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:

FUND NUMBER	ACCOUNT	BANK NAME
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

95	CARES Admin Account	Bank of America
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 Executive Director, the 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:

NAME	TITLE
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
Richard M. Norton	Deputy Director of Legal Affairs
Kelly A. Rose	Chief Housing Solutions Officer
Jeffrey J. Sykes	Chief Financial 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:

NAME	TITLE
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
Richard M. Norton	Deputy Director of Legal Affairs
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing
Jeffrey J. Sykes	Chief Financial Officer
Kelly A. Rose	Acting Chief Housing Investment Officer

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

NAME	TITLE

Jeffrey J. Sykes	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 25, 2020.

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 June 25, 2020. I further certify that the true signatures of the signatories authorized to sign on the accounts referred to in the foregoing Resolution appear below.

Name	Title	
Gary Heidel	Acting Executive Director	_____
Clarence L. Stone, Jr.	Director of Legal Affairs	_____
Richard M. Norton	Deputy Director of Legal Affairs	_____
Kelly A. Rose	Chief Housing Solutions Officer	_____
Jeffrey J. Sykes	Chief Financial Officer	_____
Kelly A. Rose	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 June 2020.

_____
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 *Gary Heidel*

DATE: June 25, 2020

RE: Amended and Restated Resolution Authorizing Signatories

RECOMMENDATION:

I recommend that the attached Amended and Restated Resolution Authorizing Signatories be adopted to add necessary signatories for the administration of the Rental Assistance and Homeless Solutions division.

EXECUTIVE SUMMARY:

In accordance with Section 21 of Public Act No. 346 of the Public Acts of 1966, as amended (the "Act"), from time to time the Michigan State Housing Development Authority (the “Authority”) has adopted resolutions and amendments thereto authorizing certain officers and employees to execute documents on behalf of the Authority (collectively, the "Signatory Resolution"). This Amended and Restated Signatory Resolution will add designated members of the Rental Assistance and Homeless Solutions division as signatories for the purposes specified in the amendment.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

The update to the Signatory Resolution allows for various managers of the division to sign housing assistance payment contracts and other housing grants and contracts. The additional authority is necessary to expedite housing of Michigan’s homeless and low-income populations.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED
RESOLUTION AUTHORIZING SIGNATORIES

~~January 23, 2020~~ June 25, 2020

WHEREAS, Section 21 of Public Act No. 346 of the Public Acts of 1966, as amended (the "Act"), provides that the Michigan State Housing Development Authority (the "Authority") may delegate to one or more agents or employees those powers or duties as the Authority considers proper; and

WHEREAS, the Authority has from time to time adopted resolutions authorizing certain officers and employees to execute documents on behalf of the Authority (hereafter "Signatory Resolutions"); and

WHEREAS, the Acting Executive Director has recommended that the "Amended and Restated Resolution Authorizing Signatories, adopted by the Authority on January 23, 2020 be further amended; 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. Authorized Officers. The Executive Director, Chief of Staff, Chief Housing Investment Officer, Chief Housing Solutions Officer, Chief Financial Officer (formerly, the Director of Finance), Deputy Director of Finance, Director of Legal Affairs, Deputy Director of Legal Affairs, together with any person duly appointed and acting in such capacity, or any of them, are designated Authorized Officers of the Authority. Any one of the Authorized Officers shall have the power and right to approve, give notice of or act on behalf of the Authority in accordance with the provisions of mortgages, notes, contracts, agreements, certificates, exhibits and other documents and amendments thereto executed on behalf of the Authority.

2. Multi-Family Developments. (a) The Authorized Officers, the Director of Development, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents, and amendments or modifications thereto, or releases or discharges therefrom, which from time to time may be necessary or required in connection with Authority-authorized Multi-Family mortgage loans.

(b) Pursuant to Rule 143 of the Authority's General Rules, the Authorized Officers, or any one of them, be and they are hereby authorized to execute mortgage loan commitments on behalf of the Authority.

3. Low Income Housing Tax Credits. The Authorized Officers, the Director of Development, the Director of Asset Management, or any one of them, are hereby authorized to

execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents, and amendments or modifications thereto, or releases or discharges therefrom, which from time to time may be necessary or required in connection with the Authority's Low Income Housing Tax Credit Program.

4. Single-Family Programs; Property Improvement. (a) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all commitments, contracts, certificates, agreements, exhibits, and other documents, and amendments thereto, which from time to time may be necessary or required in connection with the programs administered by the Authority's Homeownership Division including, but not limited to, the Single-Family Loan Program, Mortgage-backed Security Program and Mortgage Credit Certificate Program.

(b) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager - Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are authorized to approve or consent to modifications of Authority mortgages for single family mortgage loans, or agreements related to such mortgage loans, and to execute any and all documents necessary to effectuate such modifications or agreements, in situations where they individually determine that such modification shall not detrimentally affect the Bondholders, or in other situations, provided that the mortgagor shall remain obligated to repay the mortgage loan in sufficient amounts to comply with the provisions of the applicable Bond Resolution.

(c) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager – Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver documents including, but not limited to, deeds, land contracts, and discharges of mortgages relative to the assignment, pay off, termination, or foreclosure of single family mortgages, or to the disposition of single family houses acquired by the Authority.

(d) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager - Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are authorized to approve agreements with lenders and servicers to originate or service single family mortgage loans, or both.

(e) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any person duly appointed and acting in such capacity, or any one of them are hereby authorized to execute and deliver on behalf of the authority any and all commitments, contracts, certificates, agreements, exhibits, and other documents, and amendments thereto, which from time to time may be necessary or required in connection with the Authority's property improvement program.

(f) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any

person duly appointed and acting in such capacity, or any one of them, are hereby individually authorized to execute on behalf of the authority any and all agreements, claims, discharges, assignments, certificates, modifications and other documents which from time to time may be necessary or required in connection with the servicing of the Authority's property improvement program.

5. Land Acquisition and Development Fund. The Authorized Officers, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all agreements, contracts, certificates, exhibits and other documents and amendments thereto, which from time to time may be necessary or required in connection with authorized uses of the land acquisition and development fund.

6. Housing Development Fund; State and Federal Funds; Emergency Solutions Grants.

(a) The Authorized Officers~~,~~ and the Director of Housing Initiatives**,** together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto, which from time to time may be necessary or required in connection with Authority development fund loans, development fund grants, and federal and state funded grants and loans.

(b) The Authorized Officers, together with any person duly appointed and acting in such capacity, or any one of them, are hereby individually authorized to execute on behalf of the Authority any and all agreements, claims, discharges, assignments, certificates, modifications and other documents which from time to time may be necessary or required in connection with the servicing of the Authority's Revitalife Program.

(c) The Authorized Officers, the Director of Rental Assistance and Homeless Solutions, the Homeless Programs Manager, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto, which from time to time may be necessary or required in connection with emergency solutions grants, funds authorized by the McKinney-Vento Homeless Assistance Act, and the HOME program.

7. Contract Administration Program. The Authorized Officers, the Director of Asset Management, the Manager, Federal Contract Administration, together with any person duly appointed and acting in such capacity**,** or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents which from time to time may be necessary or required by the US Department of Housing and Urban Development ("HUD**")** in connection with the Contract Administration programs.

8. Multi-Family Loan Commitments Under $250,000. Pursuant to Rule 143 of the Authority's General Rules, the Executive Director is authorized to issue the Authority's mortgage loan commitments for mortgage loans having principal amounts less than $250,000. In addition, the Authorized Officers, or any one of them, are authorized to issue on behalf of the Authority, without further Authority action, mortgage loan commitments for such loans. Provided, however,

that the Executive Director or other Authorized Officer determines that each applicant is an eligible applicant and that each application is consistent with applicable Authority processing and underwriting procedures and guidelines. Each mortgage loan commitment shall contain such terms, conditions and requirements as may be deemed appropriate by an Authorized Officer.

9. Approval of Documents of Organization. Pursuant to Rule 123 of the Authority's General Rules which empowers the Authority to authorize by resolution Authority employees in addition to the Executive Director to consent to or approve proposed corporate and partnership qualification documents, the Authority hereby authorizes the Director of Legal Affairs or Deputy Director of Legal Affairs, together with any person duly appointed and acting in such capacity, to consent to or approve on behalf of the Authority proposed Articles of Incorporation, Amendments thereto, Articles of Organization, Operating Agreements, Certificates of Partnership, Partnership Agreements, and Amendments to any of the preceding**,** provided that they fully comply with the requirements of the Act.

10. Financial Matters. The Authorized Officers, or any one of them, are hereby individually authorized:

(a) to release from safekeeping, deliver, sell, redeem, exchange or otherwise dispose of, securities held by financial institutions on behalf of the Authority as collateral to secure investments of the Authority when the Authority's interest in the particular collateral is terminated or modified;

(b) to execute drafts or payment vouchers on letters of credit;

(c) to execute and deliver any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto which from time to time may be necessary or required in connection with the sale, delivery, purchase, redemption, and ongoing administration of the Authority's notes and bonds; and

(d) to authorize a paying agent of an Authority obligation to make payment of matured interest coupons lost, destroyed, or wrongfully taken upon the receipt of indemnification satisfactory to the paying agent.

11. Environmental Review. The Executive Director and the Director of Development are each authorized to prepare and execute all documents related to the Environmental Review Record and to certify compliance with the National Environmental Policy Act and other requisite environmental Federal Laws.

12. Authorization Accorded Various Positions. The following members of the Authority Staff named or holding the positions noted hereafter, together with any person duly appointed and acting in such capacity, or their supervisor(s) are individually authorized to execute on behalf of the Authority the following documents or communications:

Director of Development
Chief Architect
- Change Orders

Chief Architect

Staff Architect
- Approval of Plans and Specifications
- Permission To Occupy

Physical Portfolio Manager
Costing Engineer
Chief Architect
- Trade Payment Breakdown

Chief Construction Manager
- Approval of Draw Request (as to percent of work completed)
- Approval or Rejection of Contractor's Equal Employment Opportunity Plans
- Letters of Approval or Rejection of Subcontractors on the Basis of Equal Opportunity Performance

Construction Specialist
- Punchlist

Equal Opportunity Officer
- Approval or Rejection of Affirmative Fair Housing Marketing Plans

Director of Rental Assistance and Homeless Solutions, ~~or~~ Rental Assistance and Homeless Solution Operations Manager**, HOUSING CHOICE VOUCHER FIELD MANAGER, HOUSING CHOICE VOUCHER PROGRAM MANAGER OR HOMELESS SOLUTIONS PROGRAM MANAGER**
- Agreements and Certificates required by HUD in connection with Federal Programs administered by the Authority's Office of Rental Assistance and Homeless Solutions
- All agreements and certifications required in connection with the administration of the Housing Choice Voucher Program

Director of Asset Management
- Agreements and Certificates required by HUD in connection with the management of housing developments financed under the Section 8 New Construction Housing Program
- Management Agreements and Marketing Agreements
- Management Agent Qualification Approvals

Single Family Underwriter
- Single Family Mortgage Loan Commitments

13. The Authorized Officers and any person authorized to execute any document by this resolution may execute any such document electronically, if electronic signature of such document shall otherwise be valid.

14. This Resolution amends and restates the Authority's January 23, 2020 Resolution entitled "Amended and Restated Resolution Authorizing Signatories." All other resolutions specifically authorizing signatories which have not been previously repealed, superseded, or

modified remain in full force and effect. This Resolution shall take immediate effect.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED
RESOLUTION AUTHORIZING SIGNATORIES

June 25, 2020

WHEREAS, Section 21 of Public Act No. 346 of the Public Acts of 1966, as amended (the "Act"), provides that the Michigan State Housing Development Authority (the "Authority") may delegate to one or more agents or employees those powers or duties as the Authority considers proper; and

WHEREAS, the Authority has from time to time adopted resolutions authorizing certain officers and employees to execute documents on behalf of the Authority (hereafter "Signatory Resolutions"); and

WHEREAS, the Acting Executive Director has recommended that the "Amended and Restated Resolution Authorizing Signatories, adopted by the Authority on January 23, 2020 be further amended; 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. Authorized Officers. The Executive Director, Chief of Staff, Chief Housing Investment Officer, Chief Housing Solutions Officer, Chief Financial Officer (formerly, the Director of Finance), Deputy Director of Finance, Director of Legal Affairs, Deputy Director of Legal Affairs, together with any person duly appointed and acting in such capacity, or any of them, are designated Authorized Officers of the Authority. Any one of the Authorized Officers shall have the power and right to approve, give notice of or act on behalf of the Authority in accordance with the provisions of mortgages, notes, contracts, agreements, certificates, exhibits and other documents and amendments thereto executed on behalf of the Authority.

2. Multi-Family Developments. (a) The Authorized Officers, the Director of Development, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents, and amendments or modifications thereto, or releases or discharges therefrom, which from time to time may be necessary or required in connection with Authority-authorized Multi-Family mortgage loans.

(b) Pursuant to Rule 143 of the Authority's General Rules, the Authorized Officers, or any one of them, be and they are hereby authorized to execute mortgage loan commitments on behalf of the Authority.

3. Low Income Housing Tax Credits. The Authorized Officers, the Director of Development, the Director of Asset Management, or any one of them, are hereby authorized to

execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents, and amendments or modifications thereto, or releases or discharges therefrom, which from time to time may be necessary or required in connection with the Authority's Low Income Housing Tax Credit Program.

4. Single-Family Programs; Property Improvement. (a) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all commitments, contracts, certificates, agreements, exhibits, and other documents, and amendments thereto, which from time to time may be necessary or required in connection with the programs administered by the Authority's Homeownership Division including, but not limited to, the Single-Family Loan Program, Mortgage-backed Security Program and Mortgage Credit Certificate Program.

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(c) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager – Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver documents including, but not limited to, deeds, land contracts, and discharges of mortgages relative to the assignment, pay off, termination, or foreclosure of single family mortgages, or to the disposition of single family houses acquired by the Authority.

(d) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager - Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are authorized to approve agreements with lenders and servicers to originate or service single family mortgage loans, or both.

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person duly appointed and acting in such capacity, or any one of them, are hereby individually authorized to execute on behalf of the authority any and all agreements, claims, discharges, assignments, certificates, modifications and other documents which from time to time may be necessary or required in connection with the servicing of the Authority's property improvement program.

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(c) The Authorized Officers, the Director of Rental Assistance and Homeless Solutions, the Homeless Programs Manager, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto, which from time to time may be necessary or required in connection with emergency solutions grants, funds authorized by the McKinney-Vento Homeless Assistance Act, and the HOME program.

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(b) to execute drafts or payment vouchers on letters of credit;

(c) to execute and deliver any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto which from time to time may be necessary or required in connection with the sale, delivery, purchase, redemption, and ongoing administration of the Authority's notes and bonds; and

(d) to authorize a paying agent of an Authority obligation to make payment of matured interest coupons lost, destroyed, or wrongfully taken upon the receipt of indemnification satisfactory to the paying agent.

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Chief Architect
- Change Orders

Chief Architect

Staff Architect
- Approval of Plans and Specifications
- Permission To Occupy

Physical Portfolio Manager
Costing Engineer
Chief Architect
- Trade Payment Breakdown

Chief Construction Manager
- Approval of Draw Request (as to percent of work completed)
- Approval or Rejection of Contractor's Equal Employment Opportunity Plans
- Letters of Approval or Rejection of Subcontractors on the Basis of Equal Opportunity Performance

Construction Specialist
- Punchlist

Equal Opportunity Officer
- Approval or Rejection of Affirmative Fair Housing Marketing Plans

Director of Rental Assistance and Homeless Solutions, Rental Assistance and Homeless Solution Operations Manager, Housing Choice Voucher Field Manager, Housing Choice Voucher Program Manager or Homeless Solutions Program Manager
- Agreements and Certificates required by HUD in connection with Federal Programs administered by the Authority's Office of Rental Assistance and Homeless Solutions
- All agreements and certifications required in connection with the administration of the Housing Choice Voucher Program

Director of Asset Management
- Agreements and Certificates required by HUD in connection with the management of housing developments financed under the Section 8 New Construction Housing Program
- Management Agreements and Marketing Agreements
- Management Agent Qualification Approvals

Single Family Underwriter
- Single Family Mortgage Loan Commitments

13. The Authorized Officers and any person authorized to execute any document by this resolution may execute any such document electronically, if electronic signature of such document shall otherwise be valid.

14. This Resolution amends and restates the Authority's January 23, 2020 Resolution entitled "Amended and Restated Resolution Authorizing Signatories." All other resolutions specifically authorizing signatories which have not been previously repealed, superseded, or modified remain in full force and effect. This Resolution shall take immediate effect.

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 *Gary Heidel*

DATE: June 25, 2020

RE: Resolution Authorizing Professional Services Contract with Plante Moran, PLLC as External Auditor

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RECOMMENDATION:

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

CONTRACT SUMMARY:

Name of Contractor:	Plante Moran, PLLC
Amount of Contract:	• $139,775 for financial audit of fiscal year ending June 2020, including expenses. • $57,152 for the additional single audit required per Single Audit Amendments of 1996, including expenses. • Additional services billed between $103/hour and $205/hour.
Length of Contract:	1 year
Extension Options:	Third-party yearly extensions
Request for Start Date:	July 1, 2020
Number of Bids Received:	0
MSHDA Division Requesting the Contract:	Finance

EXECUTIVE SUMMARY:

Services Requested / Benefit: The Authority requires an independent, third-party contractor to perform certain annual audits. Independent auditing, in accordance with audit-industry standards, benefits the Authority by demonstrating the quality of its financial controls to the public, bond investors, and governmental-oversight authorities.

The Authority is a third-party beneficiary to a contract executed in 2012 between the OAG and the Contractor for performance of an annual end-of-year financial audit of the Authority and an additional single audit of the Authority pursuant to the Single Audit Act Amendments of 1996 ("Public Law 104-156"). The OAG has extended the 2012 contract with the Contractor to continue providing auditing and related services in accordance with the terms and conditions of the contract. Following OAG's periodic extensions of the contract, the Authority has likewise re-authorized engaging in and renewing this contract as a third-party beneficiary. The current third-party beneficiary approval will expire on June 30, 2020.

By renewing as a third-party beneficiary to the contract, the Authority will ensure continuation of the audit and related services with minimal disruption to the Authority, assuring compliance with audit requirements. If approved, the contract will expire on June 30, 2021.

Amount of Contract: Costs of the contract are based on: (a) actual hours spent on the engagements and shall not exceed $139,775 (previously $139,370 for 2019) for the 2020 financial audit; (b) $57,152 (previously $56,670 for 2019) for the 2020 single audit, plus expenses; and (c) additional allowances for cap increase if there are major new programs with bond offerings and other services to be billed between $103/ hour and $205/hour (previously $100/hour and $200/hour, for 2019, respectively).

Meeting Expectations: The Contractor has consistently met and/or exceeded expectations and has been approved by the OAG to provide the described services.

Milestones and Track Record: Milestones are set in the prior and proposed contract extensions in the form of demonstrated adherence to industry standards and deadlines for production of audit reports. The Contractor has successfully met milestones in performing prior contracts.

Risk to Authority: Preparation of audits involves performing procedures to obtain the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. The risk to the Authority of engaging in the proposed contract is similar to that facing the Authority with any other audit-service provider. This Contractor's positive past performance and approval by the OAG mitigates such risk.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

- The continued provision of quality audit services by the Contractor will aid the Authority in data-driven decision making.
- Agreement to adopt the contract as approved by the OAG demonstrates partner collaboration within State government.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING PROFESSIONAL SERVICES CONTRACT FOR AUDITING SERVICES WITH PLANTE MORAN, PLLC AND MICHIGAN OFFICE OF AUDITOR GENERAL

June 25, 2020

WHEREAS, pursuant to Act 346 of the Public Acts of 1966 ("Act"), the Michigan State Housing Development Authority ("Authority) has approximately $2.8 billion in outstanding bonds to assist in the development of affordable housing for low and moderate income Michigan households; and

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

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

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

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

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

WHEREAS, the Authority's approval to continue as a third-party beneficiary to the OAG contract is set to expire on June 30, 2020; and

WHEREAS, terms and conditions of the contract include increased costs, increasing the dollar amount previously authorized by the Authority for the financial audit to an amount not to exceed $139,775 and for the single audit to an amount not to exceed $57,152; and

WHEREAS, the terms and conditions of the contract include a fee increase for services related to bond offerings and other non-audit services to hourly rates ranging from $103/hour to $205/hour; and

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

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

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

MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director

DATE: June 25, 2020

RE: The Michigan State Housing Development Authority's 2020 – 2021 Proposed Budget

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RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") review and comment on the Authority's 2020-2021 Budget (the "Budget").

EXECUTIVE SUMMARY:

The Budget was developed with input from all divisions within the Authority, the review of prior years' experience and consideration of the uncertainty created by the COVID pandemic. The Authority's Mission, Vision and Guiding Principles drive the creation of the Budget.

A few notable items include:

- Net Interest Income is up as loan balances are increasing. This is due to an increase in mortgage interest income from increasing mortgage balances and higher returns on investments. These gains will be partially offset by lower returns on investments and an increase on interest expenses on bonds, as bonds outstanding have increased over the past year. Net Interest Income is generated while the Authority is meeting its Mission to provide quality affordable housing.
- Salaries and Fringes have decreased ($1.2 million) due to the State Historic Preservation Office ("SHPO") transferring to Michigan Strategic Fund and the impact of the current State hiring freeze.
- Mortgage Servicing Fees continue to increase, primarily due to increased single-family mortgage balances and the anticipated higher cost of servicing delinquent loans.
- Provision for losses on mortgage loans have been increased ($3.8 million) to take into consideration the economic impact of the COVID pandemic.
- The Authority is targeting a 1.00% return on Net Assets, bringing a budgeted increase in Net Assets of $8.0 million.

- By targeting a 1.00% increase in Net Assets, the Authority can provide $10.2 million in grants for the 2020-21 fiscal year.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

The Authority's annual budget was developed with consideration given to the Authority's Mission, Vision, and Guiding Principles and community impact/support. Below are a few examples.

People First

This Budget includes funding for an IT project that will increase communication and efficiency between Authority staff and multifamily developers. The IT project should lead to a more efficient review and underwriting process for affordable multifamily housing.

Diversity, Equity, and Inclusion

This Budget includes funding for contracts that will assist the Authority in the analysis of impediments to fair housing choices.

Decision Making

This Budget takes into consideration economic data and recent results to forecast Net Interest Income during a time of very little visibility. The COVID pandemic has influenced a more conservative view of the upcoming year's production and reserves.

Partner Collaboration

This Budget increases Grant funds in an effort for the Authority to better assist our partners and customers address the unknown caused by the COVID pandemic.

The Authority generally awards grants to nonprofits and public bodies to support and impact communities and neighborhoods. Over the years, Authority grants have funded, among other activities, matches for emergency shelter grants, neighborhood stabilization efforts, and housing enhancements in low to moderate income areas.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

Michigan State Housing Development Authority
PROPOSED 2020-21 BUDGET
(000's Omitted)

DRAFT

	PROPOSED BUDGET 20-21		ESTIMATED 12 MONTH 19-20	BUDGET 19-20	12 MONTH ESTIMATED VS. BUDGET	BUDGET INCREASE (DECREASE)	
Revenue:							
Net interest income	$63,312	1	$62,155	$61,169	$986	$2,143	3000, 4000 & 8020
HCV/FSS fees	17,500	2	17,600	17,500	100	0	070-3050-435
Fees - Other federal programs	4,200	3	5,550	5,500	50	(1,300)	070-3050-(270-292), 650, 655, 855 & 890
Preservation fee income	2,291	4	3,250	550	2,700	1,741	093-6010
LIHTC Fees	3,900	5	4,965	3,900	1,065	0	3110
Contract Administration fees	8,415	6	8,510	8,200	310	215	070-3050-445
Gain (loss) on retirement of bonds	1,560	7	2,645	200	2,445	1,360	4200
Gain (loss) on sale of investments	0	8	35	0	35	0	4100
Gain on sale of mortgages	960	9	1,120	400	720	560	4400
Miscellaneous income	3,540	10	7,350	7,212	138	(3,672)	3040, 3100, 4300, 6020 & 6100
Total Revenue	$105,678		$113,180	$104,631	$8,549	$1,047	
Expenses:							
Operating Expenses:							
Salaries and fringes	$33,890	11	$34,526	$35,188	(662)	(1,298)	(7010 - 7030)
Technical service contracts	5,743	12	5,702	5,520	182	223	7040
General contracts	1,411	13	619	1,420	(801)	(9)	7050
Rent, building depreciation and utilities	1,224	14	1,204	1,248	(44)	(24)	7120
Buiding maint, equipment purchase & rental	954	19	831	1,080	(249)	(126)	7140, 7290, 7300 & 7320
Computer	6,985	15	5,670	7,131	(1,461)	(146)	7130
State charges for Attorney General, Auditor General, Civil Service and admin	3,180	16	3,250	3,456	(206)	(276)	7150
Travel	348	17	348	360	(12)	(12)	7080
Telephone	228	17	228	252	(24)	(24)	7070
Supplies, printing and postage	288	17	288	408	(120)	(120)	7060 & 7100
Advertising and publicity	1,450	20	1,528	1,450	78	0	(7210 - 7230) & 7270
HCV contracted agents	9,530	21	9,444	9,530	(86)	0	7350
Memberships, subs., & research mat.	84	17	84	144	(60)	(60)	7180
Authority sponsored conf.	240	18	240	312	(72)	(72)	7110
Conference registration fees	96	17	96	96	0	0	7160
Temporary support	36	22	30	36	(6)	0	7200
Legal & insurance	480	23	460	420	40	60	7240 & 7260
Miscellaneous	444	17	3,744	276	3,468	168	7090, 7170, 7190 & 8040
Deferred loan origination costs	(1,380)	24	(1,125)	(1,380)	255	0	7800
Total Operating expenses	65,231		67,167	66,947	220	(1,716)	
Single Family & HIP Mortgage servicing/origination/FHA insurance fees	7,740	25	7,172	6,720	452	1,020	9200, 9300 & 9350 (200 & 035)
Costs of issuing & paying notes & bonds	2,700	26	3,175	2,700	475	0	(7500 - 7540)
Bond insurance, LOC & Liquidity fees	1,953	27	2,747	2,806	(59)	(853)	9330
Provision for losses on Mort. loans	8,600	28	10,140	4,800	5,340	3,800	9500
Rent Subsidies	540	29	(720)	660	(1,380)	(120)	(7700 - 7720)
Grants	10,235	30	9,360	9,360	0	875	9600
Homeownership Counseling	650	31	695	600	95	50	7330
Total expenses	$97,649		$99,736	$94,593	$5,143	$3,056	
Net Increase in fund balance	$8,029		$13,444	$10,038	$3,406	($2,009)	

Notes 1 - 31 - - See pages following

802,900	Estimated Net Assets	$8,029	1.00% Return on Net Assets
		$0	

					SALARIES		
				MONTHLY	WITH		
MONTH	DAYS			SALARIES	LONGEVITY	$34,485.28	
July	23	8.78%				**$3,027.33**	
Aug	22	8.40%				**$2,895.71**	
Sept	21	8.02%				**$2,764.09**	
Oct	23	8.78%				**$3,149.64**	
Nov	21	8.02%				**$2,944.37**	
Dec	22	8.40%				**$2,953.62**	
Jan	23	8.78%				**$3,087.88**	
Feb	20	7.63%				**$2,685.11**	
Mar	22	8.40%				**$2,953.62**	
Apr	22	8.40%				**$2,953.62**	
May	21	8.02%				**$2,819.37**	
June	22	8.40%				**$2,953.62**	
TOTAL	262	100.00%		$0.00	$0.00	$35,188.00	35188
	Budget Total			$35,983.00			
	October Longevity			$125.00			
				$35,858.00			

INTEREST INCOME

MONTH	MORTGAGE LOANS	INVESTMENTS	INTEREST EXPENSE	INTEREST INCOME
July	12,058	1,248	8,529	4,777
Aug	12,212	1,152	8,529	4,835
Sept	12,374	1,095	8,948	4,521
Oct	12,529	1,018	8,766	4,781
Nov	12,691	969	8,766	4,894
Dec	12,832	1,108	8,376	5,564
Jan	12,927	1,046	8,785	5,188
Feb	13,109	1,161	9,108	5,162
Mar	13,245	1,064	9,108	5,201
Apr	13,393	1,011	8,926	5,478
May	13,537	995	9,335	5,197
June	13,685	1,084	9,198	5,571
TOTAL	154,592	12,951	106,374	61,169

NOTES **DRAFT**

(1) Net interest income is budgeted at $63,312,000, which is $2,143,000 more than was budgeted in FY 20. We anticipate lower rates earned on higher average balances for mortgage loans compared to FY 20. Lower interest rates received on higher average balances for investments are anticipated for FY 21. We anticipate bond interest expense to increase due to lower interest rates paid on higher bond balances in FY 21 over the budgeted amount in FY 20.

The components of interest income are estimated as follows:

	Average Balance	Average Rate	Budget Amount
Interest income:			
Mortgage loans	$3,594,017,000	4.683 %	$168,294,000
Investments	$ 698,300,000	1.526 %	10,653,000
Interest expense on bonds	$3,366,668,000	3.435 %	(115,635,000)
Net interest income			$ 63,312,000

(2) Housing Choice Voucher and Family Self Sufficiency Administration fees are expected to stay flat compared to the prior year's budget.

(3) Represents funds available for administering other federal programs, including the HOME Program* ($1,600,000), CoC Program* ($60,000), Section 811 Program* ($80,000), ESG* ($260,000), Hardest-Hit Fund* ($1,500,000) and the Housing Trust Fund Program ($700,000).

(4) Budgeted amount includes preservation fees of 2,191,000 from anticipated prepayments on multifamily loans and $100,000 of funds received from the required annual payments from projects surplus cash. The amount of preservation fee income could vary significantly from the budgeted amount. It is based on large payments from a small number of projects that are anticipated to prepay their multi-family loan. Actual prepayments may not take place or may exceed our expectations.

(5) Fees for administering the Low Income Housing Tax Credit Program.

(6) Fees expected to be received for administering the HUD Section 8 Contract Administration Program.

(7) Whether a bond retirement results in a gain or loss depends on the interest rate of the bond called relative to the average rate on the issue from which the bond is being called. We are budgeting a gain of $1,560,000 for 2021.

(8) We have projected no gain from the sale of other long-term investments.

(9) Gain on the sale of securitized single-family loans and REO multi-family loans.

(10) Budget amount of $3,540,000 includes fees expected to be received from administering the Mortgage Credit Certificate program ($100,000)*, administrative oversight fees to be received from developments that have prepaid their mortgage loans ($500,000)*, late fee/prepayment penalties on mortgages ($1,000,000)*, amortization of asset management fees ($380,000)*, fees for the issuance of limited obligation bonds ($0), recognition of Below Market Interest Rate Program ($1,129,000) and various smaller income items of ($431,000).

(11) Budget requests by Division are as follows:

	Positions Filled	Cost

Executive:		
Director's Office	3.0	$ 287,371
Deputy Director's Office	0.0	0
Governmental and Media Affairs	5.9	386,217
Compliance, Fraud & Internal Audit	9.0	608,130
Employee Services	3.0	278,769
Students & Co-ops	1.4	42,000
	22.3	$1,602,487
Fringes (75%)		1,201,865
TOTAL		$2,804,352
Operations:		
Director's Office	4.0	$ 370,056
Technical Support Services	9.0	665,174
Office Services	8.0	550,272
Human Resources	4.0	326,208
	25.0	$1,911,710
Fringes (75%)		1,433,783
TOTAL		$3,345,493
Finance:		
Director's Office	2.0	$ 228,156
Accounting & Investments	7.0	453,910
Single Family Servicing	3.8	211,147
Multi-Family Servicing	4.0	226,840
Audit	3.0	268,057
Operations – HVP	3.0	254,736
Students & Co-ops	2.1	63,000
	24.9	$1,705,846
Fringes (75%)		1,279,385
TOTAL		$2,985,231
Legal:		
Director's Office	7.0	$ 569,293
Staff Attorneys	7.0	689,332
Procurement	2.0	148,624
Students & Co-ops	0.7	21,000
	16.7	$1,428,249
Fringes (75%)		1,071,187
TOTAL		$2,499,436

(11) Budget requests by Division (continued)

	Positions Filled	Cost
Housing Initiatives:		
Director's Office	1.0	$99,347

Southeast Michigan Outreach	6.0	538,892
Neighborhood Initiatives	6.0	484,437
Students & Co-ops	1.4	31,000
	14.4	$1,153,676
Fringes (75%)		865,257
TOTAL		$2,018,933

***Rental Assistance & Housing Solutions:**

Director's Office	4.0	$379,139
Rent Assistance	28.6	2,057,098
Homeless Initiatives	9.0	639,346
Students & Co-ops	2.8	84,000
	44.4	$3,159,583
Fringes (75%)		2,369,687
TOTAL		$5,529,270

*Federally Funded

Asset Management:

Director's Office	1.0	$125,176
Transactions & Preservation	8.0	617,756
Core Operations Intake	9.0	636,234
Finance/Technology	4.0	322,366
Contract Administration/Operations Division	11.0	783,063
Compliance Monitoring	8.0	581,863
Students & Co-ops	3.5	94,000
	44.5	$3,160,458
Fringes (75%)		2,370,344
TOTAL		$5,530,802

Homeownership:

Director's Office	2.0	$ 177,250
Single Family/MCC	16.0	1,046,151
Marketing	8.0	590,069
Foreclosure Prevention *	5.0	274,593
Students & Co-ops *	0.0	0
	31.0	$2,088,063
Fringes (75%)		1,566,047
TOTAL		$3,654,110

*Federally Funded

(11) Budget requests by Division (continued)

	Positions Filled	**Cost**
Rental Development:		
Director's Office	6.0	$435,432
Multi-family Development	6.0	504,732
Design and Construction Management	5.0	472,974
EEO and Construction Disbursements	5.0	417,057
Environmental Quality	2.0	186,709

Low Income Housing Tax Credit	6.0	376,466
Students & Co-ops	0.7	10,000
	30.7	$2,403,370
Fringes (75%)		1,802,528
TOTAL		$4,205,898

Total Salaries July 1, 2020	253.9	$18,613,442
Total Fringes July 1, 2020		$13,960,083
General increase effective October 1, 2020 (2% of base wages)		488,603
General increase effective April 1, 2021 (1% of base wages)		81,434
		$33,143,562

Summary of Costs:

Projected salary cost of positions	$33,143,562
Vacant positions salaries (24)	1,961,977
Vacant positions fringes	1,471,483
Unfilled Vacant Positions (80%)	(2,746,768)
Estimated sick and annual leave accrual	60,000
Total budgeted salaries and fringes 20-21	$33,890,254

(12) Production-related Contracts:

	2020-21 Proposed Budget	**2019-20 Budget**
Multi-Family:		
Design Review	$48,000	25,000
Marketing	13,000	0
Environmental and Technical Resources	70,000	70,000
Sub total	$131,000	$95,000
Contract Administration*:		
Asset Management	$3,520,000	$3,215,000
Consulting	50,000	50,000
TRACS Processing	950,000	815,000
Sub total	$4,520,000	$4,080,000
Single Family Foreclosure Services	250,000	250,000
Environmental Legal Matters	40,000	40,000
Capital Needs and Project Assessments	82,000	123,000
TRACS Processing	245,000	440,000
Contractual Tenant File Audits/Physical Inspections	475,000	492,000
Total	$5,743,000	$5,520,000

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

(13) General Contracts:

	2020-21 Proposed Budget	2019-20 Budget
Operations Contracts	$ 153,000	$100,000
Executive Contract	200,000	250,000
Legal Contracts	158,000	191,000
Housing Initiatives Contracts	275,000	280,000
Housing Voucher Program Contracts	462,000	229,000
SHPO Contracts	0	257,000
Miscellaneous	163,000	113,000
	$1,411,000	$1,420,000

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

	Proposed Budget
Rent:	
GM Building	384,000
Romney Building (H4HH) *	102,000
	$486,000
Depreciation on 735 E. Michigan Avenue:	$ 525,000
Utilities:	
735 E. Michigan Avenue	$ 213,000
Total	$1,224,000

* Federally Funded

(15) Computer:

	2020-21 Proposed Budget	2019-20 Budget
Emphasys system	$1,958,000	$1,900,000
Agate	775,000	775,000
DTMB	3,437,000	3,205,000
Smaller Ongoing Commitments	0	351,000
New IT Projects	815,000	900,000
	$6,985,000	$7,131,000

(16) State Charges include:

Proposed Budget	Budget

	20-21	19-20
Attorney General	$1,200,000	$1,200,000
Auditor General	120,000	120,000
*Civil Service	600,000	636,000
*DTMB Support	252,000	240,000
*TED Admin	1,008,000	1,260,000
	$3,180,000	$3,456,000

(17) Prior year estimated actual amount. Miscellaneous Expenses had a one time fee of $3,300,000 for SHPO transition. Without that transaction, the estimated actual would be $444,000.

(18) Amount for Authority sponsored conferences.

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

(20) Advertising and publicity (needs updating)

	Proposed Budget 20-21
Advertising	
Campaign – Media/PR/Creative	900,000
Video Creation	250,000
Misc. Advertising, Marketing, Promotion & Outreach Items	300,000
Total	$1,450,000

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

(22) Temporary clericals and laborers.

(23) Budget amount includes $335,000 of legal fees and $145,000 for insurance premiums. Legal fees and insurance premiums expected to be higher in FY 21.

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

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

	20-21 Budget	19-20 Budget
Single Family Servicing Fees -	$6,000,000	$5,000,000
HIP Servicing Fees -	105,000	125,000
Cost of Loan Origination (a) -	1,575,000	1,530,000
HIP Origination Fees -	10,000	15,000

HIP FHA Insurance Premiums -	50,000	50,000
Total	$7,740,000	$6,720,000

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

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

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

(28) Assumes $5,000,000 of write-offs and will increase current reserve balance by $3,600,000.

(29) Represents estimated expenditures for the Authority's rent subsidy programs that (1) provide up to a $300 per unit per year subsidy for the total number of units in a project under the prior multi-family program ($90,000), (2) provide a subsidy of up to $400 per unit for each unit in a development under our taxable program so that some of the units can be afforded by very low income tenants who would otherwise be paying more than 40% of their income for rent ($300,000), and (3) ($220,000) for small size and security loans which are being expensed as paid due to the uncertainty of repayment. Excess subsidy repayments are estimated at ($70,000).

(30) Of the $10,235,000, $5,502,000 will be allocated to a number of programs that require a match in order for MSHDA to be eligible for Federal Funds. Sponsorships, in the amount of $185,000, will be moved from Advertising to the Grants line item. The remaining $4,548,000 Grant Funds will be allocated throughout the FY.

(31) This counseling network is an ongoing responsibility of MSHDA with annual costs estimated at $650,000.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION APPROVING
2020-2021 BUDGET

June 25, 2020

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

WHEREAS, the Acting Executive Director has recommended that the Authority approve the adoption of the 2020-2021 Budget as described in the accompanying memorandum; and

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

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

1. The Michigan State Housing Development Authority's 2020-2021 Budget is hereby adopted, subject to the terms of the accompanying memorandum.

2. The Executive Director and the Chief Financial Officer, or any person duly authorized to act in either of the foregoing capacities, each are hereby authorized to implement the 2020-2021 Budget.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Executive Director *Gary Heidel*

DATE: June 25, 2020

RE: CityLine Apartments; MSHDA Development No. 44c-170

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt an inducement resolution with respect to the project described in the attached report.

PROJECT SUMMARY:

MSHDA No:	44c-170
Development Name:	CityLine Apartments
Development Location:	City of Kentwood, Kent County
Sponsor:	Herman & Kittle Properties, Inc.
Borrower:	CityLine Apartments Limited Dividend Housing Association Limited Partnership
Financing Program:	Limited Obligation Mortgage Revenue Note issued under Section 44c
Number of Units (Affordable and Market Rate):	240
Construction Method:	New Construction
Total Development Cost	$44,264,316
Total MSHDA Loan Amount:	$25,000,000
Sponsor Loan:	$1,591,266
LIHTC Equity:	$14,625,058
GP Contribution:	$100
Interim Income:	$1,631,863
Commitment Deposit:	$463,200
Initial Funding Lender	Churchill Stateside Group
Permanent Funding Lender	Federal Home Loan Mortgage Corporation (Freddie Mac)
Credit Enhancement:	Credit enhancement has not been approved by all necessary parties. Prior to the Board

issuing a Note Resolution and Mortgage Loan Commitment Resolution, credit enhancement must be in a form acceptable to the Office of Attorney General, the Authority's Director of Legal Affairs and the Authority's Chief Financial Officer.

EXECUTIVE SUMMARY:

The Borrower proposes to construct a 240-unit development (the "Development") in the City of Kentwood, Kent County, Michigan, using an Authority loan of $25 million financed with the proceeds of a multifamily limited obligation revenue note ("MSHDA Note") issued for the Development pursuant to Section 44c of the Authority's enabling act.

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue bonds or notes that are not a general obligation of the Authority and are not backed by the moral obligation of the State to make loans to finance eligible multifamily housing projects. The MSHDA Note will be a "limited obligation" of the Authority with the security limited to the assets of the Borrower, the project, and the credit enhancement arranged by the Borrower.

I am recommending Board approval, subject to Borrower providing an acceptable form of credit enhancement, for the following reasons:

- The Developer's application satisfies the requirements for the issuance of an inducement resolution.
- An affordable housing development will be built.

ADVANCING THE MISSION AND MUNICIPAL SUPPORT/COMMUNITY SUPPORT:

- Approving an inducement resolution will allow this proposed development to incur costs necessary for acquiring and constructing an affordable housing development. However, issuance of an inducement resolution does not guaranty issuance of a note or mortgage loan commitment.
- 100% of the units will be reserved for tenants at 60% of Area Median Income.
- Municipal support is evidenced by the City of Kentwood providing a payment in lieu of taxes (PILOT).
- The public will have the opportunity to provide comment at a TEFRA Hearing, as required under the Tax Equity and Fiscal Responsibility Act of 1982.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Short-Term Bond program was designed to fund construction loans with limited obligation bonds with credit enhancement provided from a HUD 221(d)(4) loan or similar governmental loan. Although CityLine does not fit the Short-Term Bond model, it may comply with Section 44c of the

Authority's Act if an acceptable form of credit enhancement is provided. If an acceptable form of credit enhancement is not provided, the Authority will not authorize the issuance of a mortgage loan or a note with which to finance the mortgage loan.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

44c LIMITED OBLIGATION PASS-THROUGH NOTE

LOAN STAFF REPORT

June 25, 2020

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt an inducement resolution with respect to the project described in the attached report.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

MSHDA No.:	44c-170
Development Name:	CityLine Apartments
Development Location:	City of Kentwood, Kent County
Eligible Distressed Area:	No
Sponsor:	Herman & Kittle Properties, Inc.
Borrower:	CityLine Apartments Limited Dividend Housing Association Limited Partnership
Number of Units:	240 Units
Construction Method:	New Construction
Financing Program:	Multifamily Limited Obligation Revenue Note issued under Section 44c
Initial Funding Lender	Churchill Stateside Group
Permanent Funding Lender	Federal Home Loan Mortgage Corporation (Freddie Mac)
Total Development Cost:	$44,264,316
Total MSHDA Loan:	$25,000,000 (60.06% of aggregate basis)
Sources of Financing:	Due to statutory cap of $25,000,000 on MSDHA loan, the balance of construction loan will be funded by $10,000,000 mortgage note from Borrower to Initial Funding Lender
Credit Enhancement:	Credit enhancement has not been approved by all necessary parties. Prior to the Board issuing a Note Resolution and Mortgage Loan Commitment Resolution, credit enhancement must be in a form acceptable to the Office of Attorney General, the Authority's Director of Legal Affairs and the Authority's Chief Financial Officer.
Other Security:	First priority mortgage and security interest in the Project
Commitment Fee:	1.74% of the Loan Amount

The material contained in this staff report is submitted to the Authority for information only. The Authority does not underwrite Pass-Through Bond or Note loans. To the extent that any

information contained herein conflicts with the documents relating to the issuance of a tax-exempt limited obligation note and the making of the construction and permanent loan, the latter documents shall control.

PROGRAM DESCRIPTION:

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue bonds or notes that are not a general obligation of the Authority and are not backed by the moral obligation of the State to make loans to finance eligible multifamily housing projects. The proposed Authority Multifamily Limited Obligation Revenue Note (the "MSHDA Note") will be a "limited obligation" of the Authority with the security limited to the assets of the Borrower, the project, and the credit enhancement arranged by the Borrower.

The proposed financing does not fit the parameters of the Authority's Pass-Through Short-Term Bond Pilot Program because it will be a long term construction and permanent loan financing. The proposed financing is, however, permitted by Section 44c of the Authority's enabling act. There is no current MSHDA program designed for long term pass-through bond financings, but the Authority has issued long term pass-through bond financings in the past for similar qualified residential rental projects under Section 142 of the Internal Revenue Code. The Authority's Limited Obligation Note will be a tax exempt obligation which requires a $25,000,000 private activity bond volume cap allocation.

PROPOSAL SUMMARY:

CityLine Apartments Limited Dividend Housing Association Limited Partnership (the "Borrower") proposes to construct a 240-unit development (the "Development") in the City of Kentwood, Kent County, Michigan, using an Authority loan of $25 million dollars financed with the proceeds of a limited obligation note ("MSHDA Note") issued for the Development pursuant to Section 44c of the Authority's enabling act. All 240 units (72 one-bedroom, 120 two-bedroom, 48 three-bedroom apartments) of the proposed development will be targeted to family households with incomes at or below sixty percent (60%) of area median income. The proposed development will also be subject to a PILOT.

Section 44c of the Act limits the maximum amount of the MSHDA Note to $25,000,000 because this project is not located in a "distressed area".

CREDIT ENHANCEMENT:

Credit enhancement has not been approved by all necessary parties. This inducement is being presented to the Board now so the Authority does not lose the volume cap set-aside. Prior to the Board issuing a Note Resolution and Mortgage Loan Commitment Resolution, credit enhancement must be in a form acceptable to the Office of Attorney General, the Authority's Director of Legal Affairs and the Authority's Chief Financial Officer.

CONDITIONS:

1. Income Limits:

The Borrower must enter into a Regulatory Agreement with the Authority requiring that 100% of the 240 units in the Development (72 one-bedroom, 120 two-bedroom, 48 three-bedroom) must be rented or available for rental by tenants whose incomes do not exceed the lesser of (a) the limits required by the Housing Assistance Payments ("HAP") contract or (b) the 60% income limit for Multifamily Tax Subsidy Projects as determined by HUD with respect to projects financed pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), as further amended by the Housing and Economic Recovery Act of 2008 (P.L. 110-289) ("MTSP Limits"), adjusted for family size. These occupancy restrictions shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority loan remains outstanding, but in no event for less than the period of time required by the terms of the Low Income Housing Tax Credit ("LIHTC") Regulatory Agreement or the period required by Section 142(d) of the Code.

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

2. <u>Limitations on Rental Rates:</u>

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 100% of the units in the Development (72 one-bedroom, 120 two-bedroom, 48 three-bedroom) shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority loan remains outstanding, but in no event for less than the period of time required by the terms of the LIHTC Regulatory Agreement, known as the Extended Use Period.

In the event that relevant median incomes as determined by HUD decrease at any point in time during the tax credit compliance period, the Borrower must agree to reduce rents according to the formula stated above as of the date required by the LIHTC Program. Such reductions in rents will not restrict the Borrower's right to receive HAP subsidy above the adjusted rents.

3. <u>Covenant Running with the Land:</u>

The Borrower must subject the Development site to a covenant running with the land to preserve the tax-exempt status of the MSHDA Note. 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 fifteen (15) years after fifty percent (50%) of the residential units in the project are occupied, the first day on which the MSHDA Note is no longer outstanding, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates (the "Qualified Project Period"). Additionally, during the Qualified Project Period, the minimum set-aside requirements of the Code must be maintained, namely, at least forty percent (40%) of the units in the Development must be occupied or held available for occupancy by individuals whose income is lower than the MTSP Limits sixty percent

(60%) income limit adjusted for family size. 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.

4. Limitation on Return on Equity:

The Borrower must agree that its return on equity will be limited to twelve percent (12%) for the first twelve (12) month period following substantial completion of the Development, with annual one percent (1%) increases thereafter, subject to a maximum allowable return of 25% under Section 44c(12) of the Act, and to submit an annual financial statement evidencing its eligibility for return no later than ninety (90) days after the close of the Borrower's fiscal year. The Borrower's return is fully cumulative. The amount of the Borrower's equity will be determined by the Authority.

5. Note and Tax Credit Requirements:

The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel that the structure of the transaction will permit the Borrower to claim the four percent (4%) tax credit.

6. Compliance Monitoring and Reporting Requirements:

The Borrower must agree to provide the Authority on or before September 1 of each year with a report in a form acceptable to the Authority, including such information as is required by Section 44c of the Act. The Borrower must also agree to participate in compliance monitoring activities relative to the MSHDA Note and the tax credits allocated to the Development, as required by the Authority's Compliance Monitoring staff, and to pay an annual compliance monitoring fee not to exceed 0.25% of the outstanding principal amount of the MSHDA Note.

7. Environmental Indemnification:

Prior to initial closing the following must occur:

an asbestos survey satisfying NESHAP requirements must be performed and report provided under separate cover; and

a Level 2 or Level 3 wetland delineation is required and the sponsor is to obtain the proper permits from MEGLE, if required, for any activity in the wetland and provide documentation to MSHDA.

The Borrower must agree to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of the financing, construction, ownership, or operation of the Development including any violation of environmental laws. The

indemnification agreement must be acceptable to the Authority's Director of Legal Affairs.

8. Closing and Organizational Documents:

Prior to MSHDA Note closing, the Borrower must submit all the documents relating to the making of the loan, including title, lease, and survey matters, and its organizational documents. The MSHDA Note shall contain transfer restrictions limiting transfers of all or any interest in the MSHDA Note to qualified transferees as described in the loan documents. All documents must comply with the Authority's Act and be acceptable to the Michigan Attorney General, the Authority's Note counsel and the Authority's Director of Legal Affairs.

9. Equal Employment Opportunity:

Prior to Note closing, the general contractor must have an Authority Equal Employment Opportunity ("EEO") Officer approved EEO plan pursuant to Section 46 of the Act.

10. LIHTC Regulatory Agreement:

Following the "Placed in Service Date," the Borrower must enter into an LIHTC Regulatory Agreement in a form required by the Authority.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

Sponsor:
Herman & Kittle Properties, Inc.
500 East 96th Street, Suite 300
Indianapolis, Indiana 46240

Contact: Jeffrey L. Kittle
Phone: (317) 805-1980

Borrower: **CityLine Apartments Limited Dividend Housing Association Limited Partnership**

Note Underwriter: Not Applicable

Note Counsel: Dickinson Wright PLLC (Craig Hammond)

Fiscal Agent: To be determined

Other Members of the Development Team:

Equity Partner: National Equity Fund (Kristen Senff)

Borrower Counsel:	Honingman LLP (Steve Rypma)
Borrower Accountant:	Dauby O'Connor & Zaleski, LLC
Contractor:	Herman & Kittle Properties, Inc. (Jeffrey L. Kittle)
Property Management:	Herman & Kittle Properties, Inc. (Steve Lavery)
Architect:	Herman & Kittle Properties, Inc. (David Weitbrock, AIA)
Environmental Consultant:	ASTI Environmental (Thomas Wackerman)
Rating Agency:	Not Applicable

Sources and Uses of Funds:

Sources	Amount	Per Unit
Sponsor Loan	$1,591,266	$6,630
GP Contribution	$100	$0
Mortgage (Perm)Freddie Mac	$23,160,000	$96,500
Interim Income	$1,631,863	$6,799
Commitment Deposit	$463,200	$1,930
LIHTC Equity	$14,625,058	$60,938
Federal Historic Tax Credit Equity	$0	$0
Deferred Developer Fee	$2,792,829	$11,637
Total	**$44,264,316**	**$184,435**

Uses	Amount	Per Unit
Acquisition	$1,720,000	$7,167
New Const./Rehab	$30,194,644	$125,811
Soft Costs	$5,828,843	$24,287
Reserves	$920,829	$3,837
Developer Fee	$5,600,000	$23,333
Total	**$44,264,316**	**$184,435-**

APPROVALS:

Jeffrey J Sykes 6/22/2020

Jeffrey Sykes, Chief Financial Officer Date

Clarence L. Stone, Jr. 6/22/2020

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

6/22/2020

Chad Benson, Acting Director of Development Date

Gary Heidel 6/22/2020

Gary Heidel, Acting Executive Director Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

INDUCEMENT RESOLUTION
CITYLINE APARTMENTS
CITY OF KENTWOOD, KENT COUNTY
MSHDA No. 44c-170

June 25, 2020

WHEREAS, Herman & Kittle Properties, Inc. (the "Applicant"), desires to acquire and construct a multifamily housing facility (the "Project") in the City of Kentwood, Kent County, Michigan; and

WHEREAS, the Applicant has applied to the Michigan State Housing Development Authority (the "Authority") for a loan in the amount of not to exceed Twenty-Five Million Dollars ($25,000,000) (the "Loan") pursuant to Section 44c of Act No. 346 of the Public Acts of 1966, as amended (the "Act"), to be made to CityLine Apartments Limited Dividend Housing Association Limited Partnership or an eligible borrower entity to be formed under the Act (the "Borrower"), to finance the acquisition, construction and equipping of the Project, which constitutes a housing project as defined in the Act; and

WHEREAS, the Applicant has advised that the cost of the Project will not exceed Forty-Four Million Two Hundred Sixty-Four Thousand Three Hundred Sixteen Dollars ($44,264,316); and

WHEREAS, the Act authorizes the Authority to loan monies to limited dividend housing associations for the construction and long-term financing of multifamily housing projects and to obtain the monies for such loans by the issuance of bonds or notes in compliance with and pursuant to the terms and provisions of the Act; and

WHEREAS, it is necessary to assure the Applicant that the Authority intends to issue a tax-exempt limited obligation revenue note (the "Authority Limited Obligation Note") upon meeting the requirements of the Act and the terms and conditions of this Resolution, it being the intent and purpose of the Authority in adopting this Resolution to provide the necessary official action with respect to the Authority Limited Obligation Note as will meet the requirements of the Internal Revenue Code and the regulations promulgated in connection therewith.

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

1. To comply with Treasury Regulation Section 1.150-2, the Authority makes the following declarations:

   (a) The Authority reasonably expects to authorize the Loan for the purpose of reimbursing the Borrower for the costs of and/or financing the acquisition and equipping of the Project as further described in the Borrower's application, and the terms of the Inducement Resolution Staff Report attached hereto and incorporated herein;

   (b) The Loan shall not be used to reimburse the Borrower for expenditures earlier than the date on which the Borrower pays such expenditures and not later than the date that is eighteen months after the later of (i) the date on which the Borrower has paid the expenditure, or (ii) the date on which the Project is placed in service, but in no event more than three (3) years after the expenditure is paid. All reimbursement of

expenditures shall follow the procedures described in Treasury Regulation Section 1.150-2(d);

(c) No Loan proceeds paid to reimburse the Borrower for expenditures incurred in the acquisition and equipping of the Project shall be used in a manner described in Treasury Regulation Section 1.150-2(h) with respect to abusive use of such proceeds;

(d) The costs to be reimbursed must be "capital expenditures" as defined in Treasury Regulation Section 1.150-1(b), which are costs of a type that are properly chargeable to a capital account under Federal Income Tax principles; and

(e) The maximum amount of the Authority Limited Obligation Note, the proceeds of which will be used to fund the Loan to the Borrower, shall not exceed Twenty-Five Million Dollars ($25,000,000).

2. The Authority expects to authorize the Loan to the Borrower, subject to the Borrower's meeting the requirements of the Act, including without limitation, the requirements of Section 44c of the Act, the Authority's requirements described in the Inducement Resolution Staff Report, and the terms and conditions hereinafter set forth.

3. The Authority expects to authorize the Loan to the Borrower, subject to the Borrower's providing credit enhancement in a form acceptable to the Office of Attorney General, the Authority's Director of Legal Affairs and the Authority's Chief Financial Officer.

4. The Borrower shall be obligated to make loan repayment in an amount sufficient to pay the principal, interest and premium, if any, of the Authority Limited Obligation Note, establish appropriate reserves, and pay costs and expenses relating to the issuance of the Authority Limited Obligation Note and the making of the Loan.

5. The Authority's obligation to make the Loan shall be conditioned upon the ability of the Authority to issue, sell and deliver the Authority Limited Obligation Note and the purchaser(s) acceptance of the Authority Limited Obligation Note, subject to transfer restrictions acceptable to the Authority and the Department of Attorney General of the State of Michigan.

6. The Authority Limited Obligation Note shall be made pursuant to a funding loan agreement among the Authority, the initial funding lender, and the fiscal agent appointed thereunder (the “Funding Loan Agreement”). The Loan shall be evidenced by a project loan agreement between the Authority and the Borrower (the “Project Loan Agreement”) and secured by such instruments as are in form and substance satisfactory to the Authority, the Department of Attorney General of the State of Michigan and note counsel to the Authority, which shall include such additional security as may be required by the purchaser of the Authority Limited Obligation Note.

7. Subject to compliance with the terms and conditions of this Resolution and any subsequent Resolution authorizing the Authority's loan commitment with respect to the Project, the Authority will authorize, pursuant to a Commitment Resolution of the Authority, the issuance of the Authority Limited Obligation Note in a principal amount not exceeding Twenty-Five Million Dollars ($25,000,000) for the purposes of making the Loan and funding the reserves and costs associated with the issuance and administration of the Authority Limited Obligation Note as aforesaid, and will enter into the Funding Loan Agreement, the Project

Loan Agreement and related documents with the Borrower and/or the initial funding lender, which proceedings shall be subject to the approval of the Department of Attorney General of the State of Michigan, note counsel to the Authority and the Michigan Department of Treasury.

8. The Authority Limited Obligation Note shall not be a general obligation of the Authority but shall be payable as to principal, premium, if any, and interest solely from the proceeds of the payments to be made by or on behalf of the Borrower to the Authority (or to a trustee appointed by the Authority pursuant to the Commitment Resolution), as provided in the Commitment Resolution. The agreements relating to the Loan and the issuance of the Authority Limited Obligation Note shall contain such provisions as will be necessary to make absolutely clear and certain that under no circumstances will the Authority Limited Obligation Note or this Resolution be a debt of the State of Michigan, nor will the State of Michigan be liable on the Authority Limited Obligation Note.

9. All costs and expenses involved in the authorization, issuance, sale and delivery of the Authority Limited Obligation Note and in the making of the Loan, including the fees and disbursements of note counsel, shall be paid from Authority Limited Obligation Note proceeds or by the Borrower and the proceedings and agreements relating thereto, as hereafter adopted and undertaken, shall so provide.

10. The Executive Director, the Director of Legal Affairs, the Deputy Director of Legal Affairs and the Chief Financial Officer, or any person duly authorized to act in such capacity (each an "Authorized Officer"), or any one of them acting alone, are hereby authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the Authority, with a Note purchaser for the sale of the Authority Limited Obligation Note by the Authority.

11. Note counsel to the Authority and the Department of Attorney General of the State of Michigan are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Authority Limited Obligation Note and to make applications on behalf of the Authority to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Authority Limited Obligation Note. Any Authorized Officer is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the Authority Limited Obligation Note proceeds or by the Borrower.

12. Issuance of the Authority Limited Obligation Note shall be subject to the conditions contained in the Inducement Resolution Staff Report accompanying this Resolution.

13. Authority staff are hereby authorized to apply to the Michigan Department of Treasury for private activity bond volume cap allocation in the amount of $25,000,000 for the Authority Limited Obligation Note.

14. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are hereby rescinded.

15. This Resolution does not constitute a commitment of the Authority to loan funds under Section 44c(6) of the Act and does not serve as a reservation or allocation of bonding

capability.

16. The Authority hereby determines that the likely benefit of the Project to the community or the proposed residents of the Project merits the use of the Authority Limited Obligation Note as a financing source for the proposed acquisition and construction of the Project.

17. This Resolution shall take effect immediately.

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 *Gary Heidel*

DATE: June 25, 2020

RE: HOM Flats on 28th Street II, Development No. 3856

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal; 2) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report; 3) authorize waivers of certain loan parameters regarding funding of the operating assurance reserve and underwritten rent percentages; 4) authorize a waiver of the Standards of Design regarding balconies; 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.

PROJECT SUMMARY:

MSHDA No:	3856
Development Name:	HOM Flats on 28th Street II
Development Location:	Wyoming, MI
Sponsor:	Magnus Capital Partners LLC
Mortgagor:	28W Phase Two Limited Dividend Housing Association Limited Partnership
Number of Units:	160 total units, 132 affordable and 28 market rate units.
Total Development Cost:	$27,504,214
Third Party Construction Loan:	$18,000,000
TE Bond Permanent Loan:	$18,069,782
MSHDA Gap Funds (MRF Loan):	$3,450,000

Other Funds: Low-Income Housing Tax Credit ("LIHTC") Equity $5,207,198

EXECUTIVE SUMMARY:

HOM Flats on 28th Street II (the "Development") is the second phase of a multi-phase project planned in Wyoming, Michigan. The City of Wyoming (the "City") currently has no main street or discernable downtown area. City officials have been working on a plan to create a "main street" and the project is called "Turn on 28." The original plan was introduced in 2006 and completed in 2012. The concept is to carve out a road which runs through the current parking lots of the Wyoming Mall and Rogers Plaza Town Center and connect it back on to 28th Street. Since the master plan was adopted in January of 2012, demolition of the Studio 28 structure, part of the Wyoming Mall, and one other structure has been completed. Half of the crescent shaped "main street" has also been constructed and the Wyoming Mall completed a major rehabilitation in 2016. Though significant progress has been achieved, the City's master plan indicates the entire "main street" concept will take about 30 years to be realized.

The City's plan calls for approximately 400 apartment units to be part of this new "main street". The plan indicates that two story structures will spring up along the street split by commercial interests on the first floor and residential/office units on the second floor. While the Development will be a stand-alone-facility and slightly off the main street thoroughfare, the City is in support of this project. The two phases of HOM Apartments on 28th Street will total 386 units.

Planned amenities include in-unit washers and dryers, a dog park, playground, upper floor terraces and private gardens. The apartments will feature an open floor plan and residents will have bike storage areas and a dog washing station.

The Development will contain 160 family units configured in six (6) buildings, four will be 4 stories high and the other two buildings will be 2 stories high. The 4 story buildings will have upper floor terraces which will take the space of an apartment on one corner of each building. 40% of the units will marketed to tenants above the 70% area median income ("AMI") while 42% of the units will be marketed to tenants at or below 50% AMI. The market rate units range from $950 per month for a 443 square foot efficiency to $1,475 for a 1,016 square foot three-bedroom apartment.

I am recommending Board approval for the following reasons:

- The Development will expand our affordable housing stock and create 132 new affordable units.
- Financing the Development results in a new earning asset for the Authority.
- This is the second phase of HOM Apartments on 28th Street and Authority funding is necessary to complete the multi-phase development.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

- This Development will increase the affordable housing units financed by the Authority.
- Since this is a new construction development, no residential displacement will occur.
- The affordability period for these units range from 40 to 50 years, depending on the funding source.
- Municipal support is evidenced by the City's approval a 1% payment in lieu of taxes ("PILOT") and 2% municipal services agreement.

- The Development is appropriately zoned and meets all aspects of form-based zoning code.
- The most recent master zoning plan update calls for housing in this area.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

This proposal was submitted for the round 11 Notice of Funding Availability ("NOFA"). This is a Phase II proposal to Apartments at 28 West, which is currently under construction. This proposal does not qualify for federal funding due to Uniform Relocation Assistance ("URA") issues. Magnus Capital Partners LLC (the "Sponsor") was not able to meet URA guidelines with the Phase I proposal and subsequently will not be allowed to use HOME funds as a funding source. The Sponsor is requesting that Mortgage Resource Funds be substituted for the HOME funds to cover the gap that is normally split between the two funding sources.

The Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit". Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of AMI as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there are 68 units at 50% of AMI that will be offset by 64 units targeted at 70% AMI tenants.

Flagstar Bank is the syndicator in this deal and will also be providing the construction loan. Because this transaction will have a construction loan by a third party, the reserves will be not be funded until the end of construction when the Authority's permanent loan is disbursed. To ensure that 50% Test is met, the following conditions must be met: (1) the Authority's feasibility (aka inducement) resolution for this project must (a) be issued before the commencement of construction and (b) confirm the Authority's intent for the tax-exempt bond loan is to repay the Flagstar construction loan, (2) proceeds from the tax-exempt bonds that fund the permanent loan must take out the construction loan before the project's placed-in-service and (3) the permanent loan must exceed 50% of the total development costs.

I am recommending waivers of certain provisions of the Authority Multifamily Direct Lending parameters. The two parameters waivers include (1) a waiver to permit the operating assurance reserve to be funded at 100% construction completion rather than initial closing as provided for in section VI.K(1) and (2) a waiver to permit underwritten rents equal to 100% of maximum allowable rent instead of 95% of tax credit rents as provided for in section VI.E(1).

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

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

June 25, 2020

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal 2) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize waivers of certain loan parameters regarding funding of the operating assurance reserve and underwritten rent percentages; 4) authorize a waiver of the Standards of Design regarding balconies; 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.

MSHDA No.:	3856
Development Name:	HOM Flats on 28th Street II
Development Location:	City of Wyoming, Kent County
Sponsor:	Magnus Capital Partners LLC
Mortgagor:	28WestPhaseTwo Limited Dividend HousingAssociation Limited Partnership
TE Bond Permanent Loan:	$18,069,782
MSHDA MRF Loan:	$3,450,000
Total Development Cost:	$27,504,214
Mortgage Term:	40 years for the tax-exempt bond loan; 50 years for the MRF loan
Interest Rate:	4.625% for the tax-exempt bond loan; 3% simple interest for the MRF loan
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	160 family units of new construction
Unit Configuration:	20 efficiency units, 42 one-bedroom, 46 two-bedroom and 52 three-bedroom apartments
Builder:	Rohde Construction
Syndicator:	Flagstar Bank
Date Application Received:	December 15, 2019
HDO:	Charles J. Smith

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

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

This proposal was submitted for the round 11 Notice of Funding Availability ("NOFA"). This is a Phase II proposal to Apartments at 28 West, which is currently under construction. This proposal does not qualify for federal funding due to Uniform Relocation Assistance ("URA") issues. Magnus Capital Partners LLC (the "Sponsor") was not able to meet URA guidelines with the Phase I proposal and subsequently will not be allowed to use HOME funds as a funding source. The Sponsor is requesting that Mortgage Resource Funds be substituted for the HOME funds to cover the gap that is normally split between the two funding sources.

The Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit". Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of area median income ("AMI") as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there 68 units at 50% of AMI that will be offset by 64 units targeted at 70% AMI tenants.

Flagstar Bank is the syndicator in this deal and will also be providing the construction loan. Because this transaction will have a construction loan by a third party the reserves will be not be funded until the end of construction when the Authority's permanent loan is disbursed. To ensure that the 50% Test is met, the following conditions must be met: (1) the Authority's feasibility (aka inducement) resolution for this project must (a) be issued before the commencement of construction and (b) confirm the Authority's intent for the tax-exempt bond loan is to repay the Flagstar construction loan, (2) proceeds from the tax-exempt bonds that fund the permanent loan must take out the construction loan before the project's placed-in-service and (3) the permanent loan must exceed 50% of the total development costs.

I am recommending waivers of certain provisions of the Authority Multifamily Direct Lending parameters. The two parameters waivers include (1) a waiver to permit the operating assurance reserve to be funded at 100% construction completion rather than initial closing as provided for in section VI.K(1) and (2) a waiver to permit underwritten rents equal to 100% of maximum allowable rent instead of 95% of tax credit rents as provided for in section VI.E(1).

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

EXECUTIVE SUMMARY:

HOM Flats on 28th Street (the "Development") is the second phase of a multi-phase project planned in Wyoming, Michigan. The City of Wyoming (the "City") currently has no "main street" or discernable downtown area. Officials of Wyoming have been working on a plan to create a main street and the project is called "Turn on 28." The original plan surfaced in 2006 and took 5 years to finalize. The idea is to carve out a road which runs through the current parking lots of the Wyoming Mall and Rogers Plaza Town Center, connecting it back on to 28th street. Since the master plan was adopted in January of 2012, demolition of the Studio 28 structure, part of the Wyoming Mall, and one other structure has been completed. Half of the crescent shaped "Main Street" has also been constructed and the Wyoming Mall went through a major rehabilitation which was completed in 2016. Though significant progress has been achieved the City's Master Plan indicates the entire main street concept will take about 30 years to be realized.

The City's plan calls for approximately 400 apartment units to be part of this new main street. The plan indicates that two story structures will spring up along the street split by commercial interests on the first floor and residential/office units on the second floor. While the HOM Flats on 28th Street will be a stand-alone facility and slightly off the main street thoroughfare, the City is in support of this project. There will be 6 buildings in total, four buildings will be 4 stories high and the other two buildings will be two stories high. The two phases of HOM Apartments on 28th Street will be a total of 386 units.

Planned amenities include in-unit washers and dryers, a dog park, playground, upper floor terraces and private gardens. The apartments will feature an open floor plan and residents will have bike storage areas and a dog washing station.

The Development will contain 160 family units configured in 6 buildings, four will be 4 stories high and the other two buildings will be 2-stories high. Only the 4-story buildings will have the upper floor terraces which will take the space of a 4th-story apartment on one corner of each building. 40% of the units will marketed to tenants above the 70% AMI while 42% of the units will be marketed to tenants at or below 50% AMI. The market rate units range from $950 per month for a 443 square foot efficiency to $1,475 for a 1,016 square foot three-bedroom apartment.

Structure of the Transaction and Funding:

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

- Flagstar Bank will provide construction financing in the approximate amount of $18,000,000 at an interest rate of 4% and with a term of 12 months. The construction loan will be repaid from equity proceeds received from an investment related to the 4% low income housing tax credits ("LIHTCs") and the Authority tax-exempt bond permanent loan. The construction loan will be in in first position during the 12-month term**, SUBJECT TO PARTIAL PRIORITY OF THE REGULATORY AGREEMENT.**

- The permanent tax-exempt bond loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of 4.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded at the end of the construction period on the Permanent Financing Date to take out the construction loan. In order to disburse the permanent tax-exempt bond loan, the tax-exempt bond loan must be in first position in conjunction with the construction loan discharge~~. $100,000 of permanent loan proceeds will be held in escrow by the Authority for the purposes of satisfying any final closing audit conditions.~~ The Authority's feasibility (aka inducement) resolution for this project must (i) be issued before the commencement of construction and (ii) confirm the Authority's intent for the tax-exempt bond loan to repay the Flagstar construction loan. Proceeds from the tax-exempt bonds funding the permanent loan must be used to take out the construction loan before the project's placed-in-service date.

- A subordinate loan using an Authority MRF Loan (the "MRF Loan") in the amount of $3,450,000 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**. Proceeds of the MRF Loan may be disbursed upon Initial Closing pursuant to the Authority's funding schedule and satisfaction of the Initial Closing conditions set forth in the loan commitment. **$100,000 OF MRF LOAN PROCEEDS WILL BE HELD IN ESCROW BY THE AUTHORITY FOR THE PURPOSE OF SATISFYING ANY FINAL CLOSING AUDIT CONDITIONS.**

- Equity support comes from an investment related to the 4% LIHTC in the estimate amount of $5,207,198.

- 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 $362,562.

- The Sponsor has agreed to defer $414,672 of the developer fee to help fill the remaining funding gap.

- A twelve (12) month rent-up allowance in the amount identified in the attached proforma will be required to support interest payments between construction completion and the Mortgage Cut-Off Date, as determined by the Authority.

- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at construction completion in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- An additional operating reserve is required by the syndicator which is equal to an additional 2 months of operating costs over and above the required 4 months OAR. The amount of this reserve is included in the total deferred developer fee and will be held by the syndicator. This $299,839 syndicator reserve will be held and controlled pursuant to the limited partnership agreement.

Site Selection:

The Authority's Chief Market Analyst has approved this proposal for multifamily housing.

Market Evaluation:

The Authority's Chief Market Analyst has reviewed and approved the market study for this proposal.

Valuation of the Property:

An appraisal dated March 20, 2019 estimates the value at $1,469,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as

may be specified herein, the new Mortgagor, and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $5,207,198). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the MRF Loan has been repaid. Thereafter, Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. **Income Limits:**

   The income limitations for 160 units of this proposal are as follows:

   a. (68 units (8 efficiency, 24 one-bedroom, 26 two-bedroom units and 10 three-bedroom units) must be available for occupancy by households whose incomes do not exceed 50% MTSP income limits, adjusted for family size, until latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

   b. 64 of the units (8 efficiency, 18 one-bedroom, 20 two-bedroom and 18 three-bedroom apartments, must be available for occupancy by households whose incomes do not exceed up to 70% of AMI to achieve and maintain the average AMI level of the affordable units in the project at 60% AMI or less based upon the Multifamily Tax Subsidy Project (“MTSP”) limits, adjusted for family size as determined by HUD, with the exception of when the income averaging test is met, until the latest of (i) the expiration of the LIHTC “Extended Use Period” as defined in the Development’s LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

   c. 28 units (4 efficiency and 24 three-bedroom units) are market rate and may be rented without regard to income.

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

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

family size.

3. <u>Limitations on Rental Rates</u>:

The Total Housing Expense (contract rent plus tenant-paid utilities) for 160 units is subject to the following limitations:

a. The Total Housing Expense for all 68 units (8 efficiency, 24 one-bedroom units, 26 two-bedroom units and 10 three-bedroom units), may not exceed one-twelfth (1/12th) of 30% of the MTSP 50% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

b. The Total Housing Expense for all 64 units (8 efficiency, 18 one-bedroom units, 20 two-bedroom units and 18 three-bedroom units), may not exceed up to one-twelfth (1/12th) of 30% of the MTSP 70% income limit as long as the average AMI level of the affordable units in the project is 60% AMI or less, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

c. 28 units (4 efficiency, and 24 three-bedroom units) are market rate and there shall be no limit on the rents charged for these units.

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

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

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

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

4. <u>Covenant Running with the Land</u>:

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. <u>Restriction on Prepayment and Subsequent Use</u>:

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization and/or expiration of the LIHTC initial compliance period, whichever is later. 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. <u>Operating Assurance Reserve:</u>

Upon Construction Completion, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months of estimated Development operating expenses (estimated to be $599,678). The OAR will be used to fund operating shortfalls incurred at

the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

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

8. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into written agreements relating to the MRF Loan. The MRF Loan will be secured by a subordinate mortgage. The MRF Loan will bear simple interest at 3% with a 50-year term. No loan payments will be required on the MRF 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 the 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 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.

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

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

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

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

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

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

10. 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.

11. 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.

12. 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).

13. 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.

14. 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.

15. 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.

16. Designation of Authority Funds:

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

17. Management & Marketing:

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

a. Management Agreement
b. Marketing Addendum

18. 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 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.

19. 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.

20. <u>Future Contributions:</u>

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.

21. <u>Application for Disbursement:</u>

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

Special Conditions:

1. <u>Legal Requirements:</u>

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. <u>Construction Loan, REGULATORY AGREEMENT PRIORITY and Inter-Creditor Agreement</u>:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a loan commitment from Flag Star Bank and substantially final documents evidencing the construction loan, including an inter-creditor agreement and a funding schedule acceptable to the Authority's Director of Legal Affairs and Director of Development. **THE INTER-CREDITOR AGREEMENT WILL IDENTIFY THE CONSTRUCTION LOAN IN FIRST PRIORITY POSITION; HOWEVER, THE AGREEMENT MUST STATE THAT THE CONSTRUCTION LOAN AND OTHER SECURITY INTERESTS ARE SUBORDINATE TO THE RENTAL AND OCCUPANCY RESTRICTIONS IN THE REGULATORY AGREEMENT.**

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

The Inter-Creditor Agreement must confirm that construction did not commence prior to the Authority's approval of the feasibility resolution for the project.

3. <u>Permanent Tax-Exempt Bond Loan</u>:

At Initial Closing, the Authority loan documents, including the tax-exempt bond loan mortgage, and the regulatory agreement, will be in substantially final form. As described above, the tax-exempt bond loan will not be disbursed upon until the construction loan is paid off and all security agreements relating thereto (including the construction loan mortgage) are released, at which time the tax exempt bond loan mortgage will be the first priority lien on the Development. The Mortgagor is required to provide any documentation as required by the Director of Legal Affairs to confirm that the construction financing has meet tax-exempt bond requirements.

4. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve ("Syndicator Reserve") with a one-time deposit in the amount of $299,839 paid from equity proceeds according to the terms of the Mortgagor's limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator. The purpose of this reserve will be to fund an additional 2 months of operating expenses.

5. Audit Escrow:

At the **INITIAL** ~~Final~~ Closing, $100,000 of the **MRF** ~~tax-exempt~~ loan proceeds will be placed in an Authority held escrow to resolve any audit exceptions. Upon completion of the audit, any items identified will be reimbursed by the escrowed funds. If there are additional funds remaining in the escrow after reimbursement of all audit exceptions, the funds will be returned to the Mortgagor. If the funds in the escrow are insufficient to satisfy the audit exceptions, the escrowed funds will be applied in full and the Mortgagor shall be responsible for any additional reimbursements as required.

6. Tax-Exempt Bonds Proceeds and Placed in Service Date:

Proceeds from the tax-exempt bonds that will fund the permanent mortgage loan shall be used to take out the construction loan prior to project's "placed in service" date.

7. Construction Oversight Agreement:

At Initial Closing, the Mortgagor and Contractor must enter into a Construction Oversight Agreement with the Authority. The terms and conditions must be acceptable to the Director of Legal Affairs.

8. FLAGSTAR CERTIFICATE OF DEPOSIT AGREEMENT

AT OR PRIOR TO INITIAL CLOSING, FLAGSTAR BANK OR AN ACCEPTABLE AFFILIATE MUST ENTER INTO AN AGREEMENT TO ALLOW THE AUTHORITY TO PURCHASE A CERTIFICATE OF DEPOSIT. THE TERMS AND CONDITIONS OF THE AGREEMENT AND CERTIFICATE OF DEPOSIT MUST BE ACCEPTABLE TO THE CHIEF FINANCIAL OFFICER AND THE DIRECTOR OF LEGAL AFFAIRS.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: 28WestPhaseTwo Limited Dividend Housing Association, Limited

Partnership

II. GUARANTOR(S):

A. Guarantor #1:

Name: Magnus Capital Partners LLC
Address: 305 East 47th Street, 10th Floor
New York, New York 10017

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Magnus Capital Partners LLC
Address: 305 East 47th Street
10th floor
New York, New York
10017

Individuals Assigned: Vishal Arora
Telephone: 917-349-3066
Fax: Not provided
E-mail: va@magnuscapitalpartners.com

1. **Experience**: The Sponsor has experience working on one Authority-financed development that is currently under construction. The sponsor has hired an experienced consultant Lori Pung of Pung Rental Housing Consultants LLC to assist in processing this proposal.

B. Architect:

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

Individual Assigned: Eric Maring
Telephone: 616-617-1691
Fax: None provided
E-Mail: eroicm@hdjinc.com

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

2. **Architect's License**: License number 1301057778, exp. 10/31/2021.

C. Attorney:

Name: Warner Norcross and Judd
Address: One Michigan Avenue Building
120 North Washington Square, Suite 410
Lansing, MI 48933

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

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

D. Builder:

Name: Rohde Construction
Address: 4087 Brockton Drive SE
Kentwood, MI 49512

Individual Assigned: Chad White
Telephone: 616-698-0880
Fax: Not provided
E-mail: chad@rohdeconstruction.com

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

2. **State Licensing Board Registration**: License number 2102111825, with an expiration date of 5/31/2021.

E. Management and Marketing Agent:

Name: American Preferred Management Company, Inc.
Address: 4390 Cascade road, Suite C
Grand Rapids, MI
49546

Individual Assigned: John Murphy
Telephone: 616-942-1792
Fax: Not provided
E-mail: jmurphy@americanpfd.com

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

F. Development Consultant:

Name: PRH Consulting, LLC
Address: 1331 N Nine Mile
Sanford, MI 48657

Individual Assigned: Lori Pung
Telephone: 561-789-8206
E-mail : lori@prhcllc.com

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

G. **Development Team Recommendation:** Go

IV. SITE DATA:

A. Land Control/Purchase Price:
$1,469,000

B. Site Location:
Located on Prairie Avenue, just South of 28th Street, Wyoming, MI

C. Size of Site:
5.9 Acres

D. Density:
Deemed appropriate

E. Physical Description:

1. Present Use: Parking lot

2. Existing Structures: None

3. Relocation Requirements: None.

F. Zoning:
Property has been rezoned to multifamily to suit this proposal

G. Contiguous Land Use:

1. North: Commercial

2. South: Wyoming High School

3. East: Commercial

4. West: Commercial

H. Tax Information:
A 3% abatement ordinance was approved for this site on September 4, 2018. The ordinance includes a 1% PILOT and 2% municipal services agreement.

I. Utilities: Letters from DTE Energy, Consumers Energy and the City of Wyoming confirm utility availability for this site.

J. Community Facilities:

1. Shopping:
28th Street is well known for having virtually every type of retail establishment. There is a Family Fare right next to the proposed site which is attached to Rogers Plaza and includes at least one restaurant and a Walgreens pharmacy

2. Recreation:
There are several parks in the area and the City of Wyoming Parks and Recreation office is right across 28th Street

3. Public Transportation:
Kent County has a bus line running along 28th street near the site

4. Road Systems
The site is located on Prairie Avenue, which runs parallel with 28th Street. and is about a quarter of a mile away from the onramps for 131 North and South

5. Medical Services and other Nearby Amenities:
The MedExpress urgent care is .8 miles away and Mercy Health Center and Mary Free Bed Hospital is 4 miles from site.

6. Description of Surrounding Neighborhood:
Commercial interests surround the site to the north, east and west, Wyoming High School is located to the south

7. Local Community Expenditures Apparent:
The City of Wyoming has been working on creating a main street for their town which is very near the proposed site

8. Indication of Local Support:
City of Wyoming has approved the site plans and PILOT for this site

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority.

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, 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:	June 2020
B.	Initial Closing and Disbursement:	August 2020
C.	Construction Completion:	July 2022
D.	Cut-Off Date:	August 2022

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad Benson Digitally signed by Chad Benson Date: 2020.06.23 13:06:38 -04'00' 6/23/2020

Chad Benson Date
Acting Director of Development

Clarence L. Stone, Jr. Digitally signed by Clarence L. Stone, Jr. Date: 2020.06.23 14:19:18 -04'00' 6/23/2020

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

Gary Heidel Digitally signed by Gary Heidel Date: 2020.06.23 14:59:54 -04'00' 6/23/2020

Gary Heidel Date
Acting Executive Director

Development HOM Flats at 28 West II
Financing Tax Exempt
MSHDA No. 3856
Step Commitment
Date 06/25/2020
Type New Construction

Instructions

TOTAL DEVELOPMENT COSTS				Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition								
Land				9,181	1,469,000	0%	0	0
Existing Buildings				0		100%	0	0
Other:				0		0%	0	0
			Subtotal	**9,181**	**1,469,000**			
Construction/Rehabilitation								
Off Site Improvements				0		100%	0	0
On-site Improvements				6,770	1,083,219	100%	1,083,219	0
Landscaping and Irrigation				811	129,753	100%	129,753	129,753
Structures				94,338	15,094,051	100%	15,094,051	15,094,051
Community Building and/or Maintenance Facility				1,638	262,000	100%	262,000	262,000
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)				0		0%	0	0
General Requirements	% of Contract	3.19%	**Within Range**	3,305	528,860	100%	528,860	528,860
Builder Overhead	% of Contract	1.97%	**Within Range**	2,104	336,700	100%	336,700	336,700
Builder Profit	% of Contract	3.94%	**Within Range**	4,296	687,300	100%	687,300	687,300
Permits, Bond Premium, Tap Fees, Cost Cert.				1,650	263,957	100%	263,957	263,957
Other:				0		100%	0	0
			Subtotal	**114,912**	**18,385,840**			
			15% of acquisition and $15,000/unit test:		**met**			
Professional Fees								
Design Architect Fees				3,108	497,200	100%	497,200	497,200
Supervisory Architect Fees				777	124,300	100%	124,300	124,300
Engineering/Survey				125	20,000	100%	20,000	20,000
Legal Fees				563	90,000	100%	90,000	90,000
			Subtotal	**4,572**	**731,500**			
Interim Construction Costs								
Property & Causality Insurance				406	65,000	100%	65,000	65,000
Construction Loan Interest	Override		**622,369**	3,890	622,369	99%	616,145	616,145
Title Work				375	60,000	100%	60,000	0
Construction Taxes				188	30,000	100%	30,000	30,000
Other: Lender Construction Plan Review/Montiroing - FSB				105	16,800	100%	16,800	16,800
			Subtotal	**4,964**	**794,169**			
Permanent Financing								
Loan Commitment Fee to MSHDA			2%	2,690	430,396	0%	0	0
Other: Construction Loan Commitment Fee - FSB				956	153,000	0%	0	0
			Subtotal	**3,646**	**583,396**			
Other Costs (In Basis)								
Application Fee				13	2,000	100%	2,000	2,000
Market Study				41	6,500	100%	6,500	6,500
Environmental Studies				63	10,000	100%	10,000	10,000
Cost Certification				125	20,000	100%	20,000	20,000
Equipment and Furnishings				1,250	200,000	100%	200,000	0
Temporary Tenant Relocation				0		100%	0	0
Construction Contingency				6,250	1,000,000	100%	1,000,000	1,000,000
Appraisal and C.N.A.				9	1,500	100%	1,500	1,500
Other:				63	10,000	100%	10,000	10,000
			Subtotal	**7,813**	**1,250,000**			
Other Costs (NOT In Basis)								
Start-up and Organization				31	5,000	0%	0	0
Tax Credit Fees (based on 2017 QAP)	36,649		**Within Range**	229	36,649	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)				392	62,700	0%	0	0
Marketing Expense				1,250	200,000	0%	0	0
Syndication Legal Fees				313	50,000	0%	0	0
Rent Up Allowance	12	months		5,853	936,443	0%	0	0
Other:				0		0%	0	0
			Subtotal	**8,067**	**1,290,792**			

Summary of Acquisition Price		As of	
Attributed to Land	1,469,000	1st Mortgage Balance	
Attributed to Existing Structures	0	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	1,469,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	**1,469,000**

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

Appraised Value	Value As of: March 20, 2019	
"Encumbered As-Is" value as determined by appraisal:	1,469,000	Override
Plus 5% of Appraised Value:	0	
LESS Fixed Price to the Seller:	1,469,000	
Surplus/(Gap)	**Within Range** **0**	

			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	3,748	599,678	0%	0	0
Replacement Reserve		Not Required	0	0	0%	0	0
Operating Deficit Reserve			0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			1,874	299,839	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows			0	0	0%	0	0
Other:			0		0%	0	0
Other:			0		0%	0	0
		Subtotal	**5,622**	**899,517**			
Miscellaneous							
Deposit to Development Operating Account (1MGRF		Not Required	0	0	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Other (In Basis):			0	0	100%	0	0
Other (In Basis):			0	0	100%	0	0
		Subtotal	**0**	**0**			
Total Acquisition Costs			**9,181**	**1,469,000**			
Total Construction Hard Costs			**114,912**	**18,385,840**			
Total Non-Construction ("Soft") Costs			**34,684**	**5,549,374**			

Developer Overhead and Fee

Maximum	3,632,993		**13,125**	**2,100,000**	100%	2,100,000	2,100,000
7.5%	of Acquisition/Project Reserves	Override		**5% Attribution Test**			
15%	of All Other Development Costs	2,100,000		**met**			

	LIHTC Basis	Historic Basis
Total Development Cost	**23,255,285**	**21,912,066**

TOTAL DEVELOPMENT SOURCES	% of TDC				Gap to Hard Debt Ratio
MSHDA Permanent Mortgage	65.70%	112,936	18,069,782		
Conventional/Other Mortgage	0.00%	0	0		
Equity Contribution from Tax Credit Syndication	18.93%	32,545	5,207,198	**# of Units**	
MSHDA NSP Funds	0.00%	0		0.00	19.09%
MSHDA HOME or Housing Trust Funds	0.00%	0		0.00	
Mortgage Resource Funds	12.54%	21,563	3,450,000		
Other MSHDA:	0.00%	0			
Local HOME	0.00%	0			
Income from Operations	1.32%	2,266	362,562		
Other Equity	0.00%	0			
Transferred Reserves:	0.00%	0	0		
Other:	0.00%	0		**Deferred**	
Other:	0.00%	0		**Dev Fee**	
Deferred Developer Fee	1.51%	2,592	414,672	19.75%	
Total Permanent Sources			**27,504,214**		

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

3rd Party Construction Loan		**65.44%**	**112,500**	18,000,000
Construction Loan Rate	4.000%			
Repaid from equity prior to final closing				**-69,782**

Eligible Basis for LIHTC/TCAP		**Value of LIHTC/TCAP**		
Acquisition	0	Acquisition	0	
Construction	18,241,973	Construction	569,150	Override
Acquisition Credit %	3.12%	Total Yr Credit	569,150	
Rehab/New Const Credit %	3.12%	Equity Price	1	
Qualified Percentage	78.44%	Equity Effective Price	$0.9150	Override
QCT/DDA Basis Boost	100%	Equity Contribution	5,207,198	
Historic?				

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

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	5,207,198
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	**5,207,198**

Development HOM Flats at 28 West II
Financing Tax Exempt
MSHDA No. 3856
Step Commitment
Date 06/25/2020
Type New Construction

Instructions

Income Limits for	Kent County					(Effective April 1,2020)
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	16,860	19,260	21,660	24,060	26,010	27,930
40% of area median	22,480	25,680	28,880	32,080	34,680	37,240
50% of area median	28,100	32,100	36,100	40,100	43,350	46,550
60% of area median	33,720	38,520	43,320	48,120	52,020	55,860

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
50%	Area Median Income Units																
	Tenant AMI Restriction (if different from rent restriction)																
	MSHDA Project Based Voucher Units																
Family	Occupancy																
A	8	Apartment	0	1.0	443	621	81	702	59,616		3.1%	5.0%	3,544	2.9%	3,544		702
B	24	Apartment	1	1.0	558	660	92	752	190,080		9.9%	15.0%	13,392	11.0%	13,392		752
C	26	Apartment	2	1.0	787	789	113	902	246,168		12.8%	16.3%	20,462	16.9%	20,462		902
D	10	Apartment	3	2.0	1,016	908	135	1,043	108,960		5.7%	6.3%	10,160	8.4%	10,160		1,043
									604,824	0	31.4%	42.5%	47,558	39.2%	47,558		
70%	Area Median Income Units																
	Tenant AMI Restriction (if different from rent restriction)																
	MSHDA Project Based Voucher Units																
Family	Occupancy																
A	8	Apartment	0	1.0	443	855	81	936	82,080	0	4.3%	5.0%	3,544	2.9%	3,544		983
B	18	Apartment	1	1.0	558	961	92	1,053	207,576	0	10.8%	11.3%	10,044	8.3%	10,044		1,053
C	20	Apartment	2	1.0	787	1,150	113	1,263	276,000	0	14.3%	12.5%	15,740	13.0%	15,740		1,263
D	18	Apartment	3	2.0	1,016	1,325	135	1,460	286,200	0	14.9%	11.3%	18,288	15.1%	18,288		1,460
									851,856	0	44.2%	40.0%	47,616	39.2%	47,616		
Market	Rate Units																
	Tenant AMI Restriction (if different from rent restriction)																
	MSHDA Project Based Voucher Units																
Family	Occupancy																
A	4	Apartment	0	1.0	443	950	81	1,031	45,600	0	2.4%	2.5%	1,772	1.5%	0		N/A
B	0	Apartment	1	1.0	558	1,200	92	1,292	0	0	0.0%	0.0%	0	0.0%	0		N/A
C	0	Apartment	2	1.0	787	1,400	113	1,513	0	0	0.0%	0.0%	0	0.0%	0		N/A
D	24	Apartment	3	2.0	1,016	1,475	135	1,610	424,800	0	22.0%	15.0%	24,384	20.1%	0		N/A
									470,400	0	24.4%	17.5%	26,156	21.6%	0		
													121,330		**95,174**		

Total Tenant Un	**160**
Manager Units	**0**
Income Average	59.70%
Set Aside	82.50%

Gross Rent Potential	**1,927,080**
Average Monthly Rent	**1,004**
Gross Square Footage	**121,330**

HOME Units SF/Total Units SF	0.0%	**Within Range**
# HOME Units/# Total Units	0.0%	**Within Range**

Utility Allowances

	Tenant-Paid		Tenant-Paid	Owner-Paid			
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Overide
A	37		44			81	
B	42		50			92	
C	55		58			113	
D	68		67			135	
E						0	
F						0	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	
Laundry	
Carports	
Other: Pet Fees	20,800
Other:	
	20,800

Total Income	**Annual**	**Monthly**
Rental Income	1,927,080	160,590
Non-Rental Income	20,800	1,733
Total Project Revenue	1,947,880	162,323

Development	HOM Flats at 28 West II
Financing	Tax Exempt
MSHDA No.	3856
Step	Commitment
Date	06/25/2020
Type	New Construction

Mortgage Assumptions:

Debt Coverage Ratio	1.15	
Mortgage Interest Rate	4.625%	
Pay Rate	4.625%	
Mortgage Term	40	years
Income from Operations	No	

Instructions

Total Development Income Potential			Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income			12,044	1,927,080	1.0%	6	2.0%
Annual Non-Rental Income			130	20,800	1.0%	6	2.0%
Total Project Revenue			12,174	1,947,880			
Total Development Expenses							
						Future Vacancy	
Vacancy Loss	8.00%	of annual rent potential	964	154,166		6	8.0%
Management Fee	534	per unit per year	534	85,440	3.0%	1	3.0%
Administration			1,000	160,000	3.0%	1	3.0%
Project-paid Fuel			60	9,600	3.0%	6	3.0%
Common Electricity			255	40,800	4.0%	6	3.0%
Water and Sewer			250	40,000	5.0%	6	5.0%
Operating and Maintenance			1,000	160,000	3.0%	1	3.0%
Real Estate Taxes			0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	3.00%	Applied to: All Units	315	50,475			
Insurance			314	50,240	3.0%	1	3.0%
Replacement Reserve	350	per unit per year	350	56,000	3.0%	1	3.0%
Other:			0		3.0%	1	3.0%
Other:			0		3.0%	1	3.0%

	% of Revenue			
Total Expenses	41.42%	**5,042**	**806,722**	
Base Net Operating Income		7,132	1,141,158	Override
Part A Mortgage Payment	50.94%	6,202	992,311	
Part A Mortgage		**112,936**	**18,069,782**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	7.64%	930	148,847	

Cash Flow Projections

Development HOM Flats at 28 West II
Financing Tax Exempt
MSHDA No. 3856
Step Commitment
Date 06/25/2020
Type New Construction

	Initial Inflatior	Starting in Yr	Future Inflatior	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Income																							
Annual Rental Income	1.0%	6	2.0%	1,927,080	1,946,351	1,965,814	1,985,472	2,005,327	2,045,434	2,086,342	2,128,069	2,170,631	2,214,043	2,258,324	2,303,491	2,349,560	2,396,552	2,444,483	2,493,372	2,543,240	2,594,105	2,645,987	2,698,906
Annual Non-Rental Income	1.0%	6	2.0%	20,800	21,008	21,218	21,430	21,645	22,077	22,519	22,969	23,429	23,897	24,375	24,863	25,360	25,867	26,385	26,912	27,451	28,000	28,560	29,131
Total Project Revenue				**1,947,880**	**1,967,359**	**1,987,032**	**2,006,903**	**2,026,972**	**2,067,511**	**2,108,861**	**2,151,039**	**2,194,059**	**2,237,941**	**2,282,699**	**2,328,353**	**2,374,920**	**2,422,419**	**2,470,867**	**2,520,285**	**2,570,690**	**2,622,104**	**2,674,546**	**2,728,037**
Expenses																							
Vacancy Loss	8.0%	6	8.0%	154,166	155,708	157,265	158,838	160,426	163,635	166,907	170,246	173,650	177,123	180,666	184,279	187,965	191,724	195,559	199,470	203,459	207,528	211,679	215,913
Management Fee	3.0%	1	3.0%	85,440	88,003	90,643	93,363	96,163	99,048	102,020	105,080	108,233	111,480	114,824	118,269	121,817	125,472	129,236	133,113	137,106	141,219	145,456	149,820
Administration	3.0%	1	3.0%	160,000	164,800	169,744	174,836	180,081	185,484	191,048	196,780	202,683	208,764	215,027	221,477	228,122	234,965	242,014	249,275	256,753	264,456	272,389	280,561
Project-paid Fuel	3.0%	6	3.0%	9,600	9,888	10,185	10,490	10,805	11,129	11,463	11,807	12,161	12,526	12,902	13,289	13,687	14,098	14,521	14,956	15,405	15,867	16,343	16,834
Common Electricity	4.0%	6	3.0%	40,800	42,432	44,129	45,894	47,730	49,162	50,637	52,156	53,721	55,332	56,992	58,702	60,463	62,277	64,145	66,070	68,052	70,093	72,196	74,362
Water and Sewer	5.0%	6	5.0%	40,000	42,000	44,100	46,305	48,620	51,051	53,604	56,284	59,098	62,053	65,156	68,414	71,834	75,426	79,197	83,157	87,315	91,681	96,265	101,078
Operating and Maintenance	3.0%	1	3.0%	160,000	164,800	169,744	174,836	180,081	185,484	191,048	196,780	202,683	208,764	215,027	221,477	228,122	234,965	242,014	249,275	256,753	264,456	272,389	280,561
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				50,475	50,890	51,304	51,718	52,132	53,114	54,112	55,127	56,160	57,210	58,278	59,364	60,468	61,591	62,732	63,892	65,070	66,268	67,485	68,722
Insurance	3.0%	1	3.0%	50,240	51,747	53,300	54,899	56,546	58,242	59,989	61,789	63,643	65,552	67,518	69,544	71,630	73,779	75,993	78,272	80,620	83,039	85,530	88,096
Replacement Reserve	3.0%	1	3.0%	56,000	57,680	59,410	61,193	63,028	64,919	66,867	68,873	70,939	73,067	75,259	77,517	79,843	82,238	84,705	87,246	89,864	92,559	95,336	98,196
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				806,722	827,948	849,824	872,372	895,614	921,268	947,696	974,922	1,002,971	1,031,871	1,061,649	1,092,333	1,123,951	1,156,535	1,190,116	1,224,726	1,260,398	1,297,167	1,335,069	1,374,142
Debt Service																							
Debt Service Part A				992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311	992,311
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses				**1,799,033**	**1,820,260**	**1,842,136**	**1,864,684**	**1,887,926**	**1,913,580**	**1,940,007**	**1,967,233**	**1,995,283**	**2,024,183**	**2,053,961**	**2,084,644**	**2,116,263**	**2,148,847**	**2,182,427**	**2,217,037**	**2,252,709**	**2,289,478**	**2,327,381**	**2,366,453**
Cash Flow/(Deficit)				**148,847**	**147,099**	**144,896**	**142,219**	**139,046**	**153,932**	**168,854**	**183,806**	**198,777**	**213,758**	**228,739**	**243,709**	**258,658**	**273,572**	**288,440**	**303,248**	**317,981**	**332,626**	**347,165**	**361,584**
Cash Flow Per Unit				930	919	906	889	869	962	1,055	1,149	1,242	1,336	1,430	1,523	1,617	1,710	1,803	1,895	1,987	2,079	2,170	2,260
Debt Coverage Ratio on Part A Loan				1.15	1.15	1.15	1.14	1.14	1.16	1.17	1.19	1.20	1.22	1.23	1.25	1.26	1.28	1.29	1.31	1.32	1.34	1.35	1.36
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves	3%	

Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00																					
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit																				
Initial Balance		**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit			930	919	906	889	869	962	1,055	1,149	1,242	1,336	1,430	1,523	1,617	1,710	1,803	1,895	1,987	2,079	2,170	2,260
Maintained Debt Coverage Ratio on Part A Loan			1.15	1.15	1.15	1.14	1.14	1.16	1.17	1.19	1.20	1.22	1.23	1.25	1.26	1.28	1.29	1.31	1.32	1.34	1.35	1.36
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**0**																				
Non-standard ODR		**0**																				

Operating Assurance Reserve Analysis 599,678

Required in Year: 1 Initital Deposit

Initial Balance	**599,678**	599,678	617,668	636,198	655,284	674,943	695,191	716,047	737,528	759,654	782,443	805,917	830,094	854,997	880,647	907,066	934,278	962,307	991,176	1,020,911	1,051,539
Interest Income		17,990	18,530	19,086	19,659	20,248	20,856	21,481	22,126	22,790	23,473	24,178	24,903	25,650	26,419	27,212	28,028	28,869	29,735	30,627	31,546
Ending Balance		617,668	636,198	655,284	674,943	695,191	716,047	737,528	759,654	782,443	805,917	830,094	854,997	880,647	907,066	934,278	962,307	991,176	1,020,911	1,051,539	1,083,085

Deferred Developer Fee Analysis

Initial Balance		414,672	265,825	118,726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dev Fee Paid		148,847	147,099	118,726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	Repaid in yea 0	265,825	118,726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing 3%	Initial Balance																				
Principal Amount of all MSHDA Soft Funds	**3,450,000**	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000
Current Yr Int		103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500
Accrued Int		0	103,500	207,000	297,415	329,805	363,782	390,317	409,389	420,987	425,098	421,720	410,850	392,496	366,667	333,381	292,661	244,537	189,046	126,234	56,151
Subtotal	% of Cash Flow	3,553,500	3,657,000	3,760,500	3,850,915	3,883,305	3,917,282	3,943,817	3,962,889	3,974,487	3,978,598	3,975,220	3,964,350	3,945,996	3,920,167	3,886,881	3,846,161	3,798,037	3,742,546	3,679,734	3,609,651
Annual Payment Due	**50%**	0	0	13,085	71,109	69,523	76,966	84,427	91,903	99,388	106,879	114,369	121,855	129,329	136,786	144,220	151,624	158,991	166,313	173,583	180,792
Year End Balance		3,553,500	3,657,000	3,747,415	3,779,805	3,813,782	3,840,317	3,859,389	3,870,987	3,875,098	3,871,720	3,860,850	3,842,496	3,816,667	3,783,381	3,742,661	3,694,537	3,639,046	3,576,234	3,506,151	3,428,859

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
HOM FLATS ON 28TH STREET II, MSHDA DEVELOPMENT NO. 3856
CITY OF WYOMING, KENT COUNTY

June 25, 2020

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

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by Magnus Capital Partners LLC (the "Applicant") for a multifamily housing project to be located in the City of Wyoming, Kent County, Michigan, having an estimated total development cost of Twenty-Seven Million Five Hundred Four Thousand Two Hundred Fourteen Dollars ($27,504,214), a total estimated maximum mortgage loan amount of Eighteen Million Sixty-Nine Thousand Seven Hundred Eighty-Two Dollars ($18,069,782) and a Mortgage Resource Fund loan in the amount of Three Million Four Hundred Fifty Thousand Dollars ($3,450,000) (hereinafter referred to as the "Application"); and

WHEREAS, to ensure that the 50% Test is met, the following conditions must be met: (1) the feasibility resolution must be issued before the commencement of construction and confirm the Authority's intent for the tax-exempt bond loan is to repay the Flagstar private construction loan, (2) proceeds from the tax-exempt bonds that fund the permanent loan must take out the construction loan before the project's placed-in-service and (3) the permanent loan must exceed 50% of the total development costs.

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

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

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

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

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

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

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

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

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

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

f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Twenty-One Million Three Hundred Twenty-Five Thousand Dollars ($21,325,000).

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

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

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

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

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN
HOM FLATS ON 28TH STREET II, MSHDA DEVELOPMENT NO. 3856
CITY OF WYOMING, KENT COUNTY

June 25, 2020

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

WHEREAS, an application (the "Application") has been filed with the Authority by Magnus Capital Partners LLC (the "Applicant") for a mortgage loan in the amount of Eighteen Million Sixty-Nine Thousand Seven Hundred Eighty-Two Dollars ($18,069,782), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Twenty-Seven Million Five Hundred Four Thousand Two Hundred Fourteen Dollars ($27,504,214), to be known as HOM Flats on 28th Street II, located in the City of Wyoming, Kent County, Michigan, and to be owned by 28WPhaseTwo Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund loan in the estimated amount of Three Million Four Hundred Fifty Thousand Dollars ($3,450,000) (the "MRF Loan"); and

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

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

(a) The Mortgagor is an eligible applicant;

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

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

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

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

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

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

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

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

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

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

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

2. A 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 and permanent financing in an amount not to exceed Eighteen Million Sixty-Nine Thousand Seven Hundred Eighty-Two Dollars ($18,069,782), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of Four and 625/1000 percent (4.625%) per annum. The construction and permanent financing will reimburse advances made for acquisition and construction expenditures. The amount of proceeds of tax-exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Twenty-One Million Three Hundred Twenty-Five Thousand Dollars ($21,325,000). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MRF Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for a MRF Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Three Million Four Hundred Fifty Thousand Dollars ($3,450,000), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

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

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

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

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

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

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

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

11. 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 June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director

Gary Heidel

DATE: June 25, 2020

RE: Lake Superior Village, Development No. 3923

RECOMMENDATION:

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

PROJECT SUMMARY:

MSHDA No:	3923
Development Name:	Lake Superior Village
Development Location:	City of Marquette, Marquette County, Michigan
Sponsor:	Marquette Housing Commission
Mortgagor:	Lake Superior Village Limited Dividend Housing Association Limited Partnership
Number of Units:	116 affordable family units
Occupancy Rate:	93% occupied
Total Development Cost:	$24,508,417
TE Bond Construction Loan:	$12,744,377
TE Bond Permanent Loan:	$7,807,132
MSHDA Gap Funds:	$756,564 HOME; $756,565 Mortgage Resource Fund
Other Funds:	
• Sponsor Loans:	$6,940,000
• Deferred Developer Fee:	$132,157

EXECUTIVE SUMMARY:

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

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

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

I am recommending Board approval for the following reasons:

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

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

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

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

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

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

that the RAD conversion will be completed, and the CHAP will be approved in July 2020, simultaneously with the Authority closing.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

June 25, 2020

RECOMMENDATION:

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

MSHDA No.:	3923
Development Name:	Lake Superior Village
Development Location:	City of Marquette, Marquette County
Sponsor:	Marquette Housing Commission
Mortgagor:	Lake Superior Village Limited Dividend Housing Association Limited Partnership
TE Bond Construction Loan:	$12,744,377 (52% of TDC)
TE Bond Permanent Loan:	$7,807,132
MSHDA HOME Loan:	$756,564
MSHDA MRF Loan:	$756,565
Total Development Cost:	$24,508,417
Mortgage Term:	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the MRF loan
Interest Rate:	4.625% for the tax-exempt bond loan; 1% simple interest for the HOME loan and 3% simple interest for the MRF loan
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	116 family units of rehabilitation
Unit Configuration:	42 two-bedroom, one bath townhome units; 60 three-bedroom, one bath townhome units; 14 four-bedroom, one bath townhome units
Builder:	First Contracting, Inc.
Syndicator:	Cinnaire
Date Application Received:	November 15, 2019
HDO:	Ryan Koenigsknecht

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

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

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

The Sponsor is working with the United States Department of Housing and Urban Development ("HUD") to approve the Residential Assistance Demonstration ("RAD") conversion. HUD has issued an initial Commitment to enter into a Housing Assistance Payment ("CHAP"). The expectation is that the RAD conversion will be completed, and the CHAP will be approved around July 2020, simultaneously with the Authority closing.

EXECUTIVE SUMMARY:

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

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

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

Structure of the Transaction and Funding:

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

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of $12,744,377 at 4.625% interest with an 18-month term (a 12-month construction term and a 6-month holding period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the 12-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent loan will be provided by the Authority in the amount of $7,807,132. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves

and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of 4.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.

- A subordinate loan using an Authority MRF Loan (the "MRF Loan") in the amount of $756,565 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.

- A subordinate loan using HOME funds (the "HOME Loan") in the amount of $756,564 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.

- The Sponsor is providing a loan in the amount of $750,000. See Special Condition No 2.

- The Seller is providing a seller's note in the amount of $6,190,000. See Special Condition No. 3.

- Equity support comes from an investment related to the 4% low income housing tax credit ("LIHTC") in the estimate amount of $7,402,674.

- A HUD RAD conversion will convert all 116 units into a new 20-year HAP Contract providing rental subsidy for all tenants.

- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the absorption period in the amount of $713,325.

- The Sponsor has agreed to defer $132,157 of the developer fee to help fill the remaining funding gap.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- The Development will be renovated, and a new replacement reserve requirement imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

Scope of Rehabilitation:

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

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

Affordability Requirements:

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

Protections for Existing Residents:

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

Site Selection:

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

Market Evaluation:

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

Valuation of the Property:

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

CONDITIONS:

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

Standard Conditions:

1. **Limitation for Return on Equity:**

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

2. **Income Limits:**

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

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

   b. 116 units (42 two-bedroom units, 60 three-bedroom units, and 14 four-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the HAP Contract for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.

   c. 116 units (42 two-bedroom units, 60 three-bedroom units, and 14 four-bedroom units) must be available for occupancy by households whose incomes do not exceed 60% MTSP income limits, adjusted for family size, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

continues.

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

3. Limitations on Rental Rates:

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

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

b. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents for all HAP-assisted units (42 two-bedroom units, 60 three-bedroom units, and 14 four-bedroom units) ("Contract Rents") that comply with the rent levels established by the HAP Contract and that do not exceed the rent levels approved by HUD.

c. The Total Housing Expense for all 116 units (42 two-bedroom units, 60 three-bedroom units, and 14 four-bedroom units), may not exceed one-twelfth (1/12th) of 30% of the MTSP 60% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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

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

4. Covenant Running with the Land:

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

5. Restriction on Prepayment and Subsequent Use:

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

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

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

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

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

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months' of estimated Development operating expenses (estimated to be $437,706). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's

written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

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

8. One Month's Gross Rent Potential:

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

9. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into written agreements relating to the MRF Loan and the HOME Loan. The MRF Loan and the HOME Loan will each be secured by a subordinate mortgage. The HOME Loan will bear simple interest at 1% with a 50-year term, and the MRF Loan will bear simple interest at 3% with a 50-year term. No loan payments will be required on either the MRF Loan or the HOME Loan until the first year after construction completion. Interest will continue to accrue on each loan until paid in full.

Following the first year after construction completion, repayment of the MRF Loan and the HOME Loan will commence according to the following:

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

- If the MRF Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the MRF Loan, repayment of the HOME Loan will

commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.

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

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

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

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

10. <u>Architectural Plans and Specifications; Contractor's Qualification Statement:</u>

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

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

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

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

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

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

14. Equal Opportunity and Fair Housing:

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

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

15. Cost Certification:

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

16. Environmental Review and Indemnification:

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

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

17. Title Insurance Commitment and Survey:

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

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

18. Organizational Documents/Equity Pay-In Schedule:

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

At or prior to Initial Closing, the final, executed syndication partnership agreement must

become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

19. Designation of Authority Funds:

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

20. Management & Marketing:

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

a. Management Agreement
b. Marketing/Construction Transition Plan

21. Guaranties:

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

22. Financial Statements:

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

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

23. Future Contributions:

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

24. Ownership of Development Reserves:

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

claim to such funds by HUD. This agreement must be acceptable to the Authority's Director of Legal Affairs.

25. Section 8 Required Approvals - HUD and MSHDA:

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

26. HAP Extension:

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

27. HUD Authority to Use Grant Funds:

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

28. HUD Subsidy Layering Review:

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

29. Application for Disbursement:

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

30. Uniform Relocation Act Compliance:

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

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

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

Special Conditions:

1. Legal Requirements:

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

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

2. Sponsor Loan:

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

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

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

3. Seller's Note:

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

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

h) have a loan term exceeding the term of all Authority mortgage loans.

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

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

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

DEVELOPMENT TEAM AND SITE INFORMATION

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

II. GUARANTOR(S):

A. Guarantor #1:

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

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

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

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

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

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

B. Architect:

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

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

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

2. **Architect's License**: License number 1301052402, exp. 10/31/2021.

C. Attorney:

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

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

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

D. Builder:

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

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

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

2. **State Licensing Board Registration**: License number 2101137238, with an expiration date of 5/31/2023.

E. Management and Marketing Agent:

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

Individual Assigned: Sharon Maki

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

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

F. Development Team Recommendation: GO

IV. SITE DATA:

A. Land Control/Purchase Price:
Purchase agreement that was submitted with an execution date of November 12, 2019 between Marquette Housing Commission (the "Seller") and Lake Superior Village Limited Dividend Housing Association Limited Partnership (the "Purchaser") to expire one year from the execution date and a purchase price of $6,990,000.

B. Site Location:
125 Dobson Place, Marquette, MI 49855

C. Size of Site:
9 land acres

D. Density:
Appropriate for current use.

E. Physical Description:

1. Present Use: Multi-family residential

2. Existing Structures: 32 apartment buildings, one office building, and one community/maintenance building.

3. Relocation Requirements: None

F. Zoning:

Project is located in a Multi-Family Residential Zone

G. Contiguous Land Use:

1. North: Residential

2. South: Residential

3. East: Recreation Area

4. West: Residential

H. Tax Information:

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

I. Utilities:

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

J. Community Facilities:

1. Shopping:
There are not many shopping options nearby. There is a St. Vincent de Paul store less than a quarter mile away that helps people in need with low price options on food and clothes.

2. Recreation:
Haley Field is located right next to the development that has baseball/softball fields and open space.

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

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

5. Medical Services and other Nearby Amenities:
UP Health System is located less than a mile from the development.

6. Description of Surrounding Neighborhood:
The surrounding neighborhood is primarily single-family residential.

7. Local Community Expenditures Apparent:
None

8. Indication of Local Support:
The project has obtained a 4% PILOT from the City of Marquette.

V. ENVIRONMENTAL FACTORS:

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

VI. DESIGN AND COSTING STATUS:

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

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

VII. MARKET SUMMARY:

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

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

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

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	June 2020
B. Initial Closing and Disbursement:	August 2020
C. Construction Completion:	July 2021
D. Cut-Off Date:	January 2022

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad Benson

Digitally signed by Chad Benson
Date: 2020.06.17 12:17:40 -04'00'

Chad Benson
Acting Director of Development

Clarence L. Stone, Jr.

Digitally signed by Clarence L. Stone, Jr.
Date: 2020.06.17 15:25:34 -04'00'

Clarence L. Stone, Jr.
Director of Legal Affairs

Gary Heidel

Digitally signed by Gary Heidel
Date: 2020.06.17 16:26:10 -04'00'

Gary Heidel
Acting Executive Director

Development Lake Superior Village
Financing Tax Exempt
MSHDA No. 3923
Step Commitment
Date 06/25/2020
Type Acquisition/Rehab

Instructions

TOTAL DEVELOPMENT COSTS				Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition								
Land				5,302	615,000	0%	0	0
Existing Buildings				54,957	6,375,000	100%	6,375,000	0
Other:				0		0%	0	0
			Subtotal	**60,259**	**6,990,000**			
Construction/Rehabilitation								
Off Site Improvements				0		100%	0	0
On-site Improvements				16,894	1,959,720	100%	1,959,720	0
Landscaping and Irrigation				0		100%	0	0
Structures				58,639	6,802,091	100%	6,802,091	6,802,091
Community Building and/or Maintenance Facility				0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)				0		0%	0	0
General Requirements	% of Contract	6.00%	**Within Range**	4,532	525,709	100%	525,709	525,709
Builder Overhead	% of Contract	2.00%	**Within Range**	1,601	185,750	100%	185,750	185,750
Builder Profit	% of Contract	6.00%	**Within Range**	4,900	568,396	100%	568,396	568,396
Permits, Bond Premium, Tap Fees, Cost Cert.				759	88,000	100%	88,000	88,000
Other:				0	0	100%	0	0
			Subtotal	**87,325**	**10,129,666**			
			15% of acquisition and $15,000/unit test:		met			
Professional Fees								
Design Architect Fees				3,448	400,000	100%	400,000	400,000
Supervisory Architect Fees				948	110,000	100%	110,000	110,000
Engineering/Survey				647	75,000	100%	75,000	75,000
Legal Fees				991	115,000	65%	74,750	74,750
			Subtotal	**6,034**	**700,000**			
Interim Construction Costs								
Property & Causalty Insurance				862	100,000	100%	100,000	100,000
Construction Loan Interest	Override		**974,482**	8,401	974,482	70%	682,137	682,137
Title Work				1,034	120,000	65%	78,000	0
Construction Taxes				0		100%	0	0
Investor Construction Inspections				129	15,000	100%	15,000	15,000
			Subtotal	**10,427**	**1,209,482**			
Permanent Financing								
Loan Commitment Fee to MSHDA			2%	2,458	285,150	0%	0	0
Other:				0		0%	0	0
			Subtotal	**2,458**	**285,150**			
Other Costs (In Basis)								
Application Fee				17	2,000	100%	2,000	2,000
Market Study				56	6,500	100%	6,500	6,500
Environmental Studies				647	75,000	100%	75,000	75,000
Cost Certification				259	30,000	100%	30,000	30,000
Equipment and Furnishings				776	90,000	100%	90,000	0
Temporary Tenant Relocation				1,513	175,500	75%	131,625	131,625
Construction Contingency				8,732	1,012,967	100%	1,012,967	1,012,967
Appraisal and C.N.A.				284	33,000	100%	33,000	33,000
Other: Building permits				431	50,000	100%	50,000	50,000
			Subtotal	**12,715**	**1,474,967**			
Other Costs (NOT In Basis)								
Start-up and Organization				129	15,000	0%	0	0
Tax Credit Fees (based on 2017 QAP)		51,856	**Within Range**	447	51,857	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)				475	55,100	0%	0	0
Marketing Expense				4	500	0%	0	0
Syndication Legal Fees				431	50,000	0%	0	0
Rent Up Allowance		months		0	0	0%	0	0
Other:				0		0%	0	0
			Subtotal	**1,487**	**172,457**			

Summary of Acquisition Price		As of	
Attributed to Land	615,000	1st Mortgage Balance	
Attributed to Existing Structures	6,375,000	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	6,990,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	**6,990,000**

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

Appraised Value	Value As of: November 1, 2019	
"Encumbered As-Is" value as determined by appraisal:	6,990,000	Override
Plus 5% of Appraised Value:	0	
LESS Fixed Price to the Seller:	6,990,000	
Surplus/(Gap)	**Within Range** **0**	

			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	3,773	437,706	0%	0	0
Replacement Reserve		Required	2,611	302,917	0%	0	0
Operating Deficit Reserve		Not Required	0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			0	0	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows			0	0	0%	0	0
Other:			0		0%	0	0
Other:			0		0%	0	0
		Subtotal	**6,385**	**740,623**			
Miscellaneous							
Deposit to Development Operating Account (1MGRF		Required	978	113,494	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Other (In Basis):			0	0	100%	0	0
Other (In Basis):			0	0	100%	0	0
		Subtotal	**978**	**113,494**			
Total Acquisition Costs			**60,259**	**6,990,000**			
Total Construction Hard Costs			**87,325**	**10,129,666**			
Total Non-Construction ("Soft") Costs			**40,484**	**4,696,173**			

Developer Overhead and Fee

Maximum	2,692,579		**23,212**	**2,692,579**	100%	2,692,579	2,692,579
7.5%	of Acquisition/Project Reserves	Override		**5% Attribution Test**			
15%	of All Other Development Costs			met			
						LIHTC Basis	**Historic Basis**
Total Development Cost			**211,279**	**24,508,417**		**22,163,224**	**13,660,504**

TOTAL DEVELOPMENT SOURCES		**% of TDC**				
MSHDA Permanent Mortgage		31.85%	67,303	7,807,132		**Gap to Hard Debt Ratio**
Conventional/Other Mortgage		0.00%	0	0		
Equity Contribution from Tax Credit Syndication		30.20%	63,816	7,402,674	**# of Units**	
MSHDA NSP Funds		0.00%	0		0.00	19.38%
MSHDA HOME or Housing Trust Funds		3.09%	6,522	756,564	4.00	
Mortgage Resource Funds		3.09%	6,522	756,565		
Other MSHDA:		0.00%	0			
Local HOME		0.00%	0			
Income from Operations		2.91%	6,149	713,325		
Other Equity		0.00%	0			
Transferred Reserves:		0.00%	0	0		
Other:	Seller's Note	25.26%	53,362	6,190,000	**Deferred**	
Other:	Sponsor Loan MHC	3.06%	6,466	750,000	**Dev Fee**	
Deferred Developer Fee		0.54%	1,139	132,157	4.91%	
Total Permanent Sources				**24,508,417**		

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

MSHDA Construction Loan		**52.00%**	**109,865**	**12,744,377**
Construction Loan Rate	4.625%			
Repaid from equity prior to final closing				**4,937,245**

Eligible Basis for LIHTC/TCAP			**Value of LIHTC/TCAP**		
Acquisition	6,724,500		Acquisition	206,442	
Construction	20,070,341		Construction	616,159	Override
Acquisition Credit %		3.07%	Total Yr Credit	822,602	
Rehab/New Const Credit %		3.07%	Equity Price	$0.9000	
Qualified Percentage		100.00%	Equity Effective Price	$0.9000	Override
QCT/DDA Basis Boost		130%	Equity Contribution	7,402,674	
Historic?					

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	7,402,674
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	**7,402,674**

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

Development	Lake Superior Village
Financing	Tax Exempt
MSHDA No.	3923
Step	Commitment
Date	06/25/2020
Type	Acquisition/Rehab

Mortgage Assumptions:

Debt Coverage Ratio	1.15	
Mortgage Interest Rate	4.625%	
Pay Rate	4.625%	
Mortgage Term	40	years
Income from Operations	Yes	

Instructions

Total Development Income Potential			Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income			11,741	1,361,928	2.0%	6	2.0%
Annual Non-Rental Income			134	15,500	1.0%	6	2.0%
Total Project Revenue			11,874	1,377,428			
Total Development Expenses							
						Future Vacancy	
Vacancy Loss	5.00%	of annual rent potential	587	68,096		6	3.0%
Management Fee	534	per unit per year	534	61,944	3.0%	1	3.0%
Administration			2,059	238,788	3.0%	1	3.0%
Project-paid Fuel			541	62,776	3.0%	6	3.0%
Common Electricity			871	101,000	4.0%	6	3.0%
Water and Sewer			690	80,000	5.0%	6	5.0%
Operating and Maintenance	51,753		1,639	190,164	3.0%	1	3.0%
Real Estate Taxes			162	18,777	3.0%	1	3.0%
Payment in Lieu of Taxes (PILOT)		Applied to: All Units	0	0			
Insurance			242	28,040	3.0%	1	3.0%
Replacement Reserve	300	per unit per year	300	34,800	3.0%	1	3.0%
Other:			0		3.0%	1	3.0%
Other:			0		3.0%	1	3.0%

	% of Revenue			
Total Expenses	64.21%	**7,624**	**884,385**	
Base Net Operating Income		4,250	493,043	Override
Part A Mortgage Payment	31.13%	3,696	428,733	
Part A Mortgage		**67,303**	**7,807,132**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	4.67%	554	64,310	

Development Lake Superior Village
Financing Tax Exempt
MSHDA No. 3923
Step Commitment
Date 06/25/2020
Type Acquisition/Rehab

Instructions

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

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential: Under/ (over)	Differential %	Effective AMI%	Contract Rent/Sq. Foot
60% Family	Area Median Income Units Occupancy																					
B	41	Townhome	2	1.0	800	853	0	853	419,676		30.8%	35.3%	32,800	30.5%	32,800		934	TC Rent	81	8.67%	54.8%	$1.07
C	58	Townhome	3	1.0	1,000	1,035	0	1,035	720,360		52.9%	50.0%	58,000	53.9%	58,000		1,080	TC Rent	45	4.17%	57.5%	$1.04
D	13	Townhome	4	1.0	1,000	1,112	0	1,112	173,472		12.7%	11.2%	13,000	12.1%	13,000		1,204	TC Rent	92	7.64%	55.4%	$1.11
									1,313,508	0	96.4%	96.6%	103,800	96.5%	103,800							
50% Family	Area Median Income Units Occupancy																					
B	1	Townhome	2	1.0	800	853	0	853	10,236	0	0.8%	0.9%	800	0.7%	800	Low HOME	745	HOME Rent	(108)	-14.50%	54.8%	$1.07
C	2	Townhome	3	1.0	1,000	1,035	0	1,035	24,840	0	1.8%	1.7%	2,000	1.9%	2,000	Low HOME	900	TC Rent	(135)	-15.00%	57.5%	$1.04
D	1	Townhome	4	1.0	1,000	1,112	0	1,112	13,344	0	1.0%	0.9%	1,000	0.9%	1,000	Low HOME	1,003	TC Rent	(109)	-10.87%	55.4%	$1.11
													107,600		**107,600**							

Total Units **116**
Income Average 59.66%
Set Aside 100.00%

Gross Rent Potential	**1,361,928**
Average Monthly Rent	**978**
Gross Square Footage	**107,600**

HOME Units SF/Total Units SF	3.5%	**Within Range**
# HOME Units/# Total Units	3.4%	**Within Range**

Utility Allowances

	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Overide
	Owner-Paid	Owner-Paid	Owner-Paid	Owner-Paid			
A						0	
B						0	
C						0	
D						0	
E						0	
F						0	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	15,500
Laundry	
Carports	
Other:	
Other:	
	15,500

Total Income	**Annual**	**Monthly**
Rental Income	1,361,928	113,494
Non-Rental Income	15,500	1,292
Total Project Revenue	1,377,428	114,786

Cash Flow Projections

Development Lake Superior Village
Financing Tax Exempt
MSHDA No. 3923
Step Commitment
Date 06/25/2020
Type Acquisition/Rehab

	Initial Inflatior	Starting in Yr	Future Inflatior	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Income																							
Annual Rental Income	2.0%	6	2.0%	1,361,928	1,389,167	1,416,950	1,445,289	1,474,195	1,503,679	1,533,752	1,564,427	1,595,716	1,627,630	1,660,183	1,693,386	1,727,254	1,761,799	1,797,035	1,832,976	1,869,635	1,907,028	1,945,169	1,984,072
Annual Non-Rental Income	1.0%	6	2.0%	15,500	15,655	15,812	15,970	16,129	16,452	16,781	17,117	17,459	17,808	18,164	18,528	18,898	19,276	19,662	20,055	20,456	20,865	21,282	21,708
Total Project Revenue				**1,377,428**	**1,404,822**	**1,432,761**	**1,461,259**	**1,490,324**	**1,520,131**	**1,550,533**	**1,581,544**	**1,613,175**	**1,645,438**	**1,678,347**	**1,711,914**	**1,746,152**	**1,781,075**	**1,816,697**	**1,853,031**	**1,890,091**	**1,927,893**	**1,966,451**	**2,005,780**
Expenses																							
Vacancy Loss	5.0%	6	3.0%	68,096	69,458	70,847	72,264	73,710	45,110	46,013	46,933	47,871	48,829	49,805	50,802	51,818	52,854	53,911	54,989	56,089	57,211	58,355	59,522
Management Fee	3.0%	1	3.0%	61,944	63,802	65,716	67,688	69,719	71,810	73,964	76,183	78,469	80,823	83,248	85,745	88,317	90,967	93,696	96,507	99,402	102,384	105,456	108,619
Administration	3.0%	1	3.0%	238,788	245,952	253,330	260,930	268,758	276,821	285,125	293,679	302,489	311,564	320,911	330,538	340,455	350,668	361,188	372,024	383,185	394,680	406,521	418,716
Project-paid Fuel	3.0%	6	3.0%	62,776	64,659	66,599	68,597	70,655	72,775	74,958	77,207	79,523	81,908	84,366	86,897	89,504	92,189	94,954	97,803	100,737	103,759	106,872	110,078
Common Electricity	4.0%	6	3.0%	101,000	105,040	109,242	113,611	118,156	121,700	125,351	129,112	132,985	136,975	141,084	145,317	149,676	154,166	158,791	163,555	168,462	173,516	178,721	184,083
Water and Sewer	5.0%	6	5.0%	80,000	84,000	88,200	92,610	97,241	102,103	107,208	112,568	118,196	124,106	130,312	136,827	143,669	150,852	158,395	166,314	174,630	183,361	192,530	202,156
Operating and Maintenance	3.0%	1	3.0%	190,164	195,869	201,745	207,797	214,031	220,452	227,066	233,878	240,894	248,121	255,565	263,231	271,128	279,262	287,640	296,269	305,157	314,312	323,741	333,454
Real Estate Taxes	3.0%	1	3.0%	18,777	19,340	19,921	20,518	21,134	21,768	22,421	23,093	23,786	24,500	25,235	25,992	26,772	27,575	28,402	29,254	30,132	31,036	31,967	32,926
Payment in Lieu of Taxes (PILOT)				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	3.0%	1	3.0%	28,040	28,881	29,748	30,640	31,559	32,506	33,481	34,486	35,520	36,586	37,683	38,814	39,978	41,178	42,413	43,685	44,996	46,346	47,736	49,168
Replacement Reserve	3.0%	1	3.0%	34,800	35,844	36,919	38,027	39,168	40,343	41,553	42,800	44,084	45,406	46,768	48,171	49,616	51,105	52,638	54,217	55,844	57,519	59,245	61,022
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				884,385	912,846	942,267	972,683	1,004,129	1,005,387	1,037,140	1,069,938	1,103,818	1,138,818	1,174,976	1,212,334	1,250,932	1,290,816	1,332,029	1,374,618	1,418,633	1,464,124	1,511,143	1,559,744
Debt Service																							
Debt Service Part A				428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733	428,733
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses				**1,313,118**	**1,341,579**	**1,371,000**	**1,401,416**	**1,432,862**	**1,434,120**	**1,465,873**	**1,498,671**	**1,532,551**	**1,567,551**	**1,603,709**	**1,641,067**	**1,679,665**	**1,719,548**	**1,760,761**	**1,803,351**	**1,847,366**	**1,892,857**	**1,939,875**	**1,988,477**
Cash Flow/(Deficit)				**64,310**	**63,243**	**61,762**	**59,843**	**57,462**	**86,010**	**84,661**	**82,873**	**80,624**	**77,887**	**74,638**	**70,847**	**66,487**	**61,527**	**55,935**	**49,680**	**42,725**	**35,036**	**26,575**	**17,303**
Cash Flow Per Unit				554	545	532	516	495	741	730	714	695	671	643	611	573	530	482	428	368	302	229	149
Debt Coverage Ratio on Part A Loan				1.15	1.15	1.14	1.14	1.13	1.20	1.20	1.19	1.19	1.18	1.17	1.17	1.16	1.14	1.13	1.12	1.10	1.08	1.06	1.04
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves	3%	Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis

			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Maintained Debt Coverage Ratio (Hard Debt)	1.00																					
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit																				
Initial Balance		**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit			554	545	532	516	495	741	730	714	695	671	643	611	573	530	482	428	368	302	229	149
Maintained Debt Coverage Ratio on Part A Loan			1.15	1.15	1.14	1.14	1.13	1.20	1.20	1.19	1.19	1.18	1.17	1.17	1.16	1.14	1.13	1.12	1.10	1.08	1.06	1.04
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**0**																				
Non-standard ODR		**0**																				

Operating Assurance Reserve Analysis

		437,706																				
Required in Year:	1	Initital Deposit																				
Initial Balance		**437,706**	437,706	450,837	464,362	478,293	492,642	507,421	522,644	538,323	554,473	571,107	588,240	605,888	624,064	642,786	662,070	681,932	702,390	723,461	745,165	767,520
Interest Income			13,131	13,525	13,931	14,349	14,779	15,223	15,679	16,150	16,634	17,133	17,647	18,177	18,722	19,284	19,862	20,458	21,072	21,704	22,355	23,026
Ending Balance			450,837	464,362	478,293	492,642	507,421	522,644	538,323	554,473	571,107	588,240	605,888	624,064	642,786	662,070	681,932	702,390	723,461	745,165	767,520	790,546

Deferred Developer Fee Analysis

Initial Balance		132,157	67,847	4,604	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dev Fee Paid		64,310	63,243	4,604	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	Repaid in yea 0	67,847	4,604	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing	3%	Initial Balance																			
Principal Amount of all MSHDA Soft Funds		**756,565**	756,565	756,565	756,565	756,565	756,565	756,565	742,877	723,727	705,127	687,337	670,638	655,334	641,750	630,239	621,179	614,974	612,061	612,061	612,061
Current Yr Int			22,697	22,697	22,697	22,697	22,697	22,697	22,286	21,712	21,154	20,620	20,119	19,660	19,253	18,907	18,635	18,449	18,362	18,362	18,362
Accrued Int			0	22,697	45,394	39,512	32,288	26,254	5,945	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	779,262	801,959	824,656	818,774	811,550	805,516	785,207	765,163	745,439	726,281	707,957	690,757	674,994	661,003	649,147	639,814	633,424	630,423	630,423	630,423
Annual Payment Due		**50%**	0	0	28,579	29,921	28,731	43,005	42,330	41,436	40,312	38,944	37,319	35,424	33,243	30,763	27,968	24,840	21,363	17,518	13,288	8,652
Year End Balance			779,262	801,959	796,077	788,853	782,819	762,510	742,877	723,727	705,127	687,337	670,638	655,334	641,750	630,239	621,179	614,974	612,061	612,905	617,135	621,771

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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

June 25, 2020

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

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by the Marquette Housing Commission (the "Applicant") for a multifamily housing project to be located in the City of Marquette, Marquette County, Michigan, having an estimated total development cost of Twenty-Four Million Five Hundred Eight Thousand Four Hundred Seventeen Dollars ($24,508,417), a total estimated maximum mortgage loan amount of Twelve Million Seven Hundred Forty-Four Thousand Three Hundred Seventy-Seven Dollars ($12,744,377) and a Mortgage Resource Fund loan in the amount of Seven Hundred Fifty-Six Thousand Five Hundred Sixty-Five Dollars ($756,565) (hereinafter referred to as the "Application"); and

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

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

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

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

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

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

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

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

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

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

f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Fifteen Million Forty Thousand Dollars ($15,040,000).

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

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

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

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

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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

June 25, 2020

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

WHEREAS, an application (the "Application") has been filed with the Authority by the Marquette Housing Commission (the "Applicant") for a construction mortgage loan in the amount of Twelve Million Seven Hundred Forty-Four Thousand Three Hundred Seventy-Seven Dollars ($12,744,377), and a permanent mortgage loan in the amount of Seven Million Eight Hundred Seven Thousand One Hundred Thirty-Two Dollars ($7,807,132), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Twenty-Four Million Five Hundred Eight Thousand Four Hundred Seventeen Dollars ($24,508,417), to be known as Lake Superior Village, located in the City of Marquette, Marquette County, Michigan, and to be owned by Lake Superior Village Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund loan in the estimated amount of Seven Hundred Fifty-Six Thousand Five Hundred Sixty-Five Dollars ($756,565) (the "MRF Loan") and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Seven Hundred Fifty-Six Thousand Five Hundred Sixty-Four Dollars ($756,564) (the "HOME Loan"); and

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

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

(a) The Mortgagor is an eligible applicant;

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

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

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

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

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

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

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

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

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

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

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

2. A construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project in an amount not to exceed Twelve Million Seven Hundred Forty-Four Thousand Three Hundred Seventy-Seven Dollars ($12,744,377), and permanent financing in an amount not to exceed Seven Million Eight Hundred Seven Thousand One Hundred Thirty-Two Dollars ($7,807,132), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of four and 625/1000 percent (4.625%) per annum. The amount of proceeds of tax-exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Fifteen Million Forty Thousand Dollars ($15,040,000). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

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

authorized to issue to the Applicant and the Mortgagor a commitment for a Preservation Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Seven Hundred Fifty-Six Thousand Five Hundred Sixty-Five Dollars ($756,565), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

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

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

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

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be as follows:

(a) So long as the Housing Assistance Payments Contract or any other federal subsidy is in effect, the rate of return shall be twelve percent (12%) of the Mortgagor's equity, as determined by the Authority.

(b) Following the expiration or termination of the Housing Assistance Payments Contract or other federal subsidy, the rate of return shall not exceed twenty-five percent (25%) of the Mortgagor's equity, as determined by the Authority.

(c) The Mortgagor's return on equity shall be fully cumulative.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

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

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 *Gary Heidel*

DATE: June 25, 2020

RE: Savannah-Wilshire, Development No. 3912

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal; 2) authorize tax-exempt bond mortgage loans in the amounts set forth in this report; and 3) authorize a waiver of a certain Multifamily Direct Lending Parameter regarding payment in lieu of taxes ("PILOT"); 4) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

PROJECT SUMMARY:

MSHDA No:	3912
Development Name:	Savannah-Wilshire
Development Location:	Detroit, Wayne County
Sponsor:	Southwest Housing Solutions Corporation
Mortgagor:	Savannah Wilshire Limited Dividend Housing Association Limited Partnership
Number of Units:	40 units affordable; 0 units market
Occupancy Rate:	Currently, 75%, Historically, high 90% range
Total Development Cost:	$7,771,561
TE Bond Construction Loan:	$4,041,212
TE Bond Permanent Loan:	$1,507,392
MSHDA Gap Funds (HOME Loan):	$1,320,826
Other Funds:	Assumption of Existing City of Detroit Loans

EXECUTIVE SUMMARY:

The Savannah and Wilshire buildings are located in the historic Hubbard Farms Neighborhood on the Southwest side of Detroit. Both buildings are listed as contributing buildings to the Hubbard Farms Historic District. The historic district is known for its groupings of architecturally significant residential, commercial and institutional buildings constructed between 1870 and 1930. These buildings are significant as their architecture is representative of the apartment buildings built in Detroit in the 1920s. The sponsor has engaged a preservation consultant and the consultant has completed the Part 1 historic evaluation application and submitted it to United States Department of Interior National Park Service. The Part 2 application was approved by the State Historic Preservation Office and is currently under review by the National Park Service. The City of Detroit's Historic District Commission has issued Certificates of Appropriateness for both buildings. Furthermore, the sponsor is seeking an Enterprise Green Certification, bringing these wonderful buildings up to a more modern-day standard of energy efficiency, with modern amenities.

I am recommending Board approval for the following reasons:

- The sponsor has vast experience in affordable housing in the Southeast Detroit area.
- The preservation of this historic property will add to the Authority's tax-exempt bond financed portfolio as it is not currently financed by the Authority.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

- The City of Detroit has agreed to allow the assumption of its existing HOME loans and to subordinate these loans to the Authority's tax-exempt bond and HOME loans. The Authority's mission will be advanced by this partnership with the City of Detroit and with the sponsor, which has been designated as a Community Housing Development Organization, under the U.S. Department of Housing and Urban Development's HOME Investment Partnerships Program.
- There is no permanent relocation planned.
- The income and rent limits will be raised but a rent subsidy reserve will be established to assist existing tenants with the increase in rents.
- The affordability period for these units ranges from 15 years to 50 years, depending on the funding source.
- Municipal support is evidenced by the City of Detroit's pending PILOT approval.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

U.S. Treasury Regulations require, among other matters, that buildings within a single tax-exempt bond funded project be situated on contiguous parcels in order to treat the buildings as a single qualified residential rental project. In its current configuration, Savannah-Wilshire does not meet this requirement because the buildings are situated on two parcels that are not contiguous. In order to comply with U.S. Treasury Regulations relating to tax-exempt bonds, the Authority's bond counsel advises the Authority to treat Savannah-Wilshire as two distinct projects, including having each project meet the minimum set-aside test set forth in Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). The set-aside test requires at least 20% of the units be occupied by individuals earning 50% or less of area median gross income (the "20/50 test") or at

least 40% of the units be occupied by individuals earning 60% or less of area median gross income (the “40/60 test”). The Authority and the mortgagor must ensure the set-aside test is met in each project throughout the entire qualified project period established for the project under Section 142(d).

To enable Savannah-Wilshire to be financed with a single tax-exempt bond loan and secured by one mortgage, the Authority’s bond counsel also recommends the following:

- Both projects must be owned by the same entity.
- The Authority must issue one tax-exempt mortgage note to finance the rehabilitation of both projects.
- Common area square footage must be rehabilitated with funds other than tax-exempt bond proceeds.
- Each of the two projects must receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its corresponding acquisition cost.
- The Authority may publish a single Tax Equity and Fiscal Responsibility Act (“TEFRA”) notice listing each project separately.
- The two projects may be managed as one property.
- One tax credit award that covers both projects may be issued by the Authority.

The projects are comprised of the following:

1. 250 West Grand Blvd, 20 total units and common area and laundry room
2. 388 West Grand Blvd, 20 total units and common area and laundry room

There is also an existing HOME mortgage loan on each project that will assumed by the mortgagor and subordinated to the Authority's loans by the City of Detroit.

Furthermore, each building is subject to a low-income housing tax credit extended use agreement but under different tax credit elections. The Wilshire building elected to maintain 20% of the units at 50% of area median gross income, and the Savannah building elected to maintain 40% at 60% of area median gross income. Therefore, each building must continue to maintain those specific elections through the term of the extended use agreement.

The loan proposal will require a waiver of the Authority’s Multifamily Direct Lending Parameter concerning a PILOT (Section VI.I.2), conditioned on the PILOT being granted prior to the Authority’s disbursement of any funds. The City of Detroit has indicated support for the PILOT.

- Proposals that do not include tax abatement will be underwritten based on the *ad valorem* taxes applicable to the property.
- That for a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority Board consideration.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

June 25, 2020

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond mortgage loans in the amounts set forth in this report, **3) AUTHORIZE A WAIVER OF A CERTAIN MULTIFAMILY DIRECT LENDING PARAMETER REGARDING PAYMENT IN LIEU OF TAXES ("PILOT"),** and **4**~~3~~) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	3912
Development Name:	Savannah-Wilshire
Development Location:	City of Detroit, Wayne County
Sponsor:	Southwest Housing Solutions Corporation
Mortgagor:	Savannah Wilshire LDHA Limited Partnership
TE Bond Construction Loan:	$4,041,212 (52% of TDC)
TE Bond Permanent Loan:	$1,507,392
MSHDA HOME Loan:	$1,320,826
Total Development Cost:	$7,771,561
Mortgage Term:	40 years for the tax-exempt bond loan; 50 years for the HOME loan
Interest Rate:	4.625% for the tax-exempt bond loan; 1% simple interest for the HOME loan
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	40 family units of rehabilitation
Unit Configuration:	10 studio, 28 one-bedroom, and 2 two-bedroom one bath apartments in two (2) three and one-half story buildings
Builder:	Keating Contracting LLC
Syndicator:	Cinnaire
Date Application Received:	November 2019
HDQ:	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:

U.S. Treasury Regulations require, among other matters, that buildings within a single tax-exempt bond funded project be situated on contiguous parcels in order to treat the buildings as a single qualified residential rental project. In its current configuration, Savannah-Wilshire does not meet this requirement because the buildings are situated on two parcels that are not contiguous. In order to comply with U.S. Treasury Regulations relating to tax exempt bonds, the Authority's bond counsel advises the Authority to treat Savannah-Wilshire as two distinct projects, including having each project meet the minimum set-aside test set forth in Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). The set-aside test requires at least 20% of the units be occupied by individuals earning 50% or less of area median gross income (the "20/50 test") or at least 40% of the units be occupied by individuals earning 60% or less of area median gross income (the "40/60 test"). The Authority and the mortgagor must ensure the set-aside test is met in each project throughout the entire qualified project period established for the project under Section 142(d).

To enable Savannah-Wilshire to be financed with a single tax-exempt bond loan and secured by one mortgage, the Authority's bond counsel also recommends the following:

- Both projects must be owned by the same entity.
- The Authority must issue one tax-exempt mortgage note to finance the rehabilitation of both projects.
- Common area square footage must be rehabilitated with funds other than tax-exempt bond proceeds.
- Each of the two projects must receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its corresponding acquisition cost.
- The Authority may publish a single TEFRA notice listing each project separately.
- The two projects may be managed as one property.
- One tax credit award that covers both projects may be issued by the Authority.

The projects are comprised of the following:

- 250 West Grand Blvd, 20 total units and common area and laundry room
- 388 West Grand Blvd, 20 total units and common area and laundry room

There is also an existing HOME mortgage loan on each project that will be assumed by the mortgagor and subordinated to the Authority's loans by the City of Detroit.

Furthermore, each building is subject to a low-income housing tax credit extended use agreement but under different tax credit elections. The Wilshire building elected to maintain 20% of the units at 50% of area median gross income, and the Savannah building elected to maintain 40% at 60% of area median gross income. Therefore, each building must continue to maintain those specific elections through the term of the extended use agreement.

THE DEVELOPMENT WILL REQUIRE A WAIVER OF THE FOLLOWING AUTHORITY MULTIFAMILY DIRECT LENDING PARAMETER CONCERNING A PILOT (SECTION VI.I.2) CONDITIONED ON THE PILOT BEING FOUND ACCEPTABLE PRIOR TO THE AUTHORITY'S DISBURSEMENT OF ANY FUNDS. SEE SPECIAL CONDITION NO. 10.

- **PROPOSALS THAT DO NOT INCLUDE TAX ABATEMENT WILL BE UNDERWRITTEN BASED ON THE AD VALOREM TAXES APPLICABLE TO THE PROPERTY.**
- **THAT FOR A PROPOSAL TO BE UNDERWRITTEN ON THE BASIS OF A PILOT, THE PILOT MUST BE APPROVED PRIOR TO AUTHORITY BOARD CONSIDERATION.**

EXECUTIVE SUMMARY:

The Savannah and Wilshire buildings are located in the historic Hubbard Farms Neighborhood on the Southwest side of Detroit. Both buildings are listed as contributing buildings to the Hubbard Farms Historic District. The historic district is known for its groupings of architecturally significant residential, commercial and institutional buildings constructed between 1870 and 1930. These buildings are significant as their architecture is representative of the apartment buildings built in Detroit in the 1920s. The sponsor has engaged a preservation consultant and the consultant has completed the Part 1 historic evaluation application and submitted it to The United States Department of the Interior National Park Service. The Part 2 application was approved by the State Historic Preservation Office and is currently under review by the National Park Service. The City of Detroit's Historic District Commission has issued Certificates of Appropriateness for both buildings. Furthermore, the sponsor is seeking an Enterprise Green Certification, bringing these wonderful buildings up to a more modern-day standard of energy efficiency, with modern amenities.

The sponsor has vast experience in affordable housing in the Southeast Detroit area. The preservation of this property will add to the Authority's tax-exempt bond financed portfolio as it is not currently financed by the Authority.

Structure of the Transaction and Funding:

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

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of $4,041,212 at 4.625% interest with an 18-month term (a 12-month construction term and a 6-month holding period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the18 month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").

- The permanent loan will be in the amount of $1,507,392. 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 1.30 debt service coverage ratio, an annual interest rate of 4.625%, 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 using HOME funds (the "HOME Loan") in the amount of $1,320,826 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Second Position**.

- The City of Detroit will allow an assumption of the HOME Loans on each project in the combined amount of $800,000. This loan will be in **Third Position**. See Special Condition No. 7.

- The Sponsor is providing a loan in the amount of $450,000. See Special Condition No. 6.

- Equity support comes from an investment related to the 4% low income housing tax credit ("LIHTC") in the estimate amount of $1,988,468.

- Federal Historic Tax Credits have been requested and additional equity support will come from the sale of these credits. See Special Condition No. 5.

- 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 $170,669.

- The Sponsor has agreed to defer $462,358 of the developer fee to help fill the remaining funding gap.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve ("OAR") will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- The Development will be renovated and a new replacement reserve requirement imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

- 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.

- A rent subsidy reserve will be established to subsidize the rents of all current tenants affected by rent increases. The rent subsidy reserve is expected to help transition current tenants whose rents could increase as part of this transaction. This reserve will be capitalized at closing and will be held by the Authority. See Special Condition No. 3.

Scope of Rehabilitation:

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

- New roofs
- Repair roof drainage
- Tuck pointing
- Painting common areas
- Common area flooring
- Paint and carpeting stairwells
- Replacing mailboxes
- Community and laundry room upgrades
- Painting all units
- Replace unit flooring
- New kitchens
- Replacing HVAC systems

Affordability Requirements:

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

Protections for Existing Residents:

The preservation and renovation of the Development will result in a rent increase for many existing tenants, but there will be no permanent tenant displacement as a result of this transaction. A rent subsidy reserve is being established to protect these tenants against an increase in rent for an estimated three-year period following the date of closing; thereafter, the tenants will be responsible for their full rent payment. See Special Condition No. 3.

Site Selection:

The sites have been reviewed by Authority staff, and the Authority's Manager of the office of Market Research has indicated that the site meets the Authority's current site selection criteria.

Market Evaluation:

The unit mix as well as the amenities package and rent levels have been approved by the Manager of the office of Market Research.

Valuation of the Property:

An appraisal dated August 28, 2019, estimates the value at $800,000.

CONDITIONS:

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

providing documentation acceptable to the Authority:

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $3,025,316). 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 1% per annum until a cap of 25% per annum is reached.

2. **Income Limits:**

   The income limitations for 40 units of this proposal are as follows:

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

   b. 8 units have been designated as High-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 lesser of 60% of the MTSP income limits or the High HOME income limit, as published by HUD, adjusted for family size.

   c. 4 units (1 studio unit and 3 one-bedroom units) must be available for occupancy by households whose incomes do not exceed the 50% MTSP 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.

   d. 36 units (9 studio units, 25 one-bedroom units and 2 two-bedroom units) must be available for occupancy by households whose incomes do not exceed 60% of the MTSP 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. <u>Limitations on Rental Rates</u>:

The Total Housing Expense (contract rent plus tenant-paid utilities) for 40 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 three Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

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

c. The Total Housing Expense for four (4) units (1 studio unit, and 3 one-bedroom units), may not exceed one-twelfth (1/12th) of 30% of the MTSP 50% 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.

d. The Total Housing Expense for all thirty six (36) units (9 studio units, 25 one-bedroom units and 2 two bedroom units), may not exceed one-twelfth (1/12th) of 30% of 60% of the MTSP 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 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. 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 OAR in the amount equal to six months' of estimated Development operating expenses (estimated to be $170,374. 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 OAR, 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 $5,249 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 ($27,402) 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. The HOME Loan will be secured by a subordinate mortgage and will bear simple interest at 1% with a 50-year term. No payments on the HOME Loan will be required until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 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 will be made from fifty percent (50%) of any surplus cash available for distribution. Such payments shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale of the Development or refinancing of the Mortgage

Loan, at which time the HOME Loan shall be due in full. If the HOME Loan is still outstanding, then following repayment of the Mortgage Loan and continuing on the first day of every month thereafter, the Mortgagor shall make monthly payments of principal and interest equal to the monthly payments that were required on the Mortgage Loan on the first day of every month until the HOME Loan is paid in full, sale of the Development or the date that is 50 years from date of Initial Closing, whichever occurs first.

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

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

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

11. Owner/Architect Agreement:

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

12. Trade Payment Breakdown:

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

13. Section 3 Requirements:

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

14. Equal Opportunity and Fair Housing:

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

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

15. Cost Certification:

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

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

16. 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.

17. Organizational Documents/Equity Pay-In Schedule:

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

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

18. Designation of Authority Funds:

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

19. Management & Marketing:

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

a. Management Agreement
b. Marketing/Construction Transition Plan
c. Tenant selection criteria

20. Guaranties:

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

21. Financial Statements:

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

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

22. Future Contributions:

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

23. Ownership of Development Reserves:

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

24. HUD Authority to Use Grant Funds:

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

25. HUD Subsidy Layering Review:

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

26. Application for Disbursement:

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

27. 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:

- The survey and zoning letters must be updated
- All encroachments must be identified.
- **A PILOT IN ACCEPTABLE FORM AND TERM MUST BE PROVIDED.**
- 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 Initial Closing the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer including but not limited to the following:

- An executed scope of services agreement between the sponsor and the sponsor's environmental consultant for completion of the items required prior to final closing or placing the tax credits into service.

At Initial Closing, the Mortgagor must 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.

3. **Rent Subsidy Reserve:**

At Initial Closing, the Mortgagor must establish a Rent Subsidy Reserve with a one-time deposit in the amount of $128,813 ("Rent Subsidy Reserve") The Rent Subsidy Reserve shall be held and controlled by the Authority and will be invested and reinvested by the Authority's Finance Division. Interest earned on this reserve, if any, shall become part of this reserve and shall be treated and distributed in the same way. The Rent Subsidy Reserve will be held for a minimum of 3 years following the Mortgage Cut-Off Date. This subsidy will be available only for the purpose of providing rental subsidies to existing tenants, who, at the time of closing of the Initial Closing, are residing in units restricted to less than 60% of AMI. This subsidy will no longer be payable once the tenant's tenancy at

the Development is terminated or their income increases to the point where they are no longer eligible for the rent subsidy. The Rent Subsidy Reserve will be used to pay the difference between (1) the rent level established for a unit at 60% area medium income, and (2) an existing tenant's current rent as increased at a rate of no more than 5% annually and approved by the Authority. Future tenants will not be eligible to receive this subsidy. The Mortgagor may draw funds out of the Rent Subsidy Reserve on a quarterly basis. All draws must include data specifying the units receiving subsidy payments, as well as the tenant name, move in date, and subsidy amount being drawn. All draws from the Rent Subsidy Reserve must be approved by the Director of Asset Management. The Mortgagor must further provide notice to tenants in units to be assisted by the Rent Subsidy Reserve, describing the proposed rental increases and the extent to which funds in the Rent Subsidy Reserve will be available to mitigate such increases.

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

4. <u>State Historic Preservation Review:</u>

Prior to Initial Closing, State Historic Preservation Office review for compliance with the National Historic Preservation Act and/or confirmation of compliance with the Michigan Local Historic Districts Act may be required based on the source of funding, age of the existing building(s), location in a locally designated historic district or if the building(s) are otherwise eligible for listing in the National Register of Historic Places.

5. <u>Federal Historic Tax Credits:</u>

Prior to Mortgage Loan Commitment, the Mortgagor must submit evidence of fulfillment of all conditions to the Historic Preservation Certification Application – Part 2 as described in the conditional approval letter dated February 14, 2020 from the United States Department of Interior. Upon construction completion, the Mortgagor must submit Part III approval from the United States Department of Interior. These documents must be acceptable in form and substance to the Authority's Director of Legal Affairs.

6. <u>Sponsor Loan:</u>

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.

7. Local HOME Loan:

Prior to Initial Mortgage Loan closing, the Mortgagor must submit substantially final documents evidencing the reduction of the City of Detroit's HOME Loans to a combined balance of $800,000, to be made effective prior to closing, and then the assumption of that loan. The City must also confirm that the HOME period of affordability for these loans has expired. The HOME assumption documents must be submitted and deemed acceptable to the Authority's Director of Legal Affairs and Director of Development, with repayment terms that are consistent with the payments and amount indicated on the attached proforma.

8. Bond Requirements.

At or prior to initial Mortgage Closing, the Mortgagor shall submit documentation satisfactory to the Director of Legal Affairs evidencing compliance with the requirements for a single, tax-exempt bond loan.

The tax-exempt bond loan financing of the rehabilitation of the two projects shall be evidenced by one mortgage note and one mortgage loan.

All common area square footage (including without limitation office space, club house facilities and shared parking) must be rehabilitated with funds other than tax-exempt bond proceeds. Final determinations regarding common area square footage shall be made by the Authority's Building Construction Manager.

Each of the two projects must receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its acquisition cost.

Throughout the Qualified Project Period of the tax-exempt bonds, as defined in IRS Section 142(d)(2)(A), the Mortgagor and the Authority must ensure that the minimum set-aside test found in IRS Section 142(d) is met for each of the three projects.

9. Disbursement through Title Company:

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

10. PILOT OBTAINED POST-COMMITMENT:

THE DEVELOPMENT IS CURRENTLY SUBJECT TO AD VALOREM PROPERTY TAXES; HOWEVER, THE MORTGAGOR HAS APPLIED FOR A PILOT. THE DEVELOPMENT HAS BEEN UNDERWRITTEN WITH A 4% PILOT BASED ON AN INDICATION OF SUPPORT FROM THE MUNICIPALITY. BEFORE INITIAL CLOSING, A

PILOT ORDINANCE, ACCEPTABLE IN LANGUAGE, FORM AND SUBSTANCE TO THE AUTHORITY'S DIRECTOR OF LEGAL AFFAIRS MIST BE PROVIDED. IF THE DEVELOPMENT DOES NOT OBTAIN A PILOT AS DESCRIBED ABOVE, THE DEVELOPMENT MUST BE RE-UNDERWRITTEN AND IF FEASIBLE, PRESENTED TO THE BOARD. IF THE DEVELOPMENT OBTAINS A PILOT REPRESENTING A LOWER PILOT PAYMENT AMOUNT, ANY SAVINGS GENERATED BY THE PILOT MAY BE APPLIED, AT THE SOLE DISCRETION OF AN AUTHORIZED OFFICER OF THE AUTHORITY, TO REDUCE ONE OR ALL OF THE AUTHORITY'S SUBORDINATE LOANS OR APPLIED AGAINST ANY OTHER OBLIGATION THAT THE MORTGAGOR OWES THE AUTHORITY WITH ANY REMINDER DEPOSITED IN THE DEVELOPMENT'S OPERATING RESERVE CASH ACCOUNT.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Savannah Wilshire Limited Dividend Housing Association Limited Partnership

II. GUARANTOR(S):

A. Guarantor:

Name: Southwest Housing Solutions Corporation
Address: 1920 25th Street, Suite A
Detroit, MI 48216

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Southwest Housing Solutions Corporation
Address: 1920 25th Street, Suite A
Detroit, MI 48216

Individuals Assigned: Janay Mallett
Telephone: 248-914-5223
Fax: 313-841-3727
E-mail: jmallett@swsol.org

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

2. **Interest in the Mortgagor and Members**: Savannah-Wilshire GP Inc. will be the 1% general partner and Cinnaire will be the 99% limited partner.

B. Architect:

Name: Shelter Design Studio, LLC
Address: 104 West Fourth Street, Suite 303
Detroit, MI 48073

Individual Assigned: Steve Pariseau
Telephone: 248-721-2488
E-Mail: spariseau@shelterstudiollc.com

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

2. **Architect's License**: License number1301060682 exp. 10/31/2020.

C. Attorney:

Name: Dykema Gossett
Address: 400 Renaissance Center
Detroit, MI 48243

Individual Assigned: Rochelle Lento
Telephone: 313-568-5322
Fax: 313-568-6701
E-Mail: rlento@dykema.com

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

D. Builder:

Name: Keating Contracting LLC
Address: 22775 Heslip Drive
Novi, MI 48375

Individual Assigned: Mark Keating
Telephone: 248-730-9339
E-mail: keating.net@gmail.com

1. **Experience**: The firm does not have previous experience with Authority financed developments.

2. **State Licensing Board Registration**: License number 2101190389 with an expiration date of 05/31/2021.

E. Management and Marketing Agent:

Name: Southwest Housing Solutions Corporation
Address: 1920 25th Street, Suite A
Detroit, MI 48216

Individual Assigned: Laura Santos
Telephone: 313-297-1328
Fax: 313-841-3727
E-mail: lsantos@swsol.org

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

F. **Development Team Recommendation:** Acceptable.

IV. SITE DATA:

A. Land Control/Purchase Price:
The property is currently optioned with a purchase price of $800,000.

B. Site Location: 250 West Grand Boulevard Detroit, MI (Savannah Building)
388 West Grand Boulevard, Detroit, MI (Wilshire Building)

C. Size of Site: 0.193 Acres at 250 West Grand Boulevard Detroit, MI (Savannah Building)
0.279 acres 388 West Grand Boulevard, Detroit, MI (Wilshire Building)

D. Density: Appropriate for the area

E. Physical Description:

1. Present Use: Apartment buildings

2. Existing Structures: Each site is occupied by one 3-1/2 story building
3. Relocation Requirements: There will be no permanent relocation as a result of this transaction.

F. Zoning: R5-H (Medium Density Residential Historic) The continued use of this property for multi-family is permitted by right.

G. Contiguous Land Use:

250 W. Grand Blvd:
1. North: Single Family
2. South: Single Family
3. East: Fisher Service Drive
4. West: Single Family

388 W Grand Blvd:
1. North: Single Family
2. South: Single Family
3. East: Single Family
4. West: Single Family

H. Tax Information:

The city has demonstrated support for a PILOT at 4% for each parcel.

I. Utilities:

DTE supplies natural gas for both sites
DTE supplies electric to both sites
The City of Detroit supplies the water and sewer services.

J. Community Facilities:

1. Shopping:
Many retail establishments within one mile.

2. Recreation:
Clark Park is about .4 miles away.

3. Public Transportation:
There are nearby bus stops.

4. Road Systems
Good access to major roads and highways.

5. Medical Services and other Nearby Amenities:
Many choices within a couple of miles.

6. Description of Surrounding Neighborhood:
Typical for the area.

7. Local Community Expenditures Apparent:
Yes, there are millions of dollars of capital improvements within a few miles of the site.

8. Indication of Local Support:
The city has expressed support for a renewal of the PILOT and has acknowledged its approval of the write down of the current HOME debt to the amount of the appraisal and the sponsor's assumption of that 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:	June 2020
B.	Initial Closing and Disbursement:	August 2020
C.	Construction Completion:	July 2021
D.	Cut-Off Date:	January 2022

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad Benson Digitally signed by Chad Benson Date: 2020.06.23 12:24:36 -04'00' 6/23/2020

Chad Benson
Acting Director of Development

Date

Clarence L. Stone, Jr. Digitally signed by Clarence L. Stone, Jr. Date: 2020.06.23 14:20:23 -04'00' 6/23/2020

Clarence L. Stone, Jr.
Director of Legal Affairs

Date

Gary Heidel Digitally signed by Gary Heidel Date: 2020.06.23 14:59:08 -04'00' 6/23/2020

Gary Heidel
Acting Executive Director

Date

Development Savannah Wilshire
Financing Tax Exempt
MSHDA No. 3912
Step Commitment
Date 05/25/2020
Type Preservation - LIHTC

Instructions

TOTAL DEVELOPMENT COSTS

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition							
Land			0		0%	0	0
Existing Buildings			0		100%	0	0
Other: expired compliance HOME assumption			20,000	800,000	98%	780,000	
		Subtotal	**20,000**	**800,000**			
Construction/Rehabilitation							
Off Site Improvements			135	5,400	100%	5,400	0
On-site Improvements			468	18,700	100%	18,700	0
Landscaping and Irrigation			213	8,500	100%	8,500	8,500
Structures			92,242	3,689,692	100%	3,689,692	3,689,692
Community Building and/or Maintenance Facility			563	22,500	100%	22,500	22,500
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)			0		0%	0	0
General Requirements	% of Contract 4.02%	Within Range	3,768	150,733	100%	150,733	150,733
Builder Overhead	% of Contract 1.37%	Within Range	1,331	53,259	100%	53,259	53,259
Builder Profit	% of Contract 4.12%	Within Range	4,074	162,972	100%	162,972	162,972
Permits, Bond Premium, Tap Fees, Cost Cert.			3,230	129,200	100%	129,200	129,200
Other: security			88	3,500	100%	3,500	3,500
		Subtotal	**106,111**	**4,244,456**			
		15% of acquisition and $15,000/unit test:		**met**			
Professional Fees							
Design Architect Fees			1,884	75,360	100%	75,360	75,360
Supervisory Architect Fees			471	18,840	100%	18,840	18,840
Engineering/Survey			375	15,000	100%	15,000	15,000
Legal Fees			3,125	125,000	100%	125,000	125,000
		Subtotal	**5,855**	**234,200**			
Interim Construction Costs							
Property & Causalty Insurance			850	34,000	100%	34,000	34,000
Construction Loan Interest	Override	**194,940**	4,874	194,940	67%	129,960	129,960
Title Work			413	16,500	100%	16,500	0
Construction Taxes			313	12,500	100%	12,500	12,500
Other: Historic preservation consultant			513	20,500	100%	20,500	20,500
		Subtotal	**6,961**	**278,440**			
Permanent Financing							
Loan Commitment Fee to MSHDA		2%	2,681	107,241	0%	0	0
Other: City of Detroit HOME loan modification fee			370	14,786	0%	0	0
		Subtotal	**3,051**	**122,027**			
Other Costs (In Basis)							
Application Fee			50	2,000	100%	2,000	2,000
Market Study			163	6,500	100%	6,500	6,500
Environmental Studies			1,563	62,500	100%	62,500	62,500
Cost Certification			350	14,000	100%	14,000	14,000
Equipment and Furnishings			0		100%	0	0
Temporary Tenant Relocation			0		100%	0	0
Construction Contingency			10,611	424,446	100%	424,446	424,446
Appraisal and C.N.A.			322	12,875	100%	12,875	12,875
Other:			0		100%	0	0
		Subtotal	**13,058**	**522,321**			
Other Costs (NOT In Basis)							
Start-up and Organization			450	18,000	0%	0	0
Tax Credit Fees (based on 2017 QAP)	15,359	Within Range	384	15,359	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)			475	19,000	0%	0	0
Marketing Expense			38	1,500	0%	0	0
Syndication Legal Fees			500	20,000	0%	0	0
Rent Up Allowance	months		0	0	0%	0	0
Other:			0		0%	0	0
		Subtotal	**1,846**	**73,859**			

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Project Reserves							
Operating Assurance Reserv	6.0 months	Funded in Cas	4,259	170,374	0%	0	0
Replacement Reserve		Required	5,249	209,953	0%	0	0
Operating Deficit Reserve		Not Required	0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			0	0	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows		35,000	875	35,000	0%	0	0
Other: Reserve for rental increases current tenants			3,220	128,813	0%	0	0
Other:			0		0%	0	0
		Subtotal	**13,604**	**544,140**			
Miscellaneous							
Deposit to Development Operating Account (1MGRF		Required	685	27,402	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Other (In Basis):			0	0	100%	0	0
Other (In Basis):			0	0	100%	0	0
		Subtotal	**685**	**27,402**			
Total Acquisition Costs			**20,000**	**800,000**			
Total Construction Hard Costs			**106,111**	**4,244,456**			
Total Non-Construction ("Soft") Costs			**45,060**	**1,802,389**			

Developer Overhead and Fee

Maximum	924,716		**23,118**	**924,716**	100%	924,716	924,716
7.5%	of Acquisition/Project Reserves	Override		**5% Attribution Test**			
15%	of All Other Development Costs			**met**			

					LIHTC Basis	**Historic Basis**
Total Development Cost			**194,289**	**7,771,561**	**6,919,153**	**6,098,553**

TOTAL DEVELOPMENT SOURCES

		% of TDC				
MSHDA Permanent Mortgage		19.40%	37,685	1,507,392		**Gap to Hard Debt Ratio**
Conventional/Other Mortgage		0.00%	0	0		
Equity Contribution from Tax Credit Syndication		25.59%	49,712	1,988,468	**# of Units**	
MSHDA NSP Funds		0.00%	0		0.00	87.62%
MSHDA HOME Funds		17.00%	33,021	1,320,826	11.00	
Mortgage Resource Funds		0.00%	0			
Other MSHDA:		0.00%	0			
Local HOME		0.00%	0			
Income from Operations		2.20%	4,267	170,669		
Other Equity	Historic tax credits	13.34%	25,921	1,036,848		
Transferred Reserves:		0.45%	875	35,000		
Other:	Sponsor loan to LDHA LP from Grant	5.79%	11,250	450,000	**Deferred Dev Fee**	
Other:	City HOME assumption expired compl	10.29%	20,000	800,000	50.00%	
Deferred Developer Fee		5.95%	11,559	462,358		
Total Permanent Sources				**7,771,561**		

Sources Equal Uses?			**Balanced**
Surplus/(Gap)			**0**
MSHDA Construction Loan		**52.00%**	**101,030**	**4,041,212**
Construction Loan Rate	4.625%			
Repaid from equity prior to final closing				**2,533,820**

Eligible Basis for LIHTC/TCAP			**Value of LIHTC/TCAP**		
Acquisition	780,000		Acquisition	24,336	
Construction	6,395,275		Construction	199,533	Override
Acquisition Credit %		3.12%	Total Yr Credit	223,869	225,983
Rehab/New Const Credit %		3.12%	Equity Price	$0.8800	
Qualified Percentage		100.00%	Equity Effective Price	$0.8800	Override
QCT/DDA Basis Boost		130%	Equity Contribution	1,988,452	1,988,468
Historic?		Yes			

Existing Reserve Analysis

DCE Interest:	
Insurance:	35,000
Taxes:	
Rep. Reserve:	
ORC:	
DCE Principal:	
Other:	

Summary of Acquisition Price — As of ##############

Attributed to Land	0	1st Mortgage Balance	800,000
Attributed to Existing Structures	0	Subordinate Mortgage(s)	
Other:	800,000	Subordinate Mortgage(s)	
Fixed Price to Seller	800,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	**0**

Construction Loan Term

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

Appraised Value — Value As of: August 28, 2019

"Encumbered As-Is" value as determined by appraisal:	800,000	Override
Plus 5% of Appraised Value:	0	
LESS Fixed Price to the Seller:	800,000	
Surplus/(Gap)	**Within Range** **0**	

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	1,988,468
Brownfield Equity	
Historic Tax Credit Equity	1,036,848
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	**3,025,316**

Development	Savannah Wilshire
Financing	Tax Exempt
MSHDA No.	3912
Step	Commitment
Date	05/25/2020
Type	Preservation - LIHTC

Mortgage Assumptions:

Debt Coverage Ratio	1.3	
Mortgage Interest Rate	4.625%	
Pay Rate	4.625%	
Mortgage Term	40	years
Income from Operations	Yes	

Instructions

Total Development Income Potential			Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income			8,221	328,824	1.0%	6	2.0%
Annual Non-Rental Income			0	0	1.0%	6	2.0%
Total Project Revenue			8,221	328,824			
Total Development Expenses							
						Future Vacancy	
Vacancy Loss	8.00%	of annual rent potential	658	26,306		6	8.0%
Management Fee	534	per unit per year	534	21,360	3.0%	1	3.0%
Administration			1,077	43,068	3.0%	1	3.0%
Project-paid Fuel			302	12,072	3.0%	6	3.0%
Common Electricity			175	7,019	4.0%	6	3.0%
Water and Sewer			480	19,200	5.0%	6	5.0%
Operating and Maintenance			1,161	46,434	3.0%	1	3.0%
Real Estate Taxes			0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to: All Units	264	10,569			
Insurance			580	23,183	3.0%	1	3.0%
Replacement Reserve	300	per unit per year	300	12,000	3.0%	1	3.0%
Other:			0		3.0%	1	3.0%
Other:			0		3.0%	1	3.0%

	% of Revenue			
Total Expenses	67.27%	**5,530**	**221,211**	
Base Net Operating Income		2,690	107,613	Override
Part A Mortgage Payment	25.17%	2,069	82,779	
Part A Mortgage		**37,685**	**1,507,392**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	7.55%	621	24,834	

Development Savannah Wilshire
Financing Tax Exempt
MSHDA No. 3912
Step Commitment
Date 05/25/2020
Type Preservation - LIHTC

Instructions

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

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential: Under/ (over)	Differential %	Effective AMI%	Contract Rent/Sq. Foot
Wilshire building																						
50%	Area Median Income Units																					
Family	Occupancy																					
A	1	Apartment	0	1.0	353	584	37	621	7,008		2.1%	2.5%	353	2.0%	353		668	TC Rent	47	7.04%	46.4%	$1.65
B	3	Apartment	1	1.0	454	672	44	716	24,192		7.4%	7.5%	1,362	7.6%	1,362	Low HOME	716	TC Rent	0	0.00%	50.0%	$1.48
C	0	Apartment	2	1.0	798	0	65	0	0		0.0%	0.0%	0	0.0%	0		858	TC Rent	858	100.00%	0.0%	N/A
D	0	Apartment	0	1.0	353	0	37	0	0		0.0%	0.0%	0	0.0%	0		668	TC Rent	668	100.00%	0.0%	N/A
E	0	Apartment	1	1.0	454	0	44	0	0		0.0%	0.0%	0	0.0%	0		716	TC Rent	716	100.00%	0.0%	N/A
F	0	Apartment	2	1.0	798	0	65	0	0		0.0%	0.0%	0	0.0%	0		858	TC Rent	858	100.00%	0.0%	N/A
									31,200	0	9.5%	10.0%	1,715	9.6%	1,715							
Wilshire building																						
60%	Area Median Income Units																					
Family	Occupancy																					
A	4	Apartment	0	1.0	353	650	37	687	31,200	0	9.5%	10.0%	1,412	7.9%	1,412		802	TC Rent	115	14.34%	51.4%	$1.84
B	10	Apartment	1	1.0	454	700	44	744	84,000	0	25.5%	25.0%	4,540	25.5%	4,540		859	TC Rent	115	13.39%	51.9%	$1.54
C	0	Apartment	2	1.0	798	0	65	0	0	0	0.0%	0.0%	0	0.0%	0		1,030	TC Rent	1,030	100.00%	0.0%	N/A
D	2	Apartment	0	1.0	353	584	37	621	14,016	0	4.3%	5.0%	706	4.0%	706	High HOME	621	HOME Rent	0	0.00%	46.4%	$1.65
E	0	Apartment	1	1.0	454	0	44	0	0	0	0.0%	0.0%	0	0.0%	0		859	TC Rent	859	100.00%	0.0%	N/A
F	0	Apartment	2	1.0	798	0	65	0	0	0	0.0%	0.0%	0	0.0%	0		1,030	TC Rent	1,030	100.00%	0.0%	N/A
Savannah Building									129,216	0	39.3%	40.0%	6,658	37.3%	6,658							
60%	Area Median Income Units																					
Family	Occupancy																					
A	2	Apartment	0	1.0	353	650	37	687	15,600	0	4.7%	5.0%	706	4.0%	706		802	TC Rent	115	14.34%	51.4%	$1.84
B	11	Apartment	1	1.0	454	700	44	744	92,400	0	28.1%	27.5%	4,994	28.0%	4,994		859	TC Rent	115	13.39%	51.9%	$1.54
C	1	Apartment	2	1.0	798	825	65	890	9,900	0	3.0%	2.5%	798	4.5%	798		1,030	TC Rent	140	13.59%	51.8%	$1.03
D	1	Apartment	0	1.0	353	584	37	621	7,008	0	2.1%	2.5%	353	2.0%	353	High HOME	621	HOME Rent	0	0.00%	46.4%	$1.65
E	4	Apartment	1	1.0	454	700	44	744	33,600	0	10.2%	10.0%	1,816	10.2%	1,816	High HOME	753	HOME Rent	9	1.20%	51.9%	$1.54
F	1	Apartment	2	1.0	798	825	65	890	9,900	0	3.0%	2.5%	798	4.5%	798	High HOME	967	HOME Rent	77	7.96%	51.8%	$1.03
									168,408	0	51.2%	50.0%	9,465	53.1%	9,465							
Mgrs									0	0	0.0%	0.0%	0	0.0%	0							
													17,838		**17,838**							

Total Tenant Units	**40**
Manager Units	**0**
Income Average	59.00%
Set Aside	100.00%

Gross Rent Potential	**328,824**
Average Monthly Rent	**685**
Gross Square Footage	**17,838**

HOME Units SF/Total Units SF	28.2%	**Within Range**
# HOME Units/# Total Units	27.5%	**Within Range**

Utility Allowances

	Tenant-Paid	Owner-Paid	Owner-Paid	Owner-Paid	Owner-Paid		
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A	37					37	
B	44					44	
C	65					65	
D	37					37	
E	44					44	
F	65					65	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	
Laundry	
Carports	
Other:	
Other:	
	0

Total Income	**Annual**	**Monthly**
Rental Income	328,824	27,402
Non-Rental Income	0	0
Total Project Revenue	328,824	27,402

Cash Flow Projections

Development Savannah Wilshire
Financing Tax Exempt
MSHDA No. 3912
Step Commitment
Date 05/25/2020
Type Preservation - LIHTC

	Initial Inflator	Starting in Yr	Future Inflator	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Income																							
Annual Rental Income	1.0%	6	2.0%	328,824	332,112	335,433	338,788	342,176	349,019	355,999	363,119	370,382	377,789	385,345	393,052	400,913	408,931	417,110	425,452	433,961	442,641	451,493	460,523
Annual Non-Rental Income	1.0%	6	2.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Project Revenue				**328,824**	**332,112**	**335,433**	**338,788**	**342,176**	**349,019**	**355,999**	**363,119**	**370,382**	**377,789**	**385,345**	**393,052**	**400,913**	**408,931**	**417,110**	**425,452**	**433,961**	**442,641**	**451,493**	**460,523**
Expenses																							
Vacancy Loss	8.0%	6	8.0%	26,306	26,569	26,835	27,103	27,374	27,922	28,480	29,050	29,631	30,223	30,828	31,444	32,073	32,715	33,369	34,036	34,717	35,411	36,119	36,842
Management Fee	3.0%	1	3.0%	21,360	22,001	22,661	23,341	24,041	24,762	25,505	26,270	27,058	27,870	28,706	29,567	30,454	31,368	32,309	33,278	34,277	35,305	36,364	37,455
Administration	3.0%	1	3.0%	43,068	44,360	45,691	47,062	48,473	49,928	51,425	52,968	54,557	56,194	57,880	59,616	61,405	63,247	65,144	67,099	69,111	71,185	73,320	75,520
Project-paid Fuel	3.0%	6	3.0%	12,072	12,434	12,807	13,191	13,587	13,995	14,415	14,847	15,292	15,751	16,224	16,710	17,212	17,728	18,260	18,808	19,372	19,953	20,552	21,168
Common Electricity	4.0%	6	3.0%	7,019	7,300	7,592	7,895	8,211	8,458	8,711	8,973	9,242	9,519	9,805	10,099	10,402	10,714	11,035	11,366	11,707	12,058	12,420	12,793
Water and Sewer	5.0%	6	5.0%	19,200	20,160	21,168	22,226	23,338	24,505	25,730	27,016	28,367	29,786	31,275	32,839	34,480	36,204	38,015	39,915	41,911	44,007	46,207	48,517
Operating and Maintenance	3.0%	1	3.0%	46,434	47,827	49,262	50,740	52,262	53,830	55,445	57,108	58,821	60,586	62,403	64,276	66,204	68,190	70,236	72,343	74,513	76,748	79,051	81,422
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				10,569	10,626	10,681	10,735	10,787	10,966	11,147	11,329	11,514	11,700	11,889	12,078	12,270	12,463	12,657	12,853	13,050	13,248	13,448	13,648
Insurance	3.0%	1	3.0%	23,183	23,878	24,595	25,333	26,093	26,875	27,682	28,512	29,368	30,249	31,156	32,091	33,053	34,045	35,066	36,118	37,202	38,318	39,468	40,652
Replacement Reserve	3.0%	1	3.0%	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	16,127	16,611	17,109	17,622	18,151	18,696	19,256	19,834	20,429	21,042
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				221,211	227,515	234,022	240,738	247,672	255,150	262,868	270,832	279,051	287,535	296,292	305,331	314,662	324,296	334,242	344,512	355,117	366,068	377,378	389,059
Debt Service																							
Debt Service Part A				82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779	82,779
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses				**303,990**	**310,294**	**316,801**	**323,518**	**330,451**	**337,929**	**345,647**	**353,611**	**361,831**	**370,314**	**379,071**	**388,110**	**397,441**	**407,075**	**417,021**	**427,291**	**437,896**	**448,847**	**460,157**	**471,839**
Cash Flow/(Deficit)				**24,834**	**21,818**	**18,632**	**15,270**	**11,725**	**11,090**	**10,353**	**9,508**	**8,551**	**7,475**	**6,274**	**4,942**	**3,472**	**1,857**	**89**	**(1,839)**	**(3,935)**	**(6,207)**	**(8,664)**	**(11,315)**
Cash Flow Per Unit				621	545	466	382	293	277	259	238	214	187	157	124	87	46	2	(46)	(98)	(155)	(217)	(283)
Debt Coverage Ratio on Part A Loan				1.30	1.26	1.23	1.18	1.14	1.13	1.13	1.11	1.10	1.09	1.08	1.06	1.04	1.02	1.00	0.98	0.95	0.93	0.90	0.86
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves	3%	Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00																					
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit																				
Initial Balance		**18,378**	18,378	18,930	19,498	20,083	20,685	21,306	21,945	22,603	23,281	23,980	24,699	25,440	26,203	26,989	27,799	28,633	27,653	24,548	19,077	10,986
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,839)	(3,935)	(6,207)	(8,664)	(11,315)
Total Annual Deposit to achieve Maintained DCR			(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,839)	(3,935)	(6,207)	(8,664)	(11,315)
Interest			551	568	585	602	621	639	658	678	698	719	741	763	786	810	834	859	830	736	572	330
Ending Balance at Maintained DCR			18,930	19,498	20,083	20,685	21,306	21,945	22,603	23,281	23,980	24,699	25,440	26,203	26,989	27,799	28,633	27,653	24,548	19,077	10,986	**(0)**
Maintained Cash Flow Per Unit			621	545	466	382	293	277	259	238	214	187	157	124	87	46	2	0	0	0	0	0
Maintained Debt Coverage Ratio on Part A Loan			1.30	1.26	1.23	1.18	1.14	1.13	1.13	1.11	1.10	1.09	1.08	1.06	1.04	1.02	1.00	1.00	1.00	1.00	1.00	1.00
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**0**																				
Non-standard ODR		**18,378**																				

Operating Assurance Reserve Analysis

Required in Year:	1	151,995																				
		Initital Deposit																				
Initial Balance		**151,995**	151,995	156,555	161,252	166,089	171,072	176,204	181,490	186,935	192,543	198,319	204,269	210,397	216,709	223,210	229,906	236,803	243,908	251,225	258,762	266,524
Interest Income			4,560	4,697	4,838	4,983	5,132	5,286	5,445	5,608	5,776	5,950	6,128	6,312	6,501	6,696	6,897	7,104	7,317	7,537	7,763	7,996
Ending Balance			156,555	161,252	166,089	171,072	176,204	181,490	186,935	192,543	198,319	204,269	210,397	216,709	223,210	229,906	236,803	243,908	251,225	258,762	266,524	274,520

Deferred Developer Fee Analysis

Initial Balance			462,358	437,524	415,707	397,074	381,804	370,080	358,990	348,638	339,129	330,578	323,103	316,828	311,886	308,414	306,558	306,469	306,469	306,469	306,469	306,469
Dev Fee Paid			24,834	21,818	18,632	15,270	11,725	11,090	10,353	9,508	8,551	7,475	6,274	4,942	3,472	1,857	89	FALSE	FALSE	FALSE	FALSE	FALSE
Ending Balance	Repaid in yea	#N/A	437,524	415,707	397,074	381,804	370,080	358,990	348,638	339,129	330,578	323,103	316,828	311,886	308,414	306,558	306,469	306,469	306,469	306,469	306,469	306,469

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing	3%	Initial Balance																				
Principal Amount of all MSHDA Soft Funds		**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Yr Int			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Int			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Payment Due		**50%**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Balance			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
SAVANNAH-WILSHIRE, MSHDA DEVELOPMENT NO. 3912
CITY OF DETROIT, WAYNE COUNTY

June 25, 2020

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

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by Southwest Housing Solutions Corporation (the "Applicant") for a multifamily housing project to be located in the City of Detroit, Wayne County, Michigan, having a total estimated replacement cost of Seven Million Seven Hundred Seventy-One Thousand Five Hundred Sixty-One Dollars ($7,771,561) and a total estimated maximum mortgage loan amount of Four Million Forty-One Thousand Two Hundred Twelve Dollars ($4,041,212) (hereinafter referred to as the "Application"); and

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

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

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

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

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

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

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

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

    d. A mortgage loan, or a mortgage loan not made by the Authority that is a

federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.

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

f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Four Million Seven Hundred Seventy Thousand Dollars ($4,770,000).

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

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

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

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

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN
SAVANNAH-WILSHIRE, MSHDA DEVELOPMENT NO. 3912
CITY OF DETROIT, WAYNE COUNTY

June 25, 2020

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

WHEREAS, an application (the "Application") has been filed with the Authority by Southwest Housing Solutions Corporation (the "Applicant") for a construction mortgage loan in the amount of Four Million Forty-One Thousand Two Hundred Twelve Dollars ($4,041,212) and a permanent mortgage loan in the amount of One Million Five Hundred Seven Thousand Three Hundred Ninety-Two Dollars ($1,507,392), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Seven Million Seven Hundred Seventy-One Thousand Five Hundred Sixty-One Dollars ($7,771,561), to be known as Savannah-Wilshire, located in the City of Detroit, Wayne County, Michigan, and to be owned by Savannah Wilshire Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

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

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

(a) The Mortgagor is an eligible applicant;

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

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

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

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

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

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

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

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

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

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

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

2. A 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 Four Million Forty-One Thousand Two Hundred Twelve Dollars ($4,041,212), and permanent financing in an amount not to exceed One Million Five Hundred Seven Thousand Three Hundred Ninety-Two Dollars ($1,507,392), and to have a term of Forty (40) years after amortization of principal commences and to bear interest at a rate of Four and 625/1000 percent (4.625%) 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 Four Million Seven Hundred Seventy Thousand Dollars ($4,770,000). 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 Authority's HOME Loan, the Mortgagor's rate of return may be increased by one percent (1%) annually until a cap of twenty-five percent (25%) is reached.

7. The Authority hereby waives Section VI.I.2 of the Multifamily Direct Lending Parameters adopted on June 28, 2017, requiring approval by the City of Detroit of a payment in lieu of taxes for the Development prior to the adoption of this resolution.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

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

DATE: June 25, 2020

RE: Transfiguration Place, Development No. 3803

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 a tax-exempt bond mortgage loan in the amounts set forth in this report; 3) authorize a waiver of the loan parameter regarding the payment in lieu of taxes ("PILOT"); and 4) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

PROJECT SUMMARY:

MSHDA No: 3803	3803
Development Name:	Transfiguration Place
Development Location:	City of Detroit, Wayne County
Sponsor:	Ethos Development Partners, LLC
Mortgagor:	Transfiguration Place Limited Dividend Housing Association Limited Partnership
Number of Units:	19 affordable units
Total Development Cost:	$7,166,720
TE Bond Construction Loan:	$3,726,694
TE Bond Permanent Loan:	$751,635
MSHDA Gap Funds:	$751,635 HOME Loan
Other Funds:	$1,976,413 Low-Income Housing Tax Credit ("LIHTC") Equity; $1,400,000 City of Detroit HOME Loan; $1,098,386 Historic Tax Credit Equity; $500,000 City of Detroit Community Development Block Grant ("CDBG"); $557,155

Sponsor Loan (including GP Equity of $100); $129,828 Deferred Developer Fee

EXECUTIVE SUMMARY:

Transfiguration Place is the proposed redevelopment of the vacant Transfiguration Catholic School located at the Transfiguration Parish, which originally served the predominantly Polish community in northeast Detroit and the eastern edge of what is now known as Banglatown (the "Development"). The Development is located at 13300 Syracuse Street. The school opened in 1926 and was operational until it closed in 2005. Redevelopment of existing vacant Catholic schools is a priority for both the Archdiocese of Detroit and the City of Detroit.

In addition, the City of Detroit (the "City") is implementing a blight remediation plan, which addresses blighted properties on adjacent blocks. The City has shown further support of the proposal by providing significant soft funding. The Detroit Housing Commission is awarding Project-Based Housing Choice Vouchers to provide rental support to all units. The historic two-story school will be converted into 19 apartments comprised of 17 one-bedroom units and 2 two-bedroom units.

I am recommending Board approval for the following reasons:

- The Development will provide 19 new affordable units in the City of Detroit through the adaptive reuse of a vacant school with historic significance.
- Authority financing of this Development presents minimal risk due to significant additional sources which ensure the long-term viability of the Development.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

- The participation in the redevelopment of this historic property exemplifies partnerships with the City of Detroit, the Detroit Housing Commission, and the equity investor.
- As part of the requests for proposal process initiated by the City of Detroit, the sponsor was interviewed by a committee that included neighborhood residents and at least two community meetings were held. The sponsor has also worked closely with the Pastor of the Parish.
- The new affordable units will be incorporated into an existing Detroit neighborhood, which will contribute to the continued stability of the area.
- The affordability period for these units range from 20 to 50 years.
- Municipal support is evidenced by the City of Detroit making a significant investment of both HOME and CDBG funds and recommending the Development be provided a PILOT upon Authority Board approval.
- The City of Detroit is providing approvals for such items as zoning and on-street parking.
- The City of Detroit Housing Commission is providing a Project-Based Housing Choice Voucher to every unit which will provide a rental subsidy making units more affordable.
- A historic building will be repurposed to affordable housing.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The sponsor is requesting a tax-exempt bond mortgage loan as well as gap financing available under Round 10 of the Authority's HOME/MRF Gap Financing Program. Additional support will

come from an investment related to the 4% Low-Income Housing Tax Credits, Historic Tax Credits, the City of Detroit, and the Detroit Housing Commission.

Transfiguration Place will require a waiver of the following Authority Multifamily Direct Lending Parameters concerning a PILOT (Section VI.I.2.) conditioned on the PILOT being found acceptable prior to the Authority's disbursement of any funds.

- Proposals that do not include tax abatement will be underwritten based on the ad valorem taxes applicable to the property.
- That for a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority Board consideration.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

June 25, 2020

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond mortgage loan in the amounts set forth in this report, 3) authorize a waiver of the loan parameter regarding the payment in lieu of taxes ("PILOT"), and 4) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	3803
Development Name:	Transfiguration Place
Development Location:	City of Detroit, Wayne County
Sponsor:	Ethos Development Partners, LLC
Mortgagor:	Transfiguration Place Limited Dividend Housing Association Limited Partnership
TE Bond Construction Loan:	$3,726,694 (52% of TDC)
TE Bond Permanent Loan:	$751,635
MSHDA HOME Loan:	$751,635
Total Development Cost:	$7,166,720
Mortgage Term:	40 years for the tax-exempt bond loan and 50 years for the HOME loan
Interest Rate:	4.9% for the tax-exempt bond loan and 1.0% simple interest for the HOME loan
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	Nineteen family units of adaptive reuse/rehabilitation
Unit Configuration:	17 one-bedroom one-bath units and 2 two-bedroom one-bath units in one 2-story building
Builder:	O'Brien Construction Company
Syndicator:	Alliant Capital
Date Application Received:	May 15, 2019
HDO:	JT Johnston

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

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

The Sponsor is requesting a tax-exempt bond mortgage loan as well as gap financing available under Round 10 of the Authority's HOME/MRF Gap Financing Program. Additional support will come from an investment related to the 4% Low-Income Housing Tax Credits ("LIHTCs"), Historic Tax Credits, the City of Detroit, and the Detroit Housing Commission.

Transfiguration Place (the "Development") will require a waiver of the following Authority Multifamily Direct Lending Parameters concerning a PILOT (Section VI I 2.) conditioned on the PILOT being found acceptable prior to the Authority's disbursement of any funds. See Special Condition No. 3.

- Proposals that do not include tax abatement will be underwritten based on the ad valorem taxes applicable to the property.
- That for a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority Board consideration.

EXECUTIVE SUMMARY:

Transfiguration Place is the proposed redevelopment of the vacant Transfiguration Catholic School located at the Transfiguration Parish, which originally served the predominantly Polish community in northeast Detroit and the eastern edge of what is now known as Banglatown. The Development is located at 13300 Syracuse Street. The school opened in 1926 and was operational until it closed in 2005. Redevelopment of existing vacant Catholic schools is a priority for both the Archdiocese of Detroit and the City of Detroit. In addition, the City of Detroit (the "City") is implementing a blight remediation plan which addresses blighted properties on adjacent blocks and has shown further support of the proposal by providing significant soft funding. The Detroit Housing Commission is awarding Project-Based Housing Choice Vouchers to provide rental support to all units.

The historic two-story school will be converted into 19 apartments comprised of 17 one-bedroom units and two two-bedroom units. The Sponsor is requesting the 4% LIHTC, a tax-exempt bond mortgage loan and a HOME mortgage loan from the Authority. The City of Detroit is providing two mortgage loans to the Development through its Affordable Housing Loan Fund ("AHLF"). One loan is a $1,400,000 City of Detroit HOME Loan and the other is a $500,000 of City of Detroit Community Development Block Grant ("CDBG") Loan; equity support will come from an investment related to the 4% LIHTC and the Historic Tax Credits.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to new adaptive reuse developments:

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of $3,726,694 at 4.9% interest with a 22-month term (an 18-month construction term and a 4-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 22-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent loan will be provided by the Authority in the amount of $751,635. 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 1.2 debt service coverage ratio, an annual interest rate of 4.9%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.

- A subordinate loan using HOME funds (the "HOME Loan") in the amount of $751,635 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Second Position**.

- The City of Detroit (the "City") will provide a HOME Loan in the amount of $1,400,000. This loan will be in **Third Position**, as confirmed by an Intercreditor and Subordination Agreement to be entered into by the City. See Special Condition No. 5.

- The City of Detroit will provide a CDBG Loan in the amount of $500,000. This loan will be in **Fourth Position**, as confirmed by an Intercreditor and Subordination Agreement to be entered into by the City**.** See Special Condition No. 5.

- The Detroit Housing Commission ("DHC") is providing up to 19 project-based vouchers. The Housing Assistance Payment ("HAP") contract will be for an initial term of not less than 1 year and not more than 20 years, with renewals not to exceed an additional 20 years.

- The general partner will make a capital contribution in the amount of $100.

- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of $1,976,413.

- Federal Historic Tax Credits have been requested and additional equity support will come from an investment related to these credits in the estimated amount of $1,098,386. See Special Condition No. 4.

- The Sponsor is providing a loan in the amount of $557,055. See Special Condition No. 6.

- The Sponsor has agreed to defer $129,828 of the developer fee to help fill the remaining funding gap.

- A syndicator reserve in the amount of $21,661 is required by the equity investor for additional operating reserve needs. This reserve will be held and controlled pursuant to the terms of the Mortgagor's Amended and Restated Limited Partnership Agreement. See Special Condition No. 7.

- A 4 month rent-up allowance in the amount identified in the attached proforma will be required to support interest payments between construction completion and the Mortgage Cut-Off Date, as determined by the Authority.

- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at 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.

- A replacement 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 help meet the Development's future replacement needs. This reserve will be held by the Authority.

Site Selection:

The site is located east of I-75, south of East McNichols Road, and west of Mound Road at 13300 Syracuse Street on the northeast side of the City of Detroit. The site has a walk score of 51 which is somewhat walkable. The project's site is acceptable.

Market Evaluation:

Marketing has approved the rents, amenities, and parking planned for this development.

Valuation of the Property:

An appraisal dated March 13, 2019, estimates the "as-is" value at $355,000.

CONDITIONS:

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

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the

LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $3,074,899). 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 1% per annum until a cap of 25% per annum is reached.

2. Income Limits:

The income limitations for 19 units of this proposal are as follows:

a. 13 units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (20 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income, adjusted for family size as determined by HUD.

b. 19 units (17 one-bedroom units and 2 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 Detroit Housing Commission is in effect (including extensions and renewals), or for such longer period as determined by HUD.

c. 19 units (17 one-bedroom units and 2 two-bedroom units) must be available for occupancy by households whose incomes do not exceed up to 60% of area median income based upon the Multifamily Tax Subsidy Project (“MTSP”) limits, adjusted for family size as determined by HUD, until latest of (i) the expiration of the 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.

The Authority is not responsible for the HOME compliance monitoring or oversight of the occupancy or the regulations applicable to the City of Detroit HOME units.

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 19 units is subject to the following limitations:

a. During the Period of Affordability required under the HOME program (20 years),

the Total Housing Expense for the 13 Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

b. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents for all HAP-assisted units (17 one-bedroom units, and 2 two-bedroom units) ("Contract Rents") that comply with the rent levels established by the HAP Contract and that do not exceed the rent levels approved by HUD.

c. The Total Housing Expense for all 19 units (17 one-bedroom units, and 2 two-bedroom units), may not exceed one-twelfth (1/12th) of 30% of the MTSP 60% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

The Authority is not responsible for the compliance monitoring or oversight of the City of Detroit HOME rents charged for or the regulations applicable to these units. To the extent, however, that 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.

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

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

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

4. <u>Covenant Running with the Land</u>:

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 15 years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

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

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

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

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

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months' of estimated Development operating expenses (estimated to be $56,476). 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 $71,057. 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:

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

9. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into agreements relating to the HOME Loan. The HOME Loan will be secured by a subordinate mortgage and will bear simple interest at 1% with a 50-year term. No payments on the HOME Loan will be required until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 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 will be made from not less than fifty percent (50%) of any surplus cash available for distribution. Such payments shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale of the Development or refinancing of the Mortgage Loan, at which time the HOME Loan shall be due in full. If the HOME Loan is still outstanding, then following repayment of the Mortgage Loan and continuing on the first day of every month thereafter, the Mortgagor shall make monthly payments of principal and interest equal to the monthly payments that were required on the Mortgage Loan on the first day of every month until the HOME Loan is paid in full, sale of the Development or the date that is 50 years from date of Initial Closing, whichever occurs first.

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

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

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

11. Owner/Architect Agreement:

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

12. Trade Payment Breakdown:

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

13. 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. The mortgagor shall obtain a memorandum of agreement to monitor with the Detroit Housing Commission and any required general decision.

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, including completing a Phase II investigation to address each Recognized Environmental Condition relating to the underground 10,0000 gallon fuel oil tank, asbestos, lead-based paint, NEPA documentation and an executed scope of services agreement for the completion of the items required prior to closing, 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 for all applicable loan policies, including zoning, pending disbursements, comprehensive, survey, land division act, and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Director of Legal Affairs.

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

19. Organizational Documents/Equity Pay-In Schedule:

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

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

20. Designation of Authority Funds:

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

21. Management & Marketing:

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

a. Management Agreement
b. Marketing Addendum

22. Guaranties:

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

23. Financial Statements:

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. Ownership of Development Reserves:

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

25. 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.

26. 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.

27. 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.

28. Application for Disbursement:

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

Special Conditions:

1. Legal Requirements:

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

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Provide updated zoning letter confirming multi-family development is the current conforming use and that the Development will continue to comply with zoning and site plan requirements after proposed rehabilitation.
- 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. Historic Preservation Review:

Prior to Initial Closing, State Historic Preservation Office review for compliance with the National Historic Preservation Act and/or confirmation of compliance with the Michigan Local Historic Districts Act may be required based on the source of funding, age of the existing building(s), location in a locally designated historic district or if the building(s) are otherwise eligible for listing in the National Register of Historic Places.

3. PILOT Obtained Post-Commitment:

The Development is currently subject to ad valorem property taxes; however, the Mortgagor has applied for a PILOT. The Development has been underwritten with a 4% PILOT based on an indication of support from the municipality. Before Initial Closing, a PILOT ordinance, acceptable in language, form and substance to the Authority's Director of Legal Affairs must be provided. If the Development does not obtain a PILOT as describe above, the Development must be re-underwritten and if feasible, presented to the Board. If the Development obtains a PILOT representing a lower PILOT payment amount, any savings generated by the PILOT may be applied, at the sole discretion of an Authorized Officer of the Authority, to reduce one or all of the Authority's subordinate loans or be applied against any other obligation that the Mortgagor owes the Authority with any remainder deposited in the Development's Operating Reserve Cash account.

4. Federal Historic Tax Credits:

Prior to Mortgage Loan Commitment, the Mortgagor must submit evidence of fulfillment of all conditions to the Historic Preservation Certification Application – Part II as described in the conditional approval letter dated May 4, 2020 from the United States Department of Interior. Upon construction completion, the Mortgagor must submit Part III approval from the United States Department of Interior. These documents must be acceptable in form and substance to the Authority's Director of Legal Affairs.

5. Local HOME and CDBG Loans and Intercreditor and Subordination Agreement:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the City of Detroit's HOME in the amount of $1,400,000 and CDBG Loan in the amount of $500,000, and a funding schedule acceptable to the Authority's Director of Legal Affairs and Director of Development.

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

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

6. Sponsor Loan:

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

a) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
b) be payable solely from approved Limited Dividend payments, and not from

other development funds;
c) be expressly subordinate to all Authority mortgage loans; and
d) have a loan term exceeding the term of all Authority mortgage loans.

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

7. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve ("Syndicator Reserve") with a one-time deposit in the amount of $21,661 paid from equity proceeds according to the terms of the Mortgagor's limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator. The purpose of this reserve will be to fund additional operating reserves required by the syndicator.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Transfiguration Place Limited Dividend Housing Association Limited Partnership

II. GUARANTOR(S):

A. Guarantor #1:

Name: Christopher Laurent
Cinnaire Solutions
Address: 1118 South Washington Avenue
Lansing, MI 48910

B. Guarantor #2:

Name: Joe Heaphy
Ethos Development Partners, LLC
Address: 882 Oakman Boulevard, Suite G
Detroit, MI 48238

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Ethos Development Partners, LLC
Address: 882 Oakman Boulevard, Suite G

Individuals Assigned: Joe Heaphy

Telephone: 313-850-5844
Fax: N/A
E-mail: jheaphy@ethosdp.com

1. **Experience**: The Sponsor does not have experience working on Authority-financed developments; however, the Sponsor has participated in developments that have been awarded 9% LIHTCs.

2. **Interest in the Mortgagor and Members**: CS Transfiguration, LLC 51.0% and Ethos Transfiguration GP, Inc. 49.0%.

B. Architect:

Name: Fusco, Shaffer and Pappas
Address: 550 E. 9 Mile Road
Ferndale, MI 48083

Individual Assigned: James Pappas
Telephone: 248-543-4100
Fax: N/A
E-Mail: jpappas@fsparchitects.com

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

2. **Architect's License**: License number 1301029064, exp. 10/31/2020.

C. Attorney:

Name: Warner Norcross + Judd LLP
Address: One Michigan Avenue Building
120 North Washington Square, Suite 140
Lansing, MI 48933

Individual Assigned: Tracey Lackman
Telephone: 517-679-7434
Fax: 517-316-8434
E-Mail: tlackman@wjn.com

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

D. Builder:

Name: O'Brien Construction Company
Address: 966 Livernois
Troy, MI 48083

Individual Assigned: Timothy O'Brien
Telephone: 248-334-2470
Fax: 248-334-0210
E-mail: tobrien@obriencc.com

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

2. **State Licensing Board Registration**: License number 6201035617, with an expiration date of 10/31/2020.

E. Management and Marketing Agent:

Name: KMG Prestige
Address: 102 South Main
Mount Pleasant, MI 48858

Individual Assigned: Karen Mead
Telephone: 989-400-4828
Fax: 989-353-4858
E-mail: karen@kmgprestige.com

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

F. Development Team Recommendation: The development team is acceptable.

IV. SITE DATA:

A. Land Control/Purchase Price:
A Purchase and Sale Agreement dated May 13, 2019 between Allen H. Vigeron, Roman Catholic Archdiocese of the Archdiocese of Detroit ("Seller") and Ethos Development Partners, LLC ("Ethos") and Cinnaire Solutions Corporation ("CSC" together with Ethos "Buyer") for $250,000 with an expiration date of November 9, 2019 with an extension of 90 days available; the purchase agreement expires at the end of 365 days. An Assignment of Purchase and Sale Agreement dated April 6, 2020, between Allen H. Vigneron, Roman Catholic Archbishop of the Archdiocese of Detroit ("Assignor") and Mooney Real Estate Holdings (Assignee"); and an Assignment of Purchase and Sale Agreement dated April 6, 2020, between CSC and Transfiguration Place Limited Dividend Housing Association Limited Partnership.

B. Site Location:
The site is located at 13300 Syracuse Street in the City of Detroit.

C. Size of Site:
0.419 +/- acres

D. Density:
Appropriate for the intended use.

E. Physical Description:

1. Present Use: Vacant 2-story former Catholic School.

2. Existing Structures: Vacant 2-story brick building.

3. Relocation Requirements: None.

F. Zoning:
R-5 Medium Density Residential.

G. Contiguous Land Use:

1. North: Single-family residential and vacant

2. South: St. John Paul II Parish and single-family residential

3. East: Existing gymnasium building

4. West: Single-family residential

H. Tax Information:
Currently exempt (Catholic Archdiocese of Detroit owned); Sponsor will apply for a 4% PILOT from the City of Detroit.

I. Utilities: Gas and Electric provided by DTE Energy; Water and Sewer provided by the City of Detroit.

J. Community Facilities:

1. Shopping:
Dollar General is located just over a mile to the west along E. Davison Street and several quick stop markets are located within a few blocks of the site.

2. Recreation:
The local public library is located 1 mile west of the site and the Lasky Recreation Center and Jayne Field are approximately ½ mile to the west.

3. Public Transportation:
A bus stop is located 2 blocks north on McNichols Road. Detroit Metro Airport is located 23 miles southwest of the site.

4. Road Systems
McNichols Road is 2 blocks north and Mound Road is 1 block east; both are main thoroughfares. I-75 is approximately 2 miles west of the site.

5. Medical Services and other Nearby Amenities:
Great Lakes Family Medical Center is located approximately 3 miles west of the site; Henry Ford Medical Center – Hamtramck is located 2.6 miles southwest of the site.

6. Description of Surrounding Neighborhood:
Predominantly single-family residential with many cleared lots; the Archdiocese is a large presence in the neighborhood as well.

7. Local Community Expenditures Apparent:
The City of Detroit has worked with the Land Bank to acquire and clear many blighted properties on surrounding blocks.

8. Indication of Local Support:
The City of Detroit has made a commitment of soft funding to the development and is supportive of providing a 4% PILOT to the development.

V. ENVIRONMENTAL FACTORS:

Satisfactory Phase I and Phase II Environmental Site Assessments were submitted to the Authority.

VI. DESIGN AND COSTING STATUS:

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

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

VII. MARKET SUMMARY;

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

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

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

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

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

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad Benson

Digitally signed by Chad Benson
Date: 2020.06.17 12:00:25 -04'00'

Chad Benson
Acting Director of Development

Clarence L. Stone, Jr.

Digitally signed by Clarence L. Stone, Jr.
Date: 2020.06.17 15:26:52 -04'00'

Clarence L. Stone, Jr.
Director of Legal Affairs

Gary Heidel

Digitally signed by Gary Heidel
Date: 2020.06.17 16:27:12 -04'00'

Gary Heidel
Acting Executive Director

Development Transfiguration Place
Financing Tax Exempt
MSHDA No. 3803
Step Notice of Intent to Apply
Date 06/25/2020
Type Adaptive Reuse

Instructions

TOTAL DEVELOPMENT COSTS			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition							
Land			2,632	50,000	0%	0	0
Existing Buildings			10,526	200,000	100%	200,000	0
Other: Title			395	7,500	0%	0	0
		Subtotal	**13,553**	**257,500**			
Construction/Rehabilitation							
Off Site Improvements			0		100%	0	0
On-site Improvements			5,121	97,294	100%	97,294	0
Landscaping and Irrigation			960	18,248	100%	18,248	18,248
Structures			195,523	3,714,930	100%	3,714,930	3,714,930
Community Building and/or Maintenance Facility			0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)			0		0%	0	0
General Requirements	% of Contract 9.33%	**Within Range**	18,907	359,238	100%	359,238	359,238
Builder Overhead	% of Contract 1.99%	**Within Range**	4,410	83,794	100%	83,794	83,794
Builder Profit	% of Contract 6.97%	**Within Range**	15,744	299,145	100%	299,145	299,145
Permits, Bond Premium, Tap Fees, Cost Cert.			3,320	63,075	100%	63,075	63,075
Other: Site Security			1,053	20,000	100%	20,000	20,000
		Subtotal	**245,038**	**4,655,724**			
		15% of acquisition and $15,000/unit test:		**met**			
Professional Fees							
Design Architect Fees			8,368	159,000	100%	159,000	159,000
Supervisory Architect Fees			2,105	40,000	100%	40,000	40,000
Engineering/Survey			1,053	20,000	100%	20,000	20,000
Other:			0		100%	0	0
		Subtotal	**11,526**	**219,000**			
Interim Construction Costs							
Property & Causalty Insurance			525	9,975	100%	9,975	9,975
Construction Loan Interest	Override	**179491**	9,447	179,491	100%	179,491	179,491
Title Work			921	17,500	100%	17,500	0
Legal Fees (in Tax Credit Basis)			4,474	85,000	100%	85,000	0
Construction Taxes			0		100%	0	0
Other:			0		100%	0	0
		Subtotal	**15,367**	**291,966**			
Permanent Financing							
Loan Commitment Fee to MSHDA		2%	4,714	89,567	0%	0	0
Other:			0		0%	0	0
		Subtotal	**4,714**	**89,567**			
Other Costs (In Basis)							
Application Fee			105	2,000	100%	2,000	2,000
Market Study			342	6,500	100%	6,500	6,500
Environmental Studies			1,579	30,000	100%	30,000	30,000
Cost Certification			526	10,000	100%	10,000	10,000
Equipment and Furnishings			263	5,000	100%	5,000	0
Temporary Tenant Relocation			0		100%	0	0
Construction Contingency			22,283	423,371	100%	423,371	423,371
Appraisal and C.N.A.			789	15,000	100%	15,000	15,000
Other:			0		100%	0	0
		Subtotal	**25,888**	**491,871**			
Other Costs (NOT In Basis)							
Start-up and Organization			1,053	20,000	0%	0	0
Tax Credit Fees (based on 2017 QAP)	13,996	**Within Range**	737	13,996	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)			475	9,025	0%	0	0
Marketing Expense			132	2,500	0%	0	0
Syndication Legal Fees			3,158	60,000	0%	0	0
Rent Up Allowance	4.0 months		862	16,375	0%	0	0
Other:			0		0%	0	0
		Subtotal	**6,416**	**121,896**			

Summary of Acquisition Price		As of May 13, 2019
Attributed to Land	50,000	1st Mortgage Balance
Attributed to Existing Structures	200,000	Subordinate Mortgage(s)
Other: Title	7,500	Subordinate Mortgage(s)
Fixed Price to Seller	257,500	Subordinate Mortgage(s)
		Premium/(Deficit) vs Existing Debt **257,500**

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

Appraised Value	Value As of: April 25, 2019	Override
"Encumbered As-Is" value as determined by appraisal:	355,000	
Plus 5% of Appraised Value:	0	
LESS Fixed Price to the Seller:	257,500	
Surplus/(Gap) **Within Range**	**97,500**	

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Project Reserves							
Operating Assurance Re	4.0 months	Funded in Cas	2,972	56,476	0%	0	0
Replacement Reserve		Required	700	13,300	0%	0	0
Operating Deficit Reserve			3,740	71,051	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			1,140	21,661	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows			0	0	0%	0	0
Other:			0		0%	0	0
Other:			0		0%	0	0
		Subtotal	**8,552**	**162,488**			
Miscellaneous							
Deposit to Development Operating Account (1M		Not Required	0	0	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Other (In Basis):			0	0	100%	0	0
Other (In Basis):			0	0	100%	0	0
		Subtotal	**0**	**0**			
Total Acquisition Costs			**13,553**	**257,500**			
Total Construction Hard Costs			**245,038**	**4,655,724**			
Total Non-Construction ("Soft") Costs			**72,463**	**1,376,788**			
Developer Overhead and Fee							
Maximum 911,440			**46,143**	**876,708**	100%	876,708	876,708
7.5% of Acquisition/Project Reserves		Override		**5% Attribution Test**			
15% of All Other Development Costs		876,708		**met**			
						LIHTC Basis	**Historic Basis**
Total Development Cost			**377,196**	**7,166,720**		**6,735,269**	**6,330,475**

TOTAL DEVELOPMENT SOURCES	**% of TDC**				
MSHDA Permanent Mortgage	10.49%	39,560	751,635		**Gap to Hard Debt Ratio**
Conventional/Other Mortgage	0.00%	0	0		
Equity Contribution from Tax Credit Syndication	27.58%	104,022	1,976,413	**# of Units**	
MSHDA NSP Funds	0.00%	0		0.00	100%
MSHDA HOME or Housing Trust Funds	10.49%	39,560	751,635	13.00	
Mortgage Resource Funds	0.00%	0			
Other MSHDA:	0.00%	0			
Local HOME	19.53%	73,684	1,400,000		
Income from Operations	0.02%	88	1,668		
Other Eq Historic Equity	15.33%	57,810	1,098,386		
Transferred Reserves:	0.00%	0	0		
Other: City of Detroit CDBG	6.98%	26,316	500,000	**Deferred**	
Other: Sp. Loan (**incl. GP Equity of $100**)	7.77%	29,324	557,155	**Dev Fee**	
Deferred Developer Fee	1.81%	6,833	129,828	14.81%	
Total Permanent Sources			**7,166,720**		

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

MSHDA Construction Loan	**52.00%**	**196,142**	**3,726,694**
Construction Loan Rate 4.900%			
Repaid from equity prior to final closing			**2,975,059**

Eligible Basis for LIHTC/TCAP		**Value of LIHTC/TCAP**		
Acquisitic 212,500		Acquisition	6,630	
Construc 6,833,676		Construction	213,211	Override
Acquisition Credit %	3.12%	Total Yr Credit	219,841	219,015
Rehab/New Const Credi	3.12%	Equity Price	$0.9025	
Qualified Percentage	100.00%	Equity Effective Price	$0.9025	Override
QCT/DDA Basis Boost	130%	Equity Contribution	1,976,413	1,976,413
Historic?	Yes			

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

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	1,976,413
Brownfield Equity	
Historic Tax Credit Equity	1,098,386
General Partner Capital Contributions	100
Other Equity Sources	
New Owner's Equity	**3,074,899**

Development	Transfiguration Place
Financing	Tax Exempt
MSHDA No.	3803
Step	Notice of Intent to Apply
Date	06/25/2020
Type	Adaptive Reuse

Mortgage Assumptions:

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

Instructions

Total Development Income Potential			Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income			9,274	176,208	1.0%	6	2.0%
Annual Non-Rental Income			95	1,800	1.0%	6	2.0%
Total Project Revenue			9,369	178,008			
Total Development Expenses							
						Future Vacancy	
Vacancy Loss	8.00%	of annual rent potential	742	14,097		6	8.0%
Management Fee	534	per unit per year	534	10,146	3.0%	1	3.0%
Administration			1,600	30,400	3.0%	1	3.0%
Project-paid Fuel			165	3,135	3.0%	6	3.0%
Common Electricity			290	5,510	4.0%	6	3.0%
Water and Sewer			650	12,350	5.0%	6	5.0%
Operating and Maintenance			1,600	30,400	3.0%	1	3.0%
Real Estate Taxes			0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to: All Units	297	5,645			
Insurance			350	6,650	3.0%	1	3.0%
Replacement Reserve	300	per unit per year	300	5,700	3.0%	1	3.0%
Other: City of Detroit HOME Loan Repayment			132	2,500	3.0%	1	3.0%
Other:			0		3.0%	1	3.0%

	% of Revenue			
Total Expenses	71.08%	**6,660**	**126,532**	
Base Net Operating Income		2,709	51,476	Override
Part A Mortgage Payment	24.10%	2,258	42,896	
Part A Mortgage		**39,560**	**751,635**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	4.82%	452	8,579	

Development Transfiguration Place
Financing Tax Exempt
MSHDA No. 3803
Step Notice of Intent to Apply
Date ########
Type Adaptive Reuse

Instructions

Income Limits for	Wayne County					(Effective April 3, 2018)
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	14,910	17,040	19,170	21,270	22,980	24,690
40% of area median	19,880	22,720	25,560	28,360	30,640	32,920
50% of area median	24,850	28,400	31,950	35,450	38,300	41,150
60% of area median	29,820	34,080	38,340	42,540	45,960	49,380

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
60%	Area Median Income Units																
40%	Tenant AMI Restriction (if different from rent restriction)																
Yes	Local PHA Project Based Voucher Units																
Family	Occupancy																
A	5	Apartment	1	1.0	750	750	78	**828**	45,000		25.5%	26.3%	3,750	25.6%	3,750		799
B	1	Apartment	2	1.0	939	967	96	**1,063**	11,604		6.6%	5.3%	939	6.4%	939		959
A	12	Apartment	1	1.0	750	750	78	**828**	108,000		61.3%	63.2%	9,000	61.5%	9,000	Low HOME	799
B	1	Apartment	2	1.0	939	967	96	**1,063**	11,604		6.6%	5.3%	939	6.4%	939	Low HOME	959
									176,208	0	100.0%	100.0%	14,628	100.0%	14,628		
Mgrs									0	0	0.0%	0.0%	0	0.0%	0		
													14,628		**14,628**		
Total Units	**19**																

Gross Rent Potential	**176,208**
Average Monthly Rent	**773**
Gross Square Footage	**14,628**

HOME Units SF/Total Units SF	67.9%	**Within Range**
# HOME Units/# Total Units	68.4%	**Within Range**

Utility Allowances

	Tenant-Paid Electricity	Tenant-Paid A/C	Tenant-Paid Gas	Owner-Paid Water/ Sewer	Owner-Paid Other	Total	Overide
A	41		37			78	
B	45		51			96	
C						0	
D						0	
E						0	
F						0	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	
Laundry	1,800
Carports	
Other:	
Other:	
	1,800

Total Income	**Annual**	**Monthly**
Rental Income	176,208	14,684
Non-Rental Income	1,800	150
Total Project Revenue	178,008	14,834

Cash Flow Projections

Development Transfiguration Place
Financing Tax Exempt
MSHDA No. 3803
Step Notice of Intent to Apply
Date 06/25/2020
Type Adaptive Reuse

	Initial Inflator	Starting in Yr	Future Inflator		1	2	3	4	5	6	7	8	9	10
Income														
Annual Rental Income	1.0%	6	2.0%		176,208	177,970	179,750	181,547	183,363	187,030	190,771	194,586	198,478	202,447
Annual Non-Rental Income	1.0%	6	2.0%		1,800	1,818	1,836	1,855	1,873	1,911	1,949	1,988	2,027	2,068
Total Project Revenue					**178,008**	**179,788**	**181,586**	**183,402**	**185,236**	**188,941**	**192,719**	**196,574**	**200,505**	**204,515**
Expenses														
Vacancy Loss	8.0%	6	8.0%		14,097	14,238	14,380	14,524	14,669	14,962	15,262	15,567	15,878	16,196
Management Fee	3.0%	1	3.0%		10,146	10,450	10,764	11,087	11,419	11,762	12,115	12,478	12,853	13,238
Administration	3.0%	1	3.0%		30,400	31,312	32,251	33,219	34,215	35,242	36,299	37,388	38,510	39,665
Project-paid Fuel	3.0%	6	3.0%		3,135	3,229	3,326	3,426	3,528	3,634	3,743	3,856	3,971	4,090
Common Electricity	4.0%	6	3.0%		5,510	5,730	5,960	6,198	6,446	6,639	6,838	7,044	7,255	7,473
Water and Sewer	5.0%	6	5.0%		12,350	12,968	13,616	14,297	15,012	15,762	16,550	17,378	18,247	19,159
Operating and Maintenance	3.0%	1	3.0%		30,400	31,312	32,251	33,219	34,215	35,242	36,299	37,388	38,510	39,665
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					5,645	5,672	5,699	5,724	5,748	5,841	5,935	6,030	6,125	6,221
Insurance	3.0%	1	3.0%		6,650	6,850	7,055	7,267	7,485	7,709	7,940	8,179	8,424	8,677
Replacement Reserve	3.0%	1	3.0%		5,700	5,871	6,047	6,229	6,415	6,608	6,806	7,010	7,221	7,437
Other: City of Detroit HOME Loan Repayment	3.0%	1	3.0%		2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					126,532	130,207	134,001	137,920	141,967	146,300	150,774	155,392	160,160	165,083
Debt Service														
Debt Service Part A					42,896	42,896	42,896	42,896	42,896	42,896	42,896	42,896	42,896	42,896
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**169,429**	**173,103**	**176,898**	**180,816**	**184,864**	**189,197**	**193,670**	**198,288**	**203,056**	**207,980**
Cash Flow/(Deficit)				-2723	**8,579**	**6,685**	**4,688**	**2,586**	**372**	**(256)**	**(951)**	**(1,714)**	**(2,551)**	**(3,464)**
Cash Flow Per Unit					452	352	247	136	20	(13)	(50)	(90)	(134)	(182)
Debt Coverage Ratio on Part A Loan					1.20	1.16	1.11	1.06	1.01	0.99	0.98	0.96	0.94	0.92
Debt Coverage Ratio on Conventional/Other Financing					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	11	12	13	14	15	16	17	18	19	20
Income										
Annual Rental Income	206,496	210,626	214,839	219,135	223,518	227,989	232,548	237,199	241,943	246,782
Annual Non-Rental Income	2,109	2,152	2,195	2,239	2,283	2,329	2,376	2,423	2,471	2,521
Total Project Revenue	**208,606**	**212,778**	**217,033**	**221,374**	**225,801**	**230,317**	**234,924**	**239,622**	**244,415**	**249,303**
Expenses										
Vacancy Loss	16,520	16,850	17,187	17,531	17,881	18,239	18,604	18,976	19,355	19,743
Management Fee	13,635	14,044	14,466	14,900	15,347	15,807	16,281	16,770	17,273	17,791
Administration	40,855	42,081	43,343	44,643	45,983	47,362	48,783	50,247	51,754	53,307
Project-paid Fuel	4,213	4,340	4,470	4,604	4,742	4,884	5,031	5,182	5,337	5,497
Common Electricity	7,697	7,928	8,165	8,410	8,663	8,923	9,190	9,466	9,750	10,043
Water and Sewer	20,117	21,123	22,179	23,288	24,452	25,675	26,959	28,306	29,722	31,208
Operating and Maintenance	40,855	42,081	43,343	44,643	45,983	47,362	48,783	50,247	51,754	53,307
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)	6,318	6,415	6,514	6,612	6,711	6,811	6,911	7,011	7,111	7,212
Insurance	8,937	9,205	9,481	9,766	10,059	10,360	10,671	10,991	11,321	11,661
Replacement Reserve	7,660	7,890	8,127	8,371	8,622	8,880	9,147	9,421	9,704	9,995
Other: City of Detroit HOME Loan Repayment	3,360	3,461	3,564	3,671	3,781	3,895	4,012	4,132	4,256	4,384
Other:	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses	170,167	175,417	180,839	186,439	192,224	198,199	204,371	210,749	217,337	224,146
Debt Service										
Debt Service Part A	42,896	42,896	42,896	42,896	42,896	42,896	42,896	42,896	42,896	42,896
Debt Service Conventional/Other Financing	0	0	0	0	0	0	0	0	0	0
Total Expenses	**213,064**	**218,314**	**223,736**	**229,336**	**235,120**	**241,095**	**247,268**	**253,645**	**260,234**	**267,042**
Cash Flow/(Deficit)	**(4,458)**	**(5,536)**	**(6,702)**	**(7,962)**	**(9,319)**	**(10,778)**	**(12,344)**	**(14,023)**	**(15,819)**	**(17,739)**
Cash Flow Per Unit	(235)	(291)	(353)	(419)	(490)	(567)	(650)	(738)	(833)	(934)
Debt Coverage Ratio on Part A Loan	0.90	0.87	0.84	0.81	0.78	0.75	0.71	0.67	0.63	0.59
Debt Coverage Ratio on Conventional/Other Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves	3%	

Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00																				
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit																			
Initial Balance		**71,051**	71,051	73,182	75,378	77,639	79,968	82,368	84,582	86,169	87,040	87,100	86,248	84,378	81,373	77,112	71,464	64,289	55,440	44,759	32,079	17,222
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	(256)	(951)	(1,714)	(2,551)	(3,464)	(4,458)	(5,536)	(6,702)	(7,962)	(9,319)	(10,778)	(12,344)	(14,023)	(15,819)	(17,739)
Total Annual Deposit to achieve Maintained DCR			(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			(0)	0	0	0	0	(256)	(951)	(1,714)	(2,551)	(3,464)	(4,458)	(5,536)	(6,702)	(7,962)	(9,319)	(10,778)	(12,344)	(14,023)	(15,819)	(17,739)
Interest			2,132	2,195	2,261	2,329	2,399	2,471	2,537	2,585	2,611	2,613	2,587	2,531	2,441	2,313	2,144	1,929	1,663	1,343	962	517
Ending Balance at Maintained DCR			73,182	75,378	77,639	79,968	82,368	84,582	86,169	87,040	87,100	86,248	84,378	81,373	77,112	71,464	64,289	55,440	44,759	32,079	17,222	**(0)**
Maintained Cash Flow Per Unit			452	352	247	136	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maintained Debt Coverage Ratio on Part A Loan			1.20	1.16	1.11	1.06	1.01	1.00	1.00	1.00	1.00	1.00	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			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**29,786**																				
Non-standard ODR		**41,265**																				

Operating Assurance Reserve Analysis

		56,476																			
Required in Year:	1	Initital Deposit																			
Initial Balance		**56,476**	56,476	58,171	59,916	61,713	63,565	65,471	67,436	69,459	71,542	73,689	75,899	78,176	80,522	82,937	85,425	87,988	90,628	93,347	96,147	99,031
Interest Income			1,694	1,745	1,797	1,851	1,907	1,964	2,023	2,084	2,146	2,211	2,277	2,345	2,416	2,488	2,563	2,640	2,719	2,800	2,884	2,971
Ending Balance			58,171	59,916	61,713	63,565	65,471	67,436	69,459	71,542	73,689	75,899	78,176	80,522	82,937	85,425	87,988	90,628	93,347	96,147	99,031	102,002

Deferred Developer Fee Analysis

Initial Balance			129,828	121,249	114,564	109,875	107,290	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918
Dev Fee Paid			8,579	6,685	4,688	2,586	372	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
Ending Balance	Repaid in yea	#N/A	121,249	114,564	109,875	107,290	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918	106,918

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing	3%	Initial Balance																			
Principal Amount of all MSHDA Soft Funds		**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Yr Int			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Int			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Payment Due		**50%**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Balance			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
TRANSFIGURATION PLACE, MSHDA DEVELOPMENT NO. 3803
CITY OF DETROIT, WAYNE COUNTY

June 25, 2020

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

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by Ethos Development Partners, LLC (the "Applicant") for a multifamily housing project to be located in City of Detroit, Wayne County, Michigan, having an estimated total development cost of Seven Million One Hundred Sixty-Six Thousand Seven Hundred Twenty Dollars ($7,166,720) and a total estimated maximum mortgage loan amount of Seven Hundred Fifty-One Thousand Six Hundred Thirty-Five Dollars ($751,635) (hereinafter referred to as the "Application"); and

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

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

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

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

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

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

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

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

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

provide financing for the proposed housing project.

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

f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Four Million Thirty-Five Thousand Six Hundred Eighty-Four Dollars ($4,035,684).

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 June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN
TRANSFIGURATION PLACE, MSHDA DEVELOPMENT NO. 3803
CITY OF DETROIT, WAYNE COUNTY

JUNE 25, 2020

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

WHEREAS, an application (the "Application") has been filed with the Authority by Ethos Development Partners, LLC (the "Applicant") for a construction mortgage loan in the amount of Three Million Seven Hundred Twenty-Six Thousand Six Hundred Ninety-Four Dollars ($3,726,694) and a permanent mortgage loan in the amount of Seven Hundred Fifty-One Thousand Six Hundred Thirty-Five Dollars ($751,635), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Seven Million One Hundred Sixty-Six Thousand Seven Hundred Twenty Dollars ($7,166,720), to be known as Transfiguration Place, located in the City of Detroit, Wayne County, Michigan, and to be owned by Transfiguration Place Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

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

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

(a) The Mortgagor is an eligible applicant;

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

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

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

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

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

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

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

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

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

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

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

2. A 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 Three Million Seven Hundred Twenty-Six Thousand Six Hundred Ninety-Four Dollars ($3,726,694), and permanent financing in an amount not to exceed Seven Hundred Fifty-One Thousand Six Hundred Thirty-Five Dollars ($751,635), and to have a term of Forty (40) years after amortization of principal commences and to bear interest at a rate of Four and 90/100 percent (4.9%) per annum. The amount of proceeds of tax-exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Four Million Thirty-Five Thousand Six Hundred Eighty-Four Dollars ($4,035,684). 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 Authority's HOME Loan, the Mortgagor's rate of return may be increased by one percent (1%) annually until a cap of twenty-five percent (25%) is reached.

7. The Authority hereby waives Section VI.I.2 of the Multifamily Direct Lending Parameters adopted on June 28, 2017, requiring approval by the City of Detroit of a payment in lieu of taxes for the development prior to the adoption of this resolution.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

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

DATE: June 25, 2020

RE: Waverly Place, Development No. 3921

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond, and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize a waiver of a certain Multifamily Direct Lending Parameter regarding a payment in lieu of taxes ("PILOT"), and 4) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

PROJECT SUMMARY:

MSHDA No:	3921
Development Name:	Waverly Place
Development Location:	City of Lansing, Ingham County
Sponsor:	Lansing Housing Commission
Mortgagor:	Mount Vernon Park Limited Dividend Housing Association, Limited Partnership
Number of Units (Affordable and Market Rate):	140 affordable family units
Total Development Cost:	$28,045,501
TE Bond Construction Loan:	$14,583,661
TE Bond Permanent Loan:	$9,443,463
MSHDA Gap Funds (HOME Loan):	$821,430
MSHDA Gap Funds (MRF Loan):	$821,429
Seller Promissory Note:	$7,145,775
Equity Contribution (LIHTC):	$8,584,735
Income for Operations:	$603,553
Deferred Developer Fee:	$625,116

EXECUTIVE SUMMARY:

Waverly Place is a fully-subsidized, multifamily 140-unit rental community located on the Northwest side of Lansing. There are 29 rental buildings, separate management and maintenance offices, community room, laundry facilities, two playgrounds, two full size basketball courts and a Head Start program on a 13.21acre campus. The 51 one-bedroom units are ranch units and the two, three, four and five-bedroom units are townhomes. There is also a Capital Area Transit Authority ("CATA") bus stop located near one of the entry drives.

The development employs a full-time service coordinator who provides referrals for supportive services, counselling, and conflict resolution for all residents living in the community. The Head Start Program currently has 26 children that live on-site enrolled in the program. The development was built in 1969 and is need of updating and renovation. This property will participate in the HUD RAD program which will allow for a new Housing Assistance Payment ("HAP") contract with a 20-year term for project-based Section 8.

I am recommending Board approval for the following reasons:

- The development will be renovated, and the replacement reserve will be sufficiently funded to position Waverly Place to provide quality, affordable housing into the future.
- The sponsor, the Lansing Housing Commission, is itself a Public Housing Authority ("PHA), similar to but on a smaller scale than MSHDA, and has successfully partnered with the Authority previously.
- A performing property will be added to the Authority's portfolio.
- Due to the historical performance of the property, the risk to the Authority minimal.

ADVANCING THE MISSION AND MUNICIPAL OR COMMUNITY IMPACT/SUPPORT:

- Advancing the Authority's Mission – adding this development to the Authority's Financed Section 8 portfolio and preserving this development will serve the people of Michigan by maintaining quality housing and retaining affordable residential homes in Ingham County for up to 50 years.
- Residential Impact – no displacement to existing residents will occur as a result of this preservation; renovation will be conducted in a manner to minimize disruption to current residents.
- Current and future residents will benefit from improved or upgraded housing units.
- The affordability period for these units ranges from 29 years to 50 years, depending on the funding source.
- Municipal support is evidenced by the City of Lansing's intention to transfer the current PILOT to the new mortgagor.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

Waverly Place is a 140-unit public housing development which is owned and managed by the Lansing Housing Commission, presently known as Mount Vernon Park and to be renamed Waverly Place in conjunction with this rehabilitation project. The sponsor, who represents a

subsidiary of the Lansing Housing Commission, is proposing a substantial rehabilitation of the existing structures and surface areas.

As the Lansing Housing Commission is itself a Public Housing Agency, the development is currently fully subsidized via a direct Housing and Urban Development Annual Contributions Contract ("ACC") subsidy contract. As part of this rehabilitation, the owners are converting over to HUD's Rental Assistance Development ("RAD") program, which will provide 100% of the development with project-based vouchers and project-based rental assistance.

The Sponsor is requesting a tax-exempt mortgage loan as well as gap financing available under Round 11 of the Authority's HOME/MRF Gap Financing Program. Additional support will come from an investment related to the 4% Low-Income Housing Tax Credits ("LIHTCs").

The development currently has a PILOT which the City of Lansing has indicated will be continued for the new ownership structure. Although no new PILOT term is anticipated, the City will need to revise the existing PILOT to extend it to the new Mortgagor for a term of years satisfactory to the Authority. This will require a waiver of the following Authority Multifamily Direct Lending Parameters concerning a PILOT, conditioned on the PILOT being found acceptable prior to the Authority's disbursement of any funds. The waived language reads as follows:

- Proposals that do not include tax abatement will be underwritten based on the ad valorem taxes applicable to the property.
- That for a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority consideration.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

June 25, 2020

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond, and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize a waiver of a certain Multifamily Direct Lending Parameter regarding a payment in lieu of taxes ("PILOT"), and 4) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	3921
Development Name:	Waverly Place
Development Location:	City of Lansing, Ingham County
Sponsor:	Lansing Housing Commission
Mortgagor:	Mount Vernon Park Limited Dividend Housing Association, Limited Partnership
TE Bond Construction Loan:	$14,583,661 (52% of TDC)
TE Bond Permanent Loan:	$9,443,463
MSHDA HOME Loan:	$821,430
MSHDA MRF Loan:	$821,429
Total Development Cost:	$28,045,501
Mortgage Term:	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the MRF loan
Interest Rate:	4.625% for the tax-exempt bond loan; 1% simple interest for the HOME loan and 3% simple interest for the MRF loan
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	140 family units of rehabilitation.
Unit Configuration:	Fifty-One (51) One-Bedroom, Twenty-Five (25) Two-Bedroom, Twenty-Five (25) Three-Bedroom, Twenty-Nine (29) Four-Bedroom and Ten (10) Five-Bedroom Apartments
Builder:	Oakwood Construction Company
Syndicator:	Cinnaire
Consultant:	Chesapeake Community Advisors, Inc.
Date Application Received:	December 15, 2019
HDO:	Charles J. Smith

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

the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

Waverly Place is a 140-unit public housing development which is owned and managed by the Lansing Housing Commission, presently known as Mount Vernon Park. The sponsor is proposing a substantial rehabilitation of the existing structures and surface areas. The development is currently fully subsidized via a Housing and Urban Development Annual Contributions Contract ("ACC") subsidy contract, but the owners are converting over to HUD's Rental Assistance Development ("RAD") program.

The sponsor is requesting a tax-exempt mortgage loan as well as gap financing available under Round 11 of the Authority's HOME/MRF Gap Financing Program. Additional support will come from an investment related to the 4% Low-Income Housing Tax Credits ("LIHTCs").

The development currently has a PILOT which the City of Lansing has indicated will be continued for the new ownership structure. Although no new PILOT term is anticipated, the City will need to revise the existing PILOT to extend it to the new Mortgagor. This will require a waiver of the following Authority Multifamily Direct Lending Parameters concerning a PILOT, conditioned on the PILOT being found acceptable prior to the Authority's disbursement of any funds. The waived language reads as follows:

- Proposals that do not include tax abatement will be underwritten based on the ad valorem taxes applicable to the property.
- That for a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority consideration.

EXECUTIVE SUMMARY:

Waverly Place is a fully subsidized, 140-unit multifamily rental community located on the Northwest side of Lansing. There are 29 rental buildings, separate management and maintenance offices, community room, laundry facilities, two playgrounds, two full size basketball courts and a Head Start program on a 13.21acre campus. The 51 one-bedroom units are ranch units and the two, three, four and five-bedroom units are townhomes. There is also a Capital Area Transit Authority ("CATA") bus stop located near one of the entry drives.

The development employs a full-time service coordinator who provides referrals for supportive services, counselling, and conflict resolution for all residents living in the community. The Head Start Program currently has 26 children that live on-site enrolled in the program. The development was built in 1969 and is need of updating and renovation. This property will participate in the HUD RAD program which will allow for a new Housing Assistance Payment ("HAP") contract with a 20-year term for project-based Section 8.

Structure of the Transaction and Funding:

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

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of

$14,583,661 at 4.625% interest with a 18-month term (a 15-month construction term and a 3-month holding period) which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the 18-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent loan will be provided by the Authority in the amount of $9,443,463. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of 4.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.

- A subordinate loan using an Authority MRF Loan (the "MRF Loan") in the amount of $821,429 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.

- A subordinate loan using HOME Investment Partnership Program funds (the "HOME Loan") in the amount of $821,430 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.

- The Seller is providing a Seller's Note in the amount of $7,145,775. See Special Condition No. 2.

- A HUD RAD conversion will provide one hundred forty units (140) of project-based vouchers.

- Equity support comes from an investment related to the 4% LIHTC in the estimate amount of $8,584,735.

- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the absorption period in the amount of $603,553.

- The Sponsor has agreed to defer $625,116 of the developer fee to help fill the remaining funding gap.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- The Development will be renovated, and a new replacement reserve requirement imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

Scope of Rehabilitation:

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

- Site lighting upgraded to LED
- Replace between unit fencing with PVC product
- Asphalt replacement in parking and drive areas
- Repair/replace any damaged concrete sidewalks
- Shingled roof replacement where needed
- All new unit entry doors
- Replace siding
- New unit windows
- Paint/repair all common area finishes
- New cabinets
- New vanities
- New countertops
- New flooring
- Kitchen appliances
- Interior bifold doors
- Marble vanity tops in bathrooms
- New tubs/surrounds
- New furnaces and water heaters where needed

Affordability Requirements:

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

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants, and there will be no tenant displacement as a result of this transaction.

Site Selection:

This is an existing development within the City of Lansing; the Authority's Chief Market Analyst has confirmed the site is acceptable.

Market Evaluation:

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

Valuation of the Property:

An appraisal dated June 1, 2019 estimates the value at $8,560,000.

CONDITIONS:

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

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $8,584,735). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the HAP Contract has terminated or expired. Thereafter, Limited Dividend Payments shall not exceed 25% per annum.

2. **Income Limits:**

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

   a. 7 units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income as determined by HUD, adjusted for family size.

   b. 140 units (51 one-bedroom units, 25 two-bedroom units, 25 three-bedroom units, 29 Four-bedroom units, and 10 five-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the HAP Contract for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.

   c. 140 units (51 one-bedroom units, 25 two-bedroom units, 25 three-bedroom units, 29 Four-bedroom units, and 10 five-bedroom units)) must be available for occupancy by households whose incomes do not exceed 60% MTSP income limits, adjusted for family size, until latest of (i) the expiration of the LIHTC

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

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

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

3. <u>Limitations on Rental Rates</u>:

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

a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 7 Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

b. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents for all HAP-assisted units (51 one-bedroom units, 25 two-bedroom units, 25 three-bedroom units, 29 Four-bedroom units, and 10 five-bedroom units) ("Contract Rents") that comply with the rent levels established by the HAP Contract and that do not exceed the rent levels approved by HUD.

c. The Total Housing Expense for all 140 units (51 one-bedroom units, 25 two-bedroom units, 25 three-bedroom units, 29 Four-bedroom units, and 10 five-bedroom units), may not exceed one-twelfth (1/12th) of 30% of the MTSP 60% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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

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

Exceptions to the foregoing limitations may be granted by the Authority's Director of Asset

Management to pay for extraordinary increases in operating expenses (exclusive of Limited Dividend Payments) or to enable the owner to amortize a Mortgage Loan increase to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases.

4. Covenant Running with the Land:

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

5. Restriction on Prepayment and Subsequent Use:

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

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

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

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

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

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months' of estimated Development operating expenses (estimated to be $478,796). 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 $7,139 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 ($125,364) into the Development's operating account.

9. Authority Subordinate Loan(s):

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

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

MRF Loan and the HOME Loan will commence according to the following:

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

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

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

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

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

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

10. <u>Architectural Plans and Specifications; Contractor's Qualification Statement;</u>

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

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

12. <u>Trade Payment Breakdown;</u>

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade

Payment Breakdown acceptable to the Authority's Design and Construction Manager.

13. Section 3 Requirements:

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

14. Equal Opportunity and Fair Housing:

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

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

15. Cost Certification:

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

16. Environmental Review and Indemnification:

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

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

17. Title Insurance Commitment and Survey:

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

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide a surveyor's certificate of facts together with an ALTA survey certified to the 2016 minimum standards, and that appropriately reflects all easements, rights of way, and other issues

noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

18. Organizational Documents/Equity Pay-In Schedule:

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

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

19. Designation of Authority Funds:

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

20. Management & Marketing:

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

a. Management Agreement
b. Marketing/Construction Transition Plan

21. Guaranties:

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

22. Future Contributions:

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

23. 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. Ownership of Development Reserves:

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

25. Section 8 Required Approvals - HUD and MSHDA:

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

26. HAP Extension:

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

27. HUD Authority to Use Grant Funds:

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

28. HUD Subsidy Layering Review:

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

29. Application for Disbursement:

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

30. Uniform Relocation Act Compliance:

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

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

At Initial Closing, the general contractor must agree to comply with all federal prevailing wage requirements, the requirements of the Davis-Bacon and Related Acts, and other applicable federal regulations. The City of Lansing is responsible for monitoring prevailing wage requirements.

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. Seller Note:

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

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

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

3. PILOT Obtained Post-Commitment:

The development is currently subject to a PILOT agreement with the City of Lansing that only applies to present ownership; the mortgagor has applied for transfer of the PILOT to the new owner. Prior to Initial Closing, the Mortgagor must obtain a transfer of the existing PILOT, in a form acceptable to the Director of Legal Affairs. If the Mortgagor does not obtain a transfer of the PILOT, the Development must be re-underwritten and if feasible, presented to the Board. If the Development obtains a PILOT representing a lower PILOT payment amount, any savings generated by the PILOT may be applied, at the sole discretion of an Authorized Officer of the Authority, to reduce one or all of the Authority's subordinate loans or be applied against any other obligation that the Mortgagor owes the Authority with any remainder deposited in the Development's Operating Reserve Cash account.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Mount Vernon Park Limited Dividend Housing Association Limited Partnership

II. GUARANTOR(S):

A. Guarantor #1:

Name: Lansing Housing Commission
Address: 419 Cherry Street
Lansing, MI 48933

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Lansing Housing Commission
Address: 419 Cherry Street
Lansing, MI 48933

Individuals Assigned: Doug Fleming
Telephone: 517-487-6550
Fax: N/A
E-mail: dfleming@lanshc.org

1. Experience: The Sponsor's consultant has experience working on Authority-financed developments.

2. Interest in the Mortgagor and Members: Lansing Housing Commission 99.99%, Mount Vernon Park GP LLC .01%

B. Architect:

Name: Fusco, Shaffer, Pappas, Inc.
Address: 550 East Nine Mile Road
Ferndale, MI 48220

Individual Assigned: James Pappas
Telephone: 248-543-4100
Fax: N/A
E-Mail: jpappas@fparch.com

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

2. **Architect's License**: License number 1301029064, exp. 10/31/20.

C. Attorney:

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

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

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

D. Builder:

Name: Oakwood Construction Company
Address: 2380 Science Parkway, Suite 101
Okemos, MI 48864

Individual Assigned: Craig Moulton
Telephone: 517-347-1980
Fax: N/A
E-mail: crgmltn9@gmail.com

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

2. **State Licensing Board Registration**: License number 2101100825, with an expiration date of 5/31/21.

E. Management and Marketing Agent:

Name: Michigan Asset Group
Address: 1161 East Clark Road, Suite 236

Plainwell, MI
48820

Individual Assigned: Evert Kramer
Telephone: 517-668-6447
Fax: N/A
E-mail: evert@miasset.com

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

F. Consultant:

Name: Cheasapeake Community Advisors, Inc.
Address: 33 South Gay Street, Suite 200
Baltimore, MD 21152

Individual assigned: John Schuster III
Telephone: 410-685-1170
Email: jschuster@ccadev.com

G. Development Team Recommendation: Go

IV. SITE DATA:

A. Land Control/Purchase Price:
$8,550,000

B. Site Location:
Northwest side of Lansing, Ingham County

C. Size of Site:
13.21 Acres

D. Density:
Deemed appropriate

E. Physical Description:

1. Present Use: Apartment Complex

2. Existing Structures: 28 housing structures and 1 management/maintenance/community room building

3. Relocation Requirements: None

F. Zoning:
Multifamily

G. Contiguous Land Use:

1. North: Commercial

2. South: Residential

3. East: Residential

4. West: Commercial

H. Tax Information:
The development has a special 10% PILOT approved by City of Lansing. Billing is based on actual tenant portion of rent payment, less utility costs (not the Contract Rent Amount). The new ownership has requested that the PILOT be extended to the new mortgagor.

I. Utilities: Currently provided by Consumers Energy for gas and electric and Board of Water and Light, Lansing

J. Community Facilities:

1. Shopping:
There are a few commercial interests in the immediate area including: convenience stores, fast food establishments, auto sales, grocery stores, located within 5 miles of site.

2. Recreation:
Grand Woods Recreation area is about 2 miles from site, Royal Scott bowling and golf course is less than 1 mile from site.

3. Public Transportation:
CATA bus stop on site.

4. Road Systems
Site is located on Waverly Road just South of Grand River Avenue.

5. Medical Services and other Nearby Amenities:
Sparrow Hospital is located 5 miles southwest of site.

6. Description of Surrounding Neighborhood:
Mostly residential with some commercial.

7. Local Community Expenditures Apparent:
None apparent.

8. Indication of Local Support:
As a rehabilitation project for the benefit of current and future residents, local community input has not been collected.

V. ENVIRONMENTAL FACTORS:

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

VI. DESIGN AND COSTING STATUS:

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

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

VII. MARKET SUMMARY:

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

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

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

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	June 2020
B. Initial Closing and Disbursement:	September 2020
C. Construction Completion:	October 2021
D. Cut-Off Date:	January 2022

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad Benson Digitally signed by Chad Benson
Date: 2020.06.17 11:52:16 -04'00'

Chad Benson
Acting Director of Development

Clarence L. Stone, Jr. Digitally signed by Clarence L. Stone, Jr.
Date: 2020.06.17 15:27:48 -04'00'

Clarence L. Stone, Jr.
Director of Legal Affairs

Gary Heidel Digitally signed by Gary Heidel
Date: 2020.06.17 16:28:14 -04'00'

Gary Heidel
Acting Executive Director

Development Waverly Place
Financing Tax Exempt
MSHDA No. 3921
Step Commitment
Date 06/25/2020
Type Preservation - Subsidized

Instructions

TOTAL DEVELOPMENT COSTS				Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition								
Land				3,714	520,000	0%	0	0
Existing Buildings				57,357	8,030,000	100%	8,030,000	0
Other:				0		0%	0	0
			Subtotal	**61,071**	**8,550,000**			
Construction/Rehabilitation								
Off Site Improvements				0		100%	0	0
On-site Improvements				0		100%	0	0
Landscaping and Irrigation				6,562	918,610	100%	918,610	918,610
Structures				59,751	8,365,198	100%	8,365,198	8,365,198
Community Building and/or Maintenance Facility				1,757	246,000	100%	246,000	246,000
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)				0		0%	0	0
General Requirements	% of Contract	5.85%	**Within Range**	3,982	557,503	100%	557,503	557,503
Builder Overhead	% of Contract	2.00%	**Within Range**	1,441	201,721	100%	201,721	201,721
Builder Profit	% of Contract	6.00%	**Within Range**	4,409	617,267	100%	617,267	617,267
Permits, Bond Premium, Tap Fees, Cost Cert.				768	107,500	100%	107,500	107,500
Other:				0		100%	0	0
			Subtotal	**78,670**	**11,013,800**			
			15% of acquisition and $15,000/unit test:		**met**			
Professional Fees								
Design Architect Fees				3,000	420,000	100%	420,000	420,000
Supervisory Architect Fees				750	105,000	100%	105,000	105,000
Engineering/Survey				743	104,000	100%	104,000	104,000
Legal Fees				714	100,000	100%	100,000	100,000
			Subtotal	**5,207**	**729,000**			
Interim Construction Costs								
Property & Causalty Insurance				786	110,000	100%	110,000	110,000
Construction Loan Interest	Override		**798,910**	5,707	798,910	70%	559,237	559,237
Title Work				1,071	150,000	65%	97,500	0
Construction Taxes				0		75%	0	0
Other:				0		100%	0	0
			Subtotal	**7,564**	**1,058,910**			
Permanent Financing								
Loan Commitment Fee to MSHDA			2%	2,318	324,530	0%	0	0
Other:				0		0%	0	0
			Subtotal	**2,318**	**324,530**			
Other Costs (In Basis)								
Application Fee				14	2,000	100%	2,000	2,000
Market Study				43	6,000	100%	6,000	6,000
Environmental Studies				571	80,000	100%	80,000	80,000
Cost Certification				214	30,000	100%	30,000	30,000
Equipment and Furnishings				857	120,000	100%	120,000	0
Temporary Tenant Relocation				2,893	405,000	75%	303,750	303,750
Construction Contingency				7,867	1,101,380	100%	1,101,380	1,101,380
Appraisal and C.N.A.				236	33,000	100%	33,000	33,000
Other:Third party equity investor construction inspections				86	12,000	100%	12,000	12,000
			Subtotal	**12,781**	**1,789,380**			
Other Costs (NOT In Basis)								
Start-up and Organization				107	15,000	0%	0	0
Tax Credit Fees (based on 2017 QAP)		59,737	**Within Range**	427	59,737	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)				475	66,500	0%	0	0
Marketing Expense				36	5,022	0%	0	0
Syndication Legal Fees				214	30,000	0%	0	0
Rent Up Allowance		months		0	0	0%	0	0
Other:				0		0%	0	0
			Subtotal	**1,259**	**176,259**			

Summary of Acquisition Price		As of	June 1, 2019
Attributed to Land	520,000	1st Mortgage Balance	404,225
Attributed to Existing Structures	8,030,000	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	8,550,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	**8,145,775**

Construction Loan Term	Months
Construction Contract	15
Holding Period (50% Test)	3
Construction Loan Period	18

Appraised Value	Value As of:	November 8, 2019	Override
"Encumbered As-Is" value as determined by appraisal:		8,560,000	
Plus 5% of Appraised Value:		0	
LESS Fixed Price to the Seller:		8,550,000	
Surplus/(Gap)	**Within Range**	**10,000**	

			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	3,420	478,796	0%	0	0
Replacement Reserve		Required	7,139	999,462	0%	0	0
Operating Deficit Reserve		Not Required	0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			0	0	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows			0	0	0%	0	0
Other:			0		0%	0	0
Other:			0		0%	0	0
		Subtotal	**10,559**	**1,478,258**			
Miscellaneous							
Deposit to Development Operating Account (1MGRF		Required	895	125,364	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Other (In Basis):			0	0	100%	0	0
Other (In Basis):			0	0	100%	0	0
		Subtotal	**895**	**125,364**			
Total Acquisition Costs			**61,071**	**8,550,000**			
Total Construction Hard Costs			**78,670**	**11,013,800**			
Total Non-Construction ("Soft") Costs			**40,584**	**5,681,701**			

Developer Overhead and Fee							
Maximum	3,034,706		**20,000**	**2,800,000**	100%	2,800,000	2,800,000
7.5%	of Acquisition/Project Reserves	Override	**5%**	**Attribution Test**			
15%	of All Other Development Costs	2,800,000		**met**			

	LIHTC Basis	**Historic Basis**
Total Development Cost	**25,027,667**	**16,780,167**

TOTAL DEVELOPMENT SOURCES		**% of TDC**				**Gap to Hard Debt Ratio**
MSHDA Permanent Mortgage		33.67%	67,453	9,443,463		
Conventional/Other Mortgage		0.00%	0	0		
Equity Contribution from Tax Credit Syndication		30.61%	61,320	8,584,735	**# of Units**	
MSHDA NSP Funds		0.00%	0		0.00	17%
MSHDA HOME or Housing Trust Funds		2.93%	5,867	821,430	7.00	
Mortgage Resource Funds		2.93%	5,867	821,429		
Other MSHDA:		0.00%	0			
Local HOME		0.00%	0			
Income from Operations		2.15%	4,311	603,553		
Other Equity		0.00%	0			
Transferred Reserves:		0.00%	0	0		
Other:	Seller Note	25.48%	51,041	7,145,775	**Deferred**	
Other:		0.00%	0		**Dev Fee**	
Deferred Developer Fee		2.23%	4,465	625,116	22.33%	
Total Permanent Sources				**28,045,501**		

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

MSHDA Construction Loan		**52.00%**	**104,169**	**14,583,661**
Construction Loan Rate	4.625%			
Repaid from equity prior to final closing				**5,140,198**

Eligible Basis for LIHTC/TCAP			**Value of LIHTC/TCAP**		
Acquisition	8,457,500		Acquisition	269,794	
Construction	21,541,216		Construction	687,165	Override
Acquisition Credit %		3.19%	Total Yr Credit	956,959	953,955
Rehab/New Const Credit %		3.19%	Equity Price	$0.9000	
Qualified Percentage		100.00%	Equity Effective Price	$0.9000	Override
QCT/DDA Basis Boost		130%	Equity Contribution	8,584,736	8,584,735
Historic?		No			

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

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	8,584,735
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	**8,584,735**

Development	Waverly Place
Financing	Tax Exempt
MSHDA No.	3921
Step	Commitment
Date	06/25/2020
Type	Preservation - Subsidized

Mortgage Assumptions:

Debt Coverage Ratio	1.15	
Mortgage Interest Rate	4.625%	
Pay Rate	4.625%	
Mortgage Term	40	years
Income from Operations	Yes	

Instructions

Total Development Income Potential			Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income			10,745	1,504,368	2.0%	6	2.0%
Annual Non-Rental Income			70	9,809	1.0%	6	2.0%
Total Project Revenue			10,816	1,514,177			
Total Development Expenses							
						Future Vacancy	
Vacancy Loss	5.00%	of annual rent potential	537	75,218		6	5.0%
Management Fee	534	per unit per year	534	74,760	3.0%	1	3.0%
Administration			1,326	185,698	3.0%	1	3.0%
Project-paid Fuel			275	38,495	3.0%	6	3.0%
Common Electricity			207	29,046	4.0%	6	3.0%
Water and Sewer			458	64,154	5.0%	6	5.0%
Operating and Maintenance			2,346	328,426	3.0%	1	3.0%
Real Estate Taxes			179	25,000	5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)		Applied to: All Units	0	0			
Insurance			393	54,998	3.0%	1	3.0%
Replacement Reserve	300	per unit per year	300	42,000	3.0%	1	3.0%
Other:			0		3.0%	1	3.0%
Other:			0		3.0%	1	3.0%

	% of Revenue			
Total Expenses	60.61%	**6,556**	**917,795**	
Base Net Operating Income		4,260	596,382	Override
Part A Mortgage Payment	34.25%	3,704	518,593	
Part A Mortgage		**67,453**	**9,443,463**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	5.14%	556	77,789	

Development Waverly Place
Financing Tax Exempt
MSHDA No. 3921
Step Commitment
Date 06/25/2020
Type Preservation - Subsidized

Instructions

Income Limits for	Ingham County				(Effective April 24,2019)	
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	15,630	17,850	20,070	22,290	24,090	25,860
40% of area median	20,840	23,800	26,760	29,720	32,120	34,480
50% of area median	26,050	29,750	33,450	37,150	40,150	43,100
60% of area median	31,260	35,700	40,140	44,580	48,180	51,720

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential: Under/ (over)	Differential %	Effective AMI%	Contract Rent/Sq. Foot
60%	Area Median Income Units																					
Yes	Other Project Based Voucher Units																					
Family	Occupancy																					
A	49	Apartment	1	1.0	350	611	58	669	359,268	611	23.9%	35.0%	17,150	18.1%	17,150		837	TC Rent	168	20.07%	48.0%	$1.75
B	24	Townhome	2	1.0	560	735	68	803	211,680	735	14.1%	17.1%	13,440	14.2%	13,440		1,003	TC Rent	200	19.94%	48.0%	$1.31
C	24	Townhome	3	1.0	790	947	76	1,023	272,736	947	18.1%	17.1%	18,960	20.0%	18,960		1,159	TC Rent	136	11.73%	52.9%	$1.20
D	28	Townhome	4	1.5	1,065	1,317	91	1,408	442,512	1,317	29.4%	20.0%	29,820	31.5%	29,820		1,293	TC Rent	(115)	-8.89%	65.3%	$1.24
E	5	Townhome	5	1.5	1,132	1,514	105	1,619	90,840	1,514	6.0%	3.6%	5,660	6.0%	5,660		0	#N/A	(1,619)	#DIV/0!	#N/A	$1.34
F	3	Townhome	5	1.5	1,343	1,219	105	1,324	43,884	1,219	2.9%	2.1%	4,029	4.3%	4,029		0	#N/A	(1,324)	#DIV/0!	#N/A	$0.91
									1,420,920	6,343	94.5%	95.0%	89,059	94.1%	89,059							
50%	Area Median Income Units																					
Yes	Other Project Based Voucher Units																					
Family	Occupancy																					
A	2	Apartment	1	1.0	350	611	58	669	14,664	611	1.0%	1.4%	700	0.7%	700	Low HOME	697	TC Rent	28	4.02%	48.0%	$1.75
B	1	Townhome	2	1.0	560	735	68	803	8,820	735	0.6%	0.7%	560	0.6%	560	Low HOME	836	TC Rent	33	3.95%	48.0%	$1.31
C	1	Townhome	3	1.0	790	947	76	1,023	11,364	947	0.8%	0.7%	790	0.8%	790	Low HOME	966	TC Rent	(57)	-5.90%	52.9%	$1.20
D	1	Townhome	4	1.5	1,065	1,317	91	1,408	15,804	1,317	1.1%	0.7%	1,065	1.1%	1,065	Low HOME	1,077	TC Rent	(331)	-30.73%	65.3%	$1.24
E	1	Townhome	5	1.5	1,132	1,514	105	1,619	18,168	1,514	1.2%	0.7%	1,132	1.2%	1,132	Low HOME	#N/A	#N/A	#N/A	#N/A	#N/A	$1.34
F	1	Townhome	5	1.5	1,343	1,219	105	1,324	14,628	1,219	1.0%	0.7%	1,343	1.4%	1,343	Low HOME	#N/A	#N/A	#N/A	#N/A	#N/A	$0.91
									83,448	6,343	5.5%	5.0%	5,590	5.9%	5,590							
													94,649		**94,649**							

Total Tenant Units	**140**
Manager Units	**0**
Income Average	59.50%
Set Aside	100.00%

Gross Rent Potential	**1,504,368**
Average Monthly Rent	**895**
Gross Square Footage	**94,649**

HOME Units SF/Total Units SF	5.9%	**Within Range**
# HOME Units/# Total Units	5.0%	**Within Range**

Utility Allowances

	Tenant-Paid	Tenant-Paid	Tenant-Paid	Owner-Paid			
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Overide
A	58					58	
B	68					68	
C	76					76	
D	91					91	
E	105					105	
F	105					105	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	
Laundry	9,809
Carports	
Other:	
Other:	
	9,809

Total Income	**Annual**	**Monthly**
Rental Income	1,504,368	125,364
Non-Rental Income	9,809	817
Total Project Revenue	1,514,177	126,181

Cash Flow Projections

Development Waverly Place
Financing Tax Exempt
MSHDA No. 3921
Step Commitment
Date 06/25/2020
Type Preservation - Subsidized

	Initial Inflator	Starting in Yr	Future Inflator	1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	2.0%	6	2.0%	1,504,368	1,534,455	1,565,144	1,596,447	1,628,376	1,660,944	1,694,163	1,728,046	1,762,607	1,797,859
Annual Non-Rental Income	1.0%	6	2.0%	9,809	9,907	10,006	10,106	10,207	10,411	10,620	10,832	11,049	11,270
Total Project Revenue				**1,514,177**	**1,544,362**	**1,575,151**	**1,606,554**	**1,638,584**	**1,671,355**	**1,704,782**	**1,738,878**	**1,773,656**	**1,809,129**
Expenses													
Vacancy Loss	5.0%	6	5.0%	75,218	76,723	78,257	79,822	81,419	83,047	84,708	86,402	88,130	89,893
Management Fee	3.0%	1	3.0%	74,760	77,003	79,313	81,692	84,143	86,667	89,267	91,945	94,704	97,545
Administration	3.0%	1	3.0%	185,698	191,269	197,007	202,917	209,005	215,275	221,733	228,385	235,237	242,294
Project-paid Fuel	3.0%	6	3.0%	38,495	39,650	40,839	42,065	43,326	44,626	45,965	47,344	48,764	50,227
Common Electricity	4.0%	6	3.0%	29,046	30,208	31,416	32,673	33,980	34,999	36,049	37,131	38,244	39,392
Water and Sewer	5.0%	6	5.0%	64,154	67,362	70,730	74,266	77,980	81,879	85,972	90,271	94,785	99,524
Operating and Maintenance	3.0%	1	3.0%	328,426	338,279	348,427	358,880	369,646	380,736	392,158	403,923	416,040	428,521
Real Estate Taxes	5.0%	1	5.0%	25,000	26,250	27,563	28,941	30,388	31,907	33,502	35,178	36,936	38,783
Payment in Lieu of Taxes (PILOT)				0	0	0	0	0	0	0	0	0	0
Insurance	3.0%	1	3.0%	54,998	56,648	58,347	60,098	61,901	63,758	65,670	67,641	69,670	71,760
Replacement Reserve	3.0%	1	3.0%	42,000	43,260	44,558	45,895	47,271	48,690	50,150	51,655	53,204	54,800
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				917,795	946,651	976,457	1,007,248	1,039,058	1,071,583	1,105,176	1,139,874	1,175,715	1,212,740
Debt Service													
Debt Service Part A				518,593	518,593	518,593	518,593	518,593	518,593	518,593	518,593	518,593	518,593
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**1,436,388**	**1,465,243**	**1,495,050**	**1,525,841**	**1,557,651**	**1,590,176**	**1,623,769**	**1,658,467**	**1,694,308**	**1,731,332**
Cash Flow/(Deficit)				**77,789**	**79,119**	**80,101**	**80,713**	**80,932**	**81,179**	**81,014**	**80,411**	**79,348**	**77,796**
Cash Flow Per Unit				556	565	572	577	578	580	579	574	567	556
Debt Coverage Ratio on Part A Loan				1.15	1.15	1.15	1.16	1.16	1.16	1.16	1.16	1.15	1.15
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves	3%

Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis

		Initial Deposit	1	2	3	4	5	6	7	8	9	10
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250											
Initial Balance		**0**	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0
Interest			0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR			0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit			556	565	572	577	578	580	579	574	567	556
Maintained Debt Coverage Ratio on Part A Loan			1.15	1.15	1.15	1.16	1.16	1.16	1.16	1.16	1.15	1.15
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		**0**										
Non-standard ODR		**0**										

Operating Assurance Reserve Analysis

		478,796										
Required in Year:	1	Initital Deposit										
Initial Balance		**478,796**	478,796	493,160	507,955	523,193	538,889	555,056	571,708	588,859	606,524	624,720
Interest Income			14,364	14,795	15,239	15,696	16,167	16,652	17,151	17,666	18,196	18,742
Ending Balance			493,160	507,955	523,193	538,889	555,056	571,708	588,859	606,524	624,720	643,462

Deferred Developer Fee Analysis

Initial Balance			625,116	547,327	468,208	388,107	307,395	226,462	145,283	64,270	0	0
Dev Fee Paid			77,789	79,119	80,101	80,713	80,932	81,179	81,014	64,270	0	0
Ending Balance	Repaid in y	0	547,327	468,208	388,107	307,395	226,462	145,283	64,270	0	0	0

Mortgage Resource Fund Loan

		Initial Balance	1	2	3	4	5	6	7	8	9	10
Interest Rate on Subordinate Financing	3%											
Principal Amount of all MSHDA Soft Funds		**821,429**	821,429	821,429	821,429	821,429	821,429	821,429	821,429	821,429	821,429	821,429
Current Yr Int			24,643	24,643	24,643	24,643	24,643	24,643	24,643	24,643	24,643	24,643
Accrued Int			0	24,643	49,286	73,929	98,571	123,214	147,857	172,500	189,072	174,041
Subtotal		% of Cash Flow	846,072	870,715	895,358	920,000	944,643	969,286	993,929	1,018,572	1,035,144	1,020,113
Annual Payment Due		**50%**	0	0	0	0	0	0	0	8,071	39,674	38,898
Year End Balance			846,072	870,715	895,358	920,000	944,643	969,286	993,929	1,010,501	995,470	981,215

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator	11	12	13	14	15	16	17	18	19	20
Income													
Annual Rental Income	2.0%	6	2.0%	1,833,816	1,870,493	1,907,902	1,946,060	1,984,982	2,024,681	2,065,175	2,106,478	2,148,608	2,191,580
Annual Non-Rental Income	1.0%	6	2.0%	11,495	11,725	11,959	12,199	12,443	12,691	12,945	13,204	13,468	13,738
Total Project Revenue				**1,845,311**	**1,882,217**	**1,919,862**	**1,958,259**	**1,997,424**	**2,037,373**	**2,078,120**	**2,119,683**	**2,162,076**	**2,205,318**
Expenses													
Vacancy Loss	5.0%	6	5.0%	91,691	93,525	95,395	97,303	99,249	101,234	103,259	105,324	107,430	109,579
Management Fee	3.0%	1	3.0%	100,471	103,485	106,590	109,788	113,081	116,474	119,968	123,567	127,274	131,092
Administration	3.0%	1	3.0%	249,563	257,049	264,761	272,704	280,885	289,311	297,991	306,930	316,138	325,623
Project-paid Fuel	3.0%	6	3.0%	51,734	53,286	54,885	56,531	58,227	59,974	61,773	63,626	65,535	67,501
Common Electricity	4.0%	6	3.0%	40,574	41,791	43,044	44,336	45,666	47,036	48,447	49,900	51,397	52,939
Water and Sewer	5.0%	6	5.0%	104,500	109,725	115,211	120,972	127,021	133,372	140,040	147,042	154,394	162,114
Operating and Maintenance	3.0%	1	3.0%	441,377	454,618	468,257	482,305	496,774	511,677	527,027	542,838	559,123	575,897
Real Estate Taxes	5.0%	1	5.0%	40,722	42,758	44,896	47,141	49,498	51,973	54,572	57,300	60,165	63,174
Payment in Lieu of Taxes (PILOT)				0	0	0	0	0	0	0	0	0	0
Insurance	3.0%	1	3.0%	73,913	76,130	78,414	80,766	83,189	85,685	88,256	90,903	93,630	96,439
Replacement Reserve	3.0%	1	3.0%	56,444	58,138	59,882	61,678	63,529	65,435	67,398	69,420	71,502	73,647
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				1,250,989	1,290,506	1,331,336	1,373,524	1,417,119	1,462,170	1,508,730	1,556,852	1,606,591	1,658,005
Debt Service													
Debt Service Part A				518,593	518,593	518,593	518,593	518,593	518,593	518,593	518,593	518,593	518,593
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**1,769,582**	**1,809,099**	**1,849,928**	**1,892,117**	**1,935,712**	**1,980,763**	**2,027,323**	**2,075,444**	**2,125,184**	**2,176,598**
Cash Flow/(Deficit)				**75,730**	**73,119**	**69,933**	**66,142**	**61,713**	**56,610**	**50,797**	**44,238**	**36,893**	**28,720**
Cash Flow Per Unit				541	522	500	472	441	404	363	316	264	205
Debt Coverage Ratio on Part A Loan				1.15	1.14	1.13	1.13	1.12	1.11	1.10	1.09	1.07	1.06
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves	3%												
Operating Deficit Reserve (ODR) Analaysis													
Maintained Debt Coverage Ratio (Hard Debt)	1.00												
Maintained Operating Reserve (No Hard Debt)	250		Initial Deposit										
Initial Balance			**0**	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR				0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR				0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR				0	0	0	0	0	0	0	0	0	0
Interest				0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR				0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit				541	522	500	472	441	404	363	316	264	205
Maintained Debt Coverage Ratio on Part A Loan				1.15	1.14	1.13	1.13	1.12	1.11	1.10	1.09	1.07	1.06
Maintained Debt Coverage Ratio on Conventional/Other				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR			**0**										
Non-standard ODR			**0**										
Operating Assurance Reserve Analysis			478,796										
Required in Year:	1		Initital Deposit										
Initial Balance			**478,796**	643,462	662,766	682,649	703,128	724,222	745,949	768,327	791,377	815,118	839,572
Interest Income				19,304	19,883	20,479	21,094	21,727	22,378	23,050	23,741	24,454	25,187
Ending Balance				662,766	682,649	703,128	724,222	745,949	768,327	791,377	815,118	839,572	864,759
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	Repaid in ye	0		0	0	0	0	0	0	0	0	0	0
Mortgage Resource Fund Loan													
Interest Rate on Subordinate Financing	3%		Initial Balance										
Principal Amount of all MSHDA Soft Funds			**821,429**	821,429	821,429	821,429	821,429	821,429	821,429	821,429	821,429	821,429	821,429
Current Yr Int				24,643	24,643	24,643	24,643	24,643	24,643	24,643	24,643	24,643	24,643
Accrued Int				159,786	146,564	134,647	124,323	115,895	109,682	106,020	105,264	107,788	113,984
Subtotal			% of Cash Flow	1,005,857	992,636	980,719	970,395	961,967	955,754	952,092	951,336	953,860	960,056
Annual Payment Due			**50%**	37,865	36,559	34,967	33,071	30,856	28,305	25,399	22,119	18,446	14,360
Year End Balance				967,993	956,076	945,752	937,324	931,111	927,449	926,693	929,217	935,413	945,696

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
WAVERLY PLACE, MSHDA DEVELOPMENT NO. 3921
CITY OF LANSING, INGHAM COUNTY

June 25, 2020

WHEREAS, the Lansing Housing Commission (the "Seller") is the owner of a development for low and moderate income persons located in the City of Lansing, Ingham County, Michigan, to be known as Waverly Place, MSHDA Development No. 3921 (the "housing project"); and

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

WHEREAS, the Lansing Housing Commission (the "Applicant") desires to purchase and rehabilitate the housing project for an estimated total development cost of Twenty-Eight Million Forty-Five Thousand Five Hundred One Dollars ($28,045,501); and

WHEREAS, the Applicant has filed an Application for Mortgage Loan Feasibility with the Authority for a new tax-exempt mortgage loan in the maximum amount of Fourteen Million Five Hundred Eighty-Three Thousand Six Hundred Sixty-One Dollars ($14,583,661) and a Mortgage Resource Fund Loan in the amount of Eight Hundred Twenty-One Thousand Four Hundred Twenty-Nine Dollars ($821,429) (hereinafter referred to as the "Application") to finance the acquisition and rehabilitation of the housing project, as described in the attached Mortgage Loan Feasibility/Commitment Staff Report dated June 25, 2020 (the "Staff Report"); and

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

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

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

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

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

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

    a. The proposed housing project will provide housing for persons of low and

moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.

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

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

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

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

f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Seventeen Million Two Hundred Ten Thousand Dollars ($17,210,000).

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

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed housing project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, 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 Mortgagor.

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

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Staff Report dated June 25, 2020, which conditions are hereby incorporated by reference

as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOANS
WAVERLY PLACE, MSHDA DEVELOPMENT NO. 3921
CITY OF LANSING, INGHAM COUNTY

June 25, 2020

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

WHEREAS, an application (the "Application") has been filed with the Authority by the Lansing Housing Commission (the "Applicant") for a mortgage loan in the amount of Fourteen Million Five Hundred Eighty-Three Thousand Six Hundred Sixty-One Dollars ($14,583,661) (the "Mortgage Loan") and a Mortgage Resource Fund Loan in the estimated amount of Eight Hundred Twenty-One Thousand Four Hundred Twenty-Nine Dollars ($821,429) (the "MRF Loan", and together with the Mortgage Loan, the "Mortgage Loans"), for the acquisition, rehabilitation and permanent financing of a multi-family housing project having an estimated total development cost of Twenty-Eight Million Forty-Five Thousand Five Hundred One Dollars ($28,045,501), to be known as Waverly Place (the "housing project"), located in the City of Lansing, Ingham County, Michigan, and to be owned by Mount Vernon Park Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

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

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

(a) The Mortgagor is an eligible applicant;

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

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

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

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

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

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

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

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

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

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

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

2. The Mortgage Loan be and it hereby is authorized and the Acting 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 a commitment for a Mortgage Loan for the acquisition and rehabilitation financing of the proposed housing project in an amount not to exceed Fourteen Million Five Hundred Eighty-Three Thousand Six Hundred Sixty-One Dollars ($14,583,661), and permanent financing in an amount not to exceed Nine Million Four Hundred Forty-Three Thousand Four Hundred Sixty-Three Dollars ($9,443,463), and to have a term of forty (40) years after amortization of principal commences. The Mortgage Loan will bear interest at a rate of four and 625/1000 percent (4.625%) 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 Seventeen Million Two Hundred Ten Thousand Dollars ($17,210,000).

3. The Mortgage Resource Fund Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for a Preservation Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Eight Hundred Twenty-One Thousand Four Hundred Twenty-Nine Dollars ($821,429), 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. This 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 housing project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the Mortgage Loan Commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded. Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment. Any Authorized Officer is also hereby authorized to substitute alternate funding sources for or adjust the amounts of any of the subordinate loans described above, provided the total subordinate funding that is authorized herein does not increase.

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

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

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be as follows:

(a) So long as the Housing Assistance Payments Contract or any other federal subsidy is in effect, the rate of return shall be twelve percent (12%) of the Mortgagor's equity, as determined by the Authority.

(b) Following the expiration or termination of the Housing Assistance Payments Contract or other federal subsidy, the rate of return shall not exceed twenty-five percent (25%) of the Mortgagor's equity, as determined by the Authority.

(c) The Mortgagor's return on equity shall be fully cumulative.

8. The Authority hereby waives Section VI.I.2 of the Multifamily Direct Lending Parameters adopted on June 28, 2017, requiring approval by the City of Lansing of a payment in lieu of taxes for the Development prior to the adoption of this resolution.

9. The Mortgage Loans shall be subject to, and the Mortgage Loan Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated June 25, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

Approvals

Short Term Mortgage Relief

Dev #	Development Name	Location	# Units	Family/Elderly	Date of Request	Approval Date	Terms of Relief
1071	Deer Creek	Sturgis	40	Family	3/27/2020	4/9/2020	3 Month Principle Deferral
899	Baldwin House	Birmingham	131	Elderly	4/9/2020	4/13/2020	3 Month Principle Deferral
1016	American House North	Flint	126	Elderly	4/9/2020	4/13/2020	6 Month Principle and Escrow Deferral
1043	Belleview Place I	Ionia	48	Family	4/20/2020	5/1/2020	6 Month Principle Deferral
3003	Belleview Place II	Ionia	48	Family	4/20/2020	5/1/2020	6 Month Principle Deferral
923	Manchester Place I	Detroit	144	Family	4/27/2020	5/11/2020	3 Month Principle Deferral
973	Manchester Place II	Detroit	56	Family	4/27/2020	5/11/2020	3 Month Principle Deferral
1410	Carriage Town Square	Flint	30	Family	5/18/2020	5/20/2020	6 Month Principle and RR Deferral

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

FINANCIAL REPORT

QUARTER AND YEAR TO DATE ENDED MARCH 31, 2020

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
FINANCIAL SUMMARY
NINE MONTHS ENDED MARCH 31, 20120

Operations for the nine months ended March 31, 2020 resulted in excess of revenues over expenses of $11.1 million, an increase of $2.2 million compared to prior year results of $8.9 million. Excess of revenues over expenses for the nine months ended March 31, 2020 was more than budget of $6.4 million by $4.7 million.

Financial Position

Total assets increased by $481.5 million from June 30, 2019 to $4.69 billion at March 31, 2020. This increase equates to 10.27 percent. The increase occurred in mortgage loans receivable (higher by $285.7 million) and investments (higher by $192.8 million).

Loans receivable increased from $3,121.1 million at June 30, 2019 to $3,406.8 million at March 31, 2020, an increase of $285.7 million. The loans receivable experienced a net increase in single-family mortgages (up $284.9 million), as well as multi-family mortgages (up $1.1 million).

Investments increased by $192.8 million to $1,206.8 million from June 30, 2019. This increase was primarily due to the issuance of the Rental Housing Revenue Bonds, 2019 Series A-1 and A-2 ($204.0 million) and the Single-Family Mortgage Revenue Bonds, Series B and C ($325.0 million), as the bond proceeds are invested until they are utilized to fund multi-family construction and the purchase of mortgages.

Bonds payable increased from $2,842.9 million to $3,208.2 million at March 31, 2020 compared to June 30, 2019. This was a net increase of $365.3 million, which was primarily due to the issuance of Single-Family Mortgage Revenue Bonds 2019 Series B and C, and the Rental Housing Revenue Bonds, Series A-1 and A-2 discussed above, partially offset by bond redemptions.

Escrow funds decreased from $482.0 million at June 30, 2019 to $473.4 million at March 31, 2020, a decrease of $8.5 million. The decrease is due to the prepayment of multi-family mortgages with high escrow balances.

MSHDA's unaudited fund balances totaled $810.6 million at March 31, 2020, equal to 17.6 percent of total assets and 25.4 percent of bonds payable. MSHDA is currently rated by Standard & Poor's and has an Issuer Credit Rating ("ICR") of AA with a stable outlook.

Results of Operations for the Nine Months Ended March 31, 2020 Compared to the Nine Months Ended March 31, 2019

Operations for the nine months ended March 31, 2020 resulted in excess of revenues over expenses of $11.1 million, an increase of $2.2 million compared to prior year results of $8.9 million. Total revenues increased from $507.6 million in 2019, to $523.5 million in 2020. Total expenses were $512.4 million for the nine months ended March 31, 2020, compared to $498.7 million for the nine months ended March 31, 2019.

Net interest income decreased from $46.4 million in 2019 to $45.2 million in 2020, a decrease of $1.2 million. Mortgage loan interest income is up $12.2 million in 2020 compared to 2019. The increase is attributable to the increase in outstanding mortgage loans. Investment interest income decreased $520,000 from 2019 to 2020. At any given time, the Authority typically has $100+ million in very short-term investments. Short-term interest rates have decreased over the last 6 months, reducing the return on short-term investments. Interest expense is higher due to the higher overall balance of outstanding debt. The aggregate interest rate on all outstanding debt remained at 3.60% for the quarter ended March 31, 2019 and March 31, 2020. The Authority's interest income spread decreased 24 basis points, with interest earning asset rates going from 4.52% in March of 2019 to 4.28% in March of 2020.

Total Income increased from $507.6 million for the nine months ended March 31, 2019 to $523.5 million for the nine months ended March 31, 2020, a net increase of $15.9 million. The total income increase was caused by an increase in Preservation Fees ($5.5 million), an increase in Section 8 Fees ($1.0 million) and an increase in Federal Assistance Programs Income ($12.9 million), partially offset by a reduction of Net Interest Income ($1.2 million) and A.G Settlement Funds ($1.9 million). Under the Preservation Program, the Authority receives a portion of excess reserves of multi-family developments and the developments' owner, upon agreement of the owner to preserve the developments for occupancy by low-income families, is permitted to borrow all or a portion of the excess reserves. The timing of these preservation agreements can be unpredictable.

Total expenses increased from $498.7 million for the nine months ended March 31, 2019 to $512.4 million for the nine months ended March 31, 2020, a net increase of $13.6 million. Total expenses increased due primarily to an increase in Other (SHPO transfer $3.4 million) the Provision for Losses on Uncollectable Mortgages ($1.2 million) and Federal Assistance Programs ($13.0 million), partially offset by Grants ($1.9 million) and Rent Subsidy ($2.1 million). Most of the increase for Losses on Uncollectable Mortgages (the "Provision") is related to single-family mortgages. In addition to adjusting the Provision based on foreclosure experience, the Authority reserves at 1% of the outstanding single-family mortgages balance and 35% of the down payment assistance loans.

Results of Operations for the Nine Months Ended March 31, 2020 Compared to Budget

Excess of Revenues over Expenses for the nine months ended March 31, 2020 was $11.1 million compared to budget of $6.4 million, a positive variance of $4.7 million.

Net interest income was $45.2 million compared to budget of $44.9 million, more than budgeted by $274,000. This difference was due to higher mortgage interest income ($2.2 million), higher investment interest income ($1.5 million) and higher Interest Expense ($3.4 million). Interest Expense was higher due to the sale of bonds earlier than anticipated and holding low rate investments longer than expected.

Total Income was $523.5 million compared to budget of $517.9 million, a positive variance of $5.6 million. Total income was more than budget due to Preservation Fees ($5.1 million), Section 8 Existing Fees ($1.0 million) and Gain on Debt Retirement ($1.7 million), partially offset by the Miscellaneous Income ($3.7 million).

Total expenses were $512.4 million compared to budget of $511.5 million. This amounted to a positive variance of $913,000 and was mainly due to Operating Expenses (lower by $1.6 million), Housing Development Grants (lower by $1.2 million), Rent Subsidy (lower by $2.1 million) and the Provision for Losses on Uncollectable Mortgages (higher by $6.1 million).

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL CONDITION

	MARCH 31, 2020	JUNE 30, 2019	INCREASE (DECREASE)
ASSETS:			
Loans Receivable:			
Developments under Construction	$ 250,418,260	$ 238,100,116	$ 12,318,144
Short-Term Construction Loans	-	-	-
Completed Development Final Closed	1,237,776,227	1,248,995,327	(11,219,100)
Single-family Mortgages	1,915,731,049	1,630,861,191	284,869,858
AIS Homes	-	-	-
Home Improvement and Mod Rehab Loans	2,951,268	3,189,485	(238,218)
	3,406,876,803	3,121,146,119	285,730,684
ADD (DEDUCT): Reserve for Losses	(82,450,040)	(76,431,100)	(6,018,940)
Mortgage Discount - Single Family	(72,175)	(76,751)	4,576
Mortgage Discount - Multi Family	(18,873,253)	(17,448,379)	(1,424,874)
Accrued Interest Receivable	79,818,300	73,410,891	6,407,409
	3,385,299,635	3,100,600,780	284,698,855
Investments			
CD's and Investment Agreements	0	0	-
Other Short Term Investments	439,699,682	220,104,847	219,594,835
Long Term Investments	767,138,006	793,897,254	(26,759,248)
	1,206,837,688	1,014,002,101	192,835,587
Accrued Interest Receivable	4,086,032	4,148,603	(62,571)
	1,210,923,720	1,018,150,704	192,773,016
Cash	10,340,561	6,947,368	3,393,193
Housing Development Loans, Net of Reserve	2,897,169	2,202,861	694,308
Deferred Bond Issuance Costs	-	-	-
Real Estate Owned:			
Multi-family	5,650,393	5,627,036	23,357
Single-family	4,597,003	10,085,600	(5,488,597)
Other Assets	70,850,232	65,420,904	5,429,328
TOTAL ASSETS	$ 4,690,558,715	4,209,035,253	$ 481,523,462
LIABILITIES:			
Bonds Payable	$ 3,188,825,000	$ 2,777,335,000	$ 411,490,000
ADD Capital Appreciation	-	-	-
LESS Bond Discount & Premium, Net	19,607,018	18,574,757	1,032,261
	3,208,432,018	2,795,909,757	412,522,261
Notes Payable, including Premium	60,000,000	47,000,000	13,000,000
Accrued Interest Payable: Bonds	41,626,312	15,020,841	26,605,471
Escrow Funds	478,567,972	481,955,093	(3,387,121)
Federal or State Resources on Hand	26,965,595	22,484,653	4,480,942
Other Liabilities	59,418,949	42,265,391	17,153,558
TOTAL LIABILITIES	3,875,010,847	3,404,635,734	470,375,113
FUND BALANCES:			
Restricted Funds	498,627,511	467,600,058	31,027,453
Unrestricted Funds	316,920,357	336,799,461	(19,879,104)
TOTAL FUND BALANCES	815,547,868	804,399,519	11,148,349
TOTAL LIABILITIES & FUND BALANCES	$ 4,690,558,715	4,209,035,253	$ 481,523,462

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

	QUARTER ENDED MARCH 31			QUARTER ENDED MARCH 31, 2020		
	2020	2019	INCREASE (DECREASE)	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:						
Interest Income:						
Mortgage Loans	$ 39,274,621	$ 35,439,985	$ 3,834,636	$ 39,274,621	$ 39,281,000	$ (6,379)
Investments	3,015,099	3,788,844	(773,745)	3,015,099	3,271,000	(255,901)
	42,289,720	39,228,829	3,060,891	42,289,720	42,552,000	(262,280)
Interest Expense	(28,710,877)	(23,713,523)	(4,997,354)	(28,710,877)	(27,001,000)	(1,709,877)
Net Interest Income	13,578,843	15,515,306	(1,936,463)	13,578,843	15,551,000	(1,972,157)
State Approp MI Housing and Comm Dev Fund	38,786	1,683,618	(1,644,832)	38,786	38,786	-
Multi-Family Servicing Fees	128,630	340,556	(211,926)	128,630	187,000	(58,370)
Preservation Fees	2,783,427	-	2,783,427	2,783,427	138,000	2,645,427
LIHTC Fees	2,037,833	1,406,698	631,135	2,037,833	975,000	1,062,833
Section 8 Existing Fees	5,325,448	4,333,228	992,220	5,325,448	4,375,000	950,448
Federal Programs Administration Fees	417,515	631,444	(213,929)	417,515	1,375,000	(957,485)
Contract Administration Fees	2,071,057	2,094,065	(23,007)	2,071,057	2,050,000	21,057
Gain (Loss) on Sale of Investments, Net	-	-	-	-	-	-
Gain (Loss) on Debt Retirement, Net	36,027	-	36,027	36,027	50,000	(13,973)
Gain (Loss) on Sale of Mortgages, Net	256,330	154,921	101,409	256,330	100,000	156,330
Miscellaneous Income	(2,383,167)	89,726	(2,472,893)	(2,383,167)	1,615,000	(3,998,167)
Federal Assistance Programs Income	171,265,065	149,220,940	22,044,125	171,265,065	171,265,065	-
TOTAL INCOME	195,555,794	175,470,501	20,085,292	195,555,794	197,719,851	(2,164,058)
EXPENSES:						
Operating Expenses:						
Salaries and Fringe Benefits	7,896,774	8,230,750	(333,976)	7,896,774	8,727,000	(830,226)
Technical Service Contracts	2,217,405	1,266,027	951,378	2,217,405	1,380,000	837,405
General Consultant Contracts	197,577	208,838	(11,261)	197,577	355,000	(157,423)
General Consultant Contracts	56,827	898,863	(842,036)	56,827	312,000	(255,173)
Rent, building depreciation & utilities	188,239	192,442	(4,203)	188,239	270,000	(81,761)
Computer & Related Equipment Purchases	1,073,679	2,046,280	(972,601)	1,073,679	1,783,000	(709,321)
Charges from other State Departments	(107,015)	757,500	(864,515)	(107,015)	864,000	(971,015)
Travel	54,209	66,090	(11,881)	54,209	90,000	(35,791)
Telephone	(159,426)	61,245	(220,671)	(159,426)	63,000	(222,426)
Printing, Supplies, & Postage	58,203	70,011	(11,808)	58,203	102,000	(43,797)
Advertising and Publicity	214,757	36,879	177,878	214,757	362,000	(147,243)
Sec 8 Property Mgrs Fees & Expenses	2,779,208	2,659,443	119,765	2,779,208	2,383,000	396,208
Temporary Clerical Assistance	5,258	8,639	(3,380)	5,258	9,000	(3,742)
Training	14,153	29,333	(15,180)	14,153	24,000	(9,847)
All Other	183,984	83,882	100,103	183,984	288,000	(104,016)
Deferred Operating Costs	(270,000)	(435,000)	165,000	(270,000)	(345,000)	75,000
Total Operating Expenses	14,403,833	16,181,222	(1,777,389)	14,403,833	16,667,000	(2,263,167)
Single Family& HIP Mtg fees	1,836,975	1,099,881	737,094	1,836,975	1,680,000	156,975
Costs of Issuing, Paying Notes and Bonds	249,300	314,771	(65,470)	249,300	675,000	(425,700)
Provision for Losses on Uncoll. Mort.	1,345,734	4,697,007	(3,351,274)	1,345,734	1,200,000	145,734
Housing Development Grants	1,347,055	1,193,187	153,868	1,347,055	2,340,000	(992,945)
Michigan Housing and Community Dev Funds Gra	38,786	129,405	(90,619)	38,786	38,786	-
Rent Subsidy	(553,953)	165,033	(718,986)	(553,953)	165,000	(718,953)
Bond Insurance Expense	668,415	879,345	(210,930)	668,415	701,000	(32,585)
Homeownership Counseling Costs	89,903	136,103	(46,201)	89,903	150,000	(60,097)
Other	-	-	-	-	-	-
Federal Assistance Programs Expense	171,327,116	149,208,002	22,119,114	171,327,116	171,327,116	-
TOTAL EXPENSES	190,753,164	174,003,957	16,749,207	190,753,164	194,943,903	(4,190,739)
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	$ 4,802,630	$ 1,466,544	$ 3,336,085	$ 4,802,630	$ 2,775,948	2,026,681

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

	9 MONTHS ENDED MARCH 31			9 MONTHS ENDED MARCH 31, 2020		
	2020	2019	INCREASE (DECREASE)	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:						
Interest Income:						
Mortgage Loans	$ 116,170,307	$ 103,961,800	$ 12,208,507	$ 116,170,307	$ 113,977,000	$ 2,193,307
Investments	11,378,843	11,899,080	(520,237)	11,378,843	9,861,000	1,517,843
	127,549,150	115,860,880	11,688,269	127,549,150	123,838,000	3,711,150
Interest Expense	(82,352,486)	(69,499,356)	(12,853,130)	(82,352,486)	(78,915,000)	(3,437,486)
Net Interest Income	45,196,663	46,361,524	(1,164,861)	45,196,663	44,923,000	273,663
State Approp MI Housing and Comm Dev Fund	38,786	1,961,449	(1,922,663)	38,786	38,786	-
Multi-Family Servicing Fees	428,996	726,879	(297,883)	428,996	562,000	(133,004)
Preservation Fees	5,545,102	26,803	5,518,299	5,545,102	413,000	5,132,102
LIHTC Fees	4,305,122	3,426,717	878,405	4,305,122	2,925,000	1,380,122
Section 8 Existing Fees	14,154,609	13,153,774	1,000,835	14,154,609	13,125,000	1,029,609
Federal Programs Administration Fees	3,337,894	4,425,651	(1,087,757)	3,337,894	4,125,000	(787,106)
Contract Administration Fees	6,327,143	6,202,012	125,131	6,327,143	6,150,000	177,143
Gain (Loss) on Sale of Investments, Net	34,664	1,417	33,247	34,664	-	34,664
Gain (Loss) on Debt Retirement, Net	1,838,018	1,374,720	463,298	1,838,018	150,000	1,688,018
Gain (Loss) on Sale of Mortgages, Net	850,732	1,044,570	(193,838)	850,732	300,000	550,732
Miscellaneous Income	1,130,036	1,502,827	(372,791)	1,130,036	4,846,000	(3,715,964)
Federal Assistance Programs Income	440,324,855	427,407,585	12,917,269	440,324,855	440,324,855	-
TOTAL INCOME	523,512,620	507,615,928	15,896,691	523,512,620	517,882,641	5,629,979
EXPENSES:						
Operating Expenses:						
Salaries and Fringe Benefits	25,145,030	25,807,450	(662,420)	25,145,030	26,462,000	(1,316,970)
Technical Service Contracts	3,860,423	3,566,683	293,741	3,860,423	4,140,000	(279,577)
General Consultant Contracts	609,890	514,176	95,714	609,890	1,065,000	(455,110)
Rent, building depreciation & utilities	541,862	1,315,488	(773,627)	541,862	936,000	(394,138)
Building maint, equipment purchase & rental	551,864	621,939	(70,075)	551,864	810,000	(258,136)
Computer & Related Equipment Purchases	2,958,351	4,358,222	(1,399,872)	2,958,351	5,348,000	(2,389,649)
Charges from other State Departments	2,165,540	2,175,541	(10,002)	2,165,540	2,592,000	(426,460)
Travel	221,229	190,415	30,814	221,229	270,000	(48,771)
Telephone	123,057	188,396	(65,339)	123,057	189,000	(65,943)
Printing, Supplies, & Postage	202,018	271,212	(69,195)	202,018	306,000	(103,982)
Advertising and Publicity	1,210,614	669,228	541,386	1,210,614	1,087,000	123,614
Sec 8 Property Mgrs Fees & Expenses	7,468,787	7,114,283	354,504	7,468,787	7,148,000	320,787
Temporary Clerical Assistance	19,660	12,025	7,635	19,660	27,000	(7,340)
Training	67,769	59,823	7,946	67,769	72,000	(4,231)
All Other	4,202,996	816,224	3,386,772	4,202,996	864,000	3,338,996
Deferred Operating Costs	(705,000)	(960,000)	255,000	(705,000)	(1,035,000)	330,000
Total Operating Expenses	48,644,089	46,721,106	1,922,982	48,644,089	50,281,000	(1,636,911)
Single Family& HIP Mtg fees	5,225,110	4,272,089	953,021	5,225,110	5,040,000	185,110
Costs of Issuing, Paying Notes and Bonds	2,272,116	1,868,104	404,013	2,272,116	2,025,000	247,116
Provision for Losses on Uncoll. Mort.	9,655,785	8,431,880	1,223,905	9,655,785	3,600,000	6,055,785
Housing Development Grants	5,827,065	5,089,634	737,431	5,827,065	7,020,000	(1,192,935)
Michigan Housing and Community Dev Funds Gra	41,007	1,961,449	(1,920,443)	41,007	41,007	-
Rent Subsidy	(1,607,806)	515,837	(2,123,643)	(1,607,806)	495,000	(2,102,806)
Bond Insurance Expense	1,474,447	1,934,172	(459,725)	1,474,447	2,104,000	(629,553)
Homeownership Counseling Costs	436,886	567,367	(130,482)	436,886	450,000	(13,114)
Other	-	-	-	-	-	-
Federal Assistance Programs Expense	440,395,573	427,382,539	13,013,034	440,395,573	440,395,573	-
TOTAL EXPENSES	512,364,271	498,744,178	13,620,093	512,364,271	511,451,580	912,691
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	$ 11,148,349	$ 8,871,751	$ 2,276,598	$ 11,148,349	$ 6,431,062	4,717,287

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

	MONTH OF JANUARY 31, 2020		
	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:			
Interest Income:			
Mortgage Loans	$ 13,175,405	$ 12,927,000	$ 248,405
Investments	537,441	1,046,000	(508,559)
	13,712,846	13,973,000	(260,154)
Interest Expense	(9,212,683)	(8,785,000)	(427,683)
Net Interest Income	4,500,162	5,188,000	(687,838)
State Approp MI Housing and Comm Dev Fund	-	-	-
Multi-Family Servicing Fees	42,877	62,000	(19,123)
Preservation Fees	2,783,427	46,000	2,737,427
LIHTC Fees	875,417	325,000	550,417
Section 8 Existing Fees	1,521,170	1,458,000	63,170
Federal Programs Administration Fees	60,075	459,000	(398,925)
Contract Administration Fees	696,884	683,000	13,884
Gain (Loss) on Sale of Investments, Net	-	-	-
Gain (Loss) on Debt Retirement, Net	-	16,000	(16,000)
Gain (Loss) on Sale of Mortgages, Net	100,168	34,000	66,168
Miscellaneous Income	(2,452,013)	538,000	(2,990,013)
Federal Assistance Programs Income	69,880,884	69,880,884	-
TOTAL INCOME	78,009,051	78,689,884	(680,833)
EXPENSES:			
Operating Expenses:			
Salaries and Fringe Benefits	2,890,098	3,088,000	(197,902)
Technical Service Contracts	1,356,977	460,000	896,977
General Consultant Contracts	25,321	119,000	(93,679)
Rent, building depreciation & utilities	(122,006)	104,000	(226,006)
Building maint, equipment purchase & rental	129,651	90,000	39,651
Computer & Related Equipment Purchases	92,872	594,000	(501,128)
Charges from other State Departments	(683,015)	288,000	(971,015)
Travel	18,710	30,000	(11,290)
Telephone	(181,550)	21,000	(202,550)
Printing, Supplies, & Postage	21,428	34,000	(12,572)
Advertising and Publicity	21,753	121,000	(99,247)
Sec 8 Property Mgrs Fees & Expenses	1,227,195	794,000	433,195
Temporary Clerical Assistance	991	3,000	(2,009)
Training	11,560	8,000	3,560
All Other	91,309	96,000	(4,691)
Deferred Operating Costs	-	(115,000)	115,000
Total Operating Expenses	4,901,296	5,735,000	(833,704)
Single Family& HIP Mtg fees	580,607	560,000	20,607
Costs of Issuing, Paying Notes and Bonds	218,200	225,000	(6,800)
Provision for Losses on Uncoll. Mort.	456,206	400,000	56,206
Housing Development Grants	1,330,555	780,000	550,555
Michigan Housing and Community Dev Fund Grar	-	-	-
Rent Subsidy	45,154	55,000	(9,846)
Bond Insurance Expense	668,415	233,000	435,415
Homeownership Counseling Costs	23,517	50,000	(26,483)
Other	-	-	-
Federal Assistance Programs Expense	69,890,916	69,890,916	-
TOTAL EXPENSES	78,114,865	77,928,916	185,950
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	$ (105,814)	$ 760,968	$ (866,782)

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

	MONTH OF FEBRUARY 28, 2020		
	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:			
Interest Income:			
Mortgage Loans	$ 13,176,732	$ 13,109,000	$ 67,732
Investments	1,239,961	1,161,000	78,961
	14,416,694	14,270,000	146,694
Interest Expense	(9,195,596)	(9,108,000)	(87,596)
Net Interest Income	5,221,098	5,162,000	59,098
State Approp MI Housing and Comm Dev Fund	-	-	-
Multi-Family Servicing Fees	42,877	63,000	(20,123)
Preservation Fees	-	46,000	(46,000)
LIHTC Fees	539,399	325,000	214,399
Section 8 Existing Fees	2,169,690	1,458,000	711,690
Federal Programs Administration Fees	270,862	458,000	(187,138)
Contract Administration Fees	-	684,000	(684,000)
Gain (Loss) on Sale of Investments, Net	-	-	-
Gain (Loss) on Debt Retirement, Net	-	17,000	(17,000)
Gain (Loss) on Sale of Mortgages, Net	69,822	33,000	36,822
Miscellaneous Income	11,438	539,000	(527,562)
Federal Assistance Programs Income	49,977,901	49,977,901	-
TOTAL INCOME	58,303,087	58,762,901	(459,814)
EXPENSES:			
Operating Expenses:			
Salaries and Fringe Benefits	2,357,728	2,685,000	(327,273)
Technical Service Contracts	486,561	460,000	26,561
General Consultant Contracts	84,676	118,000	(33,324)
Rent, building depreciation & utilities	117,493	104,000	13,493
Building maint, equipment purchase & rental	33,482	90,000	(56,518)
Computer & Related Equipment Purchases	981,479	595,000	386,479
Charges from other State Departments	288,000	288,000	-
Travel	17,961	30,000	(12,039)
Telephone	11,007	21,000	(9,993)
Printing, Supplies, & Postage	24,989	34,000	(9,011)
Advertising and Publicity	102,343	121,000	(18,657)
Sec 8 Property Mgrs Fees & Expenses	781,499	794,000	(12,501)
Temporary Clerical Assistance	4,267	3,000	1,267
Training	3,955	8,000	(4,045)
All Other	31,749	96,000	(64,251)
Deferred Operating Costs	(90,000)	(115,000)	25,000
Total Operating Expenses	5,237,189	5,332,000	(94,811)
Single Family& HIP Mtg fees	566,750	560,000	6,750
Costs of Issuing, Paying Notes and Bonds	27,500	225,000	(197,500)
Provision for Losses on Uncoll. Mort.	430,047	400,000	30,047
Housing Development Grants	16,500	780,000	(763,500)
Michigan Housing and Community Dev Fund Grar	-	-	-
Rent Subsidy	50,944	55,000	(4,056)
Bond Insurance Expense	-	234,000	(234,000)
Homeownership Counseling Costs	34,711	50,000	(15,289)
Other	-	-	-
Federal Assistance Programs Expense	49,960,197	49,960,197	-
TOTAL EXPENSES	56,323,839	57,596,197	(1,272,358)
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	$ 1,979,248	$ 1,166,704	$ 812,543

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES

	MONTH OF MARCH 31, 2020		
	ACTUAL	BUDGET	OVER (UNDER) BUDGET
INCOME:			
Interest Income:			
Mortgage Loans	$ 12,922,484	$ 13,245,000	$ (322,516)
Investments	1,237,697	1,064,000	173,697
	14,160,181	14,309,000	(148,819)
Interest Expense	(10,302,598)	(9,108,000)	(1,194,598)
Net Interest Income	3,857,583	5,201,000	(1,343,417)
State Approp MI Housing and Comm Dev Fund	38,786	38,786	-
Multi-Family Servicing Fees	42,877	62,000	(19,123)
Preservation Fees	-	46,000	(46,000)
LIHTC Fees	623,017	325,000	298,017
Section 8 Existing Fees	1,634,588	1,459,000	175,588
Federal Programs Administration Fees	86,578	458,000	(371,422)
Contract Administration Fees	1,374,173	683,000	691,173
Gain (Loss) on Sale of Investments, Net	-	-	-
Gain (Loss) on Debt Retirement, Net	36,027	17,000	19,027
Gain (Loss) on Sale of Mortgages, Net	86,339	33,000	53,339
Miscellaneous Income	57,407	538,000	(480,593)
Federal Assistance Programs Income	51,406,280	51,406,280	-
TOTAL INCOME	59,243,655	60,267,066	(1,023,411)
EXPENSES:			
Operating Expenses:			
Salaries and Fringe Benefits	2,648,948	2,954,000	(305,052)
Technical Service Contracts	373,867	460,000	(86,133)
General Consultant Contracts	87,579	118,000	(30,421)
Rent, building depreciation & utilities	61,340	104,000	(42,660)
Building maint, equipment purchase & rental	25,106	90,000	(64,894)
Computer & Related Equipment Purchases	(672)	594,000	(594,672)
Charges from other State Departments	288,000	288,000	-
Travel	17,538	30,000	(12,462)
Telephone	11,117	21,000	(9,883)
Printing, Supplies, & Postage	11,786	34,000	(22,214)
Advertising and Publicity	90,660	120,000	(29,340)
Sec 8 Property Mgrs Fees & Expenses	770,514	795,000	(24,486)
Temporary Clerical Assistance	-	3,000	(3,000)
Training	(1,362)	8,000	(9,362)
All Other	60,926	96,000	(35,074)
Deferred Operating Costs	(180,000)	(115,000)	(65,000)
Total Operating Expenses	4,265,347	5,600,000	(1,334,653)
Single Family& HIP Mtg fees	689,618	560,000	129,618
Costs of Issuing, Paying Notes and Bonds	3,600	225,000	(221,400)
Provision for Losses on Uncoll. Mort.	459,481	400,000	59,481
Housing Development Grants	-	780,000	(780,000)
Michigan Housing and Community Dev Fund Grar	38,786	38,786	-
Rent Subsidy	(650,052)	55,000	(705,052)
Bond Insurance Expense	-	234,000	(234,000)
Homeownership Counseling Costs	31,674	50,000	(18,326)
Other	-	-	-
Federal Assistance Programs Expense	51,476,003	51,476,003	-
TOTAL EXPENSES	56,314,459	59,418,790	(3,104,331)
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	$ 2,929,196	$ 848,276	$ 2,080,920

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
QUARTER AND YEAR TO DATE ENDED MARCH 31, 2020

1. Single-Family activity for the quarter and year to date March 31, 2020 was as follows:

	Current Quarter		Year to Date	
	Units	Amount	Units	Amount
Commitments outstanding – Beginning	677	$ 70,704,104	654	$73,595,484
Commitments issued	894	125,152,548	3,194	357,320,760
Loans purchased	(1,106)	(117,708,135)	(3,340)	(373,602,322)
Cancellations, adjustments, etc.	(15)	(1,669,184)	(58)	(5,733,622)
Commitments outstanding - Ending	450	$51,580,300	450	$51,580,300

Single-Family Delinquency Report as of March 31, 2020:

	Delinquent		% of Total Loans		
Days Delinquent	# of Loans	Loan Amount	03/31/20	12/31/19	03/31/19
30-59	1,147	$ 92,795,812	5.10%	6.07%	4.72%
60-89	259	19,418,643	1.07%	1.74%	1.00%
Over 90	472	39,194,269	2.16%	2.19%	1.86%
In Foreclosure	37	2,967,015	0.16%	0.20%	0.22%
	1,915	$154,375,739	8.49%	10.20%	7.80%

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

	Quarter	Cumulative
Number of loans purchased	6	27,929
Amount purchased	$93,168	$177,656,963
Average interest rate	4.82%	5.72%
Average loan amount	$15,528	$6,361

Home Improvement loan delinquency report as of March 31, 2020:

	Delinquent		% of Total Loans		
Days Delinquent	# of Loans	Loan Amount	03/31/20	12/31/19	03/31/19
30-59	7	$137,085	4.64%	4.28%	0.66%
60-89	5	39,626	1.34%	1.54%	0.81%
Over 90	13	137,690	4.67%	4.66%	7.46%
	25	$314,401	10.65%	10.48%	8.93%

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR QUARTER ENDED MARCH 31, 2020

Year to date as of March 2020:

Long term investment-book:	$767,138,006
Excess of market over book:	$47,355,242
Long term investment-market:	$814,493,248
Unrealized Gain (Loss) for the nine months:	$11,250,847

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

Quarter	Mortgage Loans		Investments		Aggregate	
Ended	Amount	Rate	Amount	Rate	Amount	Rate
March 16	2,268,546	5.12	587,734	3.73	2,856,280	4.84
June 16	2,282,262	5.15	619,122	3.63	2,901,384	4.83
Sept 16	2,290,434	5.08	712,367	2.97	3,002,801	4.58
Dec 16	2,324,740	5.10	707,889	2.78	3,032,629	4.56
March 17	2,358,292	5.06	610,994	2.75	2,969,286	4.58
June 17	2,381,714	5.10	522,604	2.92	2,904,318	4.71
Sept 17	2,406,408	5.02	468,963	2.81	2,875,371	4.66
Dec 17	2,444,303	5.04	499,114	2.61	2,943,417	4.63
March 17	2,501,985	4.99	489,945	2.68	2,991,930	4.62
June 18	2,553,737	4.95	602,374	2.56	3,156,111	4.50
Sept 18	2,674,254	4.85	666,900	2.39	3,341,154	4.35
Dec 18	2,803,084	4.82	606,127	2.79	3,409,211	4.46
March 19	2,946,363	4.81	526,758	2.88	3,473,121	4.52
June 19	3,081,389	4.80	580,738	2.71	3,662,127	4.47
Sept 19	3,180,145	4.77	662,633	2.53	3,842,778	4.39
Dec 19	3,277,992	4.75	786,890	2.13	4,064,882	4.24
March 20	3,362,524	4.72	701,311	2.16	4,063,835	4.28

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

Quarter	Fixed Rate Bonds		Variable Rate Bonds		Aggregate	
Ended	Amount	Rate	Amount	Rate	Amount	Rate
March 16	1,942,060	3.95	126,730	0.27	2,068,790	3.72
June 16	1,990,643	3.95	119,008	0.58	2,109,651	3.76
Sept 16	2,008,202	4.05	150,705	0.79	2,158,907	3.82
Dec 16	2,087,252	3.93	94,573	0.75	2,181,825	3.79
March 17	2,043,518	3.89	105,610	0.76	2,149,128	3.74
June 17	1,980,708	3.95	86,465	0.99	2,067,173	3.82
Sept 17	1,960,915	3.91	127,425	1.00	2,088,340	3.73
Dec 17	1,972,208	3.75	195,180	1.17	2,167,388	3.51
March 17	1,924,107	3.79	255,130	1.36	2,179,237	3.51
June 18	2,038,713	3.83	270,965	1.58	2,309,678	3.57
Sept 18	2,180,915	3.78	296,608	1.48	2,477,523	3.51
Dec 18	2,314,253	3.96	260,067	1.77	2,574,320	3.74
March 19	2,351,975	3.83	284,930	1.65	2,636,905	3.60
June 19	2,501,434	3.75	291,667	1.83	2,793,101	3.55
Sept 19	2,620,704	3.78	306,220	1.52	2,926,924	3.54
Dec 19	2,961,278	3.62	279,190	1.35	3,240,468	3.42
March 20	2,940,348	3.76	249,010	1.76	3,189,358	3.60

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
DETAIL OF MULTIFAMILY MORTGAGE LOANS
MARCH 31, 2020

DEVELOPMENTS UNDER CONSTRUCTION AND MONTH OF INITIAL CLOSING

MSHDA NUMBER	DEVELOPMENT NAME	DATE	# OF UNITS	MORTGAGE COMMITMENT	BALANCE 3/31/2020	% CONST. COMPLETE (1)
	GRAND RIVER SHORES	12/06		$520,000	$464,631	(2)
341-2	FRIENDSHP MANOR	4/19	170	$6,917,677	$6,917,677	91%
432-2	RIVERVIEW TOWERS	12/18	170	$9,120,008	$9,120,008	97%
444-2	ROBERTS III	5/18	197	5,004,124	0	79%
488-2	PARK FOREST	5/18	290	19,715,536	$19,715,536	86%
889-2	UNIVERSITY MEADOWS	11/19	197	$2,290,466	$2,290,466	(2)
893-2	COLONIAL MEADOWS	12/19	82	$5,193,181	$5,193,181	36%
960-2	SHILOH COMMONS	3/20	125	$4,940,680	$3,595,897	(2)
1045-2	MARSH RIDGE III	8/19	48	$7,577,114	$7,577,114	78%
1654-2	ASHTON RIDGE APTS	4/18	144	6,091,943	6,091,943	98%
3428-2	OAKLAND PARK TOWERS	7/18	144	28,650,107	28,650,107	95%
3795	WEST HIIGHLAND APTS	1/18	135	5,061,683	5,061,683	95%
3801	LABELLE TOWERS	6/18	210	12,102,266	12,102,266	79%
3811	EVERGREEN NORTH	4/18	204	16,841,104	16,841,104	97%
3812	EVERGREEN SOUTH	4/18	125	10,085,867	10,085,867	97%
3832	GENESIS VILLAS II	12/18	89	5,415,196	5,415,196	97%
3840	KALAMAZOO CREAMERY	6/19	48	5,731,590	118,829	31%
3848	APTS AT 28 WEST	10/19	226	24,899,527	2,490,535	16%
3850	LYON TOWNSHIP SENIOR LIVING	3/20	130	23,702,198	0	(2)
3881	EASTERN ELEMENTARY	2/20	50	3,450,959	102,467	(2)
			2,784	$203,311,226	$141,834,507	

COMPLETED DEVELOPMENTS AWAITING FINAL CLOSING AND INITIAL CLOSING MONTH

658-2	CAMELOT HILLS	11/18	144	$4,889,005	$4,889,005
993-2	LAKESHORE VILLAGE II	5/17	96	6,406,232	6,406,232
1635-2	AMBROSE RIDGE	6/17	84	4,047,362	4,047,362
1655-2	ASPEN HILLS	4/18	70	4,530,694	4,530,694
2193	SILVER CREEK APTS	9/16	111	5,451,395	5,451,395
2276-2	WALNUT GROVE	6/18	80	5,085,762	5,085,762
3593	TREYMORE APTS	6/15	28	610,234	610,234
3716	LAKESHORE VILLAGE APTS III	9/17	144	11,077,516	11,077,516
3725	GRANDHAVEN MANOR II	3/17	78	8,867,157	8,867,157
3757	GARDENVIEW ESTATES 5 AB	6/17	97	2,500,003	2,500,003
3758	VILLAGE AT ROSY MOUND	10/17	144	13,364,741	13,364,741
3759	BETHANY VILLA APARTMENTS I & II	11/17	238	12,036,150	12,036,150
3760	WESTCHESTER VILLAGE NORTH	1/18	101	5,234,933	5,234,933
3783	WESTCHESTER VILLAGE EAST	1/18	101	2,098,518	2,098,518
			1,372	$86,199,702	$86,199,702

DEVELOPMENTS WITH CONSTRUCTION LOANS

341-2	FRIENDSHIP MANOR	4/19	170	1,922,878	1,922,878
432-2	RIVERVIEW TOWERS	12/18	170	3,361,179	3,361,179
658-2	CAMELOT HILLS II	11/18	144	2,401,039	2,401,039
889-2	UNIVERSITY MEADOWS	11/19	197	2,740,112	18,613
893-2	COLONIAL MEADOWS	12/19	82	1,001,153	343,113
960-2	SHILOH COMMONS	3/20	125	3,399,394	0
993-2	LAKESHORE VILLAGE II	5/17	96	852,356	852,356
1635-2	AMBROSE RIDGE	6/17	84	735,697	0
1654-2	ASHTON RIDGE APTS	4/18	144	920,925	520,925
1655-2	ASPEN HILLS	4/18	70	1,395,863	1,395,863
2193	SILVER CREEK APTS	9/16	111	461,875	0
2276-2	WALNUT GROVE	6/18	80	631,555	0
3412	PALMER PARK SQUARE	12/11	202	13,250,000	680,205
3593	TREYMORE APTS	7/14	28	2,378,972	130,127
3716	LAKESHORE VILLAGE APTS III	9/17	144	1,479,747	
3724	WOODLAND PLACE	4/17	24	2,585,330	0
3757	GARDENVIEW ESTATES 5 AB	6/17	97	9,695,259	3,785,451
3760	WESTCHESTER VILLAGE NORTH	1/18	101	1,654,936	0
3783	WESTCHESTER VILLAGE EAST	1/18	75	2,729,700	0
3795	WEST HIIGHLAND APTS	1/18	135	674,826	674,826
3801	LABELLE TOWERS	6/18	210	1,951,445	1,951,445
3811	EVERGREEN NORTH	4/18	204	3,000,000	3,000,000
3832	GENESIS VILLAS II	12/18	89	1,346,032	1,346,032
3840	KALAMAZOO CREAMERY	6/18	48	1,944,068	0
3881	EASTERN ELEMENTARY	2/20	50	4,079,265	0
			2,880	$66,593,606	$22,384,051
	TOTAL COMPLETED/NON-COMPLETED		4,156	$356,104,534	$250,418,260

OUTSTANDING COMMITMENTS AS OF MARCH 31, 2020

		DATE	# OF UNITS	PERMANENT LOAN	CONSTRUCTION LOAN	TOTAL
83-2	EDGEWOOD VILLAGE APTS	1/20	135	14,930,203	-	14,930,203
246-2	PINE OAK APTS	2/20	127	5,301,821	80,411	5,382,232
1440-2	FERGUSON APTS	7/19	119	994,963	-	994,963
2175-2	ARBORVIEW VILLAGE	2/20	161	9,443,831	535,977	9,979,808
3788	WESTCHESTER VILLAGE SOUTH	6/18	150	5,506,912	2,048,842	7,555,754
3792	GOLFVIEW MEADOWS	12/17	27	935,960	3,290,650	4,226,610
3805	MACK ALTER	3/20	14	814,091	1,519,839	2,333,930
3814	WHISPERING WOODS	12/18	193	14,634,069	-	14,634,069
3861	NORTHLAWN GARDENS APTS	10/19	96	3,108,101	2,261,785	5,369,886
			1022	$55,669,951	9,737,504	65,407,455

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

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SEED LOANS, REPAYABLE GRANTS AND BRIDGE LOANS
MARCH 31, 2020

MSHDA #	DEVELOPMENT	TOTAL AUTHORIZED	TOTAL DISBURSED	TOTAL REPAID	TOTAL WRITE OFF	BALANCE 3/31/2020
	REPAYABLE FIRE SAFETY GRANTS:					
280	BUENA VISTA	56,204	57,097	8,725		48,372
		56,204	57,097	8,725	0	48,372
	REPAYABLE ENERGY CONSERVATION GRANTS:					
17	JACKSON	31,003	31,003	0		31,003
43	BANGOR DOWNS	54,875	54,531	0		54,531
44	OAK MEADOWS	68,262	61,806	2,339		59,467
61	CARL TERRACE	131,117	131,117	0		131,117
568	DIVINE MR	650	650	0		650
708	MADISON SQUARE REHAB	9,182	9,182	0	9,182	0
		295,089	288,289	2,339	9,182	276,768
	REPAYABLE GRANTS:					
678-G	DETROIT NPHC	100,000	100,000	90,870		9,130
HDF-04	JERICHO HOUSE	55,000	8,836	0		8,836
HDF-13	INNER CITY CHRISTIAN FEDERATION (ICCF)	75,000	75,000			75,000
HDF-22	NATIONAL CHURCH RESIDENCE	69,183	56,250	0		56,250
HDF-96	WOMEN'S RESOURCE CENTER OF GRAND TRAVERSE AREA	435,000	435,000	0		435,000
HDF-110	PROPERTY STABILIZATION, INC, A MICHIGAN CORPORATION	248,500	245,000			245,000
HDF-139	WAYNE METROPOLITAN COMMUNITY ACTION AGENCY	180,000	180,000			180,000
		1,162,683	1,100,086	90,870	0	1,009,216
HDF-2006-0140-DVHI	UNDERGROUND RAILROAD, INC	600,000	600,000	45,677		554,323
HDF-2006-0493-DVHI	BIG RAPIDS HOUSING COMMISSION	246,415	246,415			246,415
HDF-2006-5040-DVHI	WOMEN'S INFORMATION SERVICES	474,186	528,585			528,585
HDF-2006-5352-DVHI	SAFE HORIZONS	450,000	450,000			450,000
HDF-2006-5148-DVHI	YMCA WEST CENTRAL MICHIGAN	570,000	570,000			570,000
HDF-2006-0341-CHI	GREATER LANSING HOUSING COALIATION	500,000	500,000			500,000
HDF-2019-0074-MOD	KALAMAZOO NEIGHBORHOOD HOUSING SERVICES	196,000	176,400			176,400
HDF-2019-0298-MOD	CITY OF COLDWATER	196,000	148,764			148,764
HDF-2019-0318-MOD	BETHANY HOUSING MINISTRIES	196,000	177,537	145,745	31,792	0
HDF-2019-493-MOD	BIG RAPIDS HOUSING COMMISSION	196,000	143,420			143,420
HDF-2019-9931-MOD	HABITAT FOR HUMANITY NORTHEAST MICHIGAN	196,000	151,207			151,207
HDF-2019-9936-MOD	CITY OF BEAVERTON	196,000	184,819			184,819
		4,016,601	3,877,147	191,423	0	3,653,933
	PREDEVELOPMENT LOANS					
HDF-43	NORTHERN HOMES CDC	177,300	177,300	100,000		77,300
HDF-97	NORTHERN HOMES CDC	74,325	71,546	5,631		65,915
HDF-106	INNER CITY CHRISTIAN FED (ICCF)	375,000	547,421	319,434		227,987
HDF-161	GRAND TRAVERSE COUNTY LAND BANK	65,000	61,444			61,444
HDF-212	HOMESTRETCH NPHC	78,650	104,706	104,706		0
HDF-239	CADILLAC HOUSING INITIATIVE PROGRAMS	56,720	30,275			30,275
HDF-359	AVALON HOUSING	150,000	148,193	148,193		0
HDF-388	OCEANNA COUNTY HOUSING COMMISSION NONPROFIT CORP	101,254	101,254	101,254		0
HDF-390	HOMESTRETCH NPHC	58,700	53,507			53,507
HDF-391	LINC UP NON-PROFIT CORP	82,149	82,149	82,149		0
		1,219,098	1,377,795	861,367	0	516,428
	TOTAL SEED LOANS, REPAYABLE GRANTS AND PREDEVELOPMENT LOANS					5,504,716
	LESS: RESERVE FOR LOSS					-2,607,548
	NET REPAYABLE GRANTS, SEED LOANS, AND PREDEVELOPMENT LOANS					2,897,169

BRIDGE LOAN COMMITMENTS AND BALANCES OUTSTANDING AS OF MARCH 31, 2020:

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

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
PASSTHROUGH OBLIGATIONS

Bonds issued pursuant to Section 44(c) of the Act and not yet called were as follows as of March 2020:

Name	Credit Enhancement	Amount
Siena Place Apt.	Financial Security Assurance	3,450,000
The Landings	AMBAC	10,335,000
Berrien Woods III	Federal Home Loan Bank	6,200,000
Parkview Place	Fannie Mae	6,890,000
Center Line Park Towers	GNMA Collateralized Program	15,065,000
Canterbury House (Jackson)	Federal Home Loan Bank	11,500,000
Alderwood Estates	Federal Home Loan Bank	8,300,000
River Park Village (Whittier)	Fannie Mae	17,000,000
Williams Pavilion	FHA Mortgage Insurance	7,945,000
Sand Creek	Citibank	3,835,000
Sand Creek Village II Apt.	Citibank	5,700,000
Teal Run Apartments	Citibank	6,585,000
		$102,805,000

Helping Michigan's Hardest-Hit Homeowners

MAY 2020

HARDEST HIT PROGRAMS				
	# OF HOUSEHOLDS THIS MONTH	# OF CUMULATIVE HOUSEHOLDS 2010-CURRENT	MONEY SPENT THIS MONTH	CUMULATIVE MONEY SPENT 2010-CURRENT
MORTGAGE & TAX ASSISTANCE	40	38,824	$219,625.02	$302,907,488.81
BLIGHT ELIMINATION	588	22,667	$11,558,318.61	$370,601,260.51
Step Forward DPA	7	1,942	$102,988.67	$28,905,849.55

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™ MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
Step Forward Michigan program is offered by the Michigan Homeowner Assistance Nonprofit Housing Corporation in collaboration with the Michigan State Housing Development Authority.

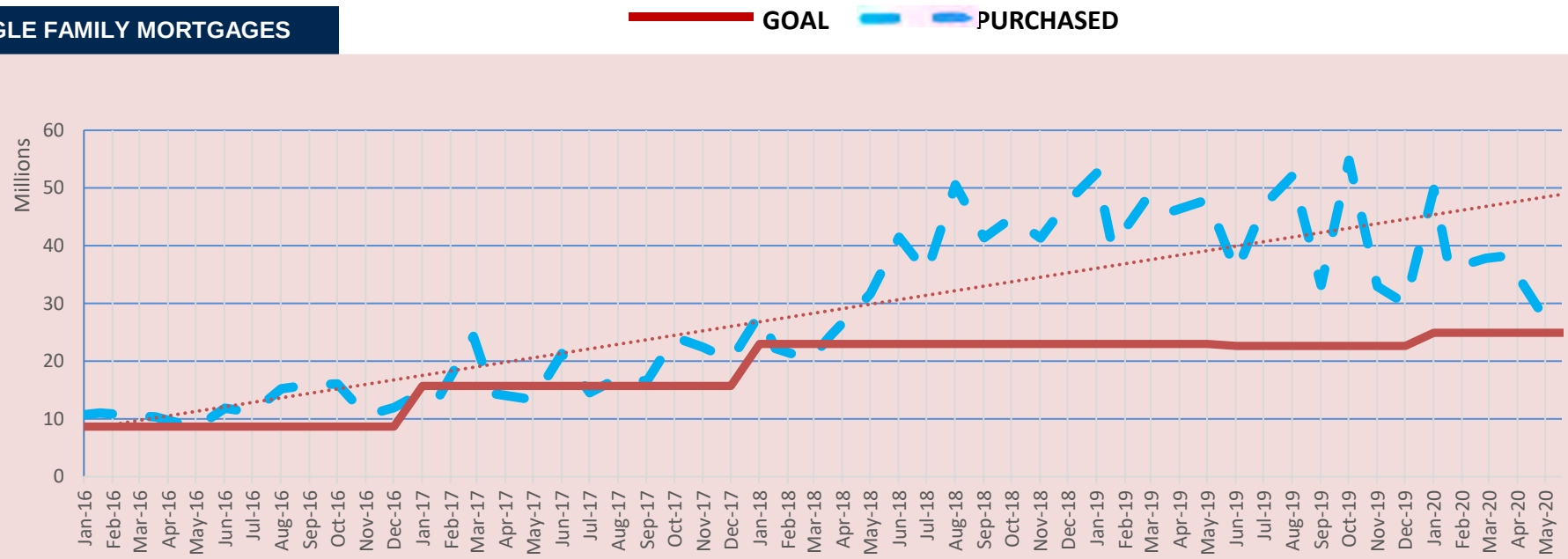
CURRENT AND HISTORICAL HOMEOWNERSHIP DATA

May 2020

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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

SINGLE FAMILY MORTGAGES



Monthly Homeownership Production Report: MAY 2020

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS		APPLICATIONS RECEIVED		COMMITMENTS BEGINNING		COMMITMENTS ISSUED		Cancellations Reinstatements Net		Transfers IN or Adjustment		Transfers OUT or Adjustment		COMMITMENTS ENDING		PURCHASED #1		PURCHASED-DPA		#	PURCHASED Prior Total	PURCHASED NEW Total	1st + DPA TO DATE	NEWEST ALLOCATED
031	May-20	0	$ -	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	031	$ 21,918,601.00	$ 21,918,601.00	$ 23,092,639.00	$ 10,000,000.00
6/26/2014 07-26-17	Apr-20	0	$ -	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	101	$ 1,174,038.00	$ 1,174,038.00	remaining:	$ (13,092,639.00)
057	May-20	0	$ -	2	$164,583.00	10	$1,350,536.00	2	$164,583.00	0	$0.00	0	$0.00	-4	-$465,232.00	8	$1,049,887.00	0	$0.00	0	$0.00	057	$ 298,889,758.00	$ 298,889,758.00	$ 308,182,920.00	$ 300,000,000.00
4/15/2019	Apr-20	0	-	5	$541,605.00	16	$1,982,791.00	0	$0.00	0	$0.00	1	$100,953.00	-7	-$733,208.00	10	$1,350,536.00	0	$0.00	0	$0.00	157	$ 9,293,162.00	$9,293,162.00	remaining:	$ (8,182,920.00)
058	May-20	183	$ 22,667,050.00	227	$26,231,418.00	341	$39,617,296.00	183	$21,061,903.00	-1	-$73,641.00	4	$465,232.00	0	-$97.00	291	$33,893,640.00	236	$27,177,053.00	220	$1,413,384.00	058	$ 121,055,879.00	$ 148,232,932.00	$ 155,710,224.00	$ 225,000,000.00
11/1/2019	Apr-20	190	22,278,210.00	316	$37,065,801.00	434	$49,597,509.00	239	$27,750,527.00	-3	-$320,919.00	7	$733,208.00	0	$53,246.00	341	$39,617,296.00	336	$38,196,275.00	307	$1,976,721.00	158	$ 6,063,908.00	$ 7,477,292.00	remaining:	$ 69,289,776.00
059	May-20	135	$ 16,171,893.00	6	$591,035.00	0	$0.00	2	$172,320.00	0	$0.00	0	$0.00	0	$0.00	2	$172,320.00	0	$0.00	0	$0.00	059	$ -	$ -	$ -	$ 300,000,000.00
5/1/2020	Apr-20	0	-	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	159	$ -	$ -	remaining:	$ 300,000,000.00
TOTAL	May-20	318	$38,838,943.00	235	$26,987,036.00	351	$40,967,832.00	187	$21,398,806.00	-1	-$73,641.00	4	$465,232.00	-4	-$465,329.00	301	$35,115,847.00	236	$27,177,053.00	220	$1,413,384.00					

STEP FORWARD DPA Program

#255 Series /Date	Month	RESERVATIONS		Cancel/Rejects		Deleted		Total In Process		APPLICATIONS RECEIVED		COMMITMENTS ISSUED		PURCHASED-DPA FUNDED				
9/16/2019-R2	May-20	2	$ 30,000.00	0	$ -	0	$ -	0	$ -	2	$ 30,000.00	2	$ 30,000.00	7	$ 102,988.67	444	$ 6,610,433.11	Previous Total
9/24/2018	Apr-20	3	$ 45,000.00	-1	$ (15,000.00)	0	$ -	19	$ 285,000.00	6	$ 90,000.00	7	$ 105,000.00	19	$ 282,433.00	451	$ 6,713,421.78	Round 2 Total
																1491	$ 22,192,427.77	Round 1 Total
																1942	$ 28,905,849.55	GRAND Total

MI HOME FLEX Loan Program (MBS)

Series /Date	Month	RESERVATIONS		APPLICATIONS RECEIVED		COMMITMENTS BEGINNING		COMMITMENTS ISSUED		COMMITMENT Cancellations Reinstatements Net		COMMITMENT & PURCHASE IN/DEcrease Net		COMMITMENTS ENDING		PURCHASED #1		PURCHASED-DPA	
900	May-20	17	$ 2,082,887.00	18	$1,848,592.00	29	$3,097,278.00	13	$1,363,020.00	0	$0.00	0	$0.00	37	$3,789,673.00	5	$670,625.00	5	$35,461.00
11/14/2013	Apr-20	18	$ 2,062,846.00	14	$1,604,903.00	39	$4,365,454.00	9	$1,049,321.00	-1	-$140,553.00	0	$0.00	29	$3,097,278.00	18	$2,176,944.00	18	$114,826.00

MCC		RESERVATIONS		APPS RECEIVED		COMMITMENTS		CERTIFICATES	
212 MCC	May-20	22	$ 3,176,303.00	9	$ 1,182,651.00	6	$ 873,391.00	14	$ 1,958,607.00
9/18/2019	Apr-20	14	$ 1,616,739.00	14	$ 1,833,905.00	14	$ 1,833,905.00	24	$ 3,372,459.00

PIP Loans	Applications		Commitments		Purchased	
May-20	1	$ 4,150.00	0	$ -	0	$ -
April-20	0	$ -	0	$ -	0	$ -

2020 Board Calendar

January	
Voting Items	
1	
2	
3	

February	
Voting Items	
1	
2	
3	

March	
Voting Items	
1	Liquidity Facility
2	
3	
Discussion Items	
1	Strategic Plan: Mission/Vision
2	Bond Cap Legislation
3	Public Housing Plan

April	
Voting Items	
1	Public Housing Plan
2	
3	
Discussion Items	
1	Quarterly Financials
2	Single Family Bond Deal
3	
4	
5	

May	
Voting Items	
1	Single Family Bond Deal
2	
3	
Discussion Items	
1	2020-21 Budget
2	Short Term Relief Policy
3	
4	

June	
Voting Items	
1	2020-21 Budget
2	
3	
Discussion Items	
1	Quarterly Financials
2	Multifamily Bond Deal
3	
4	

DRAFT

July	
Voting Items	
1	Pass-Through Program
2	
3	
Discussion Items	
1	Amendments to Direct Lending Loan Parameters
2	Multifamily Bond Deal
3	
4	

August	
Voting Items	
1	Multifamily Bond Deal
2	
3	
Discussion Items	
1	
2	
3	
4	

September	
Voting Items	
1	Amendments to Direct Lending Loan Parameters
2	
3	
Discussion Items	
1	Single Family Bond Deal
2	
3	
4	

October	
Voting Items	
1	Single Family Bond Deal
2	
3	
Discussion Items	
1	Approval of Board Meeting Schedule for 2021
2	
3	
4	

November	
Voting Items	
1	Approval of Board Meeting Schedule for 2021
2	
3	
Discussion Items	
1	Audited Year-End 6/30/2020 Financials
2	
3	
4	

December	
Voting Items	
1	
2	
3	
Discussion Items	
1	
2	
3	
4	

DRAFT