TDHCA

03158

Region 2

MULTIFAMILY FINANCE PRODUCTION DIVISION
2003 DEVELOPMENT PROFILE AND BOARD SUMMARY FOR RECOMMENDED LIHTC APPLICATIONS
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Development Name: **Red River Senior Village** TDHCA #: **03158**

DEVELOPMENT LOCATION AND DESIGNATIONS

Region: 2 Site Address: Ross Street at US Highway 287
City: Vernon County: Wilbarger Zip Code: 76384

☐ TTC ☐ DDA ☑ QCT Purpose / Activity: New Construction

Targeted Units: Family: 0 Elderly: 60 Handicapped/Disabled 5 Domestic Abuse: 0 Transitional: 0

Set Asides: ☐ General ☐ At-Risk ☐ Nonprofit ☑ Rural ☐ TX-USDA-RHS ☑ Elderly

OWNER AND PRINCIPAL INFORMATION

Owner Entity Name: DF Red River Senior Village, L.P.

Principal Names	Principal Contact	Percentage Ownership
DF Affordable Housing Partners, Inc.	Leslie Donaldson	.01% of Owner

TAX CREDIT ALLOCATION INFORMATION

Annual Credit Allocation Recommendatio **$402,507** Allocation over 10 Years: $4,025,070
Credits Requested $404,729 Eligible Basis Amount: $402,507 Equity/Gap Amount $416,565

UNIT INFORMATION

	Eff	1 BR	2 BR	3 BR	Total
30%	0	5	0	0	5
40%	0	0	0	0	0
50%	0	23	0	0	23
60%	0	11	18	0	29
MR	0	1	2	0	3
Total	0	40	20	0	

Total LI Units: 57
Owner/Employee Units: 0
Total Project Units: 60
Applicable Fraction: 95.00

Applicable fraction is the lesser of the unit fraction or the square foot fraction attributable to low income units.

DEVELOPMENT AMENITIES (no extra cost to tenant)

☐ Playground
☐ Computer Facility with Internet
☐ Recreation facilities
☐ Public Phones
☑ Perimeter Fence with Controlled Gate Access
☑ Community Laundry Room or Hook-Ups in Units
☑ On Site Day Care, Senior Center or Community Meal Room
☑ Furnished Community Room

UNIT AMENITIES (no extra cost to tenant)

☑ Covered Entries
☑ Computer Line in all Bedrooms
☑ Mini Blinds
☐ Ceramic Tile - Entry, Kitchen, Baths
☑ Laundry Connections
☑ Storage Room
☐ Laundry Equipment
☑ 25 year Shingle Roofing
☐ Covered Parking
☑ Covered Patios or Balconies
☐ Garages
☑ Greater than 75% Masonry Exterior
☐ Use of Energy Efficient Alternative Construction Materials

BUILDING INFORMATION

Total Development Cost:	$4,148,882
Gross Building Square Feet	51,819
Total Net Rentable Area Square Feet:	49,460
Average Square Feet/Unit	824
Cost Per Net Rentable Square Foot	$83.88
Credits per Low Income Uni	$7,062

INCOME AND EXPENSE INFORMATION

Effective Gross Income	$278,860
Total Expenses:	$191,761
Net Operating Income	$87,099
Estimated 1st Year Debt Coverage Ratio	1.13

FINANCING

Permanent Principal Amount:	$900,000
Applicant Equity:	$109,640
Equity Source:	Deferred Developer Fee
Syndication Rate:	$0.7799

DEVELOPMENT TEAM

Note: "NA" = Not Yet Available

Developer:	DFAHP Development, L.P.	Market Analyst:	Mark C. Temple
Housing GC:	Alpha Construction Company	Originator/UW:	NA
Engineer:	NA	Appraiser:	NA
Cost Estimator:	NA	Attorney:	NA
Architect:	Architettura, Inc.	Accountant:	Thomas Stephen & Company, L.L.P.
Property Manager	UAH Property Management, L.P.	Supp Services	NA
Syndicator:	Lend Lease Real Estate Investments, Inc.	Permanent Lender	Bank One N.A. for Community Development Trust

Project Name: Red River Senior Village

Project Number: 03158

PUBLIC COMMENT SUMMARY

Note: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

# of Letters, Petitions, or Witness Affirmation Forms (not from Officials): Support: **0** Opposition: **0**

☐ A resolution was passed by the local government in support of the development.

Local/State/Federal Officials with Jurisdiction:		Comment from Other Public Officials:
Local Official:	Kelly Couch, Mayor, City of Vernon, S	Jim Murray, City Manager, Vernon, S
TX Representative:	Rick Hardcastle, District 68 , S	Gary B. Streit, Wilbarger County Judge, S
TX Senator:	Craig Estes, District 30 , S	
US Representative:	Mac Thornberry, S	
US Senator:		

General Summary of Comment: Broad Support

DEPARTMENT EVALUATION

Points Awarded: 88 Site Finding: Acceptable Underwriting Finding: Approved with Conditions

CONDITIONS TO COMMITMENT

Receipt, review, and acceptance of documentation verifying the City of Vernon's acceptance of an unopened street abandonment petition regarding the two public street easements on the site prior to construction loan close.

Should the terms of the proposed debt or syndication be altered, the development should be re-evaluated.

Alternate Recommendation: NA

RECOMMENDATION BY THE PROGRAM MANAGER, THE DIRECTOR OF MULTIFAMILY FINANCE PRODUCTION AND THE THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

☐ Score ☐ Meeting a Required Set Aside ☑ Meeting the Regional Allocation

☐ To serve a greater number of lower income families for fewer credits.

☐ To ensure geographic dispersion within each Uniform State Service Region.

☐ To ensure the Development's consistency with local needs or its impact as part of a revitalization or preservation plan.

☐ To ensure the allocation of credits among as many different entities as practicable w/out diminishing the quality of the housing built.

☐ To give preference to a Development located in a QCT or DDA that contributes to revitalization.

☐ To provide integrated, affordable accessible housing for individuals_ families with different levels of income.

Explanation: **Region 2 is undersubscribed, therefore all eligible developments in the region are recommended.**

Robert Onion, Manager of Awards and Allocation Date

Brooke Boston, Director of Multifamily Finance Production Date

Edwina Carrington, Executive Director Date
Chairman of Executive Award and Review Advisory Committee

BOARD OF DIRECTOR'S APPROVAL AND DESCRIPTION OF DISCRETIONARY FACTORS (if any):

Approved Credit Amount: Date of Determination:

Michael E. Jones, Chairman of the Board Date

Developer Evaluation

Project ID # **03158** Name: **Red River Senior Village** City: **Vernon**

LIHTC 9% ☑ LIHTC 4% ☐ HOME ☐ BOND ☐ HTF ☐ SECO ☐ ESGP ☐ Other ☐

☐ No Previous Participation in Texas ☐ Members of the development team have been disbarred by HUD

National Previous Participation Certification Received: ☑ N/A ☐ Yes ☐ No

Noncompliance Reported on National Previous Participation Certification: ☐ Yes ☐ No

Portfolio Management and Compliance

Projects in Material Noncompliance: No ☑ Yes ☐ # of Projects: 0

Total # of Projects monitored: 0 Projects grouped by score 0-9 0 10-19 0 20-29 0

Total # monitored with a score less than 30: 0 # not yet monitored or pending review: 2

Program Monitoring/Draws

Not applicable ☑ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached ☐

Asset Management

Not applicable ☐ Review pending ☐ No unresolved issues ☑ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached ☐

Reviewed by Sara Carr Newsom Date iday, May 23, 2003

Multifamily Finance Production

Not applicable ☐ Review pending ☐ No unresolved issues ☑ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by R Meyer Date 5 /28/2003

Single Family Finance Production

Not applicable ☐ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by ________ Date ________

Community Affairs

Not applicable ☑ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by EEF Date 5 /16/2003

Office of Colonia Initiatives

Not applicable ☑ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by H Cabello Date 6 /10/2003

Real Estate Analysis (Cost Certification and Workout)

Not applicable ☐ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by ________ Date ________

Loan Administration

Not applicable ☐ No delinquencies found ☑ Delinquencies found ☐

Delinquencies found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by Stephanie Stuntz Date 5 /6 /2003

Executive Director: Edwina Carrington **Executed:** Friday, June 13, 2003

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: June 9, 2003 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 03158

DEVELOPMENT NAME

Red River Senior Village Apartments

APPLICANT

Name:	DF Red River Senior Village, L.P.			**Type:**	For Profit		
Address:	20183 FM 914			**City:**	Stephenville	**State:**	TX
Zip:	76401	**Contact:**	Beverly Funderburgh	**Phone:**	(254) 965-6317	**Fax:**	(254) 764-4177

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	DF Affordable Housing Partners, Inc.	**(%):**	0.01	**Title:**	Managing General Partner
Name:	DFAHP Development, L.P.	**(%):**		**Title:**	Developer
Name:	Leslie Donaldson	**(%):**		**Title:**	President & 51% owner of MGP, 50.01% owner of Developer
Name:	Beverly Funderburgh	**(%):**		**Title:**	Secretary/treasurer & 49% owner of MGP, 49.99% owner of Developer

PROPERTY LOCATION

Location:	Ross Street at U.S. Highway 287		☒ **QCT**		☐ **DDA**
City:	Vernon	**County:**	Wilbarger	**Zip:**	76384

REQUEST

Amount	Interest Rate	Amortization	Term
$404,729	N/A	N/A	N/A

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits

Proposed Use of Funds: New construction **Property Type:** Multifamily

Set-Aside(s): ☐ General ☒ Rural ☐ TX RD ☐ Non-Profit ☒ Elderly ☐ At Risk

RECOMMENDATION

☒ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $402,507 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of documentation verifying the City of Vernon's acceptance of an unopened street abandonment petition regarding the two public street easements on the site prior to construction loan close.
2. Should the terms of the proposed debt or syndication be altered, the development should be re-evaluated.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	60	**# Rental Buildings**	15	**# Common Area Bldgs**	1	**# of Floors**	1	**Age:**	0 yrs	**Vacant:**	N/A at __/ __/ ____

Net Rentable SF: 49,460 **Av Un SF:** 824 **Common Area SF:** 2,359 **Gross Bldg SF:** 51,819

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 76% masonry/brick veneer 20% Hardiplank siding exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing.

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters.

ON-SITE AMENITIES

Amenities include a 2,359- SF community building with activity room, management offices, fitness and laundry facilities, kitchen, restrooms, computer/business center and perimeter fencing with limited access gates.

Uncovered Parking: 90 spaces **Carports:** 30 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Red River Senior Village Apartments is a proposed low density (4 units per acre) development of 60 units of mixed income elderly housing located in northwest Vernon. The development is comprised of 15 residential buildings as follows:

- Five Building Type I with four one-bedroom/one-bath units; and
- Ten Building Type II with two each one-bedroom/one-bath and two-bedroom/two-bath units.

Architectural Review: The residential buildings are all one-story four-plexes, with pitched roofs and mixed brick veneer and cement fiber exterior wall finish. The one-bedroom units have a large shared covered porch/entry area while the two-bedroom units have a similarly well sized but exclusive covered porch area. Each of the units has exclusive side entries as well. This provides access to additional second storage space. The community building elevations attractive and are designed to present the appearance of a two-story building.

Supportive Services: The Applicant did not specify a supportive services provider but committed to providing at least three of the services from the TDHCA list and estimated annual expenses at $2,500.

Schedule: The Applicant anticipates construction to begin in April of 2004, to be completed and placed in service in April of 2005, and to be substantially leased-up in August of 2005.

SITE ISSUES

SITE DESCRIPTION

Size: 14.353 acres 625,217 square feet **Zoning/ Permitted Uses:** Convenience Commercial, multifamily residential permitted

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Vernon is located in far north Texas, approximately 45 miles west of Wichita Falls in Wilbarger County. The site is a nearly rectangularly-shaped parcel located in the northwest area of the city, approximately two miles from the central business district. The site is situated on the west side of Ross Street between U.S. Highway 287 to the north and Lorance Street to the south.

Adjacent Land Uses:

- **North:** U.S. Highway 287
- **South:** Lorance Street with single-family residential beyond
- **East:** Ross Street with commercial beyond
- **West:** vacant land

Site Access: Access to the property is from the east or west along Lorance Street or the north or south from Ross Street. The development is to have two main entries, one from Ross Street and one from Lorance Street. Access to U.S. Highway 287 is adjacent to the site, which provides connections to all other major roads serving the Vernon area as well as Wichita Falls and other area communities.

Public Transportation: Public transportation is not available in Vernon.

Shopping & Services: The site is within one mile of two major grocery/pharmacies and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics: The title commitment lists two dedicated public street easements across the site and requires that an unopened street abandonment petition be filed with the City of Vernon and acted upon by the city commissioner. Receipt, review, and acceptance of documentation verifying the resolution of this issue is a condition of this report.

Site Inspection Findings: TDHCA staff performed a site inspection on April 8, 2003 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 25, 2003 was prepared by Barnett Engineering, Inc. and contained the following findings: "…we believe that significant surface or subsurface contamination on the subject property is unlikely. A Level II survey to further examine this area for contamination is not warranted." (p. 1)

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 57 of the units (95% of the total) will be reserved for low-income tenants. Five of the units (8%) will be reserved for households earning 30% or less of AMGI, 23 units (38%) will be reserved for households earning 50% or less of AMGI, 29 units (48%) will be reserved for households earning 60% or less of AMGI and the remaining three units (5%) will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$17,280	$19,800	$22,260	$24,720	$26,700	$28,680

MARKET HIGHLIGHTS

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY

Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	15	6%	3	4%
Resident Turnover	248	94%	83	96%
Other Sources: 10 yrs pent-up demand	0	0%	0	0%
TOTAL ANNUAL DEMAND	**263**	**100%**	**86**	**100%**

Ref: Demand Summary

Inclusive Capture Rate: "Based upon the income qualification banding methodology, the 57 LIHTC and three market rate units of the apartment project represent a 22.9% capture rate of all income-appropriate rental households within the market area, depending on management's criteria for qualifying potential renters." (p. IV-3) The Underwriter calculated an inclusive capture rate of 66.3% based upon a revised demand of 86 units, which is due to a reduction for targeted population. An inclusive capture rate of up to 100% under TDHCA Guidelines for either elderly and/or rural developments.

Local Housing Authority Waiting List Information: "According to the Housing Authority of Vernon, there is currently a waiting list for 60 family and senior units. The Housing Authority does not distinguish between family and senior units." (p. IV-5)

Market Rent Comparables: The Market Analyst surveyed four apartment projects totaling 266 units in the market area, but these were not senior-specific properties. "The project rents for the subject project are well within and below the rental range for comparable projects within the market area." (p. IV-13) "The only senior facilities located in the Vernon market area are two nursing care facilities." (p. III-27)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
1-Bedroom (30%)	$197	$197	$0	$473	-$276
1-Bedroom (50%)	$352	$352	$0	$473	-$121
1-Bedroom (60%)	$429	$429	0	$473	-$44
1-Bedroom (MR)	$480	N/A	N/A	$473	**+$7**
2-Bedroom (60%)	$510	$510	$0	$540	-$35
2-Bedroom (MR)	$530	N/A	N/A	$540	-$10

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "The occupancy level of the market is presently 98.8%...From 2003 to 2004; occupancy levels for the market area are estimated to increase in the 99% range." (p. III-1)

Absorption Projections: "Based upon current positive multifamily indicators and present absorption levels of five to seven units per month, it is estimated that a 95%+ occupancy level can be achieved in an eight-to-12-month time frame." (p. IV-6)

Known Planned Development: "There have been no new apartment projects built in the Vernon market area since 2000. Prior to the [112-unit] Madison Crossing Apartments in 2000, there had been no new apartment projects since 1984." (p. III-19)

Effect on Existing Housing Stock: "The subject project will not affect the trends of other apartment projects in the surrounding Vernon market area due to the strong rental housing demand for the subject project." (p. I-11)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under LIHTC guidelines, and are achievable according to the Market Analyst. The Applicant used a net rent of $480 for the single one-bedroom market rate unit, but as the Market Analyst concluded an estimated market rent of $473 for these units the Underwriter reduced the rent to this amount. The utility allowances published by the Vernon Housing Authority and used by the Applicant are expressed in energy units rather than dollar amounts, and as the Underwriter was unable to derive useable allowances from the Vernon Housing Authority, neighboring Hardeman County's allowances were used as a proxy. These allowances are approximately $6/unit/month lower than the Applicant's allowances, resulting in an increase of $4K in potential gross rent. The Applicant concurred with this substitution and submitted revised rents incorporating the Hardeman County allowances. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. The net effect of these adjustments is that the Applicant's and Underwriter's effective gross income estimates are essentially identical.

Expenses: The Applicant's estimate of total operating expense is 4.4% lower than the Underwriter's TDHCA database-derived estimate, an acceptable deviation. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly repairs and maintenance ($5.3K lower), and property tax ($4.1K lower). The Underwriter used an insurance quote submitted by the Applicant as a reasonable estimate.

Conclusion: Although the Applicant's estimated income and total estimated operating expense are consistent with the Underwriter's expectations, the Applicant's net operating income is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 14.35 acres	$11,146	**Assessment for the Year of:**	2002
Building:	N/A	**Valuation by:**	Wilbarger County Appraisal District
Total Assessed Value:	$11,146	**Tax Rate:**	2.81

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Earnest money contract		
Contract Expiration Date:	11/ 10/ 2003	**Anticipated Closing Date:**	10/ 15/ 2003
Acquisition Cost:	$63,000	**Other Terms/Conditions:**	$10,000 earnest money
Seller:	James W. Hardin, Nelda Evarts, Elizabeth Stelchek	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $63,000 ($0.10/SF or $4,389/acre), although significantly in excess of the tax assessed value of $11,146, is assumed to be reasonable since the acquisition is an arm's-length transaction. The development as depicted on the site plan appears to occupy only the eastern ten acres of the 14.35-acre parcel, and the Applicant indicated that the sellers were unwilling to subdivide or sell a smaller portion. The Applicant also stated that the entire tract will be fenced, deed-restricted, and that a walking trail and picnic pavilion will be placed in the western portion (as has been done at previous properties). The entire site acquisition cost has therefore been included in the development costs.

Sitework Cost: The Applicant's claimed sitework costs of $5,142 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is $104K or 4.6% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Ineligible Costs: The Applicant included $1,500 in marketing as an eligible cost; the Underwriter moved this cost to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis.

Other: The Applicant's contingency allowance exceeds the TDHCA 5% guideline by $17,350, and therefore the Applicant's eligible basis is reduced by a similar amount.

Fees: The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. The Applicant's developer's fees are set at the maximums allowed by TDHCA guidelines, but with the reduction in eligible basis due to the misapplication of eligible basis discussed above now exceed the maximum by $2,828.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to calculate eligible basis and determine the LIHTC allocation. As a result an eligible basis of $3,927,014 is used to determine a credit allocation of $402,507 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM CONSTRUCTION or GAP FINANCING

Source: Bank One, N.A. **Contact:** Mahesh Aiyer

Principal Amount: $1,500,000 **Interest Rate:** Prime rate + .75%, floating, estimated & underwritten at 7%

Additional Information: Interest-only payments

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Bank One N.A. for Community Development Trust, Inc. **Contact:** Mahesh Aiyer

Principal Amount: $900,000 **Interest Rate:** 10-year U.S. Treasury rate + 270 basis points, estimated & underwritten at 7.75%

Additional Information:

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $77,373 **Lien Priority:** 1st **Commitment Date** 2/ 25/ 2003

LIHTC SYNDICATION

Source: Lend Lease Real Estate Investments **Contact:** Korbin Hess

Address: 101 Arch Street **City:** Boston

State: MA **Zip:** 02110 **Phone:** (617) 772-0319 **Fax:** (617) 346-7891

Net Proceeds: $3,157,000 **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 78¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 2/ 18/ 2003

Additional Information:

APPLICANT EQUITY

Amount: $91,880 **Source:** Deferred developer fee

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

LIHTC Syndication: The LIHTC syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. Based on the Applicant's adjusted estimate of eligible basis, the LIHTC allocation should not exceed $402,507 annually for ten years, resulting in syndication proceeds of approximately $3,139,242.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $91,880 amount to 18% of the total fees. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to $109,640, which represents approximately 21% of the eligible fee and which should be repayable from cash flow within ten years.

Financing Conclusions: The minor reduction in eligible basis causes a $2,222 reduction in recommended credit and that is reflected in a $17,758 reduction in syndication proceeds. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee should be available to fund those development cost overruns.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

Leslie Donaldson and Beverly Funderburgh are principals of the General Partner and the Developer. These are common relationships for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statement.
- The General Partner, DF Affordable Housing Partners, Inc., submitted an unaudited financial statement as of December 31, 2002 reporting total assets of $260, partners' capital of $1,000, and retained earnings of ($740).
- The Developer, DFAHP Development, L.P., submitted an unaudited financial statement as of February 1, 2003 reporting total assets of $457K and consisting of $33K in cash, $777K in receivables, and $16K in other assets. Partners' capital totaled $1K, resulting in a net retained earnings of $824K.
- The principals of the General Partner and Developer, Leslie Donaldson and Beverly Funderburgh, submitted unaudited financial statements as of February 2003 and are anticipated to be guarantors of the development.

Background & Experience:

- The Applicant is to be a new entity formed for the purpose of developing the project.
- Leslie Donaldson and Beverly Funderburgh listed participation in two previous LIHTC and Housing Trust Fund housing developments totaling 104 units since 2001.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating proforma is more than 5% outside of the Underwriter's verifiable range.

Underwriter:	*Jim Anderson*	**Date:**	June 9, 2003
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	June 9, 2003

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Red River Senior Viillage Apartments, Vernon, 9% LIHTC #03158

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC (30%)	5	1	1	748	$231	$197	$985	$0.26	$33.95	$26.50
TC (50%)	23	1	1	748	386	352	8,097	0.47	33.95	26.50
TC (60%)	11	1	1	748	463	429	4,720	0.57	33.95	26.50
MR	1	1	1	748		473	473	0.63	33.95	26.50
TC (60%)	18	2	2	977	556	510	9,188	0.52	45.58	28.90
MR	2	2	2	977		530	1,060	0.54	45.58	28.90
TOTAL:	60		**AVERAGE:**	824	$419	$409	$24,523	$0.50	$37.83	$27.30

INCOME	Total Net Rentable Sq Ft: 49,460		TDHCA	APPLICANT		USS Region 2
POTENTIAL GROSS RENT			$294,270	$294,240		IREM Region
Secondary Income	Per Unit Per Month:	$10.00	7,200	7,200	$10.00	Per Unit Per Month
Other Support Income:			0	0		
POTENTIAL GROSS INCOME			$301,470	$301,440		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(22,610)	(22,608)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions			0	0		
EFFECTIVE GROSS INCOME			$278,860	$278,832		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.99%	$232	0.28	$13,905	$13,500	$0.27	$225	4.84%
Management	5.00%	232	0.28	13,943	$13,942	0.28	232	5.00%
Payroll & Payroll Tax	18.81%	874	1.06	52,441	$52,864	1.07	881	18.96%
Repairs & Maintenance	7.35%	342	0.41	20,504	$15,160	0.31	253	5.44%
Utilities	3.37%	157	0.19	9,396	$9,200	0.19	153	3.30%
Water, Sewer, & Trash	5.43%	252	0.31	15,135	$16,300	0.33	272	5.85%
Property Insurance	6.54%	304	0.37	18,240	$18,240	0.37	304	6.54%
Property Tax 2.9812	11.55%	537	0.65	32,197	$28,100	0.57	468	10.08%
Reserve for Replacements	4.30%	200	0.24	12,000	$12,000	0.24	200	4.30%
Other: spt svcs, compliance fees	1.43%	67	0.08	4,000	$4,000	0.08	67	1.43%
TOTAL EXPENSES	68.77%	$3,196	$3.88	$191,761	$183,306	$3.71	$3,055	65.74%
NET OPERATING INC	31.23%	$1,452	$1.76	$87,099	$95,526	$1.93	$1,592	34.26%
DEBT SERVICE			17.41%					
Bank One Loan	27.75%	$1,290	$1.56	$77,373	$77,373	$1.56	$1,290	27.75%
Additional Financing	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW	3.49%	$162	$0.20	$9,726	$18,153	$0.37	$303	6.51%
AGGREGATE DEBT COVERAGE RATIO				1.13	1.23			
RECOMMENDED DEBT COVERAGE RATIO				1.13				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		1.49%	$1,050	$1.27	$63,000	$63,000	$1.27	$1,050	1.52%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.28%	5,142	6.24	308,499	308,499	6.24	5,142	7.44%
Direct Construction		53.62%	37,895	45.97	2,273,690	2,170,026	43.87	36,167	52.30%
Contingency	5.00%	3.04%	2,152	2.61	129,109	141,276	2.86	2,355	3.41%
General Req'ts	5.76%	3.51%	2,479	3.01	148,712	148,712	3.01	2,479	3.58%
Contractor's G & A	1.92%	1.17%	826	1.00	49,571	49,571	1.00	826	1.19%
Contractor's Profit	5.76%	3.51%	2,479	3.01	148,712	148,712	3.01	2,479	3.58%
Indirect Construction		5.79%	4,089	4.96	245,350	245,350	4.96	4,089	5.91%
Ineligible Costs		1.52%	1,073	1.30	64,389	64,389	1.30	1,073	1.55%
Developer's G & A	1.95%	1.62%	1,145	1.39	68,673	68,673	1.39	1,145	1.66%
Developer's Profit	12.67%	10.53%	7,440	9.02	446,374	446,374	9.02	7,440	10.76%
Interim Financing		5.19%	3,667	4.45	220,000	220,000	4.45	3,667	5.30%
Reserves		1.75%	1,238	1.50	74,300	74,300	1.50	1,238	1.79%
TOTAL COST		100.00%	$70,673	$85.73	$4,240,380	$4,148,882	$83.88	$69,148	100.00%
Recap-Hard Construction Costs		*72.12%*	***$50,972***	***$61.83***	***$3,058,294***	***$2,966,796***	***$59.98***	***$49,447***	*71.51%*

SOURCES OF FUNDS						RECOMMENDED	
Bank One Loan	21.22%	$15,000	$18.20	$900,000	$900,000	$900,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$515,047
LIHTC Syndication Proceeds	74.45%	$52,617	$63.83	3,157,000	3,157,000	3,139,242	% of Dev. Fee Deferred
Deferred Developer Fees	2.17%	$1,531	$1.86	91,880	91,880	109,640	21%
Additional (excess) Funds Required	2.16%	$1,525	$1.85	91,500	2	(0)	Dev Fee Repayable in 15 yrs
TOTAL SOURCES				$4,240,380	$4,148,882	$4,148,882	$202,927.15

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Red River Senior Viillage Apartments, Vernon, 9% LIHTC #03158

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$44.30	$2,190,932
Adjustments				
Exterior Wall Finish	6.32%		$2.80	$138,467
Elderly	5.00%		2.21	109,547
Roofing			0.00	0
Subfloor			(2.02)	(99,909)
Floor Cover			1.92	94,963
Porches/Balconies	$11.98	12,640	3.06	151,427
Plumbing	$615	60	0.75	36,900
Built-In Appliances	$1,625	60	1.97	97,500
Fireplaces	$2,200	1	0.04	2,200
Floor Insulation			0.00	0
Heating/Cooling			1.47	72,706
Carports	$7.83	2,700	0.43	21,141
Comm &/or Aux Bldgs	$61.22	2,359	2.92	144,410
Other: 9-Ft. Ceilings	3.76%		1.67	82,379
SUBTOTAL			61.52	3,042,662
Current Cost Multiplier	1.03		1.85	91,280
Local Multiplier	0.89		(6.77)	(334,693)
TOTAL DIRECT CONSTRUCTION COSTS			$56.60	$2,799,249
Plans, specs, survy, bld prm	3.90%		($2.21)	($109,171)
Interim Construction Interes	3.38%		(1.91)	(94,475)
Contractor's OH & Profit	11.50%		(6.51)	(321,914)
NET DIRECT CONSTRUCTION COSTS			$45.97	$2,273,690

PAYMENT COMPUTATION

Primary	$900,000	Term	360
Int Rate	7.75%	DCR	1.13

Secondary	$0	Term	
Int Rate	0.00%	Subtotal DCR	1.13

Additional	$3,157,000	Term	
Int Rate		Aggregate DCR	1.13

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$77,373
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$9,726

Primary	$900,000	Term	360
Int Rate	7.75%	DCR	1.13

Secondary	$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.13

Additional	$3,157,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.13

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

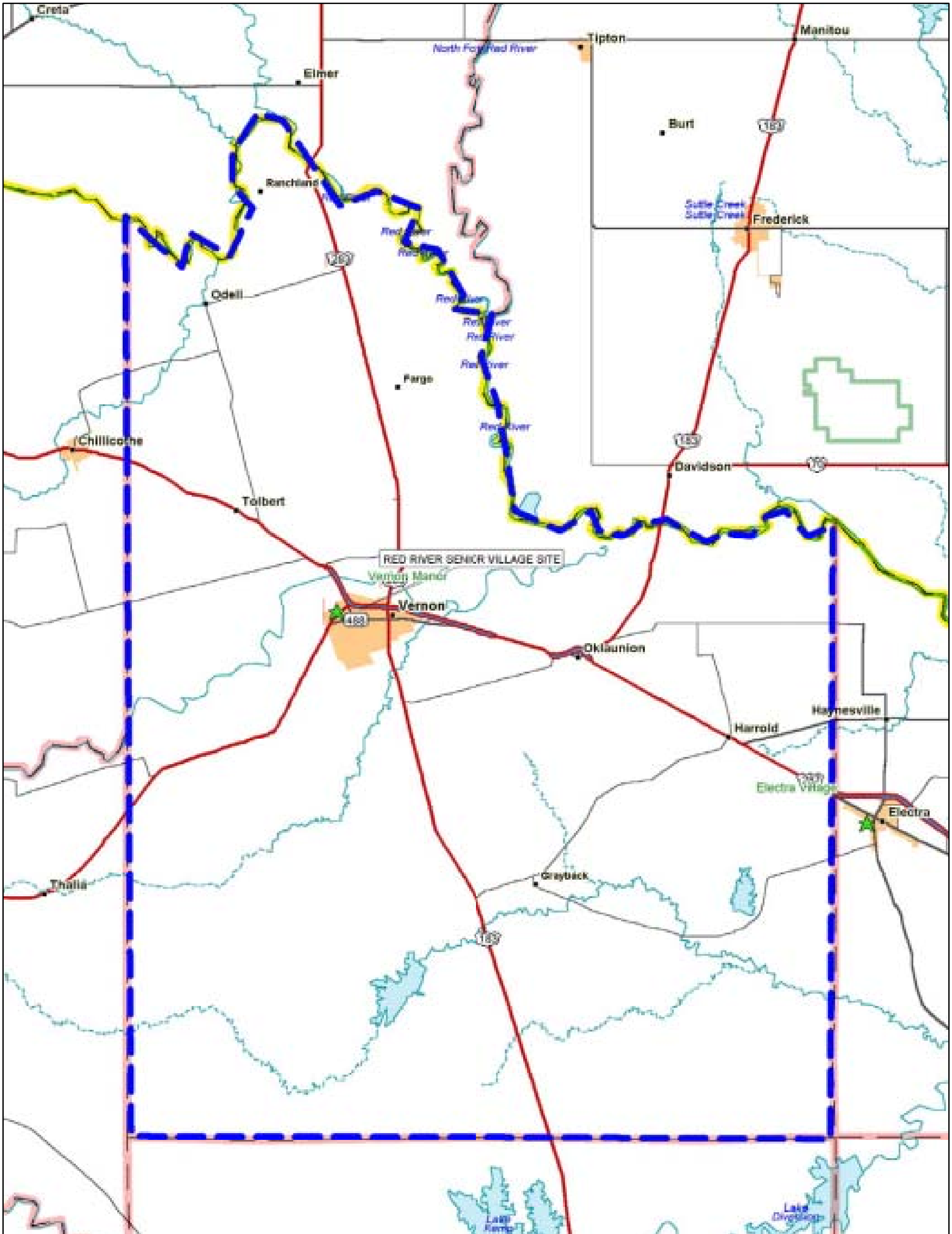
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$294,270	$303,098	$312,191	$321,557	$331,204	$383,956	$445,110	$516,004	$693,467
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	301,470	310,514	319,830	329,425	339,307	393,350	456,001	528,630	710,434
Vacancy & Collection Loss	(22,610)	(23,289)	(23,987)	(24,707)	(25,448)	(29,501)	(34,200)	(39,647)	(53,283)
Employee or Other Non-Rental U	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$278,860	$287,226	$295,842	$304,718	$313,859	$363,849	$421,801	$488,982	$657,152
EXPENSES at 4.00%									
General & Administrative	$13,905	$14,461	$15,040	$15,641	$16,267	$19,791	$24,079	$29,296	$43,365
Management	13,943	14,361	14,792	15,236	15,693	18,192	21,090	24,449	32,858
Payroll & Payroll Tax	52,441	54,539	56,720	58,989	61,349	74,640	90,811	110,485	163,546
Repairs & Maintenance	20,504	21,324	22,177	23,064	23,987	29,183	35,506	43,199	63,944
Utilities	9,396	9,772	10,163	10,570	10,993	13,374	16,272	19,797	29,304
Water, Sewer & Trash	15,135	15,740	16,370	17,025	17,706	21,542	26,209	31,887	47,200
Insurance	18,240	18,970	19,728	20,518	21,338	25,961	31,586	38,429	56,884
Property Tax	32,197	33,485	34,824	36,217	37,666	45,826	55,755	67,834	100,411
Reserve for Replacements	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Other	4,000	4,160	4,326	4,499	4,679	5,693	6,927	8,427	12,475
TOTAL EXPENSES	$191,761	$199,292	$207,120	$215,257	$223,715	$271,283	$329,014	$399,085	$587,411
NET OPERATING INCOME	$87,099	$87,933	$88,722	$89,461	$90,144	$92,566	$92,787	$89,897	$69,741
DEBT SERVICE									
First Lien Financing	$77,373	$77,373	$77,373	$77,373	$77,373	$77,373	$77,373	$77,373	$77,373
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$9,726	$10,561	$11,350	$12,088	$12,772	$15,193	$15,414	$12,525	($7,632)
DEBT COVERAGE RATIO	1.13	1.14	1.15	1.16	1.17	1.20	1.20	1.16	0.90

LIHTC Allocation Calculation - Red River Senior Viillage Apartments, Vernon, 9% LIHTC #03158

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$63,000	$63,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$308,499	$308,499	$308,499	$308,499
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$2,170,026	$2,273,690	$2,170,026	$2,273,690
(4) Contractor Fees & General Requirements				
Contractor overhead	$49,571	$49,571	$49,571	$49,571
Contractor profit	$148,712	$148,712	$148,712	$148,712
General requirements	$148,712	$148,712	$148,712	$148,712
(5) Contingencies	$141,276	$129,109	$123,926	$129,109
(6) Eligible Indirect Fees	$245,350	$245,350	$245,350	$245,350
(7) Eligible Financing Fees	$220,000	$220,000	$220,000	$220,000
(8) All Ineligible Costs	$64,389	$64,389		
(9) Developer Fees			$512,219	
Developer overhead	$68,673	$68,673		$68,673
Developer fee	$446,374	$446,374		$446,374
(10) Development Reserves	$74,300	$74,300		
TOTAL DEVELOPMENT COSTS	$4,148,882	$4,240,380	$3,927,014	$4,038,691

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$3,927,014	$4,038,691
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$5,105,118	$5,250,298
Applicable Fraction		94.54%	94.54%
TOTAL QUALIFIED BASIS		$4,826,226	$4,963,474
Applicable Percentage		8.34%	8.34%
TOTAL AMOUNT OF TAX CREDITS		$402,507	$413,954
Syndication	**0.7799**	**$3,139,242**	**$3,228,516**

Total Credits (Eligible Basis Method)	**$402,507**	**$413,954**
Syndication Proceeds	**$3,139,242**	**$3,228,516**
Requested Credits	**$404,729**	
Syndication Proceeds	**$3,156,571**	
Gap of Syndication Proceeds Needed	**$3,248,882**	
Credit Amount	**$416,565**	



Zoom Level: 9-2 Datum: WGS84

Scale 1 : 350 000
1" = 5.52 mi

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TDHCA

03258

Region 2

Development Name: **Mira Vista Apartments** TDHCA #: **03258**

DEVELOPMENT LOCATION AND DESIGNATIONS

Region: 2 Site Address: Lee & Jefferson Streets
City: Santa Anna County: Coleman Zip Code: 76878

☐ TTC ☐ DDA ☐ QCT Purpose / Activity: Rehab Only

Targeted Units: Family: 24 Elderly: 0 Handicapped/Disabled 2 Domestic Abuse: 0 Transitional: 0

Set Asides: ☐ General ☑ At-Risk ☐ Nonprofit ☑ Rural ☑ TX-USDA-RHS ☐ Elderly

OWNER AND PRINCIPAL INFORMATION

Owner Entity Name: Coleman Fountainhead, L.P.

Principal Names	Principal Contact	Percentage Ownership
Fountainhead Affiliates, Inc.	Patrick A. Barbolla	1% of Owner

TAX CREDIT ALLOCATION INFORMATION

Annual Credit Allocation Recommendatio **$70,346** Allocation over 10 Years: $703,460
Credits Requested $70,346 Eligible Basis Amount: $70,346 Equity/Gap Amount $70,346

UNIT INFORMATION

	Eff	1 BR	2 BR	3 BR	Total
30%	0	3	2	0	5
40%	0	1	2	0	3
50%	0	2	2	0	4
60%	0	8	4	0	12
MR	0	0	0	0	0
Total	0	14	10	0	

Total LI Units: 24
Owner/Employee Units: 0
Total Project Units: 24
Applicable Fraction: 100.00

Applicable fraction is the lesser of the unit fraction or the square foot fraction attributable to low income units.

DEVELOPMENT AMENITIES (no extra cost to tenant)

- ☑ Playground
- ☐ Computer Facility with Internet
- ☑ Recreation facilities
- ☐ Public Phones
- ☐ Perimeter Fence with Controlled Gate Access
- ☐ Community Laundry Room or Hook-Ups in Units
- ☐ On Site Day Care, Senior Center or Community Meal Room
- ☐ Furnished Community Room

UNIT AMENITIES (no extra cost to tenant)

- ☑ Covered Entries
- ☐ Computer Line in all Bedrooms
- ☑ Mini Blinds
- ☐ Ceramic Tile - Entry, Kitchen, Baths
- ☑ Laundry Connections
- ☐ Storage Room
- ☐ Laundry Equipment
- ☑ 25 year Shingle Roofing
- ☐ Covered Parking
- ☐ Covered Patios or Balconies
- ☐ Garages
- ☑ Greater than 75% Masonry Exterior
- ☐ Use of Energy Efficient Alternative Construction Materials

BUILDING INFORMATION

Total Development Cost:	$1,074,576
Gross Building Square Feet	17,017
Total Net Rentable Area Square Feet:	16,652
Average Square Feet/Unit	694
Cost Per Net Rentable Square Foot	$64.53
Credits per Low Income Uni	$2,931

INCOME AND EXPENSE INFORMATION

Effective Gross Income	$105,541
Total Expenses:	$80,555
Net Operating Income	$24,986
Estimated 1st Year Debt Coverage Ratio	1.10

FINANCING

Permanent Principal Amount:	$540,000
Applicant Equity:	$0
Equity Source:	NA
Syndication Rate:	$0.7599

DEVELOPMENT TEAM

Note: "NA" = Not Yet Available

Developer:	Fountainhead Affiliates, Inc.	Market Analyst:	NA
Housing GC:	Fountainhead Construction, Inc.	Originator/UW:	NA
Engineer:	NA	Appraiser:	Sherrill & Associates
Cost Estimator:	NA	Attorney:	McDonald Sanders, P.C.
Architect:	J. Douglas Cain Associates, Architects, Inc.	Accountant:	Gwen Ward, P.C., C.P.A.
Property Manager	Fountainhead Management, Inc.	Supp Services	NA
Syndicator:	Boston Capital Corp.	Permanent Lender	USDA Rural Development

Project Name: Mira Vista Apartments | Project Number: 03258

PUBLIC COMMENT SUMMARY

Note: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

\# of Letters, Petitions, or Witness Affirmation Forms (not from Officials): Support: **0** Opposition: **0**

☐ A resolution was passed by the local government in support of the development.

Local/State/Federal Officials with Jurisdiction:		Comment from Other Public Officials:
Local Official:	Jean Findley, Mayor, NC	
TX Representative:	Harvey Hilderbran, District 53, S	
TX Senator:	Troy Fraser, District 24, N	
US Representative:		
US Senator:		

General Summary of Comment: Some Support

DEPARTMENT EVALUATION

Points Awarded: 54 Site Finding: Acceptable Underwriting Finding: Approved with Conditions

CONDITIONS TO COMMITMENT

Receipt, review, and acceptance, prior to construction loan closing, of a fully-executed HAP contract reflecting contract rents of at least $352 for one-bedroom units and $421 for two bedroom units.

Receipt, review, and acceptance at cost certification of evidence of compliance with the Texas Department of Health requirements pertaining to testing and handling of asbestos containing materials in public buildings.

Receipt, review, and acceptance of a third party review and acceptance of the scope of work/needs assessment prior to Carryover.

Should the terms of the proposed rents, debt, or syndication be altered, the development should be re-evaluated.

Alternate Recommendation: NA

RECOMMENDATION BY THE PROGRAM MANAGER, THE DIRECTOR OF MULTIFAMILY FINANCE PRODUCTION AND THE THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

☐ Score ☑ Meeting a Required Set Aside ☑ Meeting the Regional Allocation

☐ To serve a greater number of lower income families for fewer credits.

☐ To ensure geographic dispersion within each Uniform State Service Region.

☐ To ensure the Development's consistency with local needs or its impact as part of a revitalization or preservation plan.

☐ To ensure the allocation of credits among as many different entities as practicable w/out diminishing the quality of the housing built.

☐ To give preference to a Development located in a QCT or DDA that contributes to revitalization.

☐ To provide integrated, affordable accessible housing for individuals_ families with different levels of income.

Explanation: **Region 2 is undersubscribed, therefore all eligible developments in the region are recommended. This Development is also needed to meet the USDA and At-Risk Set-Asides.**

Robert Onion, Manager of Awards and Allocation Date

Brooke Boston, Director of Multifamily Finance Production Date

Edwina Carrington, Executive Director Date
Chairman of Executive Award and Review Advisory Committee

BOARD OF DIRECTOR'S APPROVAL AND DESCRIPTION OF DISCRETIONARY FACTORS (if any):

Approved Credit Amount: Date of Determination:

Michael E. Jones, Chairman of the Board Date

Developer Evaluation

Project ID # **03258** Name: **Mira Vista Apartments** City: **Santa Anna**

LIHTC 9% ☑ LIHTC 4% ☐ HOME ☐ BOND ☐ HTF ☐ SECO ☐ ESGP ☐ Other ☐

☐ No Previous Participation in Texas ☐ Members of the development team have been disbarred by HUD

National Previous Participation Certification Received: ☐ N/A ☑ Yes ☐ No

Noncompliance Reported on National Previous Participation Certification: ☐ Yes ☑ No

Portfolio Management and Compliance

Projects in Material Noncompliance: No ☑ Yes ☐ # of Projects: 0

Total # of Projects monitored: 12 Projects grouped by score 0-9 12 10-19 0 20-29 0

Total # monitored with a score less than 30: 12 # not yet monitored or pending review: 7

Program Monitoring/Draws

Not applicable ☐ Review pending ☐ No unresolved issues ☑ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached ☐

Asset Management

Not applicable ☐ Review pending ☐ No unresolved issues ☑ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached ☐

Reviewed by Sara Carr Newsom Date sday, May 08, 2003

Multifamily Finance Production

Not applicable ☐ Review pending ☐ No unresolved issues ☑ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by R Meyer Date 5 /28/2003

Single Family Finance Production

Not applicable ☐ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by __________ Date __________

Community Affairs

Not applicable ☑ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by Eddie Fariss Date 5 /5 /2003

Office of Colonia Initiatives

Not applicable ☑ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by H Cabello Date 6 /10/2003

Real Estate Analysis (Cost Certification and Workout)

Not applicable ☐ Review pending ☐ No unresolved issues ☐ Unresolved issues found ☐

Unresolved issues found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by __________ Date __________

Loan Administration

Not applicable ☐ No delinquencies found ☑ Delinquencies found ☐

Delinquencies found that warrant disqualification (Additional information/comments must be attached) ☐

Reviewed by Stephanie Stuntz Date 5 /6 /2003

Executive Director: Edwina Carrington **Executed:** Friday, June 13, 2003

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: June 16, 2003 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 03258

DEVELOPMENT NAME

Mira Vista Apartments

APPLICANT

Name:	Coleman Fountainhead, L.P.			**Type:**	For Profit		
Address:	4000 Old Benbrook Road			**City:**	Fort Worth	**State:**	TX
Zip:	76116	**Contact:**	Patrick A. Barbolla	**Phone:**	(817) 732-1055	**Fax:**	(817) 732-7716

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Fountainhead Affiliates, Inc.	**(%):**	0.0001	**Title:**	Managing General Partner
Name:	Patrick Barbolla	**(%):**	N/A	**Title:**	100% owner of MGP

PROPERTY LOCATION

Location:	Lee and Jefferson Streets (600 Block)		☐ **QCT**		☐ **DDA**
City:	Santa Anna	**County:**	Coleman	**Zip:**	76878

REQUEST

Amount	Interest Rate	Amortization	Term
1) $70,346	N/A	N/A	15 years
2) $220,000	1.75%	30 yrs	30 yrs

Other Requested Terms: 1) Annual ten-year allocation of low-income housing tax credits
2) HOME loan

Proposed Use of Funds: Acquisition/ Rehab **Property Type:** Multifamily

Set-Aside(s): ☐ General ☒ Rural ☒ TX RD ☐ Non-Profit ☐ Elderly ☒ At Risk

RECOMMENDATION

☒ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $70,346 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED $220,000, STRUCTURED AS A LOAN, FULLY AMORTIZING OVER 30 YEARS AT 1.25% INTEREST, SUBJECT TO CONDITIONS.

☒ SHOULD THE HOME AWARD NOT BE APPROVED, THE TAX CREDITS ARE NOT RECOMMENDED AS THE DEVELOPMENT WOULD NO LONGER BE FEASIBLE.

CONDITIONS

1. Receipt, review, and acceptance, prior to construction loan closing, of a fully-executed HAP contract reflecting contract rents of at least $352 for one-bedroom units and $421 for two-bedroom units;
2. Receipt, review, and acceptance at cost certification of evidence of compliance with the Texas Department of Health requirements pertaining to testing and handling of asbestos-containing materials in public buildings;

3. Receipt, review, and acceptance of a third party review and acceptance of the scope of work/needs assessment prior to carryover; and
4. Should the terms of the proposed rents, debt, or syndication be altered, the development should be re-evaluated.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	24	# Rental Buildings	12	# Common Area Bldngs	1	# of Floors	1	Age:	23	yrs	Vacant:	10	at	02/ 27/	2003

Net Rentable SF:	16,652	Av Un SF:	694	Common Area SF:	365	Gross Bldg SF:	17017

STRUCTURAL MATERIALS

Wood frame on a concrete slab on grade, 80% brick veneer/20% wood siding exterior wall covering with drywall interior wall surfaces and composite shingle roofing.

APPLIANCES AND INTERIOR FEATURES

Carpet & vinyl flooring, range & oven, hood & fan, laminated counter tops, tile and fiberglass tubs and showers, washer & dryer connections, central heating and air condtioning, ceiling fans, and individual water heaters.

ON-SITE AMENITIES

Management office, equipped children's play area, and picnic area.

Uncovered Parking:	48	spaces	Carports:	0	spaces	Garages:	0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Mira Vista Apartments is the proposed acquisition and rehabilitation of 24 units of affordable housing located in Santa Anna, Texas, approximately 50 miles south by southeast of Abilene, Texas. The development was built in 1980 and is comprised of 12 residential buildings as follows:

- Six Building Type A with 2 one-bedroom/one-bath units;
- Four Building Type B with 2 two-bedroom/one-bath units;
- One Building Type D with 2 one-bedroom/one-bath units, one of which is handicapped-accessible; and
- One Building Type E with 2 two-bedroom/one-bath units, one of which is handicapped-accessible.

In addition to rehabilitating the existing 12 duplexes, the development plan includes adding an office building, a playground, and new parking spaces.

Existing Subsidies: The property is currently owned by U.S.D.A., through foreclosure, and is under contract for sale to the Applicant. In conjunction with this sale, it is expected that U.S.D.A. will provide the primary financing which will include interest reduction payments.

There is also a project-based Section 8 Housing Assistance Payments contract (HAP contract) on the property provided by HUD. Currently the contract rents are $317 for one-bedroom units and $438 for two-bedroom units. The Applicant plans to ask for an increase in the one-bedroom contract rent to $352 and anticipates a decrease in the contract rent for two-bedroom units to $421. The reason for the conflicting anticipated adjustments in rent is not clear. Receipt, review, and acceptance of a fully-executed HAP contract reflecting contract rents of $352 for one-bedroom units and $421 for two-bedroom units is a condition of this report.

Architectural Review: The buildings are inconspicuous, single story, red-brick veneer duplexes with front and back entrances and a generous amount of yard space. The general style is typical of inexpensive, rural, subsidized housing.

Schedule: The Applicant anticipates construction to begin in January of 2004, to be completed in July of

2004, to be placed in service in July of 2004, and to be substantially leased-up in August of 2004.

SITE ISSUES

SITE DESCRIPTION

Size: 4.72 acres 205,603 square feet **Zoning/ Permitted Uses:** Multifamily

Flood Zone Designation: Zone C **Status of Off-Sites:** Fully improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The Mira Vista Apartments are located in Santa Anna, Texas, approximately 50 miles south by southeast from Abilene in Coleman County. The site is a rectangularly-shaped parcel located on the south side of the city, approximately six blocks from the central business district. The site is situated on the north side of Clark Street.

Adjacent Land Uses:

- **North:** Vacant land and public elementary, middle, and high Schools.
- **South:** Residential and vacant land.
- **East:** Residential and pasture land.
- **West:** Residential and vacant land.

Site Access: The development is accessible from the south by Clark Street and from the east and west by Lee and Jefferson Streets, respectively. Access to the intersection of U.S. Highways 67 and 84, which provide connections to Abilene and San Angelo, is 1.2 miles from the site.

Public Transportation: The availability of public transportation is unknown.

Shopping & Services: The site is within one mile of a grocery store, post office, library, fire station, health clinic, churches, and schools.

Site Inspection Findings: ORCA staff performed a site inspection on April 11, 2003 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

Because the project is financed by the USDA, a Phase I Environmental Site Assessment is not required in accordance with Section 49.9(e)(13)(A) of the Texas Administrative Code.

However, the project's original construction dates to 1980; therefore, the possibility of the presence of asbestos-containing materials may be of some concern. Lead-based paint became prohibited in 1978, and should, therefore, not be a concern. The Applicant has included $1,800 in the construction budget for environmental assessments, so it appears that some testing will be conducted prior to construction. Receipt, review, and acceptance at cost certification of evidence of compliance with the Texas Department of Health requirements pertaining to testing and handling of asbestos-containing materials in public buildings is a condition of this report.

POPULATIONS TARGETED

Income Set-Aside: For tax-credit purposes, the Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units, however, will be restricted to households earning 60% of AMI or less, out of which five units (21% of the total) will be made available to households earning 50% of AMI or less, two units (8%) will be made available to households earning 40% of AMI or less, and five units (21%) will be made available to households earning 30% of AMI or less. For purposes of the HOME loan, the units reserved for households earning 50% of AMGI or less (12 units) will also be considered Low HOME units.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$17,280	$19,800	$22,260	$24,720	$26,700	$28,680

MARKET HIGHLIGHTS

A market feasibility study provided by Ipser and Associates, Inc. and dated March 26, 2003 was provided as part of the HOME application. This study was not required for the LIHTC application due to the property's financing through USDA. However, the study provides some value given that the property is over 45% vacant. The market analyst concludes 182 units of demand in this market, defined as all of Coleman County. Adjusted market comparable rent conclusions were $348 for the one-bedroom units and $400 for the two-bedroom units. The inclusive capture rate was calculated at 13.2% including all 24 subject units.

OPERATING PROFORMA ANALYSIS

Income: Tax credit rent restrictions for households earning 30%, 40%, 50%, and 60% of Area Median Income, and Low HOME rents all apply to the property. Many of the units' restricted rents exceed the market rents as estimated by the appraiser and Market Analyst. In addition, the Applicant's income projections, based on expected changes in the Section 8 HAP contract rents, exceed the market rent conclusions and many of the restricted rents under the LIHTC and HOME programs. However, this is allowed under both the tax credit program and HOME program rules as long as the portion of rent paid by tenants does not exceed the maximum rent restrictions. The HAP contract allows tenants to pay only 30% of their monthly income for rental expenses with the difference provided directly to the subject development in the form of a subsidy.

Currently the HAP contract rents are $317 for one-bedroom units and $438 for two-bedroom units. The Applicant plans to ask for an increase in the one-bedroom contract rent to $352 and anticipates a decrease in the contract rent for two-bedroom units to $421. This underwriting analysis assumes that HUD will approve the Applicant's proposed rent changes. Receipt, review, and acceptance of a fully-executed HAP contract reflecting contract rents of $352 for one-bedroom units and $421 for two-bedroom units is a condition of this report.

The Applicant included an estimate of approximately $3.00 per unit in secondary income. The Underwriter has assumed a secondary income at the Department's minimum guideline of $5.00 per unit per month. The Applicant also utilized a vacancy and collection loss rate of 5%, which is less than the Department guideline of 7.5%. However, due to the existence of a HAP contract and the development improvements proposed, the Underwriter has also assumed the lower vacancy rate of 5% of effective gross income. Overall, the Applicant's effective gross income projection is comparable to the Underwriter's estimate.

Expenses: Overall, the Applicant's total operating expense estimate of $3,273 per unit is within 5% of the Underwriter's estimate. However, both the Applicant's general and administrative and repairs and maintenance line item expense figures are more than 20% less than the Underwriter's estimates, exceeding the guidelines presented in Section 1.32(d)(5) of the Texas Administrative Code.

Conclusion: Although the Applicant's effective income projection and total operating expense estimate are within 5% of the Underwriter's estimates, their resulting net operating income is not. Therefore, the Underwriter's proforma is used to determine the development's debt service capacity. Based on the proposed permanent financing structure, the development's debt coverage ratio (DCR) is less than the Department's minimum guideline of 1.10. In order to reach a DCR of 1.10, the total annual debt service must be reduced by $633. The effect of a reduction in the development's annual debt service on the permanent sources of funds is discussed in the conclusion of the Financing Structure Analysis section of this report.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 4.72 acres	$5,100	**Date of Valuation:**	06/ 28/ 2002
Existing Building(s): "as is"	$257,000	**Date of Valuation:**	06/ 28/ 2002
USDA Subsidy:	$63,000	**Date of Valuation:**	06/ 28/ 2002
Total Development: "as is"	$320,000	**Date of Valuation:**	06/ 28/ 2002

Appraiser: Jerry Sherrill **City:** Arlington **Phone:** (817) 557-1791

APPRAISED ANALYSIS/CONCLUSIONS

An appraisal of the property, dated June 28, 2002, was provided with the application. The appraiser notes that current employment in the area appears stable, that there are no apparent factors that would negatively affect the future employment stability of the area, and that there are no economic or social changes anticipated that would have an impact on rental rates in the area. The appraiser does mention that the Coleman population has decreased over the past ten years, and there does not appear to be demand for additional new units in the city. Current vacancies are cited to range from 5% to 20% on properties that are well managed and maintained. The appraiser concludes that market rents for the project would likely be approximately $250 per unit per month for the one-bedroom units and $285 per unit per month for the two-bedroom units.

The appraisal was performed for the valuation of a property owned by the USDA through foreclosure. The appraisal is addressed to USDA and was performed in accordance with USDA guidelines; therefore, several details of the appraisal are not entirely in accordance with TDHCA regulations. The conclusions of the appraisal found the market value of the property to be approximately $257,000, and added to this the present value of the USDA interest rate subsidy to come to a final value of $320,000.

ASSESSED VALUE

Land: 4.72 acres	Unknown	**Assessment for the Year of:**	2003
Building:	Unknown	**Valuation by:**	Coleman County Appraisal District
CAD Estimate of 2003 Taxes:	$10,370	**Tax Rate:**	3.24

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and sale agreement		
Contract Expiration Date:	/ /	**Anticipated Closing Date:**	/ /
Acquisition Cost:	$320,000	**Other Terms/Conditions:**	USDA to issue quitclaim.
Seller:	U.S. Rural Housing Service	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The property is presently owned by the USDA through foreclosure, and is under contract for sale to the Applicant for $320,000. The purchase price is backed by an appraisal performed for the USDA. in accordance with USDA guidelines, but not entirely in accordance with TDHCA regulations. The conclusions of the appraisal found the market value of the property to be approximately $257,000, and added to this the present value of the USDA interest rate subsidy to come to a final value of $320,000.

It should be noted that Applicant has included $2,382 for a final title policy and $3,200 of eligible indirect fees in their calculation of the development's Acquisition eligible basis. Therefore, the tax credits resulting from these eligible costs are limited to the 4% applicable percentage.

Sitework Cost: Sitework costs include repairs to sidewalks and the parking lot, landscaping improvements, and the addition of a playground and playground equipment. Per unit sitework costs are reasonable for a rehabilitation development.

Direct Construction Cost: A scope of work representing the "minimum work required to develop the property into decent, safe, and sanitary housing" was developed by the U.S.D.A. on October 3, 2002, and was provided with the application. Addenda to the sales contract require that this minimum work be performed as a condition to the sale. The scope of work outlined by the applicant in the LIHTC application exceeds USDA's minimum requirements. In addition to the repairs the applicant proposes to construct a new, 365-square foot office building to accommodate the complex.

While the scope of work/needs assessment is quite detailed and thorough, it was prepared by the principal of the Applicant and not a third party. The underwriting evaluation must rely on this report as its verification that the Applicant's scope and costs are acceptable. Thus, a third party architect, engineer, or contractor able to make such a review and determination is necessary. Therefore, this report is conditioned upon receipt, review, and acceptance of such a third party review by carryover.

Fees: The Applicant's contractor and developer fees appear to be within the TDHCA guidelines.

Conclusion: The Applicant's total development costs are accepted subject to a third party review of the scope of work. As a result, a total eligible basis of $1,048,440 results in eligible credits of $70,346. The resulting syndication proceeds will be compared to the gap in need and the Applicant's request to determine the total credit recommendation

FINANCING STRUCTURE

LONG TERM/PERMANENT FINANCING

Source: USDA Rural Development **Contact:** Scott Brockette

Principal Amount: $320,000 **Interest Rate:** Nominal rate of 6.0% reduced to approximately 1.81% through interest rate subsidies.

Additional Information:

Amortization: 30 yrs **Term:** 30 yrs **Commitment:** ☒ None ☐ Firm ☐ Conditional

Annual Payment: $13,835 **Lien Priority:** 1st **Commitment Date** / /

LIHTC SYNDICATION

Source: Boston Capital Corp. **Contact:** Jennifer Robichaud

Address: One Boston Place **City:** Boston

State: Mass. **Zip:** 02108 **Phone:** (617) 624-8868 **Fax:** (617) 624-8999

Net Proceeds: $534,576 **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 76¢

Commitment ☒ None ☐ Firm ☐ Conditional **Date:** / /

Additional Information:

APPLICANT EQUITY

Amount: N/A **Source:** N/A

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The primary financing will be the assumption of an existing USDA loan. The loan originated in 1980, and matures in 2030. The original principal of $480,100 has or will be reduced to $320,000. A letter from the USDA, dated April 24, 2003, indicates that the budgeted annual mortgage payments will be $13,835. The letter confirms that interest credit will reduce the stated interest rate on the loan to not less than 1%. Under Rural Development regulations, the actual interest rate to be paid will be slightly higher than 1% since project-based HUD Section 8 assistance is involved. Based on the debt service and term, the Underwriter has calculated an effective interest rate of 1.81%.

The proposed HOME loan will be used in conjunction with tax credit proceeds to finance the remaining acquisition cost, the rehabilitation of the property, and the various associated transaction costs. The Applicant requested HOME repayment terms of 30 years at 1.75%; however, the Underwriter's analysis reflects that even with the undersized USDA debt service payment the HOME loan at 1.75% interest does not allow for an acceptable debt coverage ratio of at least 1.10. Thus, the Underwriter recommends the interest rate on this loan be reduced to 1.25%. Without the HOME loan the transaction would no longer be feasible and the amount of developer fee and related party contractor fees would be insufficient to fill the gap. Even if they were augmented by developer debt, the total would not be repayable within 15 years as required by current department guidelines.

LIHTC Syndication: Boston Capital proposes to invest in the limited partnership at the rate of $0.76 per each dollar of tax credits, resulting in the provision of $534,576 in equity to be paid at various stages for the development of the project. The investment proceeds will be used to pay for the various direct and indirect costs of rehabilitation, as well as other soft costs associated with the transaction.

Financing Conclusions: The Applicant's costs, subject to third party scope of work verification, are used to derive the total development costs for this property. The requested credits in this case are identical to the gap determination of credits; however, the Underwriter's revised calculation of credits using the Applicant's total costs results in a slightly lower credit amount. Should the HOME funds not be awarded to this development, the tax credits are not recommended since there would be insufficient deferred developer fee available to fill the gap. Moreover, even if contractor fees were deferred there would not be sufficient net cash flow over 15 years to repay the gap and in that case the transaction would be infeasible.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The developer, general contractor and property manager are all related parties owned by the principal of the Applicant. These are typical LIHTC relationships.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights: Patrick A. Barbolla, the principal of the general partner, submitted unaudited personal financial statements dated December 31, 2002.

Background & Experience: Mr. Barbolla, principal of the general partner, has had experience in developing affordable multifamily rental housing since 1982. Through affiliated entities, he currently has ownership interest in seven projects throughout Texas, and is responsible for managing 15 others. These projects fall under the scope of various governmental housing programs including those of Rural Development, the Section 8 program, the Low Income Housing Tax Credit program, and the HOME program.

SUMMARY OF SALIENT RISKS AND ISSUES

∉ The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable range.

∉ The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Stephen Apple*	**Date:**	June 16, 2003
Underwriter:	*Lisa Vecchietti*	**Date:**	June 16, 2003
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	June 16, 2003

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Mira Vista Apartments, Santa Anna, LIHTC # 03258, HOME TBD

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Proposed HAP Rent	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
>30%TC, >LH	3	1	1	641	$231	$352	$1,056	$0.55	$56.00	$18.00
>40%TC, >LH	1	1	1	641	309	352	352	0.55	56.00	18.00
<50%TC,>LH	2	1	1	641	341	352	704	0.55	56.00	18.00
<60%TC	8	1	1	641	463	352	2,816	0.55	56.00	18.00
>30%TC,>LH	2	2	1	769	277	421	842	0.55	57.00	20.00
>40%TC,>LH	2	2	1	769	371	421	842	0.55	57.00	20.00
>50%TC,>LH	2	2	1	769	412	421	842	0.55	57.00	20.00
<60%TC	4	2	1	769	556	421	1,684	0.55	57.00	20.00
TOTAL:	24		**AVERAGE:**	694	$406	$381	$9,138	$0.55	$56.42	$18.83

INCOME	Total Net Rentable Sq Ft:	16,664			**TDHCA**	**APPLICANT**		USS Region	2
POTENTIAL GROSS RENT					$109,656	$109,656		IREM Region	6
Secondary Income			Per Unit Per Month:	$5.00	1,440	852	$2.96	Per Unit Per Month	
Other Support Income: (describe)					0	0			
POTENTIAL GROSS INCOME					$111,096	$110,508			
Vacancy & Collection Loss			% of Potential Gross Income:	-5.00%	(5,555)	(5,520)	-5.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$105,541	$104,988			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.83%	$213	0.31	$5,100	$3,880	$0.23	$162	3.70%
Management		6.77%	297	0.43	7,140	$9,504	0.57	396	9.05%
Payroll & Payroll Tax		18.29%	804	1.16	19,307	$20,495	1.23	854	19.52%
Repairs & Maintenance		14.69%	646	0.93	15,504	$11,700	0.70	488	11.14%
Utilities		3.08%	135	0.20	3,250	$2,350	0.14	98	2.24%
Water, Sewer, & Trash		7.50%	330	0.48	7,920	$9,133	0.55	381	8.70%
Property Insurance		3.95%	174	0.25	4,166	$4,420	0.27	184	4.21%
Property Tax	3.24	9.82%	432	0.62	10,368	$10,370	0.62	432	9.88%
Reserve for Replacements		6.82%	300	0.43	7,200	$6,100	0.37	254	5.81%
Compliance Fee		0.57%	25	0.04	600	$600	0.04	25	0.57%
TOTAL EXPENSES		76.33%	$3,356	$4.83	$80,555	$78,552	$4.71	$3,273	74.82%
NET OPERATING INC		23.67%	$1,041	$1.50	$24,986	$26,436	$1.59	$1,102	25.18%
DEBT SERVICE									
USDA Loan		13.11%	$576	$0.83	$13,835	$13,835	$0.83	$576	13.18%
TDHCA HOME Loan		8.94%	$393	$0.57	9,431	9,451	$0.57	$394	9.00%
TDHCA HOME Loan		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		1.63%	$72	$0.10	$1,720	$3,150	$0.19	$131	3.00%
AGGREGATE DEBT COVERAGE RATIO					1.07	1.14			
RECOMMENDED DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		29.88%	$13,433	$19.35	$322,382	$322,382	$19.35	$13,433	30.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		4.36%	1,962	2.83	47,078	47,078	2.83	1,962	4.38%
Direct Construction		39.43%	17,725	25.53	425,393	425,393	25.53	17,725	39.59%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
General Req'ts	6.00%	2.63%	1,181	1.70	28,348	28,348	1.70	1,181	2.64%
Contractor's G & A	2.00%	0.88%	394	0.57	9,449	9,449	0.57	394	0.88%
Contractor's Profit	6.00%	2.63%	1,181	1.70	28,348	28,348	1.70	1,181	2.64%
Indirect Construction		4.42%	1,989	2.86	47,730	47,730	2.86	1,989	4.44%
Ineligible Costs		0.51%	231	0.33	5,550	5,550	0.33	231	0.52%
Developer's G & A	2.99%	2.53%	1,139	1.64	27,334	27,334	1.64	1,139	2.54%
Developer's Profit	11.97%	10.14%	4,559	6.57	109,418	109,418	6.57	4,559	10.18%
Interim Financing		1.20%	540	0.78	12,960	12,960	0.78	540	1.21%
Reserves		1.37%	615	0.89	14,754	10,586	0.64	441	0.99%
TOTAL COST		100.00%	$44,948	$64.74	$1,078,744	$1,074,576	$64.48	$44,774	100.00%
Recap-Hard Construction Costs		*49.93%*	***$22,442***	***$32.32***	***$538,616***	***$538,616***	***$32.32***	***$22,442***	*50.12%*

SOURCES OF FUNDS

	%	Per Unit	Per SF	TDHCA	APPLICANT	RECOMMENDED	
USDA Loan	29.66%	$13,333	$19.20	$320,000	$320,000	$320,000	Developer fee Avalable
TDHCA HOME Loan	20.39%	$9,167	$13.20	220,000	220,000	220,000	$136,651
LIHTC Syndication Proceeds	49.56%	$22,274	$32.08	534,576	534,576	534,576	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	0	0		0%
Additional (excess) Funds Required	0.39%	$174	$0.25	4,168	0	0	Dev Fee Repayable in 15 yrs
TOTAL SOURCES				$1,078,744	$1,074,576	$1,074,576	$21,229.80

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Mira Vista Apartments, Santa Anna, LIHTC # 03258, HOME TBD

PAYMENT COMPUTATION

Primary	$320,000	Term	360
Int Rate	1.81%	DCR	1.81

Secondary	$220,000	Term	360
Int Rate	1.75%	Subtotal DCR	1.07

Additional		Term	
Int Rate		Aggregate DCR	1.07

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$13,835
Secondary Debt Service	8,798
Additional Debt Service	0
NET CASH FLOW	$2,353

Primary	$320,000	Term	360
Int Rate	1.81%	DCR	1.81

Secondary	$220,000	Term	360
Int Rate	1.25%	Subtotal DCR	1.10

Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$109,656	$112,946	$116,334	$119,824	$123,419	$143,076	$165,865	$192,282	$258,412
Secondary Income	1,440	1,483	1,528	1,574	1,621	1,879	2,178	2,525	3,393
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	111,096	114,429	117,862	121,398	125,040	144,955	168,043	194,808	261,805
Vacancy & Collection Loss	(5,555)	(5,721)	(5,893)	(6,070)	(6,252)	(7,248)	(8,402)	(9,740)	(13,090)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$105,541	$108,707	$111,969	$115,328	$118,788	$137,707	$159,641	$185,067	$248,715
EXPENSES at 4.00%									
General & Administrative	$5,100	$5,304	$5,516	$5,737	$5,966	$7,259	$8,832	$10,745	$15,905
Management	7,140	7,354	7,575	7,802	8,036	9,316	10,800	12,520	16,826
Payroll & Payroll Tax	19,307	20,080	20,883	21,718	22,587	27,480	33,434	40,677	60,213
Repairs & Maintenance	15,504	16,124	16,769	17,440	18,137	22,067	26,848	32,665	48,352
Utilities	3,250	3,380	3,515	3,655	3,802	4,625	5,627	6,846	10,134
Water, Sewer & Trash	7,920	8,237	8,566	8,909	9,265	11,273	13,715	16,686	24,700
Insurance	4,166	4,333	4,506	4,686	4,874	5,930	7,214	8,777	12,992
Property Tax	10,368	10,783	11,214	11,663	12,129	14,757	17,954	21,844	32,334
Reserve for Replacements	7,200	7,488	7,788	8,099	8,423	10,248	12,468	15,169	22,454
Other	600	624	649	675	702	854	1,039	1,264	1,871
TOTAL EXPENSES	$80,555	$83,706	$86,980	$90,384	$93,921	$113,808	$137,931	$167,194	$245,781
NET OPERATING INCOME	$24,986	$25,002	$24,988	$24,944	$24,866	$23,899	$21,710	$17,873	$2,934
DEBT SERVICE									
First Lien Financing	$13,835	$13,835	$13,835	$13,835	$13,835	$13,835	$13,835	$13,835	$13,835
Second Lien	8,798	8,798	8,798	8,798	8,798	8,798	8,798	8,798	8,798
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$2,353	$2,369	$2,355	$2,311	$2,234	$1,266	($923)	($4,760)	($19,699)
DEBT COVERAGE RATIO	1.10	1.10	1.10	1.10	1.10	1.06	0.96	0.79	0.13

LIHTC Allocation Calculation - Mira Vista Apartments, Santa Anna, LIHTC # 03258, HOME TBD

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost						
Purchase of land	$10,000	$7,482				
Purchase of buildings	$312,382	$314,900	$312,382	$314,900		
(2) Rehabilitation/New Construction Cost						
On-site work	$47,078	$47,078			$47,078	$47,078
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$425,393	$425,393			$425,393	$425,393
(4) Contractor Fees & General Requirements						
Contractor overhead	$9,449	$9,449			$9,449	$9,449
Contractor profit	$28,348	$28,348			$28,348	$28,348
General requirements	$28,348	$28,348			$28,348	$28,348
(5) Contingencies						
(6) Eligible Indirect Fees	$47,730	$47,730	$3,200	$3,200	$44,530	$44,530
(7) Eligible Financing Fees	$12,960	$12,960			$12,960	$12,960
(8) All Ineligible Costs	$5,550	$5,550				
(9) Developer Fees				$47,235		$89,416
Developer overhead	$27,334	$27,334	$9,462		$17,872	
Developer fee	$109,418	$109,418	$37,875		$71,543	
(10) Development Reserves	$10,586	$14,754				
TOTAL DEVELOPMENT COSTS	$1,074,576	$1,078,744	$362,919	$365,335	$685,521	$685,522

Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			$362,919	$365,335	$685,521	$685,522
High Cost Area Adjustment					100%	100%
TOTAL ADJUSTED BASIS			$362,919	$365,335	$685,521	$685,522
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$362,919	$365,335	$685,521	$685,522
Applicable Percentage			3.63%	3.63%	8.34%	8.34%
TOTAL AMOUNT OF TAX CREDITS			$13,174	$13,262	$57,172	$57,173
Syndication Proceeds		**0.7599**	**$100,112**	**$100,779**	**$434,467**	**$434,468**

Total Credits (Eligible Basis Method)	**$70,346**	**$70,434**
Syndication Proceeds	**$534,579**	**$535,246**
Requested Credits	**$70,346**	
Syndication Proceeds	**$534,576**	
Gap of Syndication Proceeds Needed	**$534,576**	
Credit Amount	**$70,346**	

DELORME

Zoom Level: 9-0 Datum: WGS84

Scale 1 : 400,000

1" = 6.31 mi

0 2 4 6 8 10 mi

0 3 6 9 12 15 km

TN

MN

6.7°E