



**Sacramento  
Housing &  
Redevelopment  
Agency**

**REPORT TO CITY COUNCIL  
AND HOUSING AUTHORITY  
City of Sacramento**

915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

Public Hearing  
**July 22, 2008**

**Honorable Mayor and Members of the City Council  
Chair and Members of the Housing Authority Board**

**Title: Approval of Issuance of Tax-Exempt Bonds and Agency Loan for Arena Seniors Apartments**

**Location/Council District:** Southwest corner of the Truxel Road and Sports Parkway intersection, Council District 1

**Recommendation:** Adopt **1) a City Council Resolution** approving funding from the City Home Investment Partnership (HOME) fund of up to \$1,000,000 for a loan to Arena Seniors Apartments project; conduct a public hearing and upon conclusion adopt, **2) a City Council Resolution** a) indicating that the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition, construction and permanent financing of the project; and b) approving the issuance of tax-exempt obligations; and **3) a Housing Authority Resolution** a) indicating the willingness of the Housing Authority of the City of Sacramento to issue up to \$23,000,000 in tax-exempt mortgage revenue bonds to provide acquisition, construction, and permanent financing for Arena Seniors Apartments; and b) authorizing an application to the California Debt Limit Allocation Committee (CDLAC) for authority to issue the bonds; and c) authorizing the Interim Executive Director or designee to execute all necessary documents associated with the transaction.

**Contact:** Lisa Bates, Deputy Executive Director, 440-1316; Christine Weichert, Assistant Director, Housing and Community Development, 440-1353

**Presenter:** Jeree Glasser-Hedrick, Program Manager

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue:** This report recommends the use of tax exempt mortgage revenue bonds and an Agency loan to provide acquisition, construction and permanent financing for the 240-unit Arena Seniors Apartments complex. Issuance of the bonds requires: 1) adoption of an inducement resolution to indicate the Housing

Approval of Issuance of Tax-Exempt Bonds and Agency loan for Arena Seniors Apartments

Authority's intent to issue the bonds, 2) authorization of an application to CDLAC for authority to issue the bonds, and 3) holding a TEFRA public hearing to approve issuance of the bonds. These actions will not commit the Housing Authority to issue bonds until all other necessary actions and approvals are taken or received in accordance with all applicable laws and to the satisfaction of the City Council. The hearing of this report by the City Council shall serve as the public hearing required under TEFRA.

Proposed sources of financing include: tax-exempt mortgage revenue bonds, fee waivers, Agency loan, four-percent (4%) Low-Income Housing Tax Credits (LIHTC), and a deferred developer fee. The bonds and tax credits will require 20 percent of the units to be affordable to individuals earning 50 percent or less than Area Median Income (AMI) and 80 percent of the units to be affordable to individuals earning 60 percent or less than AMI for a period of 55 years.

When initially proposed, the project did not request an Agency loan. Due to the market downturn, the demand for mortgage revenue bonds has increased dramatically, making it more difficult for developers to receive an allocation. A local government financial contribution is currently necessary to generate enough points to obtain financing. Accordingly, the Agency is providing the project with a \$1 million loan. In exchange, the developer is proposing to surpass the bond and tax credit requirement by restricting 30 percent of the units (72 units) at 50 percent AMI. A breakdown of the project's affordability is in Attachment 1.

Further background on the developer and the property are included as Attachment 1. A location map, site plan, and elevations are included as Attachments 2, 3, and 4. A project summary, including proposed sources and uses of funds, is included as Attachment 5. A project cash flow proforma and a schedule of maximum rents are included as Attachments 6 and 7.

**Policy Considerations:** The recommended actions are consistent with the Agency's previously approved mortgage revenue bond policy and the multifamily lending policy. Regulatory restrictions on the property are specified in a Regulatory Agreement between the developer and the Housing Authority. Compliance with the Regulatory Agreement will be monitored by the Sacramento Housing and Redevelopment Agency (Agency) on a regular basis.

Arena Seniors is a residential project in the North Natomas community planning area which is the subject of a development agreement executed on or before June 20, 2000, and is therefore exempt from the Mixed Income Housing Ordinance in accordance with Section 17.190.070(F) of the City Code. The City Council approved a Development Agreement for this project on October 10, 1995.



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**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The potential environmental impacts of the Arena Corporate Center Master Parcel Map project, which incorporates the area of land where the Arena Seniors Apartments project will be located, were evaluated by the City in August of 2005. The City Council adopted a Mitigated Negative Declaration (MND) for the development. In accordance with the California Environmental Quality Act (CEQA) guidelines Sections 15162 and 15164, an addendum to the previously adopted MND was prepared and is expected to be adopted for the Arena Seniors project by the City Council on July 15, 2008. The City determined that there is no substantial evidence of the project having a significant effect on the environment beyond that which was evaluated in the previous Mitigated Negative Declaration. Therefore, no additional environmental review for the project is required.

**Sustainability Considerations:** The Arena Seniors project has been reviewed for consistency with the focus areas, goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the contents of this report will advance the following focus areas as follows: the project supports Focus Area number one – Energy Independence, by exceeding Title 24 standards by 10%, which will increase energy efficiency and decrease peak demand. The project also supports Focus Area number six - Urban Design, Land Use, Green Building and Transportation, due to the fact that the project is located adjacent to a bus stop and a proposed light rail stop, which offer residents of the project transportation options other than private vehicles.

**Other:** The National Environmental Policy Act (NEPA) does not apply.

**Committee/Commission Action:** At its June 25, 2008 meeting, the Sacramento Housing and Redevelopment Commission considered the initial staff recommendation for bond financing for this item. The votes were as follows:

AYES: Burruss, Dean, Fowler, Gore, Mohr, Morgan, Otto, Shah, Stivers

NOES: None

ABSENT: Chan, Coriano

The item was reheard by the Sacramento Housing and Redevelopment Commission at the meeting on July 16, 2008, for consideration of staff recommendation for additional HOME loan financing and results of that meeting will be reported at the City Council meeting.

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Apartments

**Rationale for Recommendation:** The actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the city.

**Financial Considerations:** Staff recommends the issuance of up to \$23,000,000 in tax-exempt bonds and an Agency loan of \$1,000,000. The developer will be responsible for the CDLAC processing fee and posting of the performance deposit required by CDLAC.

**M/WBE Considerations:** M/WBE considerations do not apply to the items discussed in this report as no federal funds are being utilized.

Respectfully Submitted by:

  
LASHELLE DOZIER  
Interim Executive Director

Recommendation Approved:

  
RAY KERRIDGE  
City Manager

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## **Arena Seniors Apartments Project Background Information**

Ionic Enterprises, Inc., a local affordable housing development organization formed by the Stamas Corporation, has requested the issuance of tax-exempt mortgage revenue bonds for the construction of the 240-unit Arena Seniors Apartments.

Description of Development: Arena Seniors Apartments is proposed as a newly constructed 240-unit apartment complex located within the Arena Corporate Center. The project will be located on 9.738 acres of land at the intersection of Truxel Road and Sports Parkway. Neighboring the project are a multi-family residential complex, a retail shopping center, the Arco Arena, a future Light Rail Station, and vacant land. The project is not subject to the City's Mixed Income Housing Ordinance because it was under Development Agreement prior to adoption of the Ordinance, and accordingly it does not have an Inclusionary obligation to fulfill.

The project will consist of four, three-story garden style buildings which will be wood-framed and finished with siding and stucco, and tile roofing. The project will include 72 very low-income units, 167 low-income units, and one manager's unit. The units will be a mix of one and two bedrooms ranging in size from 615 square feet to 796 square feet, and they are available to those age 55 or older. The site will include a 3,064 square foot community building which will contain a leasing office, kitchen, restrooms, exercise room, laundry facility, mail center, and maintenance room. The site will be professionally landscaped and will include a swimming pool and two community gardens. There will be 241 parking spaces, 186 of which are covered carports.

Developer: Ionic Enterprises, Inc. (the "Developer"), is a privately-owned development and construction organization formed by the Stamas Corporation, and has been in operation based in Roseville since 1998. The Developer has constructed or rehabilitated nine multi-family projects within the last five years totaling over 1200 units. Recent projects completed by the Developer in the Sacramento region include The Verandas and the Northpointe Park Apartments, both in North Natomas, for which the Agency issued bonds and provided gap loans. Ionic Enterprises, Inc. has a demonstrated knowledge and experience in the delivery of affordable projects.

Property Management: As with other apartment complexes financed with tax-exempt bonds, a professional management company will be hired to manage the apartment complex. FPI Management currently manages all of the properties owned by Ionic Enterprises, Inc. and will also manage the Arena Seniors complex. Agency staff has thoroughly reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets all Agency requirements for property management.

Social Service Plan: Ionic Enterprises will partner with the non-profit Lifesteps Corporation, based in Orange, California, to provide on-site resident services. Lifesteps is an experienced social service provider, and is already working in several affordable projects in Sacramento including Northpointe Apartments, Silverado Creek Apartments, and Vintage at Natomas Field Apartments.

Project Financing: The developer will be responsible for payment of the CDLAC processing fee and posting of a one-half percent performance deposit as required by CDLAC.

Low-income Set-aside Requirements: The project will be layered with affordability restrictions required by the various public funding sources. These sources and their affordability requirements are summarized in the table below.

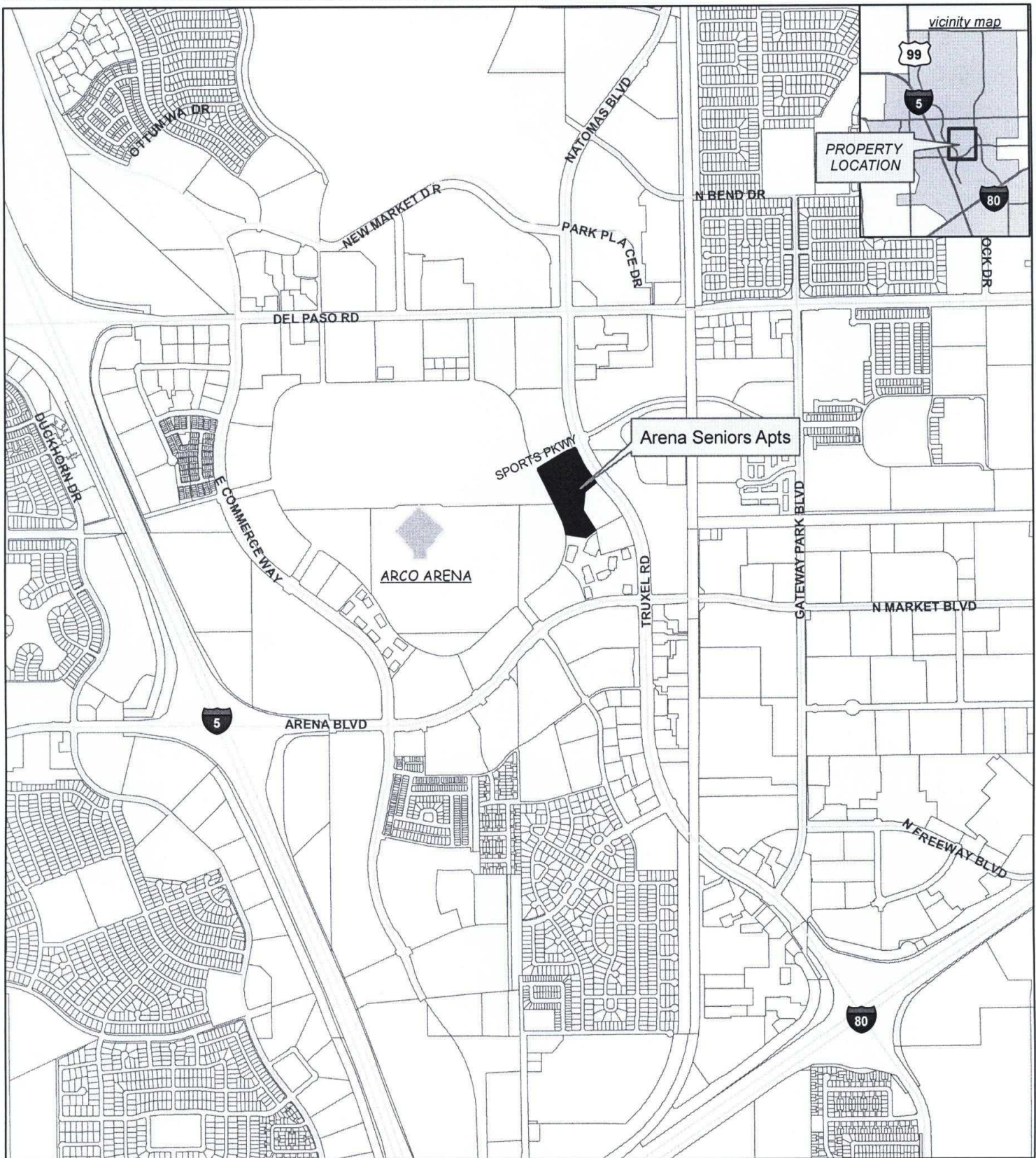
The federal set-aside requirements are that either 20 percent of the project's units are rented to households at or below 50 percent of Area Income (AMI), or 40 percent of project units are rented to households at or below 60 percent of AMI. The Agency requires that the deeper affordability terms be required of projects in Sacramento. This project exceeds the minimum set-aside requirements. For this project, at least 30 percent of the units will be occupied by families at 50 percent or less AMI and 70 percent of the units will be occupied by families at 60 percent AMI. The term of these affordability restrictions is 55 years or the life of the bonds, whichever is longer.

<b>Funding Source</b>	<b>% of Units</b>	<b>Affordability Restrictions</b>	<b>Units</b>	<b>Regulatory Requirements</b>
Tax-exempt Bonds, LIHTC, and Agency Loan	30%	Very Low (50% AMI)	72	55 years
Tax-exempt Bonds, LIHTC, and Agency Loan	70%	Low (60% AMI)	167	55 years
Manager Unit	<1%	None	1	None
<b>Total</b>	<b>100%</b>		<b>240</b>	





# Arena Seniors Apartments



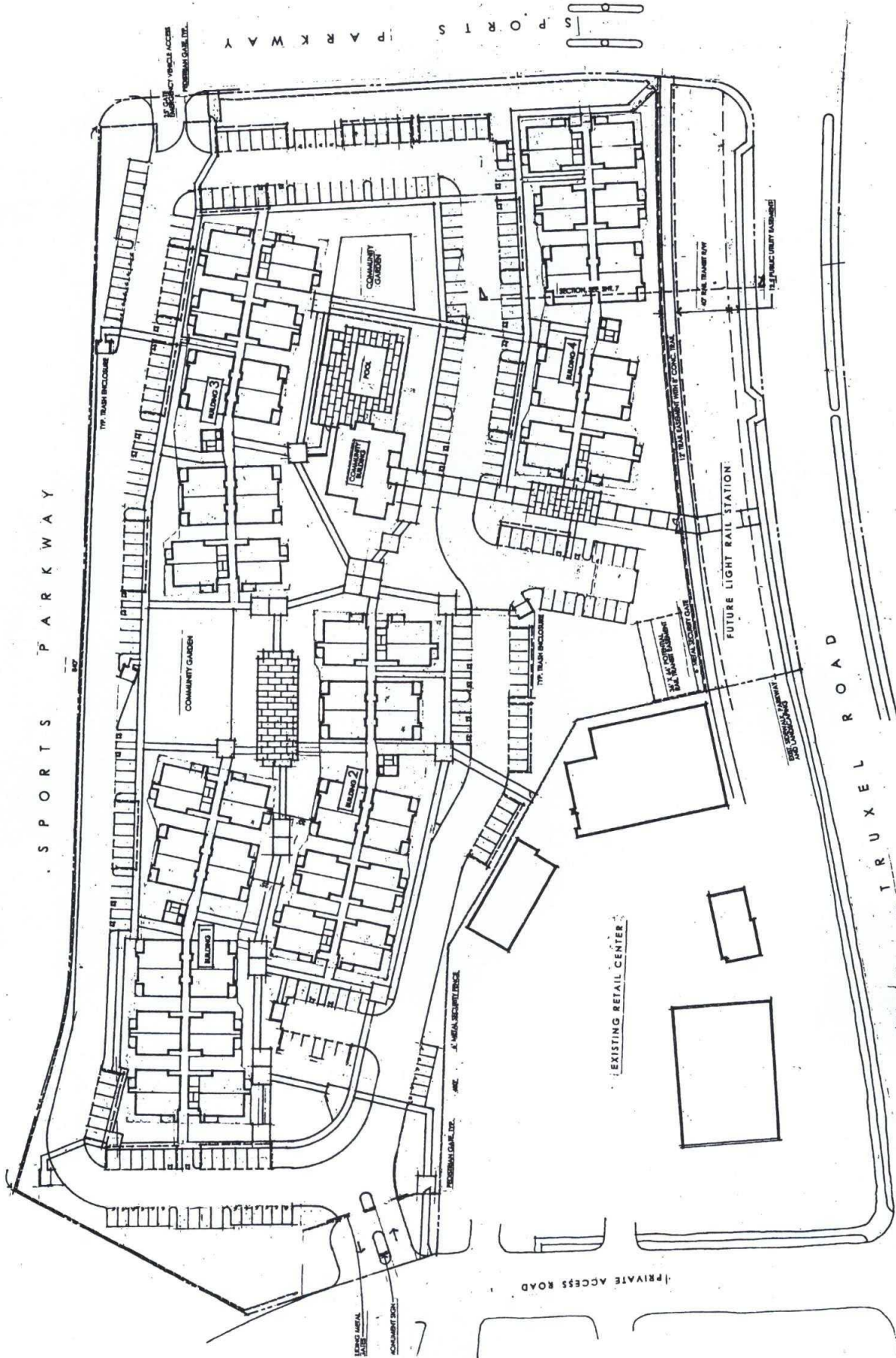
 ARENA SENIORS APTS



0 0.25 0.5 Miles

SHRA GIS  
June 4, 2008

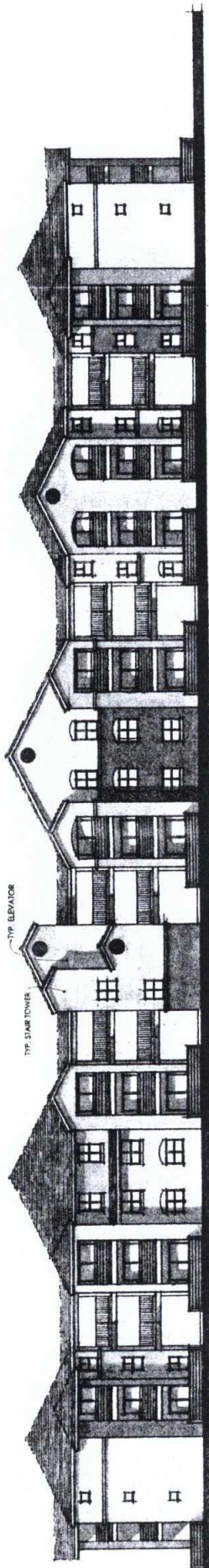




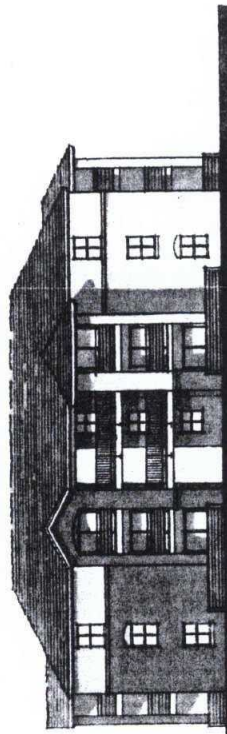
PRELIMINARY ARCHITECTURAL  
SITE PLAN

**Arena Seniors**  
An Affordable Senior Living Community with 240  
apartment units  
North Natamas, Sacramento, CA

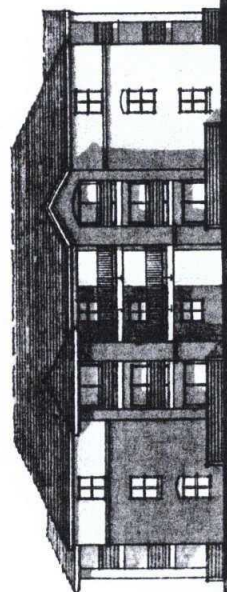




WEST (Bldg. 1)

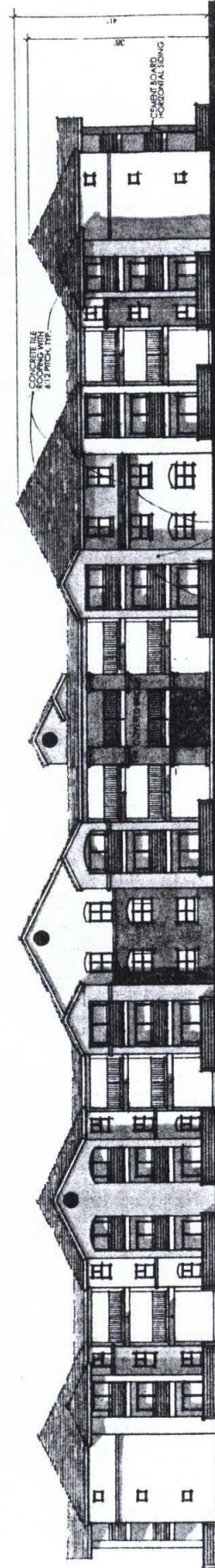


NORTH (Bldg. 1)



SOUTH (Bldg. 1)

Conceptual Building Elevations  
Buildings 1 and 4  
3/22/11



EAST (Bldg. 1)

**Ionic Enterprises**  
STAMAS CORPORATION  
3007 Douglas Blvd., Suite 170  
Roseville, CA 95661

**DOUBTLESS**  
ARCHITECTURE

Architectural Planning/Environmental Group  
445 State Street, Suite 210A  
Sacramento, CA 95801

**Arena  
Seniors**

An Affordable Senior Living Community with 240  
apartment units

North Sacramento, Sacramento, CA

## Arena Seniors Apartments Project Summary

<b><u>Address</u></b>	Truxel Road @ Sports Parkway, Sacramento, CA		
<b><u>Number of Units</u></b>	240		
<b><u>Year Built</u></b>	New Construction		
<b><u>Acreage</u></b>	9.738		
<b><u>Affordability</u></b>	72 units (30%) at or below 50% of Area Median Income (AMI) 167 units (70%) at or below 60% of AMI 1 Manager's Unit		
<b><u>Unit Mix and Rents</u></b>	(50% AMI)	(60% AMI)	Manager
1 Bedroom / 1 Bath	41	97	
2 Bedroom / 1 Bath	31	70	1
Total	72	167	1
<b><u>Square Footage</u></b>	<u>Per Unit</u>	<u>Total</u>	
1 BR / 1 BA	630	86,940 square feet	
2 BR / 1 BA	796	80,396 square feet	
Manager's 2 BR / 1 BA	796	796 square feet	
Total		168,132 square feet	
<b><u>Resident Facilities</u></b>	The complex will include a swimming pool and spa, two community gardens, and a community building. The community building will include a kitchen, restrooms, an exercise room, mailroom, and laundry facilities.		
<b><u>Permanent Sources</u></b>	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Senior MRB	17,726,000 \$	73,858 \$	105.43
Agency HOME Loan	1,000,000 \$	4,167 \$	5.95
Tax Credit Equity	9,407,000 \$	39,196 \$	55.95
Fee Waivers	402,000 \$	1,675 \$	2.39
Deferred Developer Fee Note	750,000 \$	3,125 \$	4.46
<b>TOTAL SOURCES</b>	29,285,000 \$	122,021 \$	174
<b><u>Permanent Uses</u></b>			
Land	3,737,000 \$	15,571 \$	22.23
Construction	15,813,000 \$	65,888 \$	94.05
Architecture, Engineering, Survey	225,000 \$	938 \$	1.34
Financing Costs	1,931,000 \$	8,046 \$	11.49
Legal Fees	80,000 \$	333 \$	0.48
Permits	4,800,000 \$	20,000 \$	28.55
Appraisal, Third Party Reports,			
Marketing, Furnishings, and Fees	199,000 \$	829 \$	1.18
Developer Fee	2,500,000 \$	10,417 \$	14.87
<b>TOTAL USES</b>	29,285,000 \$	122,021 \$	174
<b><u>Management / Operations</u></b>			
Proposed Developer:	Stamas Corporation		
Property Management Company:	FPI Management, Inc.		
Operations Budget:	\$688,648	\$2,869	
Replacement Reserves:	\$60,000	\$250	



Cash Flow Proforma  
Arena Seniors Apartments

Unit Type	Quantity	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Monthly Rent	Annual Rent	2017 Year 8	2018 Year 9	2019 Year 10	2022 Year 13	2023 Year 20	2024 Year 25	2029 Year 30	2044 Year 35	2049 Year 40
1 BD / 1 BA @ 50% AMI	41	630	25,830	\$ 665	\$ 48	\$ 617.00	\$ 0.98	\$ 25,297	\$ 303,564									
1 BD / 1 BA @ 60% AMI	97	630	61,110	\$ 798	\$ 48	\$ 750.00	\$ 1.19	\$ 72,750	\$ 873,000									
2 BD / 1 BA @ 50% AMI	31	796	24,676	\$ 798	\$ 64	\$ 734.00	\$ 0.92	\$ 22,754	\$ 273,048									
2 BD / 1 BA @ 60% AMI	70	796	55,720	\$ 958	\$ 64	\$ 894.00	\$ 1.12	\$ 62,560	\$ 750,720									
2 BD / 2 BA Manager's Unit	1	796	796	\$ 958	\$ 64	\$ 894.00	\$ 1.12	\$ 894	\$ 10,728									
Total / Average	240	701	168,132	\$ 4,177	\$ 288	\$ 2,965	\$ 1.10	\$ 184,275	\$ 2,211,300									
<b>Income</b>	<b>rate</b>	<b>annual increase</b>	<b>per unit</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 13</b>	<b>Year 20</b>	<b>Year 25</b>	<b>Year 30</b>	<b>Year 40</b>
Potential Gross Income				2,211,300	2,266,583	2,323,247	2,381,328	2,440,861	2,501,883	2,564,824	2,629,545	2,696,085	2,763,531	2,831,983	2,900,449	2,968,926	3,037,403	3,105,880
Other Income				43,200	44,280	45,367	46,452	47,538	48,623	49,708	50,793	51,878	52,963	54,048	55,133	56,218	57,303	58,388
Less Vacancy	5.00%			112,725	115,543	118,432	121,392	124,322	127,232	130,122	133,000	135,878	138,756	141,633	144,511	147,389	150,267	153,145
Effective Gross Income				\$2,141,775	\$2,195,319	\$2,250,202	\$2,305,457	\$2,361,119	\$2,417,279	\$2,473,901	\$2,530,973	\$2,588,501	\$2,646,531	\$2,705,061	\$2,764,091	\$2,823,621	\$2,883,651	\$2,944,181
<b>Operating Expenses</b>																		
Operating Expenses				516,030	505,274	504,503	503,716	502,913	502,095	500,468	498,539	496,308	493,877	491,246	488,415	485,484	482,553	479,622
Property Assessments				212	50,892	51,909	52,948	53,987	55,026	56,065	57,104	58,143	59,182	60,221	61,260	62,299	63,338	64,377
PILOT Fee				158	37,813	38,569	39,340	40,127	40,920	41,718	42,520	43,326	44,136	44,950	45,768	46,588	47,411	48,236
Property Management				446	107,089	108,768	110,468	112,190	113,924	115,670	117,428	119,198	120,979	122,761	124,544	126,328	128,112	129,896
Social Services				63	15,000	15,450	15,914	16,391	16,869	17,349	17,831	18,314	18,798	19,282	19,766	20,250	20,734	21,218
Replacement Reserves				250	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Manager's Unit				45	10,728	10,996	11,271	11,553	11,842	12,138	12,432	12,726	13,020	13,314	13,608	13,902	14,196	14,490
Total Expenses				3,323	\$797,551	\$791,965	\$796,485	\$801,116	\$805,660	\$810,719	\$820,797	\$826,020	\$831,372	\$842,223	\$852,633	\$862,684	\$873,384	\$883,736
<b>Net Operating Income</b>				<b>\$1,344,224</b>	<b>\$1,403,355</b>	<b>\$1,453,717</b>	<b>\$1,505,341</b>	<b>\$1,558,259</b>	<b>\$1,612,503</b>	<b>\$1,725,101</b>	<b>\$1,783,524</b>	<b>\$1,843,412</b>	<b>\$2,032,227</b>	<b>\$2,531,316</b>	<b>\$2,944,595</b>	<b>\$3,412,276</b>	<b>\$3,941,512</b>	<b>\$4,540,394</b>
<b>Debt Service</b>	<b>amount</b>	<b>rate</b>	<b>amort</b>															
Senior Loan	\$17,703,581	6.00%	40	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607	1,176,607
SHRA Monitoring Fee	\$22,400,000	0.15%		33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600
Debt Service Subtotal				\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207	\$1,210,207
DCR on Senior Bonds				1.11	1.16	1.20	1.24	1.28	1.33	1.43	1.47	1.52	1.68	2.09	2.43	2.82	3.26	3.75
Modified NOI for DCR Calculation				\$1,306,411	\$1,364,796	\$1,414,377	\$1,465,214	\$1,517,329	\$1,570,754	\$1,681,666	\$1,739,221	\$1,798,222	\$1,984,271	\$2,476,230	\$2,883,776	\$3,345,127	\$3,867,374	\$4,458,539
<b>Other Operating Expenses</b>																		
Security				10,000	10,300	10,609	10,927	11,255	11,593	12,298	12,688	13,048	14,258	17,535	20,328	23,566	27,319	31,670
Other Operating Expenses Subtotal				10,000	10,300	10,609	10,927	11,255	11,593	12,298	12,688	13,048	14,258	17,535	20,328	23,566	27,319	31,670
<b>Priority Distributions</b>																		
Asset Management Fee (Investor)				5,000	5,150	5,305	5,464	5,628	5,796	6,149	6,334	6,524	7,129	8,768	10,164	11,783	13,660	15,835
Managing General Partner Fee				20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Priority Distributions Subtotal				25,000	25,150	25,305	25,464	25,628	25,796	26,149	26,334	26,524	27,129	28,788	30,164	31,783	33,660	35,835
Net Cash after Priority Distributions				\$124,017	\$182,848	\$232,901	\$284,207	\$336,797	\$390,703	\$502,595	\$560,650	\$620,157	\$807,762	\$1,303,574	\$1,714,060	\$2,178,503	\$2,703,986	\$3,298,516
<b>Deferred Developer Fee</b>																		
Principal Balance	\$750,000	4.00%		750,000	780,000	840,000	930,000	1,057,200	1,226,688	1,721,609	2,066,838	1,934,062	52,754	0	0	0	0	0
Interest for Period	30,000			30,000	30,000	30,000	37,200	42,288	49,068	68,864	82,674	77,364	2,110	0	0	0	0	0
Accumulated Interest	30,000			30,000	60,000	90,000	127,200	169,488	218,556	345,230	427,903	77,364	2,110	0	0	0	0	0
Payment				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance	\$780,000			\$780,000	\$840,000	\$930,000	\$1,057,200	\$1,226,688	\$1,445,244	\$2,066,838	\$1,934,062	\$1,381,289	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash after Deferred Developer Fee				\$124,017	\$182,848	\$232,901	\$284,207	\$336,797	\$390,703	\$502,595	\$560,650	\$620,157	\$807,762	\$1,303,574	\$1,714,060	\$2,178,503	\$2,703,986	\$3,298,516
<b>SHRA HOME loan</b>																		
Principal Balance	\$1,000,000	4.00%		1,000,000	1,000,000	1,000,000	927,098	806,289	628,043	100,847	0	0	0	0	0	0	0	0
Interest for Period	40,000			40,000	40,000	40,000	37,084	32,252	25,122	4,034	0	0	0	0	0	0	0	0
Accrued Interest	40,000			40,000	64,088	43,549	37,084	32,252	25,122	4,034	0	0	0	0	0	0	0	0
Payment				15,502	60,949	116,450	157,893	210,498	260,468	104,881	0	0	0	0	0	0	0	0
Balance	\$1,024,498			\$1,003,549	\$1,003,549	\$927,098	\$806,289	\$628,043	\$392,666	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Combined Debt Coverage Ratio				1.10	1.10	1.10	1.10	1.10	1.10	1.31	1.47	1.52	1.68	2.09	2.43	2.82		
Net Cash After Loan Repayment				\$108,514	\$121,888	\$116,450	\$126,314	\$126,299	\$130,234	\$397,714	\$0	\$0	\$752,888	\$1,303,574	\$1,714,060	\$2,178,503		

**MAXIMUM RENT AND INCOME LEVELS 2008***(Rents @ 50%, 60%, and 65% of AMI where applicable)*

Maximum Income Limits:			
Family Size	50% AMI		60% AMI
	Max Income		Max Income
1 person	\$	24,850	\$ 29,820
2 person	\$	28,400	\$ 34,080
3 person	\$	31,950	\$ 38,340
4 person	\$	35,500	\$ 42,600
5 person	\$	38,350	\$ 46,020
6 person	\$	41,200	\$ 49,440
Maximum Rent Limits:			
<b>Mortgage Revenue Bond Program</b>			
Unit Size	Gross Rent		Gross Rent
	@ 50% AMI		@ 60% AMI
1 Bedroom	\$	710	\$ 852
2 Bedroom	\$	799	\$ 959
Maximum Rent Limits:			
<b>4% Low-Income Housing Tax Credit Program</b>			
Unit Size	Gross Rent		Gross Rent
	@ 50% AMI		@ 60% AMI
1 Bedroom	\$	665	\$ 798
2 Bedroom	\$	798	\$ 958
Maximum Rent Limits:			
<b>HOME Program</b>			
Unit Size	Gross Rent		Gross Rent
	@ 50% AMI		@ 65% AMI
1 Bedroom	\$	665	\$ 805
2 Bedroom	\$	798	\$ 982



## **RESOLUTION NO. 2008 - \_\_\_\_\_**

**Adopted by the Sacramento City Council**

on date of

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO APPROVING THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

#### **BACKGROUND**

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$23,000,000 (the "Obligations") for the purpose, among other things, of making a loan to Arena Seniors, a California Limited Partnership, or a limited partnership or limited liability company related to or formed by Stamas Corporation ("Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction of a 240-unit multifamily rental senior housing facility to be located on the Southwest corner of the intersection of Truxel Road and Sports Parkway, Sacramento, California and to be commonly known as the Arena Seniors Apartments (the "Project"); and
- B. The Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California to issue and sell revenue bonds for the purpose of financing the acquisition, construction and development of multifamily rental housing facilities to be occupied in part by low and very low income tenants; and
- C. In order for the Obligations to be considered "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code"), Section 147(f) of the Code requires that the "applicable elected representatives" of the area in which the Project is to be located hold a public hearing on and approve the issuance of the Obligations; and
- D. This City Council is the elected legislative body of the City; and
- E. A notice of public hearing in a newspaper of general circulation in the City has been published, to the effect that a public hearing would be held by this City Council regarding the issuance of the Obligations by the Issuer and the nature and location of the Project; and
- F. This City Council held said public hearing on the published date, at which time an opportunity was provided to present arguments both for and against the issuance of such Bonds and the nature and location of the Project; and

- G. It is in the public interest and for the public benefit that the City approve the issuance and delivery of the Obligations for the purpose of financing the acquisition and construction of the Project;
- H. The City shall not have any liability for the repayment of the Obligations or any responsibility for the Project;

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:**

- Section 1     The City hereby finds and determines that the foregoing recitals are true and correct.
- Section 2.     Solely for the purpose of fulfilling the requirement of Section 147(f) of the Code, the City hereby approves the issuance and delivery of the Obligations.
- Section 3.     This resolution shall take effect upon its adoption.



# **RESOLUTION NO. 2008 - \_\_\_\_\_**

**Adopted by the Housing Authority of the City of Sacramento**

on date of

## **RESOLUTION DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

### **BACKGROUND**

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$23,000,000 (the "Obligations") for the purpose, among other things, of making a loan to the Stamas Corporation, or a limited partnership or limited liability company related to or formed by the Stamas Corporation (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction of a 240-unit multifamily rental senior housing facility to be located on the Southwest corner of the intersection of Truxel Road and Sports Parkway, Sacramento, California and to be commonly known as the Arena Seniors Apartments (the "Project");
- B. United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:**

- Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition and construction of the Project.
- Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition and construction of the Project that are paid before the date of initial execution and delivery of the Obligations.
- Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition and construction of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$23,000,000.

- Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition and construction of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.
- Section 6. The law firm of Jones Hall, A Professional Law Corporation, is hereby named as bond counsel to the Authority in connection with the issuance of the Obligations. The fees and expense of bond counsel and any financial advisor employed by the Authority in connection with the issuance of the Obligations are to be paid solely from the proceeds of the Obligations or directly by the Developer.
- Section 7. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project and to execute any documents in connection therewith.
- Section 8. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition and construction of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction or operation of the Project.



## **RESOLUTION NO. 2008 - \_\_\_\_\_**

**Adopted by the Sacramento City Council**

on the date

### **ARENA SENIORS: APPROVAL \$1,000,000 HOME LOAN; EXECUTION OF LOAN AGREEMENT AND RELATED DOCUMENTS WITH ARENA SENIORS L.P.; RELATED BUDGET AMENDMENT**

#### **BACKGROUND**

- A. Arena Seniors, L.P. has requested allocation of One Million Dollars (\$1,000,000) from the HOME funds to the Arena Seniors Apartments project to assist in funding the costs of construction of a 240 unit housing project that will include 71 very low-income and 168 low-income units.
- B. The Arena Seniors Apartments project qualifies for HOME funding under Sacramento Housing and Redevelopment Agency guidelines.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. All of the evidence presented having duly considered, the findings, including the environmental findings regarding this action as stated in the staff report accompanying this resolution, are approved.
- Section 2. The Sacramento Housing and Redevelopment Agency ("Agency") is authorized to amend the Agency Budget to transfer \$1,000,000 from HOME to the Arena Seniors Apartments project.
- Section 3. The Loan Commitment, attached to and incorporated in this resolution by this reference, for financing the Arena Seniors Apartments project with HOME funds in the amount of \$1,000,000, is approved, and the Agency is authorized to execute and transmit the Loan Commitment to Arena Seniors, L.P.
- Section 4. Subject to the satisfaction of conditions in the Loan Commitment, the Agency is authorized to prepare and execute all Loan documents required for making the \$1,000,000 Loan for a term of 30 years, with an interest rate of 4% (simple), and a loan repayment schedule as detailed in the Loan Commitment with Arena Seniors, L.P. to fund the construction of Arena Seniors Apartments.

Approval of Issuance of Tax-Exempt Bonds and Agency loan for Arena Seniors  
Apartments

- Section 5. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions and restructuring of payments, all as approved by Agency Counsel.
- Section 6. The Agency is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with the Loan Commitment, with Agency policy, with this resolution, and with good legal practices for making of such a loan.

Exhibit A – Commitment Letter



Date: July 11, 2008

Ionic Enterprises  
DBA Arena Seniors, L.P.  
3007 Douglas Blvd, Ste 170  
Roseville, Ca 95747  
Attention: Paul Stamas

RE: Conditional funding commitment, Arena Seniors Apartments

Dear Paul Stamas:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of permanent loan funds ("Loan") from the City Home Investment Partnership Program (HOME) funds for the purpose of financing the acquisition and new construction of that certain real property located on the Southwest corner of the intersection of Truxel Road and Sports Parkway, Sacramento California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire January 22, 2009.

1. PROJECT DESCRIPTION: The project consists of the new construction of a 240 unit one and two bedroom senior apartment complex. A total of 72 units will be affordable to households earning less than 50 percent Area Median Income (AMI) and 167 will be affordable to households earning less than 60 percent Area Median Income (AMI).
2. BORROWER: The name of the Borrower for the Loan is Arena Seniors, L.P.

3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) One Million Dollars (\$1,000,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed 90 percent of the appraised value as determined by the Agency.
5. TERM OF LOAN: The unpaid balance of the Loan will be all due and payable 204 months (17 years) from the construction loan closing.
6. INTEREST RATE: The Loan will bear interest at Four Percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. AMORTIZATION: Loan payments shall be made according to the payment schedule and the "monthly payment" section.
8. MONTHLY PAYMENT: Monthly payments of principal and interest on the Loan shall be deferred from the date of loan closing through the first 12 months. Beginning in month 13, monthly installments shall be made according to the following schedule:

Months 13 – 24	\$ 1,292
Months 25 – 36	\$ 5,079
Months 37 – 48	\$ 9,704
Months 49 – 60	\$ 13,158
Months 61 – 72	\$ 17,542
Months 73 – 84	\$ 21,706
Months 85 – 96	\$ 25,630
Months 97 – 108	\$ 8,740

9. SOURCE OF LOAN FUNDS: Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: \$1,000,000 Home Investment Partnership Program (HOME) funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

**Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**

\_\_\_\_\_ (Borrower Initial)



**Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708); (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a "subsidy" may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower's contractor.**

\_\_\_\_\_ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a second lien upon the Property and Improvements subject only to Liens senior to Agency's lien and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
12. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of \$ 9,407,000, in the following manner: Low Income Housing Tax Credit (LIHTC) equity.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

Construction Financing from a private lender(s) in an amount(s) sufficient to complete rehabilitation of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.



Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien and for a term of not less than 32 years from the construction loan closing and fully amortized.

Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.

15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a soils report prepared by a licensed soils engineer and a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. PLANS AND SPECIFICATION: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
18. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency shall require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.



20. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement, not to exceed a total of ten percent (10%) of the total amount of the Loan.
21. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

22. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
23. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than January 31, 2009.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than January 31, 2010.
25. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency. In addition Project shall have the ability to provide security guards if necessary.



26. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
27. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
28. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deeds of Trust constitutes a second lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
29. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.



30. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements, as Agency may request.
31. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
32. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
33. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
34. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
35. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
36. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

LaShelle Dozier  
Interim Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER:

By: \_\_\_\_\_  
Paul Z. Stamas, President

\\streettalk\ushare@cyclops@shra\share\legal\loan forms\commitment letter.doc  
form ldcl 083199