



**Sacramento
Housing &
Redevelopment
Agency**

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

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Public Hearing
September 25, 2007

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

Title: Approval of Tax Exempt Bonds and Agency Loan for Rio Linda Manor

Location/Council District: 2671 Rio Linda Blvd, District 2

Recommendation: Conduct a public hearing and upon conclusion adopt 1) a **Housing Authority Resolution** declaring its intention to reimburse expenditures of up to \$4,000,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the project; 2) a **City Resolution** approving the issuance and delivery of tax-exempt mortgage revenue bonds for the purpose of financing the acquisition of the project; and 3) a **City Resolution** a) authorizing the Sacramento Housing and Redevelopment Agency (Agency) to transfer \$1,800,000 in low/moderate tax increment funds to the Rio Linda Manor project; b) approving the financing for the Rio Linda Manor project in the amount of \$1,800,000; c) authorizing the Agency to prepare, execute, and transmit the loan commitment letter to Highland Property Development, LLC for Rio Linda Manor.

Contact: Lisa Bates, Director, Housing and Community Development, 440-1330;
Christine Weichert, Assistant Director, Housing and Community Development, 440-1353

Presenters: Christine Weichert, Assistant Director, Housing and Community Development, Joel Riphagen, Housing Finance Analyst

Department: Sacramento Housing and Redevelopment Agency

Approval of Tax Exempt Bonds and Agency Loan for Rio Linda Manor

Description/Analysis

Issue: This report recommends approval of a loan of up to \$1,800,000 in low/moderate tax increment funds and up to \$4,000,000 in tax-exempt mortgage revenue bonds for the acquisition, rehabilitation, and permanent financing of Rio Linda Manor, which is located in the North Sacramento Redevelopment Area. The proposed project would convert 66 existing market-rate senior units to an equivalent number of affordable regulated senior units.

Because the project will be funded with tax increment funds, an Owner Participation Agreement must be approved. Approval of this document will be brought forward in a future staff report. In addition, the project will be presented to the Resident Advisory Committee for the North Sacramento Redevelopment Area on September 20.

The project will be developed by Highland Property Development, LLC, located in Arcadia, CA. Property management will be by Hyder & Company, and the project's social services provider will be National Housing Corporation.

The recommended financing includes a loan of low/moderate tax increment funds, issuance of mortgage revenue bonds, tax credit equity and a deferred developer fee. These financing sources will regulate the rents of all units at 50 and 60 percent of Area Median Income (AMI) for 55 years.

The existing building is a three-story structure with an elevator. It was built in 1970 and needs several improvements to bring it up to modern standards. The developer proposes a rehabilitation budget of \$1,800,000 to make the necessary improvements.

- Site work will include landscaping and drainage improvements, a newly-paved parking lot, the addition of a dropoff and pickup lane, and the installation of two picnic areas. Carports will be added, and all exterior fencing will be replaced.
- Exterior work will include a redesign of the building façade, replacement of the roof, replacement of all exterior windows and sliding doors, repair of patio fences as needed, and repainting of the exterior.
- Common space improvements will include renovation of the elevator, renovation of the community room and kitchen, and redesign of the building entryway.
- Unit improvements will include installation of microwaves and replacement of ranges, replacement of cabinets, installation of tall toilets, replacement of tubs and surrounds, and other work as needed. Seven units will be retrofitted to be Americans with Disabilities Act (ADA) accessible.
- Security cameras will be installed at the entrances to the property and the building. Exterior lighting will be replaced and repaired as needed.

Approval of Tax Exempt Bonds and Agency Loan for Rio Linda Manor

Further background on the project developer and the property in question are included as Attachment 1. A vicinity map is included as Attachment 2, and a location map is included as Attachment 3. A project summary, including a proposed sources and uses of funds, is included as Attachment 4, a project cash flow proforma is included as Attachment 5, and a schedule of maximum rents and incomes for the project is included as Attachment 6. Finally, a rendering of the proposed building façade is included as Attachment 7.

Policy Considerations: The recommended actions are consistent with the Agency's previously approved multifamily lending policy. Regulatory restrictions on the property will be specified in a Regulatory Agreement between the Developer and the Agency. Compliance with the Regulatory Agreement will be monitored by the Agency on a regular basis.

Environmental Considerations: The proposed action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301(a) and (d) which exempts bond and loan financing and rehabilitation of existing facilities where the use remains unchanged. The National Environmental Policy Act (NEPA) does not apply, as the project is not receiving federal funds.

Committee/Commission Action: At its meeting of September 5, 2007, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Chan, Coriano, Dean, Fowler, Gore, Hoag, Piatkowski, Stivers

NOES: None

ABSENT: Burns, Burruss, Shah


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: The recommended actions are consistent with previous approval of the Agency's Multifamily Loan Program policies. Staff recommends funding the \$1,800,000 Agency loan with \$685,000 from the North Sacramento Low/Moderate Tax Increment Fund and \$1,115,000 from the Aggregated Low/Moderate Tax Increment Fund. This loan will be repaid, with interest, from the property's cash flow. The loan will be made consistent with standard Agency multifamily loan underwriting guidelines. A draft commitment letter is included as Exhibit A to the City Council resolution authorizing the Agency loan.

September 25, 2007

Approval of Tax Exempt Bonds and Agency Loan for Rio Linda Manor

M/WBE Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by: 
ANNE M. MOORE
Executive Director

Recommendation Approved:

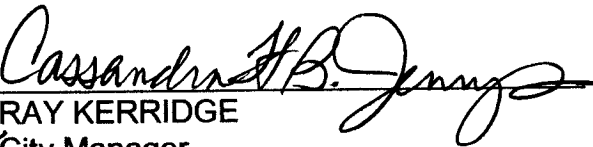

for RAY KERRIDGE
City Manager

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Rio Linda Manor Background Information

Highland Property Management, LLC, an Arcadia, California based affordable housing developer (“Developer”), has applied under the Agency’s Multifamily Housing Lending Program for assistance in acquiring and rehabilitating the 66-unit Rio Linda Manor project. Staff has underwritten the request and is recommending issuance of up to \$4,000,000 in tax-exempt mortgage revenue bonds and a \$1,800,000 loan from low/moderate tax increment funds. These sources would be used in conjunction with four percent low income housing tax credits and a deferred developer fee.

Description of Development: Rio Linda Manor is located at 2671 Rio Linda Blvd., in the North Sacramento Redevelopment Area. It is a market-rate, senior residential complex with 66 one-bedroom units located in one building. The building was constructed in 1970 and is three stories tall, with an elevator and a community room. Each of the one-bedroom units has an area of 600 square feet.

All units are rental units and will be affordable to low-income residents. Rent restrictions will be enforced through a Regulatory Agreement with the Agency for a term of 55 years.

Developer: The owner of the project will be HPD Rio Linda, LP, a California Limited Partnership created by Highland Property Development, LLC. National Housing Corporation, a California non-profit benefit corporation, will be the managing general partner, and Highland Property Development, LLC, will be the co-general partner.

Highland Property Development (HPD), LLC is a developer of affordable rental housing that focuses on the acquisition and rehabilitation of existing rental housing communities. Since 2001, the developer has completed rehabilitation and construction of 924 affordable rental units in 17 multifamily developments throughout California. The majority of these projects have preserved existing at-risk affordable housing. While the Agency has no previous experience with this developer, all references contacted give HPD a positive rating.

National Housing Corporation (NHC) is a non-profit organization created to acquire and develop new and/or rehabilitated affordable housing projects, and to apply for and obtain loans and grants for the development and operation of affordable housing projects subject to various regulatory agreements. NHC was incorporated in California in 2006 and is just beginning to conduct business. However, the principals of the corporation have extensive experience in real estate, subsidized housing, and property management.

On-site resident services will be provided by National Housing Corporation. These services will include financial management classes, transportation services, and social activities.

Property Management: This project will be managed by Hyder & Company. Hyder & Company has extensive management experience, with 6,643 affordable units in 113 properties throughout California. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management.

Relocation: An initial review of tenant information suggests that none of the current tenants living in the project's market rate units will have incomes above the required restricted income levels. Therefore, the proposed rehabilitation project will likely cause no permanent relocation. However, a relocation plan is being produced by R.L. Hastings and Associates, and all current residents will be surveyed to verify their incomes.

If any households are over-income, they will be permanently displaced. Such households will receive benefits and assistance as required under state relocation law. Relocation benefits include assistance in locating a housing unit of a comparable size, standard, and quality. Households will also be compensated for moving expenses and receive rental assistance housing payments for 42 months. The amount of each rental assistance payment will be based on each household's specific need. All displaced households will receive a 90 day notice to vacate before being required to move.

The developer anticipates that some temporary relocation will be required due to rehabilitation work. Households affected will be provided with temporary relocation benefits.

Project Financing: Rio Linda Manor will be financed through the issuance of tax-exempt mortgage revenue bonds, low income housing tax credits, an Agency loan, and a developer contribution in the form of a deferred fee note.

Bond Financing: As a public entity, the Housing Authority can issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multi-family housing projects. Interest paid on the bonds is exempt from federal and state income tax, so bondholders will accept a below-market yield from the bonds. These savings are, in turn, passed on to the project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates. The bonds for this project will be credit enhanced and publicly offered. The Agency will report back to the Housing Authority on the actual bond amounts with the request for final approval of the bond documents. The law firm of Jones Hall will serve as bond counsel to the Agency.

Low-income Set-aside Requirements: As a condition of receiving the tax-exempt bond financing benefits of below-market rates, federal law requires that project units be set aside for targeted income groups. Each of the other funding sources used imposes its own affordability restrictions as well. The following chart summarizes the proposed affordability restrictions for the project.

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Agency Loan and Tax Exempt Bonds	20%	Very Low (50% of Area Median Income)	13	55 years
Agency Loan and Low-Income Housing Tax Credits	80%	Low (60% of Area Median Income)	52	55 years
Manager Units		None	1	None
Total	100%		66	

Maximum rent and income limits for the mortgage revenue bond, tax credit, and tax increment housing set-aside programs can be found in Attachment 6. The project’s affordability restrictions will be specified in two regulatory agreements with the Agency and the developer.

State and Local Approval Process: The Housing Authority must apply for (and receive) authorization from the California Debt Limit Allocation Committee (CDLAC) prior to issuing tax-exempt mortgage revenue bonds. The “volume cap” is limited and is allocated by CDLAC through a competitive state-wide process.

Project Inducement: Prior to granting a bond allocation, CDLAC requires that an “inducement” resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will also allow the developer to be reimbursed from bond issue proceeds for acquisition expenses that it has incurred already and will incur in the future. Adoption of the inducement resolution by the Housing Authority will not bind the Authority to issue bonds until all other necessary actions are taken in accordance with all applicable laws.

Rio Linda Manor Vicinity Map



UR 7/5/07

**Rio Linda Manor
Project Summary**

<u>Address</u>	2671 Rio Linda Blvd, Sacramento, CA 95815		
<u>Number of Units</u>	66		
<u>Year Built</u>	1970		
<u>Acreage</u>	2.23 acres		
<u>Affordability</u>	13 units (20%) at or below 50% of Area Median Income (AMI) 52 units (80%) at or below 60% of AMI 1 Manager's Unit		
<u>Unit Mix and Rents</u>	50% AMI	60% AMI	Manager
1 Bedroom / 1 Bath	13 @ \$581/mo	52 @ \$675/mo *	1
	* Reduced from maximum allowable rent due to market conditions.		
<u>Square Footage</u>	<i>Per Unit</i>	<i>Total</i>	
1 BR / 1 BA	600	39,600 square feet	
<u>Resident Facilities</u>	The complex will include a community room with kitchen, laundry facilities on each floor, and two picnic areas.		
<u>Permanent Sources</u>	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>
Senior MRB	\$ 2,340,000	\$ 35,455	\$ 59.09
Tax Credit Equity	\$ 2,286,107	\$ 34,638	\$ 57.73
Agency Loan	\$ 1,800,000	\$ 27,273	\$ 45.45
Deferred Developer Fee Note	\$ 631,879	\$ 9,574	\$ 15.96
TOTAL SOURCES	\$ 7,057,986	\$ 106,939	\$ 178.23
<u>Permanent Uses</u>			
Acquisition Costs	\$ 3,404,500	\$ 51,583	\$ 85.97
Construction Costs	\$ 1,899,160	\$ 28,775	\$ 47.96
Contractor Overhead & Profit	\$ 124,080	\$ 1,880	\$ 3.13
Architecture and Engineering	\$ 40,000	\$ 606	\$ 1.01
Financing Costs	\$ 417,637	\$ 6,328	\$ 10.55
Property Taxes and Assessments	\$ 26,200	\$ 397	\$ 0.66
Operating Reserves	\$ 158,050	\$ 2,395	\$ 3.99
Reports, Survey, Title, Escrow, Legal	\$ 139,250	\$ 2,110	\$ 3.52
Insurance Costs	\$ 84,200	\$ 1,276	\$ 2.13
Developer Fee	\$ 764,909	\$ 11,590	\$ 19.32
TOTAL USES	\$ 7,057,986	\$ 106,939	\$ 178.23
<u>Management / Operations</u>			
Proposed Developer:	Highland Property Development		
Property Management Company:	Hyder Co.		
Operations Budget:	\$220,570	\$3,342	
Replacement Reserves:	\$19,800	\$300	

Rio Linda Manor
Cash Flow Proforma

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Mo. Rent	2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030			
									Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28
1 BD / 1 BA @ 50% AMI	13	600	7,800	\$ 630	\$ 49	\$ 581	\$ 0.97	\$ 7,563	\$ 90,636																											
1 BD / 1 BA @ 60% AMI	52	600	31,200	\$ 724	\$ 49	\$ 675	\$ 1.13	\$ 35,100	\$ 421,200																											
Manager's Unit	1	600	600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Total / Average for Restricted Units	66	600	39,600	\$ 705	\$ 49	\$ 656	\$ 1.08	\$ 42,653	\$ 511,836																											
Income	rate	annual increase	per unit	2009	2010	2011	2012	2013	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
Potential Gross Income		2.50%		418,644	466,822	506,481	537,752	564,971	639,213	723,211	741,291	773,211	818,247	858,247	908,247	958,247	1,008,247	1,058,247	1,108,247	1,158,247	1,208,247	1,258,247	1,308,247	1,358,247	1,408,247	1,458,247	1,508,247	1,558,247	1,608,247	1,658,247	1,708,247	1,758,247	1,808,247	1,858,247	1,908,247	1,958,247
Other Income		2.50%		8,017	8,940	9,699	10,298	10,819	12,241	13,849	14,196	15,669	17,729	19,729	21,729	23,729	25,729	27,729	29,729	31,729	33,729	35,729	37,729	39,729	41,729	43,729	45,729	47,729	49,729	51,729	53,729	55,729	57,729	59,729	61,729	63,729
Less Vacancy	5.00%			20,932	23,341	25,324	26,888	28,249	31,961	36,161	37,065	40,912	46,289	52,371	57,453	62,535	67,617	72,700	77,782	82,864	87,946	93,028	98,110	103,192	108,274	113,356	118,438	123,520	128,602	133,684	138,766	143,848	148,930	154,012	159,094	164,176
Effective Gross Income				\$405,729	\$452,420	\$490,856	\$521,162	\$547,542	\$619,493	\$700,900	\$718,422	\$793,004	\$897,211	\$1,001,418	\$1,105,625	\$1,209,832	\$1,314,039	\$1,418,246	\$1,522,453	\$1,626,660	\$1,730,867	\$1,835,074	\$1,939,281	\$2,043,488	\$2,147,695	\$2,251,902	\$2,356,109	\$2,460,316	\$2,564,523	\$2,668,730	\$2,772,937	\$2,877,144	\$2,981,351	\$3,085,558	\$3,189,765	\$3,293,972
Operating Expenses				198,000	204,930	212,103	219,526	227,210	269,854	320,502	331,719	380,655	452,099	536,952	631,805	747,658	884,511	1,042,364	1,222,217	1,424,070	1,647,923	1,894,776	2,164,629	2,458,482	2,777,335	3,121,188	3,490,041	3,883,894	4,302,747	4,746,600	5,215,453	5,709,306	6,228,159	6,772,012	7,340,865	7,934,718
Assessments				6,670	6,803	6,939	7,078	7,220	7,971	8,801	9,717	10,728	11,845	13,062	14,279	15,496	16,713	17,930	19,147	20,364	21,581	22,798	24,015	25,232	26,449	27,666	28,883	30,100	31,317	32,534	33,751	34,968	36,185	37,402	38,619	39,836
Property Management				24,240	24,846	25,467	26,104	26,756	30,272	34,250	35,107	38,751	43,605	48,745	54,089	59,633	65,377	71,321	77,465	83,809	90,353	97,097	104,041	111,285	118,829	126,573	134,517	142,761	151,305	160,149	169,293	178,737	188,481	198,525	208,869	219,513
Replacement Reserves				19,800	20,394	21,006	21,636	22,285	25,835	29,949	30,848	34,719	40,244	46,060	52,176	58,592	65,318	72,354	79,698	87,352	95,316	103,590	112,184	121,098	130,332	139,886	149,760	159,954	170,468	181,292	192,426	203,870	215,624	227,688	239,962	252,446
Total Expenses			3,768	248,710	256,973	265,515	274,344	283,471	333,932	393,502	406,651	463,843	546,920	645,062	759,614	890,270	1,048,130	1,234,990	1,451,850	1,699,710	1,979,570	2,291,430	2,635,290	3,012,150	3,423,010	3,867,870	4,346,730	4,859,590	5,417,450	6,020,310	6,669,170	7,364,030	8,104,890	8,890,750	9,722,610	10,600,470
Net Operating Income				\$157,019	\$195,447	\$225,341	\$246,818	\$264,071	\$285,561	\$307,398	\$311,772	\$329,161	\$350,291	\$370,050	\$448,411	\$518,568	\$600,708	\$695,257	\$806,417	\$934,577	\$1,080,737	\$1,245,897	\$1,430,057	\$1,634,217	\$1,858,377	\$2,102,537	\$2,366,697	\$2,650,857	\$2,965,017	\$3,309,177	\$3,683,337	\$4,087,497	\$4,521,657	\$4,985,817	\$5,480,000	
Debt Service	amount	rate	term																																	
Senior Loan	\$2,340,000	5.500%	30	146,149	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	159,435	
Housing Authority Monitoring Fee	\$3,540,000	0.150%		5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310
Debt Service Subtotal				151,459	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745	164,745
DCR on Senior Bonds				1.04	1.19	1.37	1.50	1.60	1.73	1.87	1.89	2.00	2.13	2.25	2.37	2.50	2.63	2.76	2.89	3.02	3.15	3.28	3.41	3.54	3.67	3.80	3.93	4.06	4.19	4.32	4.45	4.58	4.71	4.84	4.97	5.10
Other Operating Expenses																																				
Social Services		2.00%		11,500	11,730	11,965	12,204	12,448	13,744	15,174	15,477	16,753	18,497	20,422	22,537	24,842	27,337	30,022	32,897	35,862	38,917	42,062	45,297	48,622	52,037	55,542	59,137	62,822	66,597	70,462	74,417	78,462	82,597	86,822	91,137	
PILOT Fee		2.00%		8,000	8,160	8,323	8,490	8,659	9,561	10,556	10,767	11,654	12,667	13,712	14,789	15,902	17,051	18,236	19,457	20,714	22,007	23,337	24,704	26,107	27,546	29,021	30,532	32,079	33,662	35,281	36,936	38,627	40,354	42,117	43,916	
Other Operating Expense Subtotal				19,500	19,890	20,288	20,694	21,107	23,304	25,730	26,244	28,408	31,365	34,629	37,726	40,769	43,759	46,796	49,879	52,907	55,979	59,096	62,259	65,467	68,720	72,019	75,364	78,755	82,192	85,675	89,104	92,577	96,094	99,655	103,162	
Modified NOI for DCR Calculation				137,519	175,557	205,053	226,124	242,964	262,257	281,668	285,527	300,753	318,926	335,421	406,911	461,826	520,958	584,261	651,732	723,379	800,192	883,147	972,252	1,067,507	1,168,912	1,276,467	1,390,172	1,509,927	1,635,732	1,767,587	1,905,492	2,049,447	2,200,452	2,358,507	2,523,612	
Priority Distributions																																				
Asset Management Fee (AMF)		2.50%		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Partnership Management Fee (PMF)				7,500	7,688	7,880	8,077	8,279	9,366	10,597	10,862	11,654	12,667	13,812	15,092	16,507	18,058	19,746	21,571	23,534	25,637	27,880	30,263	32,786	35,449	38,252	41,195	44,278	47,501	50,864	54,367	58,010	61,793	65,716	69,779	73,982
Priority Distributions Subtotal				12,500	12,688	12,880	13,077	13,279	14,366	15,597	15,862	16,654	17,679	18,824	20,104	21,513	23,056	24,742	26,573	28,551	30,674	32,939	35,349	37,902	40,597	43,430	46,403	49,516	52,769	56,152	59,675	63,338	67,141	71,084	75,167	
Net Cash after Priority Distributions				(26,440)	(1,876)	27,429	48,303	64,940	83,145	101,325	104,920	131,008	149,181	165,676	192,411	220,384	249,606	280,077	311,806	344,793	379,038	414,541	451,302	489,321	528,598											

MAXIMUM RENT AND INCOME RESTRICTIONS

Mortgage Revenue Bond Program

(Rents @ 50% of area median income)

Maximum Income Limits:	
50% AMI	
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 23,500
2 person	\$ 26,900
3 person	\$ 30,250
4 person	\$ 33,600
5 person	\$ 36,300
Maximum Rent Limits:	
<u>Unit Size</u>	<u>Gross Rent</u>
1 Bedroom	\$ 630

4% Low-Income Housing Tax Credit Program

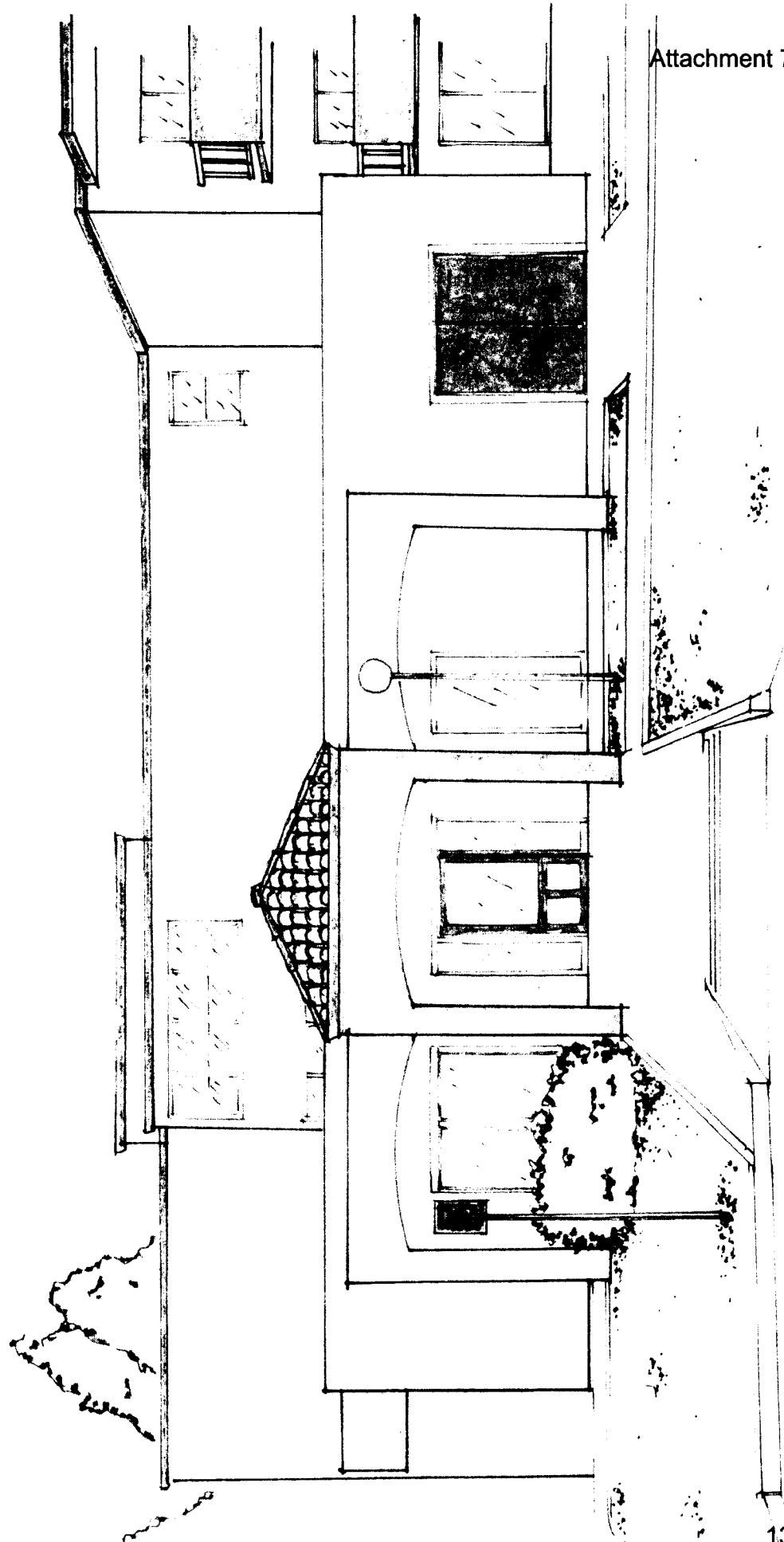
(Rents @ 60% of AMI)

Maximum Income Limits:	
60% AMI	
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 28,200
2 person	\$ 32,280
3 person	\$ 36,300
4 person	\$ 40,320
5 person	\$ 43,560
Maximum Rent Limits:	
<u>Unit Size</u>	<u>Gross Rent</u>
1 Bedroom	\$ 756

Tax Increment - Low/Moderate Income Housing Fund

(Rents @ 50% and 60% of AMI)

Maximum Income Limits:		
50% AMI		60% AMI
<u>Family Size</u>	<u>Max. Income</u>	<u>Max. Income</u>
1 person	\$ 23,500	\$ 28,200
2 person	\$ 26,900	\$ 32,280
3 person	\$ 30,250	\$ 36,300
4 person	\$ 33,600	\$ 40,320
5 person	\$ 36,300	\$ 43,560
Maximum Rent Limits:		
<u>Unit Size</u>	<u>Gross Rent</u>	<u>Gross Rent</u>
1 Bedroom	\$ 673	\$ 807



Attachment 7

ROLIYDA
FRONT VIEW

RESOLUTION NO. 2007 -

ADOPTED BY THE SACRAMENTO CITY COUNCIL

on date of

RIO LINDA MANOR: 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 an principal amount not to exceed \$4,000,000 (the "Obligations") for the purpose, among other things, of making a loan to HPD Rio Linda, LP, a California limited partnership, or a California limited liability company or other limited partnership to be formed by Highland Property Development LLC ("Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and rehabilitation of a 66-unit multifamily housing facility located at 2671 Rio Linda Boulevard, Sacramento, California and commonly known as Rio Linda Manor (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, rehabilitation and development of multifamily rental housing facilities to be occupied in part by low and/or 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 rehabilitation 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. 2007 -

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

on date of

RIO LINDA MANOR: 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 \$4,000,000 (the "Obligations") for the purpose, among other things, of making a loan to HPD Rio Linda, LP, a California limited partnership, or a California limited liability company or other limited partnership to be formed by Highland Property Development LLC (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and rehabilitation of a 66-unit multifamily housing facility located at 2671 Rio Linda Boulevard, Sacramento, California, and commonly known as the Rio Linda Manor (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 rehabilitation 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 rehabilitation 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 rehabilitation of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$4,000,000.

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 rehabilitation 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 appropriate officers or staffs 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.

Section 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition and rehabilitation 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, rehabilitation or operation of the Project.

RESOLUTION NO. 2007 -

Adopted by the Sacramento City Council

on date of

RIO LINDA MANOR: APPROVAL OF \$1,800,000 LOAN; EXECUTION OF LOAN AGREEMENT AND RELATED DOCUMENTS WITH HIGHLAND PROPERTY DEVELOPMENT, LLC OR RELATED ENTITY; RELATED BUDGET AMENDMENT

BACKGROUND

- A. Highland Property Development, LLC has requested allocation of One Million Eight Hundred Thousand Dollars (\$1,800,000) from Low/Moderate Tax Increment Funds to the Rio Linda Manor project to assist in funding the costs of acquisition and construction of a 66-unit housing project that will include 13 very low-income and 52 low-income units.
- B. The Rio Linda Manor project qualifies for Low/Moderate Tax Increment Funds under Sacramento Housing and Redevelopment Agency guidelines and would be an appropriate use of those funds.

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 are approved.
- Section 2. The Sacramento Housing and Redevelopment Agency ("Agency") is authorized to amend the Agency Budget to transfer \$685,000 from the North Sacramento Tax Increment and \$1,115,000 from the City Aggregated Tax Increment– Low/Moderate Income Housing Fund to the Rio Linda Manor project. The Project will provide affordable housing which serves and benefits the named project areas.
- Section 3. The Loan Commitment, attached to and incorporated in this resolution by this reference, for financing the Rio Linda Manor project with the Low/Moderate Tax Increment Funds in the amount of \$1,800,000 is approved and the Agency is authorized to execute and transmit the Loan Commitment to Highland Property Development, LLC, or related entity.
- 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 \$1,800,000 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 Highland Property Development, LLC or related entity to fund the acquisition and rehabilitation of Rio Linda Manor.

Section 5. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the transaction, in accordance with their respective 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 – Loan Commitment Letter

Date: September 5, 2007

Highland Property Development, LLC
250 W. Colorado Blvd., Suite 210
Arcadia, CA 91007
Attn: Bill Rice

RE: Conditional Funding Commitment, Rio Linda Manor

Dear Mr. Rice:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of acquisition, construction, and permanent loan funds ("Loan") from City of Sacramento low/moderate tax increment funds for the purpose of financing the development of that certain real property located at the 2671 Rio Linda Boulevard, 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 is subject to approval by the Sacramento City Council. This commitment is also subject to full review and consideration of an Owner Participation Agreement by the Redevelopment Agency of the City of Sacramento, and related actions and requirements in fulfillment of the California Community Redevelopment Law.

This commitment will expire on September 5, 2008.

1. **PROJECT DESCRIPTION:** The project is the acquisition and rehabilitation of a 66-unit senior apartment complex located at 2671 Rio Linda Boulevard, on portions assessor's parcel numbers 265-0241-014, -016, -029, and -031. A total of 13 units will be affordable to seniors earning less than 50 percent of the area median income, and 52 units will be affordable to seniors earning less than 60 percent of the area median income. One unit will be an unrestricted manager's unit.
2. **BORROWER:** The name of the Borrower for the Loan is Highland Property Development, LLC, or a limited liability company or limited partnership to be formed by Highland Property Development, LLC.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, and permanent financing, or 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 funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of (a) One Million Eight Hundred Thousand Dollars (\$1,800,000), 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 ninety percent of the appraised value.
5. **TERM OF LOAN:** The unpaid balance of the Loan will be all due and payable in month 361
6. **INTEREST RATE:** The Loan shall 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 AND MONTHLY PAYMENTS:** Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. Interest and principal payments shall be deferred from the date of the loan for 180 months. Beginning in month 181, monthly installments shall be made according to the following schedule:

Months 181-192	\$6,100 per month
Months 193-204	\$6,366 per month
Months 205-216	\$6,632 per month
Months 217-228	\$6,895 per month
Months 229-240	\$7,157 per month
Months 241-252	\$7,416 per month
Months 253-264	\$7,672 per month
Months 265-276	\$7,925 per month
Months 277-288	\$8,174 per month
Months 289-300	\$8,419 per month
Months 301-312	\$8,659 per month
Months 313-324	\$8,895 per month
Months 325-336	\$9,124 per month
Months 337-348	\$9,348 per month

Months 349-360
Month 361

\$9,564 per month
All unpaid principal and interest

8. **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: \$685,000 North Sacramento Tax Increment – Low/Moderate Income Housing Fund; \$1,115,000 City Aggregated Tax Increment – Low/Moderate Income Housing Fund. 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)**

9. **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.
10. **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 senior bond debt 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.
11. **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.
12. **PROOF OF EQUITY:** Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$2,200,000 in Low Income Housing Tax Credit Equity and no less than \$625,000 in deferred developer fee.
13. **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 in an amount 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 30 years.

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 loan or regulatory agreements.

14. **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.
15. **SOILS AND TOXIC REPORTS:** Borrower must submit to Agency 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.
16. **GUARANTEES:** William E. Rice, Kristoffer J. Kaufmann, Gary P. Downs, Douglas Day and Highland Property Development, LLC (collectively, the "Guarantors") will provide completion and repayment guarantees of the Loan, on a form to be approved by the Agency in its reasonable discretion, to be released upon funding of the permanent financing.
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 disbursement 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.
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 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 March 1, 2009.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than March 1, 2011.
25. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance or in lieu of such insurance, Builder's Risk completed value 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).
26. 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: Bodily injury liability of \$1,000,000 each occurrence and \$5,000,000 Aggregate, Products and Completed Operations; Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$5,000,000 aggregate; Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$5,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and 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.
27. TITLE INSURANCE: Borrower must procure and deliver to Agency a 1970 or 1987 ALTA LP-10 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.
28. 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.

29. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
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. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate the parking area and all common spaces
34. 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.
36. 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.
37. 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.

38. 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,

Anne M. Moore
Executive Director

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

Dated:

BORROWER:

By: _____
[Name, Title]