

BOARD BOOK OF JULY 26, 2018



J. B. Goodwin, Chair

Leslie Bingham Escareño, Vice-Chair

Paul Braden, Member

Asusena Reséndiz, Member

Sharon Thomason, Member

Leo Vasquez, III, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT IN FISCAL YEAR 2017

The Texas Department of Housing and Community Affairs (“TDHCA”) is the State of Texas’ lead agency responsible for affordable housing and administers a statewide array of programs to help Texans become more independent and self-sufficient. Short descriptions and key impact measures for these programs – including the total number of households/individuals to be served and total funding either administered or pledged for Fiscal Year 2017 (September 1, 2016, through August 31, 2017) – are set out below:

Multifamily New Construction & Rehabilitation:

Provides mechanisms to attract investment capital and to make available significant financing for the construction and rehabilitation of affordable rental housing through the Housing Tax Credit, Multifamily Bond, and Multifamily Direct Loan programs.

Total Households Served: 8,583
Total Funding: \$886,263,818*

Single Family Homebuyer Assistance, New Construction, Rehabilitation, Bootstrap, and Contract for Deed:

Assists with the purchase, construction, repair, or rehabilitation of affordable single family housing by providing grants and loans through the HOME Single Family Development, HOME Homeowner Rehabilitation Assistance, HOME Homebuyer Assistance, Amy Young Barrier Removal, and Texas Bootstrap programs. Stabilizes homeownership in colonias through the HOME Contract for Deed program.

Total Households Served: 326
Total Funding: \$17,323,164

Single Family Homeownership Program:

Provides down payment and closing cost assistance, mortgage loans, and mortgage credit certificates to eligible households through the My First Texas Home and Mortgage Credit Certificates programs.

Total Households Served: 5,870
Total Funding: \$870,405,445

Rental Assistance:

Provides rental, security, and utility deposit assistance through HOME Tenant Based Rental Assistance, and rental assistance payments through HUD Section 8 Housing Choice Vouchers and Section 811 Project Based Rental Assistance.

Total Households Served: 1,678
Total Funding: \$13,668,121

Weatherization Assistance Program:

Provides funding to help low-income households control energy costs through the installation of energy efficient materials and through energy conservation education.

Total Households Served: 3,349
Total Funding: \$24,379,360

Homelessness

Funds local programs and services for individuals and families at risk of homelessness or experiencing homelessness. Primary programs are the Homeless Housing and Services program and the Emergency Solutions Grants program.

Total Individuals Served: 36,555
Total Funding: \$15,009,483

Comprehensive Energy Assistance Program:

Provides energy utility bill assistance to households with an income at or below 150% federal poverty guidelines.

Total Households Served: 134,465
Total Funding: \$94,482,215

Community Services Block Grant:

Provides administrative support for essential services for low-income individuals through Community Action Agencies.

Total Individuals Served: 492,727
Total Funding: \$31,237,527

Sources: this data comes from the TDHCA 2018 State Low Income Housing Plan and Annual Report draft. Multifamily New Construction & Rehab data come from the most recent award logs from FY2017 for 4%, 9%, and Direct Loan Applications. Because Multifamily logs are updated on a monthly basis to reflect the changing status of Applications, this impact statement will also be updated on a monthly basis.

Note: Some households may be served by more than one TDHCA program.

*FY2017 data for the Multifamily program is artificially low, largely due to federal tax reform’s timing effects on 4% housing tax credit developments. A significant amount of 4% activity was delayed into the 4 months after FY2017 (Sept., Oct., and Nov., and Dec.).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING**

**A G E N D A
8:00 AM
July 26, 2018**

**JOHN H. REAGAN BUILDING
JHR 140, 105 W 15TH STREET
AUSTIN, TEXAS 78701**

CALL TO ORDER

ROLL CALL

J.B. Goodwin, Chair

CERTIFICATION OF QUORUM

Pledge of Allegiance - I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Texas Allegiance - Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Tex. Gov't Code Chapter 551. Action may be taken on any item on this agenda, regardless of how designated.

ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

LEGAL

- a) Presentation, discussion, and possible action regarding the adoption of an agreed final order concerning Elmridge Apartments (HTC 10400 / CMTS 758)
- b) Presentation, discussion, and possible action regarding the adoption of an agreed final order concerning Red Oak Apartments (HTC 10226 / HOME 1001235 / CMTS 4763)

Jeffrey T. Pender
Deputy General Counsel

MULTIFAMILY ASSET MANAGEMENT

- c) Presentation, discussion, and possible action regarding Material Amendments to the Housing Tax Credit Application:
17259 Mistletoe Station Fort Worth
- d) Presentation, discussion, and possible action regarding Material Amendments to the Housing Tax Credit Application and Change in Ownership Prior to IRS Form(s) 8609:
17347 Alton Plaza Longview

Raquel Morales
Director of MF Asset
Management

COMMUNITY AFFAIRS

- e) Presentation, discussion, and possible action on the Federal Fiscal Year 2019 Low Income Home Energy Assistance Program Community Energy Assistance Program award for Galveston County Community Action Council, Inc.
- f) Presentation, discussion, and possible action on the Program Year 2018 Department of Energy Weatherization Assistance Program award for Greater East Texas Community Action Program

Michael DeYoung
Director of Community
Affairs

MULTIFAMILY FINANCE

- g) Presentation, discussion, and possible action on Determination Notices for Housing Tax Credits with another Issuer:
18418 LIV at Boerne Boerne

Marni Holloway
Director of MF Finance

HOME AND HOMELESSNESS PROGRAMS

h) Presentation, discussion, and possible action on State Fiscal Year 2019 Homeless Housing and Services Program awards

Abigail Versyp
Director of HOME and Homelessness Programs

BOND FINANCE

i) Presentation, discussion, and possible action on Resolution No. 18-028 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

Monica Galuski
Director of Bond Finance

j) Presentation, discussion, and possible action on Inducement Resolution No. 18-029, Treymore Eastfield Apartments, for Multifamily Housing Revenue Bonds regarding authorization for filing applications for Private Activity Bond Authority on the 2018 Waiting List

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, (June-July)

Michael Lyttle
Director of External Affairs

b) Report and possible action on changes to items to be included in the Texas Department of Housing and Community Affairs Legislative Appropriations Request for state fiscal years 2020-21

c) Report on the Department’s Swap Portfolio and recent activities with respect thereto

Monica Galuski
Director of Bond Finance

ACTION ITEMS

ITEM 3: LEGAL

Presentation, discussion, and possible action regarding the adoption of a final order concerning Southmore Park Apartments Ltd., with respect to Southmore Park (HTC 94004 / CMTS 1204 / LDLD 141 / SOAH Docket #332-17-5544HCA)

Jeffrey T. Pender
Deputy General Counsel

ITEM 4: MULTIFAMILY FINANCE

a) Presentation, discussion, and possible action regarding Awards of Direct Loan funds from the 2018-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications:

Marni Holloway
Director of MF Finance

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|-------|--|-------------|
| 18000 | Evergreen at Garland Senior Community | Garland |
| 18002 | Evergreen at Basswood Senior Community | Garland |
| 18036 | Clyde Ranch | Clyde |
| 18040 | Farmhouse Row | Slaton |
| 18052 | Nacogdoches Lofts | San Antonio |
| 18054 | Piedmont Lofts | San Antonio |
| 18099 | Waters Park Studios | Austin |
| 18322 | Las Casitas de Azucar | Santa Rosa |
| 18369 | The Residences at Canyon Lake | Canyon Lake |
| 18391 | Merritt Manor | Manor |

b) Presentation, discussion, and possible action regarding awards from the 2018 State Competitive Housing Credit Ceiling and approval of the waiting list for the 2018 Competitive Housing Tax Credit Application Round and confirming obligations to the Section 811 Project Rental Assistance Program for those properties that sought and were awarded points for providing program units:

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|-------|--|------------|
| 18000 | Evergreen at Garland Senior Community | Garland |
| 18002 | Evergreen at Basswood Senior Community | Garland |
| 18009 | Rosemount Estates | Rosenberg |
| 18010 | Edgemere Palms | El Paso |
| 18012 | Jamie O Perez Memorial Apartments | Socorro |
| 18013 | Dayton Retirement Center | Dayton |
| 18015 | Cambrian East Riverside | Austin |
| 18018 | Columbia Renaissance Square II Senior | Fort Worth |
| 18019 | Highlander Senior Village | Bulverde |

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|-------|---|------------------|
| 18024 | Palladium Celina Senior Living | Celina |
| 18026 | Maple Park Senior Village | Lockhart |
| 18033 | The Miramonte | Fifth Street CDP |
| 18036 | Clyde Ranch | Clyde |
| 18038 | 3rd Street Lofts | Lubbock |
| 18039 | Orchid Circle Homes & Las Palmas Homes | Gregory |
| 18040 | Farmhouse Row | Slaton |
| 18043 | Huntington at Miramonte | Fifth Street CDP |
| 18047 | Miramonte Single Living | Fifth Street CDP |
| 18052 | Nacogdoches Lofts | San Antonio |
| 18053 | Alazan Lofts | San Antonio |
| 18054 | Piedmont Lofts | San Antonio |
| 18057 | Granbury Manor | Granbury |
| 18058 | Huntington at College Station | College Station |
| 18064 | Palladium Fain Street | Fort Worth |
| 18067 | Palladium Crowley | Crowley |
| 18068 | Palladium Teasley Lane | Denton |
| 18069 | Palladium Farmersville | Farmersville |
| 18077 | Park Forest | Liberty |
| 18081 | Pathways at Chalmers Courts East | Austin |
| 18084 | Artisan at Ruiz | San Antonio |
| 18086 | The Village at Overlook Parkway | San Antonio |
| 18087 | Residences of Long Branch | Rowlett |
| 18091 | Lavon Senior Villas | Garland |
| 18093 | Green Oaks Apartments | Houston |
| 18095 | Retreat West Beaumont | Beaumont |
| 18096 | Patriot Park Family | Plano |
| 18099 | Waters Park Studios | Austin |
| 18118 | Sandstone Foothills Apartments | Mineral Wells |
| 18126 | Caldwell Heights | Caldwell |
| 18127 | Metro 31 Senior Community | El Paso |
| 18129 | Emerald Manor | Horizon City |
| 18130 | Skyway Gardens | Alpine |
| 18137 | New Hope Housing Dale Carnegie | Houston |
| 18138 | Lancaster Senior Village | Houston |
| 18142 | San Juan Mission Villas | San Antonio |
| 18148 | Palmview Village | Palmview CDP |
| 18159 | Rutherford Park | Houston |
| 18161 | Monroe Crossing | Houston |
| 18162 | Guadalupe Villas | Lubbock |
| 18166 | The Legacy at Buena Vista | San Antonio |
| 18171 | Poinsettia Gardens at Boca Chica | Brownsville |
| 18186 | Avanti at Greenwood | Corpus Christi |
| 18188 | Avanti at Sienna Palms Legacy | Midway North CDP |
| 18192 | Residences at Stonegate | Lubbock |
| 18196 | North Alamo Heights | North Alamo CDP |
| 18204 | Cielo at Mountain Creek | Dallas |
| 18206 | Ridge Villas | San Juan |
| 18208 | Midway Villas | Midway North CDP |
| 18214 | Mariposa Apartment Homes at Westchester | Grand Prairie |
| 18218 | Cypress Creek Apartment Homes at Woodedge Park | Houston |
| 18220 | Mariposa Apartment Homes at Waxahachie | Waxahachie |
| 18221 | Cypress Creek Apartment Homes at Hazelwood Street | Princeton |

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|-------|---------------------------------|----------------|
| 18222 | Glenn Park Apartments | San Angelo |
| 18223 | Harvest Park Apartments | Pampa |
| 18230 | Las Villas del Rio Hondo | Rio Hondo |
| 18235 | Memorial Apartments II | McAllen |
| 18239 | Casitas Palo Alto | Brownsville |
| 18243 | 2222 Cleburne | Houston |
| 18245 | Lockhart Springs | Lockhart |
| 18249 | Sweetwater Apartments | Sour Lake |
| 18250 | Sweetbriar Hills Apartments | Jasper |
| 18251 | Groveton Seniors Apartments | Groveton |
| 18254 | Somerset Lofts | Houston |
| 18255 | Pendleton Square | Harlingen |
| 18259 | Cannon Courts | Bangs |
| 18260 | Fish Pond at Cuero | Cuero |
| 18261 | Fish Pond at Portland | Portland |
| 18267 | Avenue at Sycamore Park | Fort Worth |
| 18268 | Saline Creek Senior Village | Noonday |
| 18269 | 2400 Bryan | Dallas |
| 18273 | Museum Reach Lofts | San Antonio |
| 18274 | Hill Court Villas | Granbury |
| 18283 | Pines at Allen Street | Kountze |
| 18288 | Village at Greenwood | Corpus Christi |
| 18289 | Village at Roosevelt | San Antonio |
| 18293 | Silver Spur Apartments | Palmview CDP |
| 18294 | The Legacy | Palmview CDP |
| 18298 | Heritage at Wylie | Wylie |
| 18305 | Star of Texas Seniors | Montgomery |
| 18306 | Campanile on Commerce | Houston |
| 18314 | The Reserves at Maplewood II | Wichita Falls |
| 18320 | Seaside Lodge at Chesapeake Bay | Seabrook |
| 18322 | Las Casitas de Azucar | Santa Rosa |
| 18323 | Talavera Lofts | Austin |
| 18327 | Scott Street Lofts | Houston |
| 18333 | Fulton Lofts | Houston |
| 18335 | Travis Flats | Austin |
| 18337 | Fulton on the Rail | Houston |
| 18338 | The Greenery | Houston |
| 18339 | Fairmont Seniors | Pasadena |
| 18345 | Westwind of Andrews | Andrews |
| 18347 | Avenue Commons | Andrews |
| 18353 | Heritage Seniors | Montgomery |
| 18354 | Flintlock Apartments | Houston |
| 18355 | W. Little York Apartments | Houston |
| 18357 | Capella | Olmito CDP |
| 18358 | Ovation Senior Living | Olmito CDP |
| 18361 | Canova Palms | Irving |
| 18368 | The Reserves at Merriwood Ranch | Garland |
| 18369 | The Residences at Canyon Lake | Canyon Lake |
| 18370 | Heritage Tower | Longview |
| 18371 | Diboll Pioneer Crossing | Diboll |
| 18372 | Iowa Park Pioneer Crossing | Iowa Park |
| 18373 | Burkburnett Royal Gardens | Burkburnett |
| 18374 | Wichita Falls Pioneer Crossing | Wichita Falls |

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|-------|----------------------------|----------|
| 18376 | Lakeview Pointe Apartments | Garland |
| 18382 | Provision at Synott | Houston |
| 18383 | Provision at Lake Houston | Houston |
| 18388 | The Park on 14th | Plano |
| 18391 | Merritt Manor | Manor |
| 18398 | Hickory Trails | Longview |
| 18707 | Nevarez Palms | Socorro |

APPENDIX

Multifamily Application Logs

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS

EXECUTIVE SESSION

The Board may go into Executive Session (close its meeting to the public):

1. The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;
2. Pursuant to Tex. Gov't Code §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;
3. Pursuant to Tex. Gov't Code §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code Chapter 551; including seeking legal advice in connection with a posted agenda item;
4. Pursuant to Tex. Gov't Code §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or
5. Pursuant to Tex. Gov't Code §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

J.B. Goodwin
Chair

OPEN SESSION

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session.

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Terri Roeber, ADA Responsible Employee, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five (5) days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512-475-3814, at least five (5) days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Elena Peinado, al siguiente número 512-475-3814 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

NOTICE AS TO HANDGUN PROHIBITION DURING THE OPEN MEETING OF A GOVERNMENTAL ENTITY IN THIS ROOM ON THIS DATE:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.

NONE OF THESE RESTRICTIONS EXTEND BEYOND THIS ROOM ON THIS DATE AND DURING THE MEETING OF THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONSENT AGENDA

1a

BOARD ACTION REQUEST

LEGAL DIVISION

JULY 26, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Elmridge Apartments (HTC 10400 / CMTS 758)

RECOMMENDED ACTION

WHEREAS, Elmridge Apartments, owned by Elm Ridge Affordable Partners, Ltd. (“Owner”), had uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, all findings that had been referred for an administrative penalty were resolved informally before consideration by the Enforcement Committee;

WHEREAS, Owner’s representatives have agreed, subject to Board approval, to enter into an Agreed Final Order stipulating that violations occurred, and assessing no administrative penalty; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department’s rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case;

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order, assessing no administrative penalty, but stipulating that violations occurred at Elmridge Apartments (HTC 10400 / CMTS 758), as presented at this meeting, but authorizing staff to make any necessary non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Elm Ridge Affordable Partners, Ltd. ("Owner") is the owner of Elmridge Apartments ("Property"), a low income apartment complex composed of 130 units, located in Travis County. Records of the Texas Secretary of State show the general partner as Summit America Properties, Inc., an Alabama corporation that is not registered with the Texas Secretary of State. The Alabama Secretary of State shows that the entity name was changed to BSRT Properties, Inc., and lists the following members and/or officers: W Daniel Hughes Jr. (President) and Bridget Cox Hammett (Secretary). CMTS lists Terri Benskin as the primary contact for Owner. The property is self managed via BSR Trust Management, LLC and CMTS lists Debbie Workman as the primary contact for that organization.

The Property is subject to a Land Use Restriction Agreement ("LURA") signed in 2012 in consideration for a housing tax credit allocation in the annual amount of \$296,913 to rehabilitate and operate the Property. The property failed to submit a reply to the Compliance Division before the corrective action deadline of February 28, 2018, so the file monitoring review was referred for an administrative penalty for failure to submit complete written policies and procedures, including tenant selection criteria. Ultimately, the referred violation was fully resolved by May 29, 2018, after the Enforcement Committee deadline for avoiding the informal conference. It is not appropriate to close the administrative penalty referral with a warning letter because of the missed Committee deadline, however, full resolution was achieved before the informal conference, and Owner has agreed to sign an Agreed Final Order assessing no administrative penalty for noncompliance at Elmridge Apartments, but stipulating that violations had occurred and were not timely corrected.

Consistent with direction from the Department's Enforcement Committee, an Agreed Final Order stipulating that violations occurred is recommended, with no administrative penalty. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST
ELM RIDGE AFFORDABLE
PARTNERS, LTD. WITH RESPECT TO
ELMRIDGE APARTMENTS
(HTC FILE # 10400 / CMTS # 758)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of July, 2018, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **ELM RIDGE AFFORDABLE PARTNERS, LTD.**, an Alabama limited partnership (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code §2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code §2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 2010, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$296,913 to rehabilitate and operate ElmrIDGE Apartments (“Property”) (HTC file No. 10400 / CMTS No. 758 / LDLD No. 393).
2. Respondent signed a land use restriction agreement (“LURA”) regarding the Property. The LURA was effective November 16, 2012, and filed of record at Document Number 2013023729 of the Official Public Records of Real Property of Travis County, Texas.

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

4. An on-site monitoring review was conducted on November 9, 2017, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a February 28, 2018, corrective action deadline was set, however, no response was submitted and the following violation was referred for an administrative penalty:
 - a. Respondent failed to maintain acceptable written tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures), which requires all developments to establish written tenant selection criteria that meet minimum TDHCA requirements. Property management submitted acceptable documentation on May 29, 2018, after intervention by the Enforcement Committee.
5. The violation listed above is considered resolved at the time of this Order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC §2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated 10 TAC §10.610 in 2017, by not maintaining written tenant selection criteria meeting TDHCA requirements;
5. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.
6. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 10 and 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

7. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.
8. It is appropriate to assess no administrative penalty in accordance with 10 TAC §2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent not be assessed an administrative penalty.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 1, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on July 26, 2018.

By: _____
Name: J.B. Goodwin
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 26th day of July, 2018, personally appeared J.B. Goodwin, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 26th day of July, 2018, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS

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§
§

COUNTY OF _____

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared _____, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of _____ for Respondent. I am the authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

ELM RIDGE AFFORDABLE PARTNERS, LTD.,
an Alabama limited partnership

BSRT PROPERTIES, INC. f/k/a SUMMIT AMERICA PROPERTIES, INC., an Alabama corporation,
its general partner

By: _____

Name: _____

Title: _____

Given under my hand and seal of office this _____ day of _____, 2018.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Exhibit 1

Texas Administrative Code

| | |
|--------------|---|
| TITLE 10 | COMMUNITY DEVELOPMENT |
| PART 1 | TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS |
| CHAPTER 10 | UNIFORM MULTIFAMILY RULES |
| SUBCHAPTER E | POST AWARD AND ASSET MANAGEMENT REQUIREMENTS |
| RULE §10.406 | Ownership Transfers (§2306.6713) |

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1b

BOARD ACTION REQUEST

LEGAL DIVISION

JULY 26, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Red Oak Apartments (HTC 10226 / HOME 1001235 / CMTS 4763)

RECOMMENDED ACTION

WHEREAS, Red Oak Apartments, owned by HPD Red Oak, L.P. (“Owner”), had uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, all findings that had been referred for an administrative penalty were resolved informally before consideration by the Enforcement Committee;

WHEREAS, Owner’s representatives have agreed, subject to Board approval, to enter into an Agreed Final Order stipulating that violations occurred, and assessing no administrative penalty; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department’s rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case;

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order, assessing no administrative penalty, but stipulating that violations occurred at Red Oak Apartments (HTC 10226 / HOME 1001235 / CMTS 4763), as presented at this meeting, but authorizing staff to make any necessary non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

HPD Red Oak, L.P. ("Owner") is the owner of Red Oak Apartments ("Property"), a low income apartment complex composed of 116 units, located in Ellis County. Records of the Texas Secretary of State list William Rice as the sole officer. CMTS lists Paul Patierno as the primary contact for Owner. The property is managed by Mockingbird Management, LLC, with the primary contact in CMTS listed as Alison Hunsicker.

The Property is subject to two land use restriction agreements signed in consideration for an interest free HOME loan in the amount of \$1,150,000, along with a housing tax credit allocation in the annual amount of \$1,029,742 to acquire, rehabilitate and operate the Property.

Owner was previously referred for an administrative penalty for file monitoring violations, but referrals were closed informally when full corrections were received. The current administrative penalty referral is for failure to submit complete corrective documentation for the 2017 Uniform Physical Condition Standards ("UPCS") inspection. The inspection was performed November 14, 2017, and the Compliance Division set a corrective action deadline of March 8, 2018. A response was received, but did not correct the violations. A second response was received on April 23, 2018, three days after the property was referred for an administrative penalty. That response resolved many violations, but was not fully acceptable. Final corrections to resolve the remainder of the findings were submitted on May 14, 2018, in response to an informal conference notice.

It is not appropriate to close the current administrative penalty referral with a warning letter because of the referral history for the property; however, multiple corrective submissions were received, showing attempts to document the corrections. Final corrective documentation was ultimately received before the informal conference to address all violations, and Owner has agreed to sign an Agreed Final Order assessing no administrative penalty for noncompliance at Red Oak Apartments, but stipulating that violations had occurred and were not timely corrected.

Consistent with direction from the Department's Enforcement Committee, an Agreed Final Order stipulating that violations occurred is recommended, with no administrative penalty. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST
HPD RED OAK, L.P. WITH RESPECT
TO RED OAK APARTMENTS (HOME
/ HTC FILE # 10226 / CMTS # 4763)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of July, 2018, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **HPD RED OAK, L.P.**, a Texas limited partnership (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code §2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code §2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 2010, Respondent was awarded an allocation of HOME funds in the total amount of \$1,150,000, along with Low Income Housing Tax Credits in an annual amount of \$1,029,742 to acquire and rehabilitate Red Oak Apartments (“Property”) (HTC file No. 10226 / CMTS No. 4763 / LDLD No. 439).
2. Respondent signed two land use restriction agreements regarding the Property, one per funding type. The HOME LURA was effective June 24, 2011, and filed of record at Document Number 1112277 of the Official Public Records of Real Property of Ellis

County, Texas ("Records"). The HTC LURA was effective November 23, 2011, and filed of record at Document Number 1124661 of the Records.

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

4. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on November 14, 2017. Inspection reports showed numerous property condition violations, a violation of 10 TAC §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a March 8, 2018, corrective action deadline was set. Partial corrective action was received but the violations at Exhibit 1 were not corrected before the deadline and were referred for an administrative penalty. Proof that all corrections were made was submitted on May 14, 2018, after intervention by the Enforcement Committee.
5. All violations listed above and at Exhibit 1 are considered resolved at the time of this Order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TAC §2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated 10 TAC §10.621 in 2017, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.²
5. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.
6. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 10 and 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

² HUD's Uniform Physical Condition Standards are the standards adopted by TDHCA pursuant to 10 TAC §10.621(a).

7. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.
8. It is appropriate to assess no administrative penalty in accordance with 10 TAC §2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent not be assessed an administrative penalty.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 2, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on July 26, 2018.

By: _____
Name: J.B. Goodwin
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 26th day of July, 2018, personally appeared J.B. Goodwin, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 26th day of July, 2018, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS

§
§
§

COUNTY OF _____

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared _____, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of _____ for Respondent. I am the authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order; and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

HPD RED OAK, L.P., a Texas limited partnership

HPD TEXAS RED OAK, LLC, a Delaware limited liability company, its general partner

HIGHLAND PROPERTY DEVELOPMENT LLC, a California limited liability company, its member

By: _____

Name: William Rice

Title: _____

Given under my hand and seal of office this _____ day of _____, 2018.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Exhibit 1:

UPCS Violation List

Findings marked "corrected" were addressed in a submission made on 4/23/2018, three days after the administrative penalty referral, and before the informal conference notice was sent. The other findings below remained uncorrected as of 4/23/2018, but an acceptable submission was made 5/14/2018 in response to an informal conference notice. All findings have now been resolved.

Completion Date: 11/14/2017 Inspector: C.M. Shearfield

Customer Name: _____

Inspector Comments: _____

Status
Not Completed 28

Defects Found

Acceptable Documentation

Acceptable documentation includes: copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, specific unit or building numbers, date of corrective action, and signature of the person responsible for the correction), invoices (from vendors, etc.), or other proof of correction.

| Deficiency Area | Deficiency | Comments | Reason Deficiency Found Uncorrected |
|--------------------------|-------------------------------|--------------------------------------|--|
| Site: | | | |
| Grounds | Erosion/Rutting Areas | erosion visible near unit 46 | No Invoice Corrected |
| Play Areas and | Damaged/Broken Equipment | one playscape is damaged and | No Invoice (Please See Acceptable Documentation Above) |
| A1: | | | |
| 84 | | | |
| Doors | Damaged Hardware/Locks | Hinges loose/damaged ; | No Work Order Corrected |
| Doors | Damaged Surface | Mechanical area; door at water | No Work Order Corrected |
| 88 | | | |
| Floors | Soft Floor Covering | bedroom carpet wet/urine | No Work Order (No Signature on work order) |
| Building Systems | | | |
| Domestic Water | Water Supply Inoperable | leak at water main/ water turned off | No documentation that water was repaired |
| A2: | | | |
| 95 | | | |
| Hot Water Heater | Inoperable Unit/Components | no hot water | No documentation that water was repaired |
| Windows | Inoperable/Not Lockable | Lock inoperable; | No Work Order Corrected |
| 96 | | | |
| Health & Safety | Emergency Fire | ; chair blocks egress | No Work Order Corrected |
| Kitchen | Range/Stove Missing/Damaged/I | 1 burner inoperable | No Work Order Corrected |
| Building Exterior | | | |
| Foundations | Spalling/Exposed Rebar | exposed rebar / post tension cable | Work is incomplete Corrected |
| Building Systems | | | |
| Domestic Water | Water Supply Inoperable | water main leak- water turned off | No documentation that water was repaired |
| Fire Protection | Missing/Damaged/Expired | unit #96 extinguisher missing | No Work Order Corrected |
| A3: | | | |
| 100 | | | |
| Smoke Detector | Missing/Inoperable | smoke detector is covered with | No Work Order Corrected |
| 105 | | | |
| Outlets/Switches | Missing/Broken Cover Plates | outlet pulled out of casing/wall | No Work Order Corrected |
| Building Systems | | | |
| Domestic Water | Water Supply Inoperable | leak at water main / water turned | No documentation that water was repaired |
| A4: | | | |
| 108 | | | |

| | | | |
|---|-----------------------------------|--------------------------------------|--|
| Lighting | Missing/Inoperable Fixture | Bathroom 1; fixture inoperable | No Work Order (No Signature) |
| 112 | | | |
| Bathroom | Lavatory Sink—Damaged/Missing | sink water stop missing | No Work Order (No Signature) |
| Doors | Missing Door | Closet; bedroom closet door missing | Work is incomplete Corrected |
| Building Systems | | | |
| Domestic Water | Water Supply Inoperable | water leak at main/ water turned off | No documentation that water was repaired |
| B1: | | | |
| 2 | | | |
| Health & Safety | Emergency Fire | Bedroom 1; Headboard blocks | No Work Order Corrected |
| Kitchen | Range/Stove—Missing/Damaged/f | 2 or more burners do not function;2 | No Work Order |
| B2: | | | |
| Common Areas: Laundry | | | |
| Smoke Detector | Smoke | | No Work Order Corrected |
| B3: | | | |
| 10 | | | |
| Hot Water Heater | Missing Pressure Relief Valv | extension tube from pressure relief | No Invoice |
| B6: | | | |
| 22 | | | |
| Doors | Deteriorated/Missing Seals (Entry | Front entry door; | No Work Order Corrected |
| Hot Water Heater | Missing Pressure Relief Valv | extension tube from pressure relief | No Invoice |
| B7: | | | |
| 26 | | | |
| Smoke Detector | Missing/Inoperable | smoke detector is not | No Work Order |
| B8: | | | |
| 31 | | | |
| Doors | Damaged Surface | Bedroom 1; seperating | No Work Order Corrected |
| Smoke Detector | Missing/Inoperable | All Smoke detectors are missing; | No Work Order Corrected |
| B10: | | | |
| 39 | | | |
| Bathroom | Lavatory Sink—Damaged/Missing | pop up assembly damaged | No Work Order Corrected |
| Bathroom | Water | toilet not functioning ; | No Work Order Corrected |
| Health & Safety | Emergency Fire | headboard blocks secondary | No Work Order Corrected |
| Smoke Detector | Missing/Inoperable | smoke detector is not | No Work Order Corrected |
| C1: | | | |
| 45 | | | |
| Health & Safety | Emergency Fire | headboard blocks secondary | No Work Order Corrected |
| 48 | | | |
| Doors | Damaged/Missing | screen door damaged/broken | No Work Order Corrected |
| C2: | | | |
| Common Areas: Halls/Corridors/Stairs | | | |
| Stairs/Hand Railings | Broken/Missing Hand Railing | railing near unit #52 loose | No Work Order Corrected |
| C3: | | | |
| 59 | | | |
| Bathroom | Lavatory Sink—Damaged/Missing | stopper missing ; | No Work Order Corrected |

| | | | |
|-----------------|-----------------------------------|-------------------------------------|------------------------------|
| Doors | Deteriorated/Missing Seals (Entry | daylight visable when entry door is | No Work Order Corrected |
| Health & Safety | Emergency Fire | dresser blocks secondary egress | No Work Order |
| 61 | | | |
| Bathroom | Water | toilet clogged ; | No Work Order Corrected |
| Doors | Damaged Hardware/Locks | Striker plate misaligned/missing ; | No Work Order Corrected |
| Doors | Damaged Surface | x2 bathroom door edge split; | No Work Order Corrected |
| Health & Safety | Emergency Fire | dresser blocks secondary egress | No Work Order Corrected |
| Smoke Detector | Missing/Inoperable | Smoke detector is missing; | No Work Order |
| Windows | Inoperable/Not Lockable | Lock inoperable; | No Work Order Corrected |
| C4: | | | |
| 66 | | | |
| Health & Safety | Emergency Fire | items impede/ block secondary | No Work Order (No Signature) |
| Health & Safety | Hazards—Tripping | tv cable/cord in hallway; | No Work Order (No Signature) |
| 70 | | | |
| Bathroom | Shower/Tub—Damaged/Missing | stopper missing ; | No Work Order (No Signature) |
| Health & Safety | Emergency Fire | dresser blocks secondary egress | No Work Order (No Signature) |
| C5: | | | |
| 77 | | | |
| Health & Safety | Hazards—Tripping | cord along traveled path at hall | No Work Order Corrected |
| HVAC System | Inoperable | inoperable | No Invoice |
| 80 | | | |
| Doors | Damaged Surface | door surface damage | No Work Order Corrected |
| Doors | Missing Door | bedroom closet door missing | No Work Order (No Signature) |

Exhibit 2:

Texas Administrative Code

| | |
|--------------|---|
| TITLE 10 | COMMUNITY DEVELOPMENT |
| PART 1 | TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS |
| CHAPTER 10 | UNIFORM MULTIFAMILY RULES |
| SUBCHAPTER E | POST AWARD AND ASSET MANAGEMENT REQUIREMENTS |
| RULE §10.406 | Ownership Transfers (§2306.6713) |

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(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

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(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1c

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
JULY 26, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit (“HTC”) Application for Mistletoe Station (HTC #17259)

RECOMMENDED ACTION

WHEREAS, Mistletoe Station (the “Development”) received an award of 9% Housing Tax Credits in 2017 under the general set aside for the new construction of 78 units of multifamily housing in Fort Worth, Tarrant County;

WHEREAS, the Development Owner is now requesting approval for a modification of the number of units and bedroom mix of units and a corresponding modification of the residential density of at least five percent, related to changes required by Fort Worth’s Tax Increment Finance District # 4 (“TIF”) as a condition to receiving funding for infrastructure improvements;

WHEREAS, the Development Owner is also requesting approval for a significant modification of the architectural design and site plan of the Development to remove building structures from areas of environmental concern to resolve development delays, and for the addition of Principals to the ownership structure as required by the equity investor and lender for the Development; neither of which were reasonably foreseeable or preventable by the owner at the time of Application;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix of units, a modification of the residential density of at least five percent, and a significant modification of the architectural design and site plan of a Development, as directed in Tex. Gov’t Code §2306.6712 and 10 TAC §10.405(a)(4)(B), (F), (A), and (E), and the Owner has complied with the amendment requirements therein;

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the application, or affect the amount of the tax credits awarded; and

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendments to the Application and changes to the Development Owner, Guarantor, and Developer for Mistletoe Station are approved as presented at this meeting and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

Mistletoe Station was approved during the 2017 competitive 9% Housing Tax Credit cycle to construct 78 units of new construction general multifamily housing in Fort Worth, Tarrant County. On May 25, 2018, Lisa Stephens, Owner of the Managing Member, Saigebrook Mistletoe, LLC, submitted an amendment request identifying changes in the number of units and bedroom mix of units, changes in residential density, changes in the architectural design and site plan, changes to the financial exhibits requiring re-evaluation by the Real Estate Analysis Division, and non-material changes to the Ownership structure (an addition of a Special Limited Partner and Administrative Member), Guarantor structure (an addition of two new Guarantors), and Developer interest and fee structure (including developer fee to be paid to one of the new Guarantor parties). The changes requested are described in detail below.

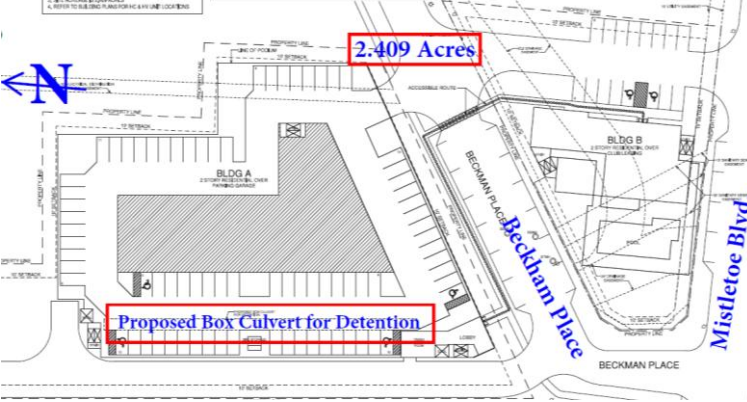

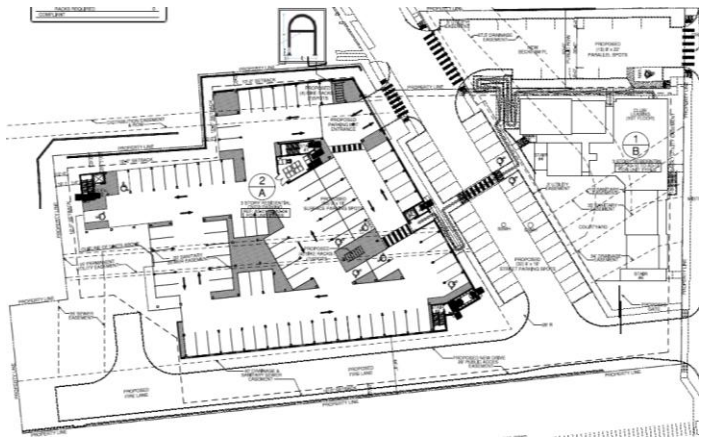

Changes in the Number of Units & Bedroom Mix and Changes in Residential Density

The amendment request submitted by the Applicant proposes to add 32 market rate units to the original total unit count of 78 for a new total unit count of 110, increasing the mix of one-bedroom/one-bathroom market rate units by seven units (for a total of 21 one-bedroom/one-bathroom market rate units) and the mix of two-bedroom/two-bathroom market rate units by 25 units (for a total of 26 two-bedroom/two-bathroom market rate units), which also creates a new total Net Rentable Area ("NRA") of 94,624 sq ft from the original NRA of 70,800 sq ft (a non-material increase of 23,824 sq ft or 33.6%). The increase in the number of units per acre also increases the residential density from 32.37 units/acre to 45.64 units/acre (a change of 41%), a greater than five percent difference from the time of original application. The Owner has also proposed to add eight Project Based Vouchers ("PBV") to the Development to align with its 30% HTC units, which have been approved by Fort Worth Housing Solutions (formerly known as the Fort Worth Housing Authority) subject to a subsidy layering review to be performed by HUD and a Part 58 Environmental Review to be completed by the PHA.

According to the Owner, the primary reason the change in units is being requested is due to a conditional requirement imposed by Fort Worth's TIF District # 4 Southside/Medical District for its \$2,600,000 in contributed infrastructure improvement funds (without which the Development would not be feasible, as confirmed by letters from the equity provider and lender). The Owner has represented and documented through resolutions and email exchanges that the TIF executive committee and TIF board determined, after much discussion with the neighborhood, that a minimum of 100 to 110 units were necessary to provide a return that would justify the level of investment and that the units be offered as a 70/30 affordable workforce housing/market rate unit mix to provide a total count that would meet the needs and density expectations of the adjacent neighborhood.

Changes in the Architectural Design & Site Plan

In addition to these changes, the Owner is also requesting significant modifications to the architectural design and site plan of the Development which were modified in order to avoid further delays in the development of the site and building plans, waiting on additional environmental testing to conclude, and to accommodate the additional market units. A TCEQ No Further Action letter was issued in April 2018, and an updated Phase I Environmental Site Assessment (“ESA”) was issued on May 15, 2018, closing the environmental investigation.. The site plan now shows modified building footprints and architectural details along with new drainage plans, new sewer and utility easements consistent with the expansion and relocation of the City’s water line and other infrastructure and public improvements as planned through the TIF to improve the Mistletoe Heights neighborhood, and three story residential structures rather than the two story residential structures shown at the time of application. Parking for the Development has also been changed; the increase in units has created the need for additional spaces, 96 of which will be located below the residential structure, 45 of which will be street parking, and 14 of which will be covered as carport spaces so that there is a covered parking space available for each residential unit and 31 remaining uncovered spaces.

| Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4) | |
|---|---|
| Application | Amendment |
|   <p>Development Site: 2.41 acres Total Units: 78 Density: 32.37 units/acre</p> |   <p>Development Site: 2.41 acres Total Units: 110 Density: 45.64 units/acre (+41%)</p> |

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)

| Application | | | | | Amendment | | | | |
|---|------------|-------|---------|-----------|---|------------|-------|---------|-----------|
| Residential Buildings: 2 Residential Net Rentable SF: 70,800 | | | | | Residential Buildings: 2 Residential Net Rentable SF: 94,624 | | | | |
| HTC Units | # of Units | # BRs | # Baths | Unit Size | HTC Units | # of Units | # BRs | # Baths | Unit Size |
| 30% | 2 | 1 | 1 | 700 | 30% | 2 | 1 | 1 | 650 |
| 50% | 7 | 1 | 1 | 700 | 50% | 7 | 1 | 1 | 650 |
| 60% | 4 | 1 | 1 | 700 | 60% | 4 | 1 | 1 | 650 |
| MR | 1 | 1 | 1 | 700 | MR | 8 | 1 | 1 | 650 |
| 30% | 4 | 2 | 2 | 850 | 30% | 4 | 2 | 2 | 850 |
| 50% | 15 | 2 | 2 | 850 | 50% | 15 | 2 | 2 | 850 |
| 60% | 22 | 2 | 2 | 850 | 60% | 22 | 2 | 2 | 850 |
| MR | 1 | 2 | 2 | 850 | MR | 26 | 2 | 2 | 850 |
| 30% | 2 | 3 | 2 | 1,150 | 30% | 2 | 3 | 2 | 1,092 |
| 50% | 8 | 3 | 2 | 1,150 | 50% | 8 | 3 | 2 | 1,092 |
| 60% | 10 | 3 | 2 | 1,150 | 60% | 10 | 3 | 2 | 1,092 |
| MR | 2 | 3 | 2 | 1,150 | MR | 2 | 3 | 2 | 1,092 |
| 30% units: 8 50% units: 30 60% units: 36 MR units: 4 | | | | | 30% units: 8 50% units: 30 60% units: 36 MR units: 36 | | | | |

Changes in Development Costs & Financing

The Owner submitted a revised development cost schedule, a revised sources and uses, rent schedule, operating expenses, updated utility allowances, a GC schedule of values, a property tax estimate, and pro forma to be re-evaluated by the Real Estate Analysis Division pursuant to Tex. Gov't Code §2306.6712(b).

Based on the revised exhibits, rent potential with the addition of the 32 market rate units has increased from \$734,544 to \$1,231,401, an increase of \$496,857 annually (67.64%), while operating expenses have increased from \$403,437 (\$5,172 per unit) to \$567,189 (\$5,156 per unit). Total housing development costs have increased from \$21,595,602 to \$27,284,406, a total of \$5,688,804 or 26.34%, with the majority of cost increases being attributed to offsite costs (which increased from \$747,926 to \$3,294,000, with off-site utilities alone increasing from \$473,570 to \$2,737,000 and off-site paving increasing from \$81,957 to \$273,000) and building costs (which increased from \$7,028,904 to \$10,339,193). According to the Owner, the change in offsite utilities was largely due to a regional storm water analysis that was done during the planning phase that uncovered a large amount of regional surface drainage currently flowing through the property that had to be relocated to storm drains and that was not included in any of the prior studies the City made available to the Owner during the feasibility analysis, requiring significantly more storm drainage in quantity and sizing than originally planned.

New exhibits also showed changes in financing parties, with Hunt Mortgage Group replacing the planned Mason Joseph FHA 221(d)(4) loan with an increased permanent conventional loan of \$7,850,000 and additional local government loans from the City of Fort Worth in the amount of \$1,056,000 (a HOME loan), and a \$750,000 loan from the City of Fort Worth Housing Finance Corporation. Hunt Capital Partners replaced Wells Fargo as the Equity Investor at a slightly reduced credit pricing of \$0.915, down from \$0 .95 at application. The revised Sources and Uses also shows an increase in the TIF reimbursement for infrastructure improvements (from \$2,000,000 planned at application to \$2.6M) and a slight increase in deferred developer fee during the permanent period (from \$897,027 to \$1,304,779).

Real Estate Analysis (“REA”) has re-evaluated the transaction pursuant to Tex. Gov’t Code 2306.6712(b) and has concluded that the Development remains feasible. The analysis is attached to this Board Action Request.

Changes to Owner and Guarantor & Developer Fee Structures

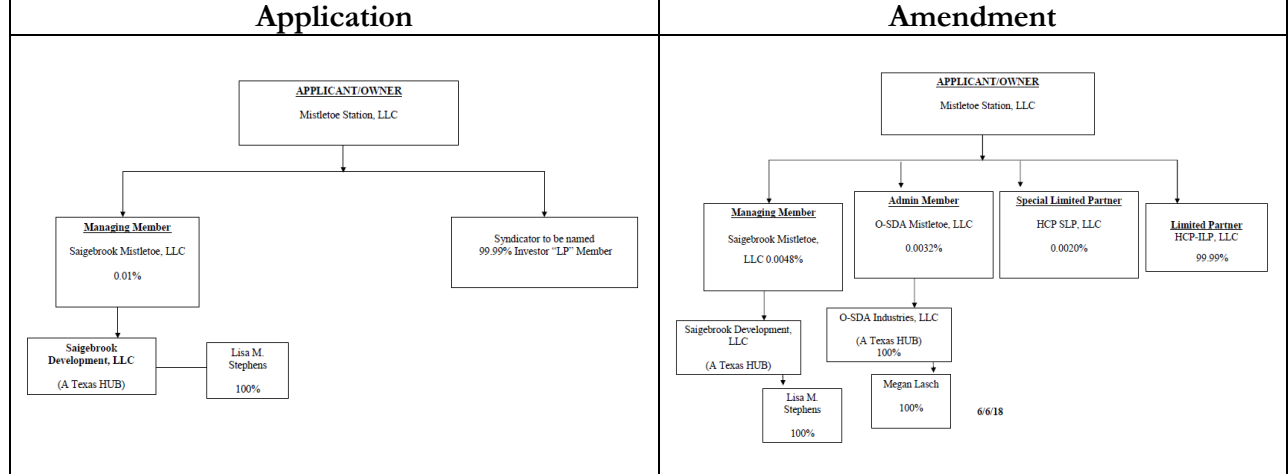
Finally, the amendment request addressed non-material changes to the organizational structure of the Owner, Guarantor, and a change in the Developer interest and fee structures. Based on the amendment request submitted from the Owner and back up documentation received in the form of letters from Hunt Capital Partners (the Equity Provider) and Hunt Mortgage Group (the Lender), the changes requested to the Owner, Guarantor, and Developer interest and fee structures were required by the equity investor and lender as part of their funding commitments based on a review and underwriting of the Development. As a result, Saigebrook Mistletoe, LLC (.01% Owner at application) will become the .0048% Managing Member retaining majority control, O-SDA Mistletoe, LLC will be admitted as the Administrative Member with .0032% control (admitting its 100% owner, O-SDA Industries, LLC, admitting 100% owner, Megan Lasch), and HCP-ILP LLC will come in as the 99.99% Investor LP with HCP SLP, LLC coming into the structure as the .0020% Special Limited Partner.

In a related change, the equity provider also required that the Administrative Member entities of O-SDA Mistletoe, LLC, O-SDA Industries, LLC and Megan Lasch be added as Guarantors and (due to Hunt Capital Partners’ provision of a liquidity guaranty to JPMorgan Chase for a proprietary tax credit investment fund into which the Development will be placed) added itself, Hunt Capital Partners, LLC, as a limited Guarantor only to be used to meet the liquidity requirements of the proprietary fund.

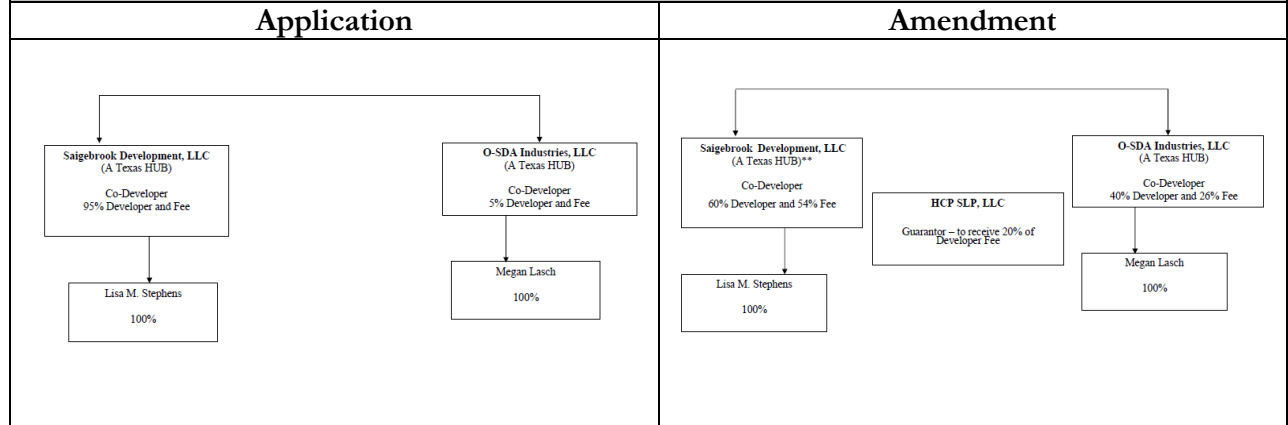
The Developer structure and fee structure was also changed, increasing the O-SDA Developer percentage from 5% to 40% and increasing the development fee percentage to 26%, reducing Saigebrook Development, LLC’s Developer percentage from 95% to 60% and decreasing the development fee percentage to 54%, and introducing the Special Limited Partner, HCP SLP, LLC to receive 20% of developer fee as a limited Guarantor for the proprietary tax credit investment fund.

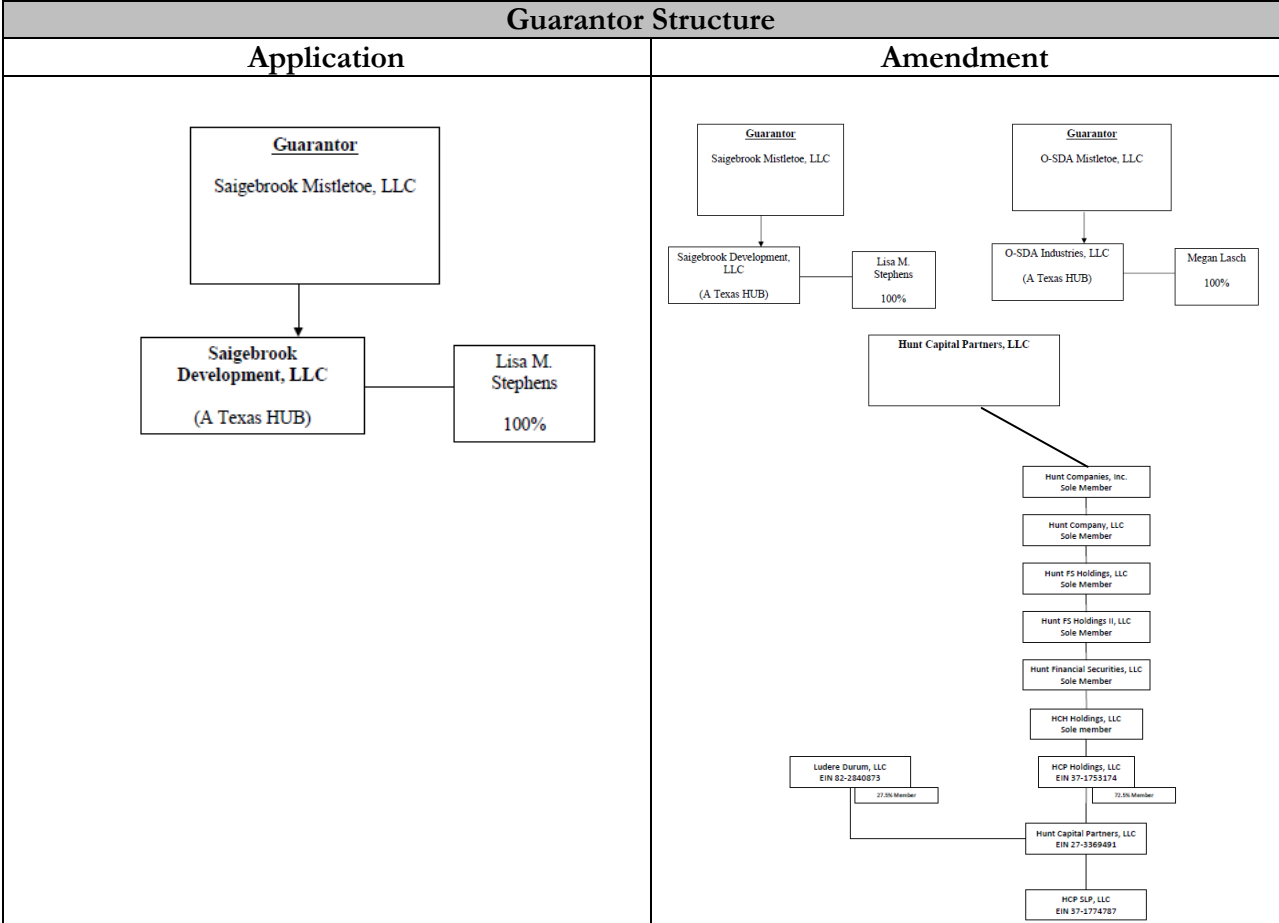
Under the Uniform Multifamily Rules in 10 TAC §10.406(e), a development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their control prior to the issuance of 8609s. Due to the fact that no sponsors, GPs, or Owners is selling or ending control and entities and individuals are only being added, Board approval of the change is not necessary but has been included for consideration and approval as part of the material amendment request. Previous Participation reviews were concluded with no issues on July 5, 2018.

Ownership Structure



Developer Structure





Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the application score.

Staff recommends approval of the requested material amendments to the Application and changes to the Development Owner, Guarantor, and Developer.



Addendum to Underwriting Report

TDHCA Application #: Program(s):

Address/Location:

City: County: Zip:

| APPLICATION HISTORY | |
|---------------------|----------------------------------|
| Report Date | PURPOSE |
| 07/06/18 | Amendment Request |
| 12/15/17 | Condition Clearance at Carryover |
| 08/28/17 | Original Underwriting Report |

ALLOCATION

| TDHCA Program | Previous Allocation | | | | RECOMMENDATION | | | | |
|-------------------|---------------------|------|-------|------|----------------|------|-------|------|------|
| | Amount | Rate | Amort | Term | Amount | Rate | Amort | Term | Lien |
| LIHTC (0% Credit) | \$1,500,000 | | | | \$1,500,000 | | | | |

CONDITIONS STATUS

- 1 Receipt and acceptance by Carryover:
 - a: Evidence of approval from Fort Worth's Tax Increment Finance ("TIF") District #4 Southside/Medical
Comments:
Applicant submitted a copy of Resolution 04-2017-08 dated 8/23/17 authorizing a TIF Development
Status: Condition cleared (Gregg Kazak, REA - 12/15/17).
 - b: Receipt of MAP Invitation Letter for FHA 221(d)(4) loan, or letter from Lender indicating the date that
Comments:
Applicant provided a MAP Invitation letter from HUD dated 8/02/17. In addition, an 8/31/17 letter from
Status: Condition cleared (Gregg Kazak, REA - 12/15/17).
- 2 Receipt and acceptance by 10% test:
 - a: Confirmation that site plan conforms to the city's parking requirements.
 - b: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.
Status: Pending.
- 3 Documentation at Cost Certification clearing environmental issues identified in the ESA report,
 - a: Certification of a subsurface site investigation evaluating the impact of identified historic uses and that any recommended mitigation measures were implemented.

- b: Certification of comprehensive testing for asbestos and lead-based paint prior to demolition of the existing building, and that any recommended mitigation and disposal measures were taken.
- c: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

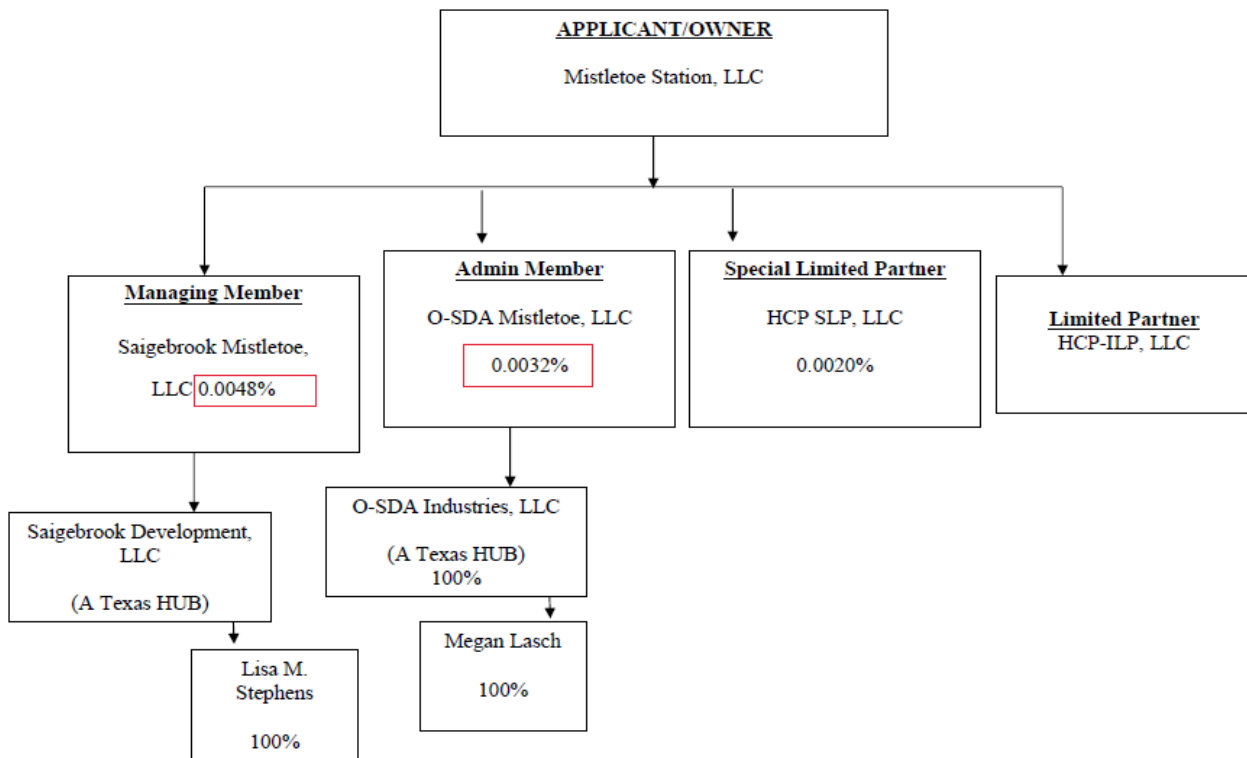
Status: Pending.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

| TDHCA SET-ASIDES for HTC LURA | | |
|-------------------------------|------------|-----------------|
| Income Limit | Rent Limit | Number of Units |
| 30% of AMI | 30% of AMI | 8 |
| 50% of AMI | 50% of AMI | 30 |
| 60% of AMI | 60% of AMI | 36 |

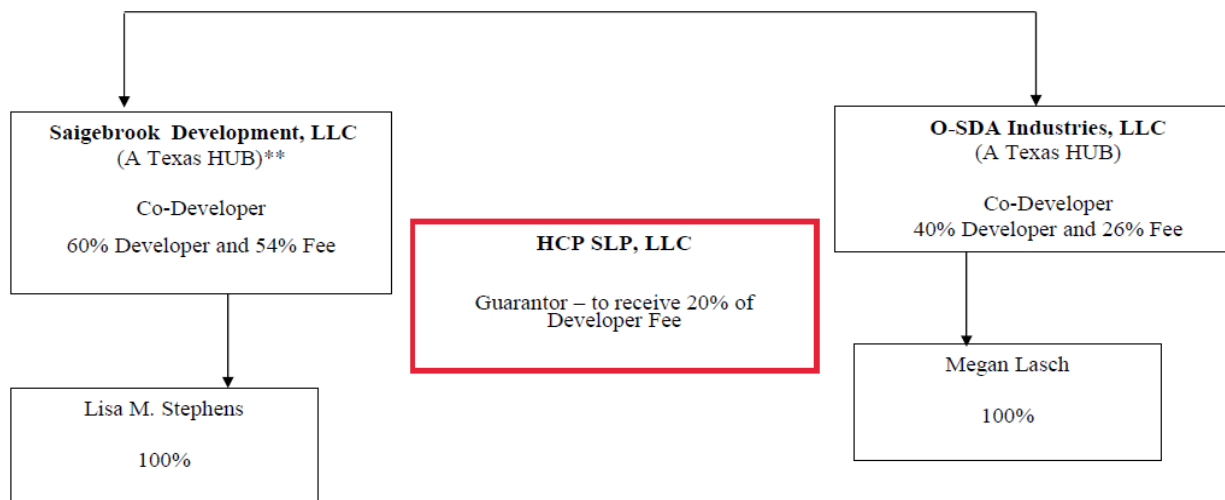
NEW ORGANIZATIONAL CHARTS



Comments:

Applicant is requesting a change in ownership structure to include O-SDA (Megan Lasch) as well as HCP (Hunt Capital Partners). HCP is the syndicator replacing Wells Fargo.

Co-Developers



Comments:

Saigebrook originally had a 95% developer and fee interest, now a 60% developer interest with 54% of the fee.

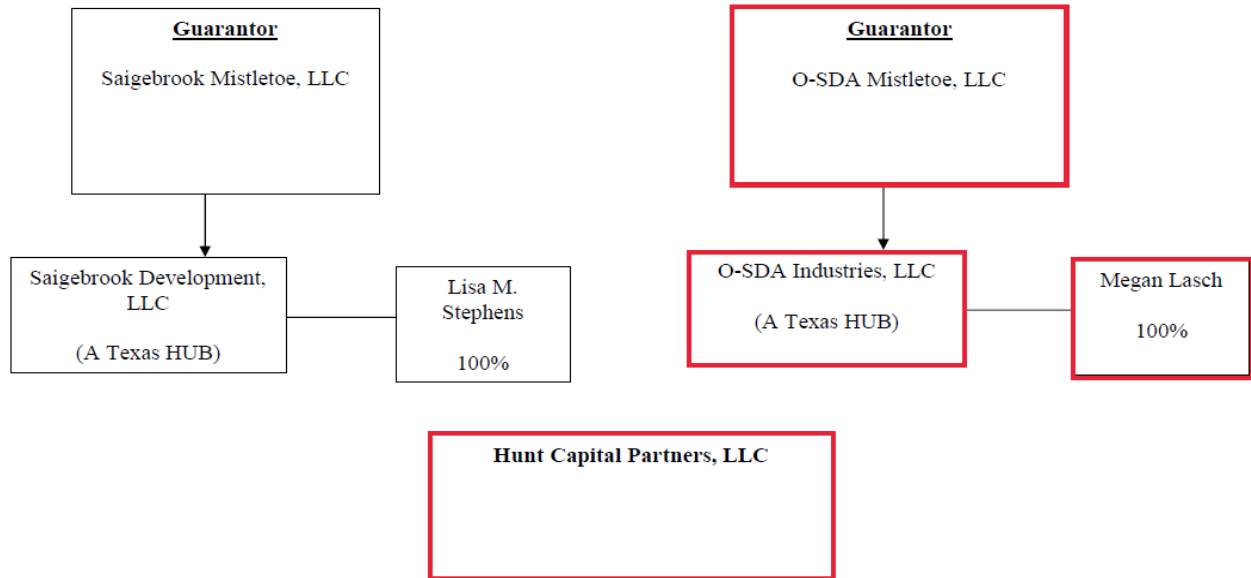
O-SDA originally had a 5% developer and fee interest, now a 40% developer interest with 26% of the fee.

As newly proposed, HCP is to receive 20% of the developer fee.

In addition to Mistletoe Station, Saigebrook and O-SDA have an ownership and/or developer interest in 17268 Edgewood Place, 17275 Aria Grand and 17347 Alton Plaza (all awarded credits). Credits awarded for the four (4) projects total \$4,174,906. However, Saigebrook only has a 10% interest in Aria Grande, thereby limiting substantive interest in projects to a total of \$2,970,506 in awarded credits vs. the \$3,000,000 credit cap.

O-SDA only maintains a 10% interest in Alton Plaza (per a separate pending Amendment Request) and 5% in Edgewood Place, thereby limiting substantive interest in projects to a total of \$2,254,906 vs. the \$3,000,000 credit cap.

Guarantor



Comments:

Saigebrook was originally the sole guarantor. Now they have added O-SDA and HCP as guarantors.

ANALYSIS

Overview

A change in the unit mix is also being requested to increase the number of units by 32, from 78 to 110. Changes in the unit mix and total units have all been made to the market rate units without any impact on the affordable units. These changes were required by the TIF as a condition to receiving their funding for the infrastructure improvements set forth in the application. After much discussion with the neighborhood, the TIF executive committee and the TIF board, it was determined by the TIF that a minimum of 100 to 110 units were necessary to provide a return that would justify the level of investment as well as a 70/30 mix of affordable/market units.

The site plan has also been modified as a result of environmental investigations. Building structures have been removed from areas of concern during the investigation period and these areas are being encapsulated by pavement. Ultimately TCEQ determined that there are no Recognized Environmental Conditions on the site and issued a No Further Action letter. The resulting Phase I report has been provided to TDHCA along with a request to extend the 10% test deadline due to the extended environmental investigation period. However, the changes made to the site plan were necessary to continue the planning and permitting process while the investigation was ongoing.

Operating Pro Forma

Using 2018 rent limits, 50% and 60% units are projected to achieve maximum program rents while 30% units are now covered by project based vouchers under Tarrant County's Housing Choice Voucher Program. Market rents are projected at \$1.45 per square foot across the board based on average market rents reported in the 3/07/17 Market Study submitted at application. However, assuming the Market Study's concluded rents for each unit type does not affect the feasibility conclusion. Initial underwriting assumed maximum 60% rents for market units since they originally comprised only 5% of the unit mix.

Average rent with 1 month concession on 60% and market units is \$59 under break-even, but the need for concessions is diminished with subject offering a combined 20% discount to market rents.

Breakeven occupancy occurs with 8 units vacant (underwritten at 16).

Pro Forma feasibility indicators are good with a 46% expense ratio, \$2,959/unit in controllable expenses and a first year DCR of 1.16.

As underwritten, Pro Forma exhibits feasibility for 35 years with primary permanent loan at 5.53% fixed. Rate could only increase up to 6 bps (to 5.59%) before DCR would fall below 1.15 threshold.

As presented, 15 year residual cash flow is \$922K after repayment of deferred developer fee.

Development Cost

By adding 32 units to the mix, Applicant's building cost (including ground floor parking) increased by \$3.3M (from \$7M to \$10.3M) while total development cost increased by \$5.7M (from \$21.6M to \$27.3M).

Applicant provided their contractor's schedule of values on which they based their building cost budget of \$10.3M. By using Marshal & Swift's ("M&S") good quality construction values, TDHCA's building cost estimate came in \$10.4M, essentially matching Applicant's budget. The variance is \$44K or less than 1%. Furthermore, Applicant's adjusted total development cost of \$27.3M varies less than 1% from TDHCA's estimate of \$27.1M.

Sources of Funds

Debt (Must Pay)

Primary permanent loan is now \$7.85M from Hunt Mortgage Group under the Freddie Mac Capital Markets Execution ("CME") program (previously a \$4.5M FHA 221(d)(4) through Mason Joseph Company). Fixed rate is projected at 5.53% with payments based on a 35 year amortization, maturing in 15 years.

A 2nd lien loan of \$750K is being extended from The City of Fort Worth Housing Finance Corporation. Fixed rate is 2.00% with payments based on a 35 year amortization, maturing in 15 years.

Finally, a subordinate 3rd lien HOME loan of \$1.056M is being extended by the City of Fort Worth. Fixed rate has a ceiling of 1.00%. Payments are due from available cash flow based on a 35 year amortization, maturing in 15 years. While this is a cash flow loan, it has been underwritten with full monthly payments to amortize over 35 years. HOME rents for 30%, 40% and Low HOME units are the same as 9% HTC rents, allowing Applicant to designate required HOME set-asides to coincide with 9% units.

Cash Flow Debt / Grants

Fort Worth's Tax Increment Finance ("TIF") District #4 - Cost Reimbursement of \$2.6M was approved on 8/23/17 by Resolution 04-2017-08, providing for project infrastructure improvements. Funding was conditioned upon project having between 100 and 110 units which prompted this Amendment Request.

Equity / Deferred Fees

Equity of 13.7M is now being provided by Hunt Capital Partners at a credit price of \$0.92 (previously \$14.2M by Wells Fargo at \$0.95).

Deferred developer fee is estimated at \$1.3M, projected to be repaid within 11 years.

Conclusion

Revisions to project, income, expenses and financing still exhibit feasibility and support Applicant's awarded credit request of \$1,500,000. No change in the original credit recommendation is being made at this time.

Underwriter: Gregg Kazak

Manager of Real Estate Analysis: Thomas Cavanagh

Director of Real Estate Analysis: Brent Stewart

UNIT MIX/RENT SCHEDULE

Mistletoe Station, Fort Worth, 9% HTC #17259

LOCATION DATA

| | |
|--------------------|------------|
| CITY: | Fort Worth |
| COUNTY: | Tarrant |
| Area Median Income | \$75,200 |
| PROGRAM REGION: | 3 |

UNIT DISTRIBUTION

| # Beds | # Units | % Total | Assisted | Income | # Units | % Total |
|--------------|------------|---------------|----------|--------------|------------|---------------|
| Eff | - | 0.0% | 0 | 30% | 8 | 7.3% |
| 1 | 21 | 19.1% | 2 | 40% | - | 0.0% |
| 2 | 67 | 60.9% | 4 | 50% | 30 | 27.3% |
| 3 | 22 | 20.0% | 2 | 60% | 36 | 32.7% |
| 4 | - | 0.0% | 0 | MR | 36 | 32.7% |
| TOTAL | 110 | 100.0% | 8 | TOTAL | 110 | 100.0% |

Applicable Programs

| |
|------------------------|
| 9% Housing Tax Credits |
| |
| |
| |
| |
| |

Pro Forma ASSUMPTIONS

| | |
|---------------------|--------|
| Revenue Growth | 2.00% |
| Expense Growth | 3.00% |
| Basis Adjust | 130% |
| Applicable Fraction | 67.27% |
| APP % Acquisition | 3.39% |
| APP % Construction | 9.00% |
| Average Unit Size | 860 sf |

UNIT MIX / MONTHLY RENT SCHEDULE

| HTC | | RENT ASSISTED UNIT | | UNIT MIX | | | | APPLICABLE PROGRAM RENT | | | APPLICANT'S PRO FORMA RENTS | | | | TDHCA PRO FORMA RENTS | | | | MARKET RENTS | | | |
|-------------------------|------------|--------------------|------------|------------|--------|---------|-------|-------------------------|---------------|----------------------|-----------------------------|------------|-------------------|--------------------|-----------------------|------------------|--------------|---------------|--------------|----------------|---------------|----------------|
| Type | Gross Rent | Type | Gross Rent | # Units | # Beds | # Baths | NRA | Gross Rent | Utility Allow | Max Net Program Rent | Delta to Max | Rent psf | Net Rent per Unit | Total Monthly Rent | Total Monthly Rent | Rent per Unit | Rent psf | Delta to Max | Underwritten | Mkt Analyst | | |
| TC 30% | \$423 | PBV | \$719 | 2 | 1 | 1 | 650 | \$770 | \$51 | \$719 | \$0 | \$1.11 | \$719 | \$1,438 | \$1,438 | \$719 | \$1.11 | \$0 | \$943 | \$1.45 | \$1,110 | |
| TC 50% | \$705 | 0 | | 7 | 1 | 1 | 650 | \$705 | \$51 | \$654 | \$0 | \$1.01 | \$654 | \$4,578 | \$4,578 | \$654 | \$1.01 | \$0 | \$943 | \$1.45 | \$1,110 | |
| TC 60% | \$846 | 0 | | 4 | 1 | 1 | 650 | \$846 | \$51 | \$795 | \$0 | \$1.22 | \$795 | \$3,180 | \$3,180 | \$795 | \$1.22 | \$0 | \$943 | \$1.45 | \$1,110 | |
| MR | | 0 | | 8 | 1 | 1 | 650 | \$0 | \$51 | | NA | \$1.45 | \$943 | \$7,544 | \$7,544 | \$943 | \$1.45 | NA | \$943 | \$1.45 | \$1,110 | |
| TC 30% | \$507 | PBV | \$914 | 4 | 2 | 2 | 850 | \$973 | \$59 | \$914 | \$0 | \$1.08 | \$914 | \$3,656 | \$3,656 | \$914 | \$1.08 | \$0 | \$1,233 | \$1.45 | \$1,150 | |
| TC 50% | \$846 | 0 | | 15 | 2 | 2 | 850 | \$846 | \$59 | \$787 | \$0 | \$0.93 | \$787 | \$11,805 | \$11,805 | \$787 | \$0.93 | \$0 | \$1,233 | \$1.45 | \$1,150 | |
| TC 60% | \$1,015 | 0 | | 22 | 2 | 2 | 850 | \$1,015 | \$59 | \$956 | \$0 | \$1.12 | \$956 | \$21,032 | \$21,032 | \$956 | \$1.12 | \$0 | \$1,233 | \$1.45 | \$1,150 | |
| MR | | 0 | | 26 | 2 | 2 | 850 | \$0 | \$59 | | NA | \$1.45 | \$1,233 | \$32,058 | \$32,058 | \$1,233 | \$1.45 | NA | \$1,233 | \$1.45 | \$1,150 | |
| TC 30% | \$586 | PBV | \$1,268 | 2 | 3 | 2 | 1,092 | \$1,338 | \$70 | \$1,268 | \$0 | \$1.16 | \$1,268 | \$2,536 | \$2,536 | \$1,268 | \$1.16 | \$0 | \$1,583 | \$1.45 | \$1,610 | |
| TC 50% | \$978 | 0 | | 8 | 3 | 2 | 1,092 | \$978 | \$70 | \$908 | \$0 | \$0.83 | \$908 | \$7,264 | \$7,264 | \$908 | \$0.83 | \$0 | \$1,583 | \$1.45 | \$1,610 | |
| TC 60% | \$1,173 | 0 | | 10 | 3 | 2 | 1,092 | \$1,173 | \$70 | \$1,103 | \$0 | \$1.01 | \$1,103 | \$11,030 | \$11,030 | \$1,103 | \$1.01 | \$0 | \$1,583 | \$1.45 | \$1,610 | |
| MR | | 0 | | 2 | 3 | 2 | 1,092 | \$0 | \$70 | | NA | \$1.45 | \$1,583 | \$3,166 | \$3,166 | \$1,583 | \$1.45 | NA | \$1,583 | \$1.45 | \$1,610 | |
| TOTALS/AVERAGES: | | | | 110 | | | | 94,624 | | | | \$0 | \$1.15 | \$994 | \$109,287 | \$109,287 | \$994 | \$1.15 | \$0 | \$1,248 | \$1.45 | \$1,234 |

ANNUAL POTENTIAL GROSS RENT:

\$1,311,444 \$1,311,444

STABILIZED PRO FORMA

Mistletoe Station, Fort Worth, 9% HTC #17259

STABILIZED FIRST YEAR PRO FORMA

| | COMPARABLES | | APPLICANT | | | | PRIOR REPORT | | TDHCA | | | | VARIANCE | |
|---|-------------|-------|-----------|--------|----------|-------------|--------------|-----------|-------------|----------|--------|-------|----------|-----|
| | Database | Other | % EGI | Per SF | Per Unit | Amount | Applicant | TDHCA | Amount | Per Unit | Per SF | % EGI | % | \$ |
| | | | | | | | | | | | | | | |
| POTENTIAL GROSS RENT | | | | \$1.15 | \$994 | \$1,311,444 | \$734,544 | \$734,544 | \$1,311,444 | \$994 | \$1.15 | | 0.0% | \$0 |
| | | | | | \$0.00 | \$0 | \$0 | \$0 | | | | | | |
| | | | | | \$0.00 | \$0 | \$0 | \$0 | | | | | | |
| late fees, interest income, retained deposits | | | | | \$15.00 | \$19,800 | \$14,040 | | | | | | | |
| Total Secondary Income | | | | | \$15.00 | | | \$14,040 | \$19,800 | \$15.00 | | | 0.0% | \$0 |
| POTENTIAL GROSS INCOME | | | | | | \$1,331,244 | \$748,584 | \$748,584 | \$1,331,244 | | | | 0.0% | \$0 |
| Vacancy & Collection Loss | | | | | 7.5% PGI | (99,843) | (56,144) | (56,144) | (99,843) | 7.5% PGI | | | 0.0% | - |
| Rental Concessions | | | | | | - | | | - | | | | 0.0% | - |
| EFFECTIVE GROSS INCOME | | | | | | \$1,231,401 | \$692,440 | \$692,440 | \$1,231,401 | | | | 0.0% | \$0 |

| | | | | | | | | | | | | | | | | |
|-------------------------------------|-----------|--------------|------------------|---------|---------------|---------------|----------------|-------------------|------------------|------------------|-------------------|----------------|---------------|---------------|--------------|-------------------|
| General & Administrative | \$44,409 | \$404/Unit | \$62,713 | \$570 | 3.09% | \$0.40 | \$346 | \$38,100 | \$35,400 | \$32,344 | \$44,409 | \$404 | \$0.47 | 3.61% | -14.2% | (6,309) |
| Management | \$41,412 | 4.4% EGI | \$42,875 | \$390 | 5.00% | \$0.65 | \$560 | \$61,570 | \$34,622 | \$34,622 | \$61,570 | \$560 | \$0.65 | 5.00% | 0.0% | (0) |
| Payroll & Payroll Tax | \$128,069 | \$1,164/Unit | \$139,218 | \$1,266 | 12.79% | \$1.66 | \$1,432 | \$157,529 | \$93,440 | \$92,891 | \$128,069 | \$1,164 | \$1.35 | 10.40% | 23.0% | 29,460 |
| Repairs & Maintenance | \$71,752 | \$652/Unit | \$84,095 | \$765 | 5.63% | \$0.73 | \$630 | \$69,280 | \$53,850 | \$50,879 | \$66,000 | \$600 | \$0.70 | 5.36% | 5.0% | 3,280 |
| Electric/Gas | \$27,676 | \$252/Unit | \$13,264 | \$121 | 1.26% | \$0.16 | \$141 | \$15,500 | \$9,750 | \$12,919 | \$13,264 | \$121 | \$0.14 | 1.08% | 16.9% | 2,236 |
| Water, Sewer, & Trash | \$70,140 | \$638/Unit | \$95,150 | \$865 | 3.66% | \$0.48 | \$410 | \$45,100 | \$31,950 | \$45,556 | \$70,140 | \$638 | \$0.74 | 5.70% | -35.7% | (25,040) |
| Property Insurance | \$30,577 | \$0.32 /sf | \$29,035 | \$264 | 2.90% | \$0.38 | \$325 | \$35,750 | \$26,520 | \$21,682 | \$30,577 | \$278 | \$0.32 | 2.48% | 16.9% | 5,173 |
| Property Tax (@ 100%) 2.833027 | \$76,115 | \$692/Unit | \$110,514 | \$1,005 | 8.69% | \$1.13 | \$973 | \$107,000 | \$88,000 | \$86,185 | \$110,514 | \$1,005 | \$1.17 | 8.97% | -3.2% | (3,514) |
| Reserve for Replacements | \$37,918 | \$345/Unit | \$29,391 | \$267 | 2.23% | \$0.29 | \$250 | \$27,500 | \$23,400 | \$23,400 | \$27,500 | \$250 | \$0.29 | 2.23% | 0.0% | - |
| Cable TV | | | \$550 | \$5 | 0.17% | \$0.02 | \$19 | \$2,100 | \$0 | \$0 | \$2,100 | \$19 | \$0.02 | 0.17% | 0.0% | - |
| Supportive Services | | | \$7,934 | \$72 | 0.39% | \$0.05 | \$44 | \$4,800 | \$0 | \$0 | \$4,800 | \$44 | \$0.05 | 0.39% | 0.0% | - |
| TDHCA LIHTC/HOME Compliance Fees | | | \$5,251 | \$48 | 0.24% | \$0.03 | \$27 | \$2,960 | \$2,960 | \$2,960 | \$2,960 | \$27 | \$0.03 | 0.24% | 0.0% | - |
| TDHCA Bond Compliance Fee | | | \$0 | \$0 | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| Security | | | \$7,757 | \$71 | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| Other | | | \$4,073 | \$37 | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| TOTAL EXPENSES | | | \$631,820 | | 46.06% | \$5.99 | \$5,156 | \$ 567,189 | \$399,892 | \$403,437 | \$ 561,903 | \$5,108 | \$5.94 | 45.63% | 0.9% | \$ 5,286 |
| NET OPERATING INCOME ("NOI") | | | | | 53.94% | \$7.02 | \$6,038 | \$664,212 | \$292,548 | \$289,003 | \$669,498 | \$6,086 | \$7.08 | 54.37% | -0.8% | \$ (5,286) |

| | | | | | | | | | | | | | | | | |
|-----------------------|--|--|--|--|--|--|--------------|--|--------------|--------------|--|--------------|--|--|--|--|
| CONTROLLABLE EXPENSES | | | | | | | \$2,959/Unit | | \$2,877/Unit | \$3,008/Unit | | \$2,926/Unit | | | | |
|-----------------------|--|--|--|--|--|--|--------------|--|--------------|--------------|--|--------------|--|--|--|--|

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Mistletoe Station, Fort Worth, 9% HTC #17259

| DEBT / GRANT SOURCES | | | | | | | | | | | | | | | | | | | |
|---|-------|----------------|------|------------------|-----------------------------------|-------|------|-------------|---------------------|--------------------------------------|--------------------|---------------------|---------------------------|-------|-----------|------------|------------------|-------------|--------------|
| APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE | | | | | | | | | | AS UNDERWRITTEN DEBT/GRANT STRUCTURE | | | | | | | | | |
| DEBT (Must Pay) | Fee | Cumulative DCR | | Pmt | Rate | Amort | Term | Principal | Prior Underwriting | | Principal | Term | Amort | Rate | Pmt | Cumulative | | | |
| | | UW | App | | | | | | Applicant | TDHCA | | | | | | DCR | LTC | | |
| Hunt Mortgage Group | 0.00% | 1.32 | 1.31 | \$507,722 | 5.53% | 35 | 15 | \$7,850,000 | \$4,450,000 | \$4,450,000 | \$7,850,000 | 15 | 35 | 5.53% | \$507,722 | 1.31 | 28.8% | | |
| City of Fort Worth HFC | | 1.25 | 1.24 | \$29,814 | 2.00% | 35 | 15 | \$750,000 | | | \$750,000 | 15 | 35 | 2.00% | \$29,814 | 1.24 | 2.7% | | |
| City of Fort Worth HOME | | 1.20 | 1.19 | \$21,120 | 1.00% | 0 | 15 | \$1,056,000 | | | \$1,056,000 | 15 | 35 | 1.00% | \$35,771 | 1.16 | 3.9% | | |
| CASH FLOW DEBT / GRANTS | | | | | | | | | | | | | | | | | | | |
| Fort Worth's Tax Increment Finance ("TIF") District #4 - Cost Reimbursement | | | | | | | | | | | | | | | | | | | |
| | | 1.20 | 1.19 | \$0 | 0.00% | 0 | 0 | \$2,600,000 | \$2,000,000 | \$2,000,000 | \$2,600,000 | 0 | 0 | 0.00% | | 1.16 | 9.5% | | |
| | | | | \$558,656 | TOTAL DEBT / GRANT SOURCES | | | | \$12,256,000 | \$6,450,000 | \$6,450,000 | \$12,256,000 | TOTAL DEBT SERVICE | | | | \$573,307 | 1.16 | 44.9% |

| | | | | | | | | | | | | | | | |
|----------------------|-----------|-----------|---------------------------------------|--|--|--|--|--|--|--|--|--|-----------|----------|----------------------|
| NET CASH FLOW | \$110,842 | \$105,556 | APPLICANT NET OPERATING INCOME | | | | | | | | | | \$664,212 | \$90,904 | NET CASH FLOW |
|----------------------|-----------|-----------|---------------------------------------|--|--|--|--|--|--|--|--|--|-----------|----------|----------------------|

| EQUITY SOURCES | | | | | | | | | | | | | | |
|---------------------------------------|-------------------------|--------|----------------|--------------|--------------|----------------------------------|---------------------|---------------------|---------------------|----------------|--------|-------------------------|----------------------------------|--|
| APPLICANT'S PROPOSED EQUITY STRUCTURE | | | | | | AS UNDERWRITTEN EQUITY STRUCTURE | | | | | | | | |
| EQUITY / DEFERRED FEES | DESCRIPTION | % Cost | Annual Credit | Credit Price | Amount | Prior Underwriting | | Amount | Credit Price | Annual Credit | % Cost | Annual Credits per Unit | Allocation Method | |
| | | | | | | Applicant | TDHCA | | | | | | | |
| Hunt Capital Partners | LIHTC Equity | 50.3% | \$1,500,000 | 0.91 | \$13,723,628 | \$14,248,575 | \$14,248,575 | \$13,723,618 | \$0.91 | \$1,500,000 | 50.3% | \$13,636 | Previous Allocation | |
| Saigebrook Development, LLC | Deferred Developer Fees | 4.8% | (43% Deferred) | | \$1,304,778 | \$897,027 | \$897,027 | \$1,304,788 | | (43% Deferred) | 4.8% | | Total Developer Fee: \$3,016,819 | |
| Additional (Excess) Funds Req'd | | 0.0% | | | | \$0 | \$0 | \$0 | | | 0.0% | | | |
| TOTAL EQUITY SOURCES | | | | | 55.1% | \$15,028,406 | \$15,145,601 | \$15,145,602 | \$15,028,406 | | | 55.1% | | |

| | | | | | | | | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|--|--|--|------------------|
| TOTAL CAPITALIZATION | \$27,284,406 | \$21,595,601 | \$21,595,602 | \$27,284,406 | 15-Yr Cash Flow after Deferred Fee: | | | \$922,009 |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|--|--|--|------------------|

| DEVELOPMENT COST / ITEMIZED BASIS | | | | | | | | | | | | | | |
|--|----------------|---------------------|-----------------|--------------------|---------------------|--------------------------|---------------------|---------------------|------------------|-------------|---------------------|---------------|-------------|------------------|
| APPLICANT COST / BASIS ITEMS | | | | | | TDHCA COST / BASIS ITEMS | | | | | | COST VARIANCE | | |
| Acquisition | Eligible Basis | | Total Costs | Prior Underwriting | | Total Costs | Eligible Basis | | Acquisition | % | \$ | | | |
| | New Const. | Rehab | | Applicant | TDHCA | | New Const. | Rehab | | | | | | |
| Land Acquisition | | | \$20,823 / Unit | \$2,290,550 | \$2,664,550 | \$2,290,550 | \$20,823 / Unit | | | 0.0% | \$0 | | | |
| Off-Sites | | \$0 | \$29,945 / Unit | \$3,294,000 | \$747,926 | \$3,294,000 | \$29,945 / Unit | \$0 | | 0.0% | \$0 | | | |
| Site Work | | \$467,050 | \$4,428 / Unit | \$487,050 | \$2,244,279 | \$2,244,279 | \$4,428 / Unit | \$467,050 | | 0.0% | \$0 | | | |
| Site Amenities | | \$124,950 | \$1,136 / Unit | \$124,950 | \$335,500 | \$335,500 | \$1,136 / Unit | \$124,950 | | 0.0% | \$0 | | | |
| Ground Floor Parking Garage | | \$1,350,000 | \$12,273 / Unit | \$1,350,000 | \$1,350,000 | \$1,091,207 | \$10,081 / Unit | \$1,108,895 | | -0.4% | (\$44,483) | | | |
| Building Cost | | \$8,989,193 | \$95.00 /sf | \$81,720/Unit | \$8,989,193 | \$5,730,946 | \$9,274,781 | \$84,316/Unit | \$98.02 /sf | \$9,274,781 | | | | |
| Contingency | | \$601,216 | 5.50% | 5.50% | \$783,486 | \$517,830 | \$783,486 | 5.48% | 5.48% | \$601,216 | 0.0% | \$0 | | |
| Contractor Fees | | \$1,614,537 | 14.00% | 14.00% | \$2,104,016 | \$1,522,422 | \$1,493,476 | \$2,104,016 | 13.96% | 13.95% | \$1,614,537 | 0.0% | \$0 | |
| Soft Costs | 0 | \$1,897,419 | | \$19,152 / Unit | \$2,106,723 | \$2,288,967 | \$2,106,723 | \$19,152 / Unit | | \$1,897,419 | \$0 | 0.0% | \$0 | |
| Financing | 0 | \$1,591,504 | | \$18,651 / Unit | \$2,051,620 | \$1,615,447 | \$2,051,620 | \$18,651 / Unit | | \$1,591,504 | \$0 | 0.0% | \$0 | |
| Developer Fee | \$0 | \$2,492,719 | 14.98% | 14.99% | \$3,016,819 | \$2,241,294 | \$2,233,844 | \$3,016,819 | 14.95% | 14.94% | \$2,492,719 | \$0 | 0.0% | \$0 |
| Reserves | | | \$5,373 / Unit | \$591,000 | \$388,482 | \$323,058 | \$402,291 | \$3,657 / Unit | | | 46.9% | \$188,709 | | |
| TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED) | \$0 | \$19,128,587 | | \$248,040 / Unit | \$27,284,406 | \$21,595,602 | \$21,287,030 | \$27,140,180 | \$246,729 / Unit | | \$19,173,070 | \$0 | 0.5% | \$144,226 |
| Acquisition Cost | \$0 | | | | \$0 | \$0 | | | | | | | | |
| Contingency | | \$0 | | | \$0 | \$0 | | | | | | | | |
| Contractor's Fee | | \$0 | | | | | | | | | | | | |
| Interim Interest | | \$0 | | | | | | | | | | | | |
| Developer Fee | \$0 | \$0 | | | \$0 | \$0 | | | | | | | | |
| Reserves | | | | | \$0 | \$0 | | | | | | | | |
| ADJUSTED BASIS / COST | \$0 | \$19,128,587 | | \$248,040/unit | \$27,284,406 | \$21,595,602 | \$21,287,030 | \$27,140,180 | \$246,729/unit | | \$19,173,070 | \$0 | 0.5% | \$144,226 |
| TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): | | | | | | \$27,284,406 | | | | | | | | |

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Mistletoe Station, Fort Worth, 9% HTC #17259

| CREDIT CALCULATION ON QUALIFIED BASIS | | | | |
|---------------------------------------|-------------|-----------------------------|-------------|-----------------------------|
| | Applicant | | TDHCA | |
| | Acquisition | Construction Rehabilitation | Acquisition | Construction Rehabilitation |
| ADJUSTED BASIS | \$0 | \$19,128,587 | \$0 | \$19,173,070 |
| Deduction of Federal Grants | \$0 | \$0 | \$0 | \$0 |
| TOTAL ELIGIBLE BASIS | \$0 | \$19,128,587 | \$0 | \$19,173,070 |
| High Cost Area Adjustment | | 130% | | 130% |
| TOTAL ADJUSTED BASIS | \$0 | \$24,867,163 | \$0 | \$24,924,992 |
| Applicable Fraction | 67.27% | 67.27% | 67.27% | 67.27% |
| TOTAL QUALIFIED BASIS | \$0 | \$16,728,819 | \$0 | \$16,767,722 |
| Applicable Percentage | 3.39% | 9.00% | 3.39% | 9.00% |
| ANNUAL CREDIT ON BASIS | \$0 | \$1,505,594 | \$0 | \$1,509,095 |
| CREDITS ON QUALIFIED BASIS | \$1,505,594 | | \$1,509,095 | |

| Method | ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS | | FINAL ANNUAL LIHTC ALLOCATION | | |
|---------------------------|---|--------------|-------------------------------|---------------------|------------|
| | Annual Credits | Proceeds | Credit Price \$0.9149 | Variance to Request | |
| | | | Credit Allocation | Credits | Proceeds |
| Eligible Basis | \$1,505,594 | \$13,774,795 | ---- | ---- | ---- |
| Needed to Fill Gap | \$1,642,614 | \$15,028,406 | ---- | ---- | ---- |
| Previous Allocati | \$1,500,000 | \$13,723,618 | \$1,500,000 | \$0 | \$0 |

| BUILDING COST ESTIMATE | | | | |
|------------------------------------|-------------|---------------|---------------|---------------------|
| CATEGORY | FACTOR | UNITS/SF | PER SF | |
| Base Cost: | Combination | 94,624 SF | \$85.79 | 8,117,835 |
| Adjustments | | | | |
| Exterior Wall Finish | 3.76% | | 3.22 | \$305,044 |
| Elderly | 0.00% | | 0.00 | 0 |
| 9-Ft. Ceilings | 0.00% | | 0.00 | 0 |
| Roof Adjustment(s) | | | (0.25) | (23,656) |
| Subfloor | | | (0.15) | (14,509) |
| Floor Cover | | | 2.56 | 242,237 |
| Breezeways | \$0.00 | 0 | 0.00 | 0 |
| Balconies | \$0.00 | 0 | 0.00 | 0 |
| Plumbing Fixtures | \$990 | 360 | 3.77 | 356,400 |
| Rough-ins | \$485 | 220 | 1.13 | 106,700 |
| Built-In Appliances | \$1,725 | 110 | 2.01 | 189,750 |
| Exterior Stairs | \$2,280 | 15 | 0.36 | 34,200 |
| Heating/Cooling | | | 2.14 | 202,495 |
| Enclosed Corridors | \$77.34 | 24,003 | 19.62 | 1,856,403 |
| Carports | \$11.94 | 0 | 0.00 | 0 |
| Ground Floor Parking Garage | \$37.40 | 40,000 | 15.81 | 1,496,000 |
| Comm &/or Aux Bldgs | \$97.48 | 3,221 | 3.32 | 313,999 |
| Elevators | \$89,550 | 2 | 1.89 | 179,100 |
| Other: Storage/Maint./Trash Rm. | \$77.34 | 4,468 | 3.65 | 345,557 |
| Fire Sprinklers | \$2.47 | 121,848 | 3.18 | 300,965 |
| SUBTOTAL | | | 148.04 | 14,008,521 |
| Current Cost Multiplier | 1.01 | | 1.48 | 140,085 |
| Local Multiplier | 0.86 | | (20.73) | (1,961,193) |
| TOTAL BUILDING COSTS | | | 128.80 | \$12,187,413 |
| Plans, specs, survey, bldg permits | 3.30% | | (4.25) | (\$402,185) |
| Contractor's OH & Profit | 11.50% | | (14.81) | (1,401,553) |
| NET BUILDING COSTS | | \$94,397/unit | \$109.74/sf | \$10,383,676 |

Long-Term Pro Forma

Mistletoe Station, Fort Worth, 9% HTC #17259

| | Growth Rate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 10 | Year 15 | Year 20 | Year 25 | Year 30 | Year 35 |
|-------------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| EFFECTIVE GROSS INCOME | 2.00% | \$1,231,401 | \$1,256,029 | \$1,281,149 | \$1,306,772 | \$1,332,908 | \$1,471,638 | \$1,624,807 | \$1,793,918 | \$1,980,631 | \$2,186,776 | \$2,414,378 |
| TOTAL EXPENSES | 3.00% | \$567,189 | \$583,589 | \$600,469 | \$617,842 | \$635,724 | \$733,300 | \$846,034 | \$976,302 | \$1,126,851 | \$1,300,863 | \$1,506,826 |
| NET OPERATING INCOME ("NOI") | | \$664,212 | \$672,440 | \$680,681 | \$688,930 | \$697,184 | \$738,338 | \$778,773 | \$817,616 | \$853,780 | \$885,913 | \$907,552 |
| EXPENSE/INCOME RATIO | | 46.1% | 46.5% | 46.9% | 47.3% | 47.7% | 49.8% | 52.1% | 54.4% | 56.9% | 59.5% | 62.4% |
| MUST -PAY DEBT SERVICE | | | | | | | | | | | | |
| Hunt Mortgage Group | | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 |
| City of Fort Worth HFC | | \$29,814 | \$29,814 | \$29,814 | \$29,814 | \$29,814 | \$29,814 | \$29,814 | \$29,814 | \$29,814 | \$29,814 | \$29,814 |
| City of Fort Worth HOME | | \$35,771 | \$35,771 | \$35,771 | \$35,771 | \$35,771 | \$35,771 | \$35,771 | \$35,771 | \$35,771 | \$35,771 | \$35,771 |
| TOTAL DEBT SERVICE | | \$573,307 | \$573,307 | \$573,307 | \$573,307 | \$573,307 | \$573,307 | \$573,307 | \$573,307 | \$573,307 | \$573,307 | \$573,307 |
| DEBT COVERAGE RATIO | | 1.16 | 1.17 | 1.19 | 1.20 | 1.22 | 1.29 | 1.36 | 1.43 | 1.49 | 1.55 | 1.58 |
| ANNUAL CASH FLOW | | \$90,904 | \$99,132 | \$107,373 | \$115,623 | \$123,876 | \$165,031 | \$205,465 | \$244,309 | \$280,473 | \$312,606 | \$334,244 |
| Deferred Developer Fee Balance | | \$1,213,884 | \$1,114,751 | \$1,007,378 | \$891,755 | \$767,878 | \$24,896 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CUMULATIVE NET CASH FLOW | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$922,009 | \$2,066,704 | \$3,398,062 | \$4,898,745 | \$6,532,035 |

MISTLETOE STATION
17259
AMENDMENT REQUEST



Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 5/25/2018

Amendment Requested: *Application Amendment*

Has the change been implemented? *No*

Award Stage: *Carryover (Prior to Construction/10% Test)*

NOTE: Material Application or LURA Amendment requests must be received 45 days before the Board Meeting.

Contact your Asset Manager if you are unsure what type of Amendment to request: <https://www.tdhca.state.tx.us/asset-management/contacts.htm>

DEVELOPMENT INFORMATION

Dev. Name: Mistletoe Station

File No. / CMTS No.: 17259 /

CONTACT INFORMATION

Request Submitted By: Lisa Stephens

Phone #/Email: (352) 213-8700 /

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

- The change(s) requested The reason the change is necessary The good cause for the change
 An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

- Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted
- Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect
- Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.
- Material Amendment fee of \$2,500 for first amendments, \$3,000 for second amendments, \$3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see *Subchapter E, §10.405(a)(3)*):

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Site plan | <input type="checkbox"/> Scope of tenant services | <input type="checkbox"/> Exclusion of reqs in Subchapters B & C |
| <input checked="" type="checkbox"/> Number of units* | <input type="checkbox"/> Reduction of 3%+ in unit sq ft | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Bedroom mix | <input type="checkbox"/> Reduction of 3%+ common area | |
| <input checked="" type="checkbox"/> Architectural design | <input checked="" type="checkbox"/> Residential density (5%+ change) | |

If “Number of units” is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

- Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units
- Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with §10.405(a)(6)(b).*

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, *§10.405(b)(2)*):

- | | | |
|---|--|--------------------------------|
| <input type="checkbox"/> Reductions in the number of LI units | <input type="checkbox"/> Change in Target Population | |
| <input type="checkbox"/> Changes to income or rent restrictions | <input type="checkbox"/> Removal of Non-profit | <input type="checkbox"/> Other |
| <input type="checkbox"/> Change in ROFR period or other ROFR provisions | | |

The following additional items are attached for consideration or will be forthcoming:

- Draft Notice of Public Hearing* Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

Short Summary Regarding Application Changes

- Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

Short Summary Regarding LURA Changes

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

Short Summary Regarding LURA Changes

MISTLETOE STATION
17259
AMENDMENT AND
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 1
LETTER OF EXPLANATION



May 25, 2018

Rosalio Banuelos
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: 17259 Mistletoe Station
Ownership Transfer and Guarantor Addition
Unit Mix Change

Mr. Banuelos:

Mistletoe Station, TDHCA #17259, is hereby requesting to add Guarantors and an Owner per the chart below.

Original Ownership Structure

Saigebrook Mistletoe, LLC 0.01%
Lisa Stephens/Syndicator 99.99%

Original Guarantors

Saigebrook Mistletoe, LLC
Saigebrook Development, LLC
Lisa Stephens

New Ownership Structure

Saigebrook Mistletoe, LLC 0.0048%
O-SDA Mistletoe, LLC 0.0032%
HCP SLP, LLC 0.0020%
HCP-ILP LLC 99.99%

New Guarantors

Saigebrook Mistletoe, LLC
Saigebrook Development, LLC
Lisa Stephens

O-SDA Mistletoe, LLC
O-SDA Industries, LLC
Megan Lasch

Hunt Capital Partners, LLC

In addition, we are requesting a change in the Developer Fee percentages for O-SDA Industries and Saigebrook Development from application as shown on the included Developer Organizational Chart. As an incoming guarantor, financial statements are being provided under separate cover for Megan Lasch, the principal of O-SDA Mistletoe, LLC and O-SDA Industries, LLC.

Hunt Capital Partners, LLC as an incoming guarantor will receive a portion of the Developer Fee as a guarantee fee but will not be a Developer of record for the property. HCP SLP, LLC will be a Special Limited Partner in the LLC and by definition a limited partner may not have a controlling interest. As such we do not believe that financial statements for HCP SLP, LLC or Hunt Capital Partners should be required with this submittal. We have listed HCP SLP, LLC on the Developer Org Chart since receiving a portion of the fee qualifies them as a Developer under the definitions in the Multi-Family Rules. For further information on Hunt Capital, HCP SLP, LLC or HCP-ILP, LLC, please contact Omar Chaudhry at 972-803-3416 or omar.chaudhry@huntcompanies.com.

The agreement between the parties for the guarantees, fee splits and cash flow splits is contained in the LOI for the equity syndication and will be finalized at the time of closing when the Amended Operating Agreement and Developer Fee Agreements are signed.

As noted in various communications contained within this package, the above changes to developer, owner and guarantors are required by the equity investor and lender as part of their funding commitments based on review and underwriting of the transaction.

We are also requesting at this time a change in the unit total count and unit mix: increasing the overall unit count by 32, from 78 total units to 110 total units. The changes in unit mix and total units have all been made to the market rate units without any impact on the affordable units as shown in the application. These changes were required by the TIF as a condition to receiving their funding for the infrastructure improvements that were included in the application. After much discussion with the neighborhood, the TIF executive committee and the TIF board, it was determined by the TIF that a minimum of 100 to 110 units were necessary to provide a return that would justify the level of investment as well as a 70/30 mix of affordable/market units. A resolution documenting this requirement by the TIF is included in this package. The unit mix revisions requested are shown below:

| | One Bedroom | Two Bedroom | Three Bedroom |
|----------------------|--------------------|--------------------|----------------------|
| Total at Application | 14 | 42 | 22 |
| Total at Amendment | 21 | 67 | 22 |

| | One Bedroom | Two Bedroom | Three Bedroom |
|---------------------------------|--------------------|--------------------|----------------------|
| Affordable Units at Application | 13 | 41 | 20 |
| Affordable Units at Amendment | 13 | 41 | 20 |

| | One Bedroom | Two Bedroom | Three Bedroom |
|-----------------------------|--------------------|--------------------|----------------------|
| Market Units at Application | 1 | 1 | 2 |
| Market Units at Amendment | 8 | 26 | 2 |

The site plan for Mistletoe Station has also been modified as a result of environmental investigations conducted on the site. Building structures have been removed from the areas that were of concern during the investigation period and these areas are being encapsulated by

pavement. Ultimately TCEQ determined that there are no Recognized Environmental Conditions on the site and issued a No Further Action letter. The resulting Phase I report has been provided to TDHCA along with a request to extend the 10% test deadline due to the extended environmental investigation period. However, the changes made to the site plan were necessary to continue the planning and permitting process while the investigation was ongoing. As noted in our extension request for the 10% test, the environmental investigations delayed the planning and permitting process by approximately 60 days as the site plan had to be put on hold while testing was conducted to determine the boundaries of the areas of concern.

A revised development cost schedule, rent schedule, operating expenses and pro forma as well as new building schematic plans are included in this package. A property tax estimate from our consultant, updated utility allowances and a GC Schedule of Values are also included.

The required amendment fees will be delivered to the TDHCA office on May 25th along with the required financial statements for Megan Lasch. All other documentation is contained within this submittal. If you need any additional information on the above requests you may reach me at 352-213-8700.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Lisa M. Stephens', with a long horizontal line extending to the right.

Lisa M. Stephens
President



MEMORANDUM

June 6, 2018

Texas Department of Community Affairs (TDHCA)
Rosalio Banelos
Manager, Asset Management Division
221 E. 11th Street
Austin, TX 78701

RE: #17259 Mistletoe Station Amendment Application

Mr. Banelos:

Hunt Capital Partners (“HCP”) will be the investor limited partner (“LP”) in the referenced project, Mistletoe Station (“the Project”). As the LP, HCP would like to confirm the following regarding the amendment application for the Project:

- Hunt Capital Partners, LLC is providing a liquidity guarantee to JPMorgan Chase for a propriety tax credit investment fund into which Mistletoe Station will be placed. This liquidity guarantee is strictly limited to an event whereby the Guarantors for the transactions do not have sufficient liquidity to meet the requirements of the fund. It is not a full guarantee of the transaction or of the actions of the managing members or any other guarantee required for the financing.
- The controlling officers of Hunt Capital Partners are Dana Mayo, Chris Hunt, Dan Kagey and Jeff Weiss. Chris Hunt is also a member of the board of directors for Hunt Companies, Inc.
- These parties have the authority to make all decisions for Hunt Capital Partners related to its investment in and liquidity guarantee for Mistletoe Station.
- The payment to HCP SLP, LLC of 20% of developer fee is being made to provide Hunt Capital with a sufficient return on the transaction. HCP SLP, LLC and Hunt Capital Partners are not acting as Developers nor will they have control of the development.

Should TDHCA have any question or concerns if would like to discuss further with HCP, please do not hesitate to call me at (818) 380-6131. Thank you for your consideration of this request.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jeff Weiss', with a horizontal line extending to the right.

Jeff Weiss
President
Hunt Capital Partners, LLC

MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 2
TRANSFER INFORMATION

Ownership Transfer Information

Complete the below information concerning this transfer. Information related to this and other forms in this packet may be found in the Post Award Activities Manual on the Department's Asset Management page.

Property Information

TDHCA ID#: 17259 Primary Program: 9% HTC CMTS#: _____

Property Name: Mistletoe Station Current Owner: Mistletoe Station LLC

Type of Transfer: Other Date of Transfer: upon approv OR Already Occurred

Have Forms 8609 been issued for this property? No Has construction been completed? No

Controlling parties at Application must remain in the structure and retain control. Contact your Asset Manager.

Did this property receive points for non-profit participation? No Will the non-profit change? No

If the property received points and the non-profit will change, the new non-profit's involvement in the operation of the Development throughout the Compliance period must be described.

Did this property receive points for a HUB? Yes Will the HUB change? No

If the property received points and the HUB will change, the new HUB's involvement in the operation of the Development throughout the Compliance period must be described.

Is this property in or past year 15 of its Compliance Period? No Does the ROFR process apply? Yes

Compliance Status

Any uncorrected issues of noncompliance beyond the Corrective Action Period? _____

Any Corrective Action for noncompliance items currently in review? _____ Date Submitted: _____

Ownership Transfer Contact Information

Contact Name: Lisa Stephens Phone: (352) 213 - 8700 Extension: _____

Email: lisa@saigebrook.com Ownership Transfer Fee Submitted? Yes Check #: 2010

Property Sale Information (Only if Property Sale is Occurring with Transfer)

Title Company: N/A Title Company Contact: _____

Email: _____ Phone: (_____) _____ - _____ Extension: _____

Sale will be: _____ Amount of New Financing (if any): \$ _____

Lender (if any): _____ Terms of New Financing (if any): _____ % Interest

Terms of New Financing (if any): _____ yr Am _____ yr Term

Total Reserves: \$ _____ Amount of Reserves to transfer: \$ _____

If HOME, will HOME loan be paid off at time of sale? _____

New Proposed Owner Information

Proposed Owner: HCP SLP, LLC Authorized Agent: Jeff Weiss

Was the above or any of its members formed in a state other than Texas? Yes

Submit Exhibit A - Appropriate documents from the Texas Secretary of State and copies of governing documents.

Proposed Owner Experience Summary

Does the proposed Owner or its members have experience in affordable housing operations or management? Yes

Years of Cumulative Experience as indicated above: _____

New Management Agent Information

Management Agent will be replaced at the time of Transfer.

Entity: _____ Taxpayer ID: _____

Contact: _____ Phone: (_____) _____ - _____ Extension: _____

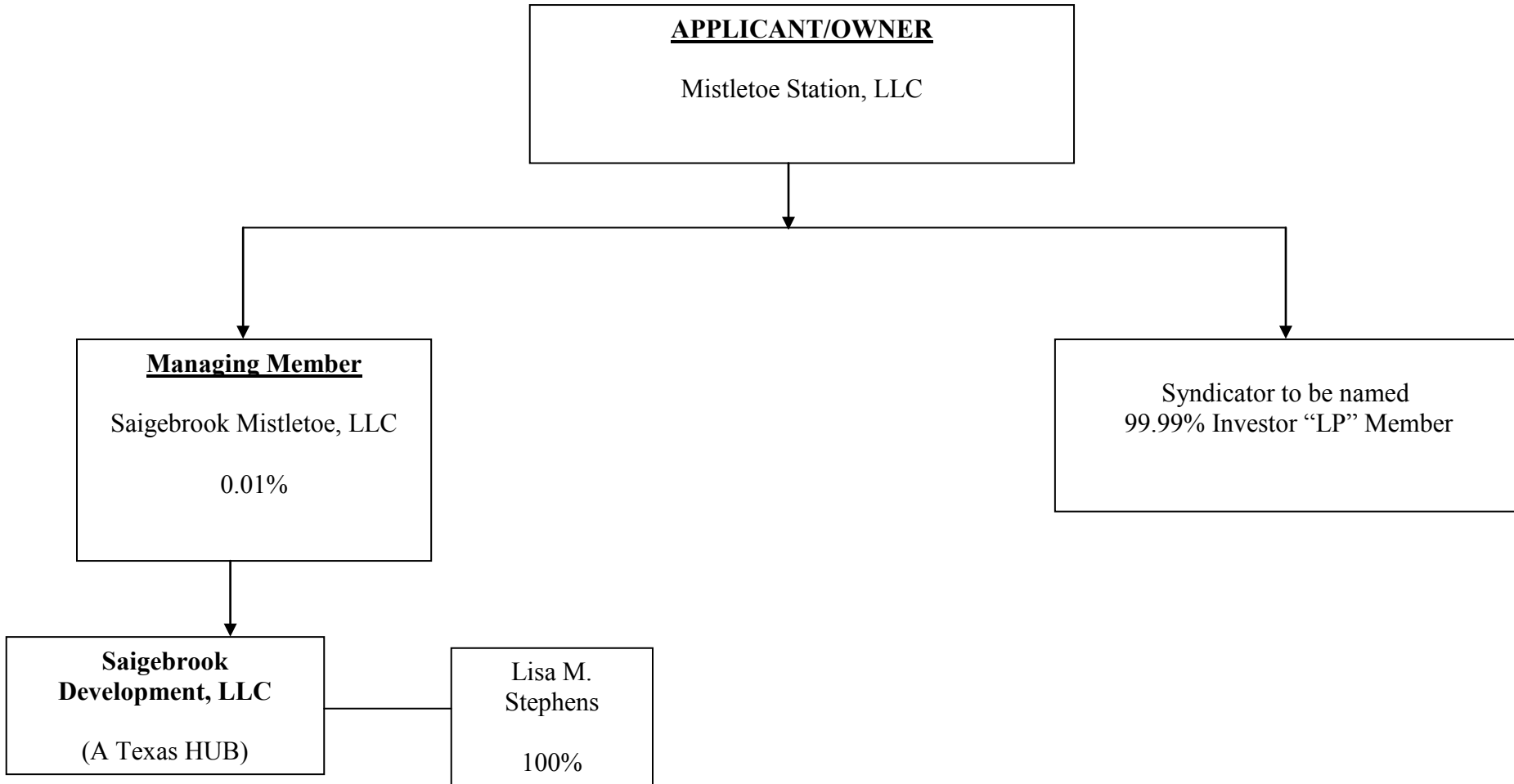
Address: _____

Email: _____

MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 3
ORIGINAL ORGANIZATIONAL CHARTS

****ORIGINAL ORGANIZATIONAL CHART****

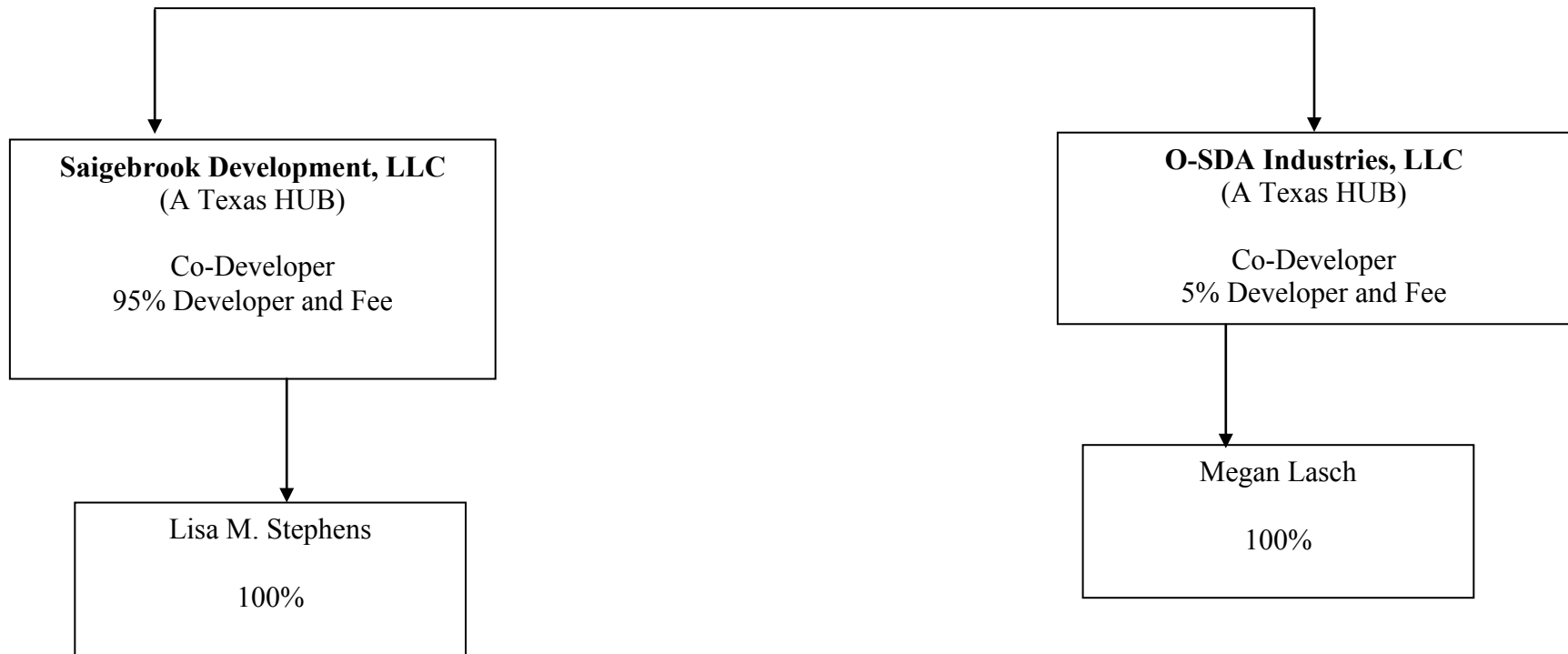
**Mistletoe Station
ORGANIZATIONAL CHART FOR
APPLICANT / OWNER**



****ORIGINAL ORGANIZATIONAL CHART****

**Mistletoe Station
ORGANIZATIONAL CHART FOR**

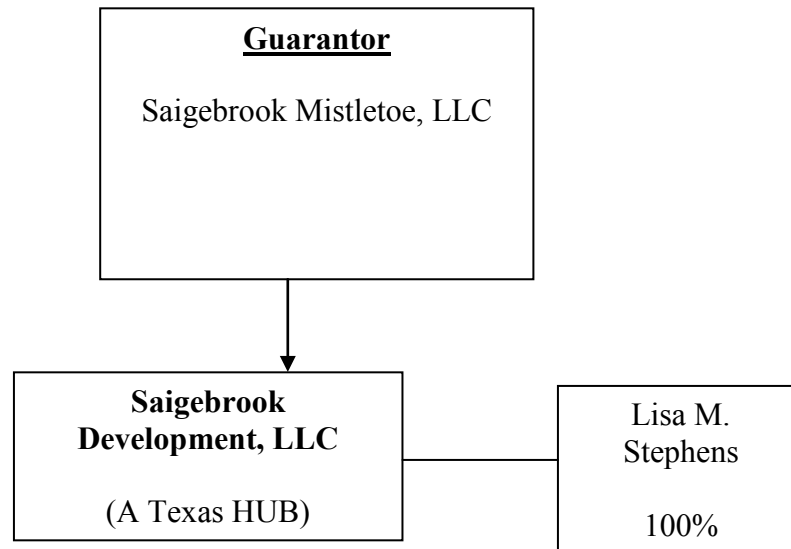
Co-Developers



****ORIGINAL ORGANIZATIONAL CHART****

**Mistletoe Station
ORGANIZATIONAL CHART FOR**

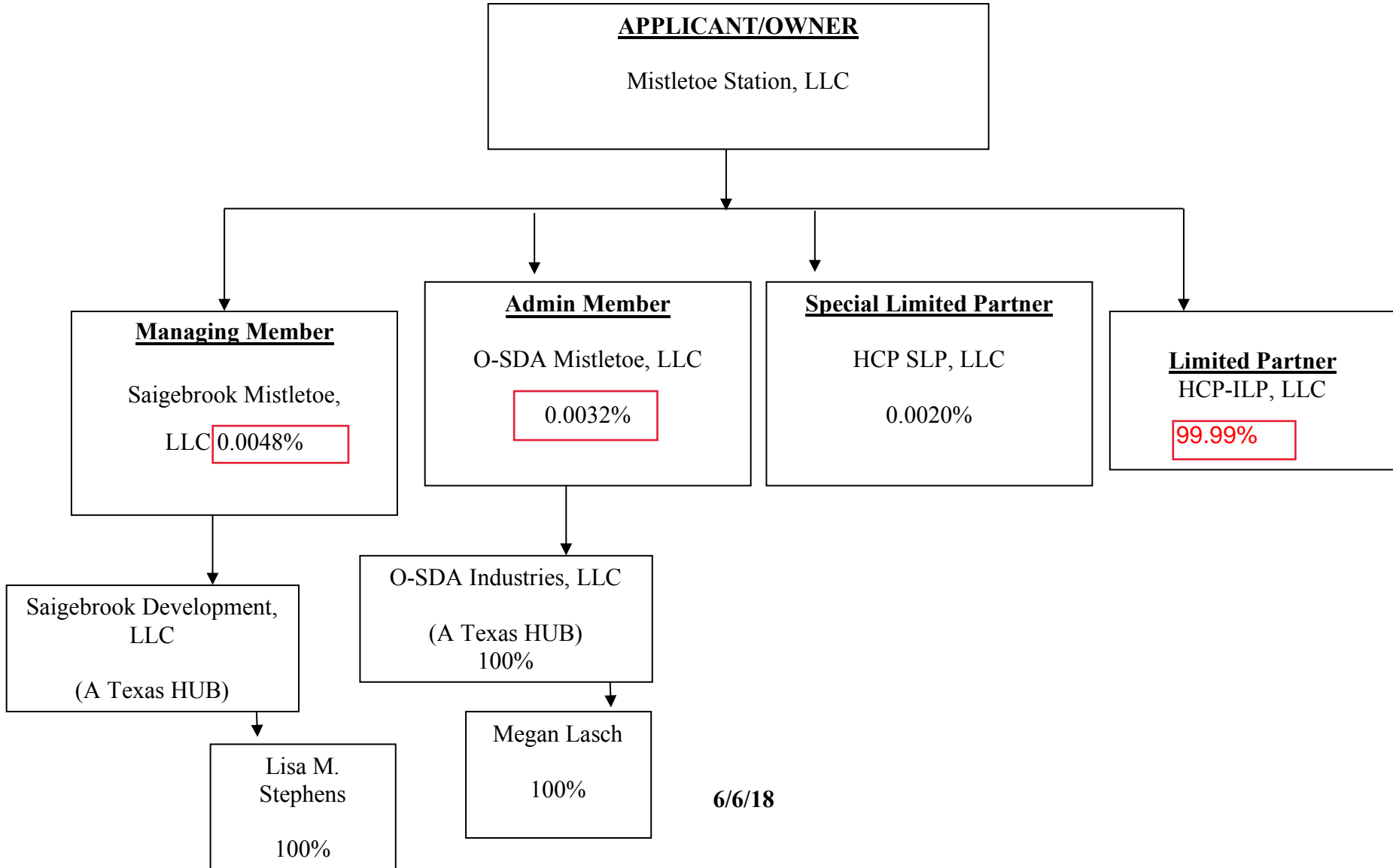
Guarantor



MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 4
NEW ORGANIZATIONAL CHARTS

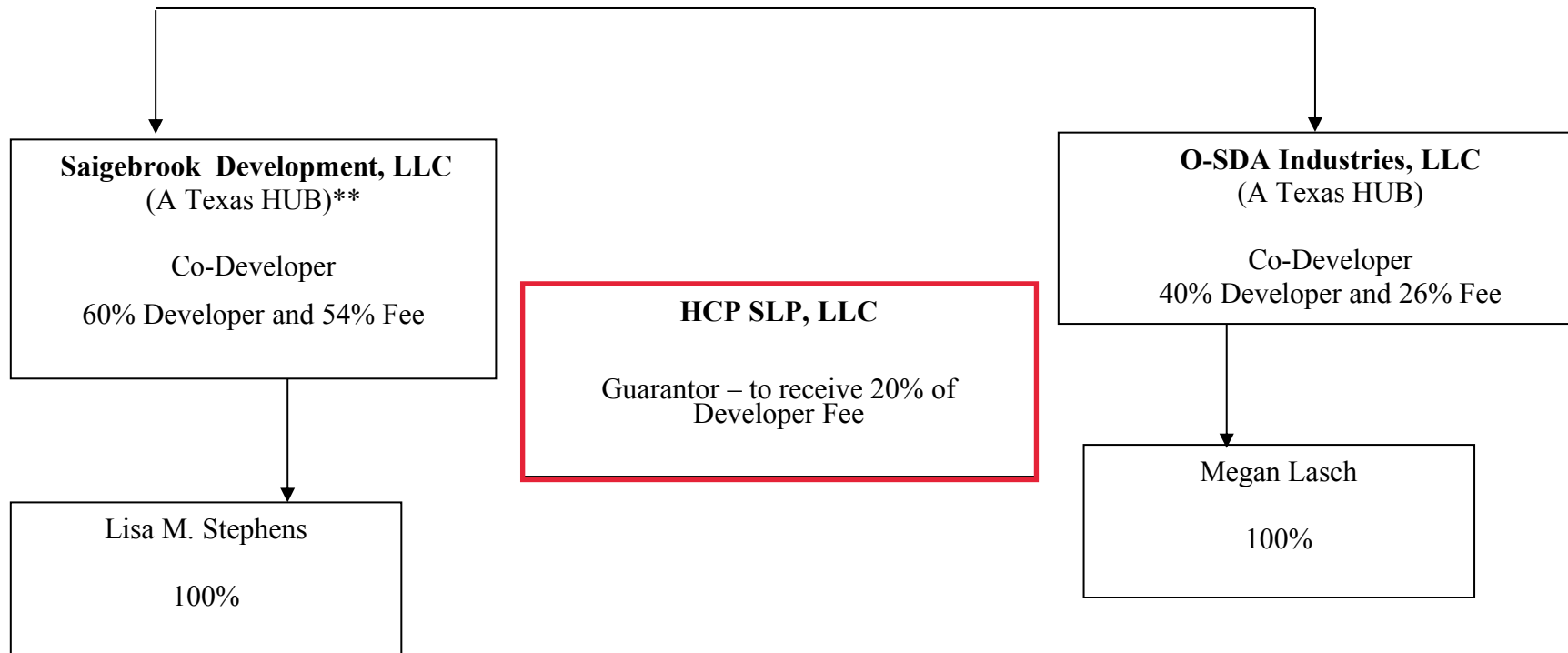
Corrected - 6/6/18

**Mistletoe Station
ORGANIZATIONAL CHART FOR
APPLICANT / OWNER**



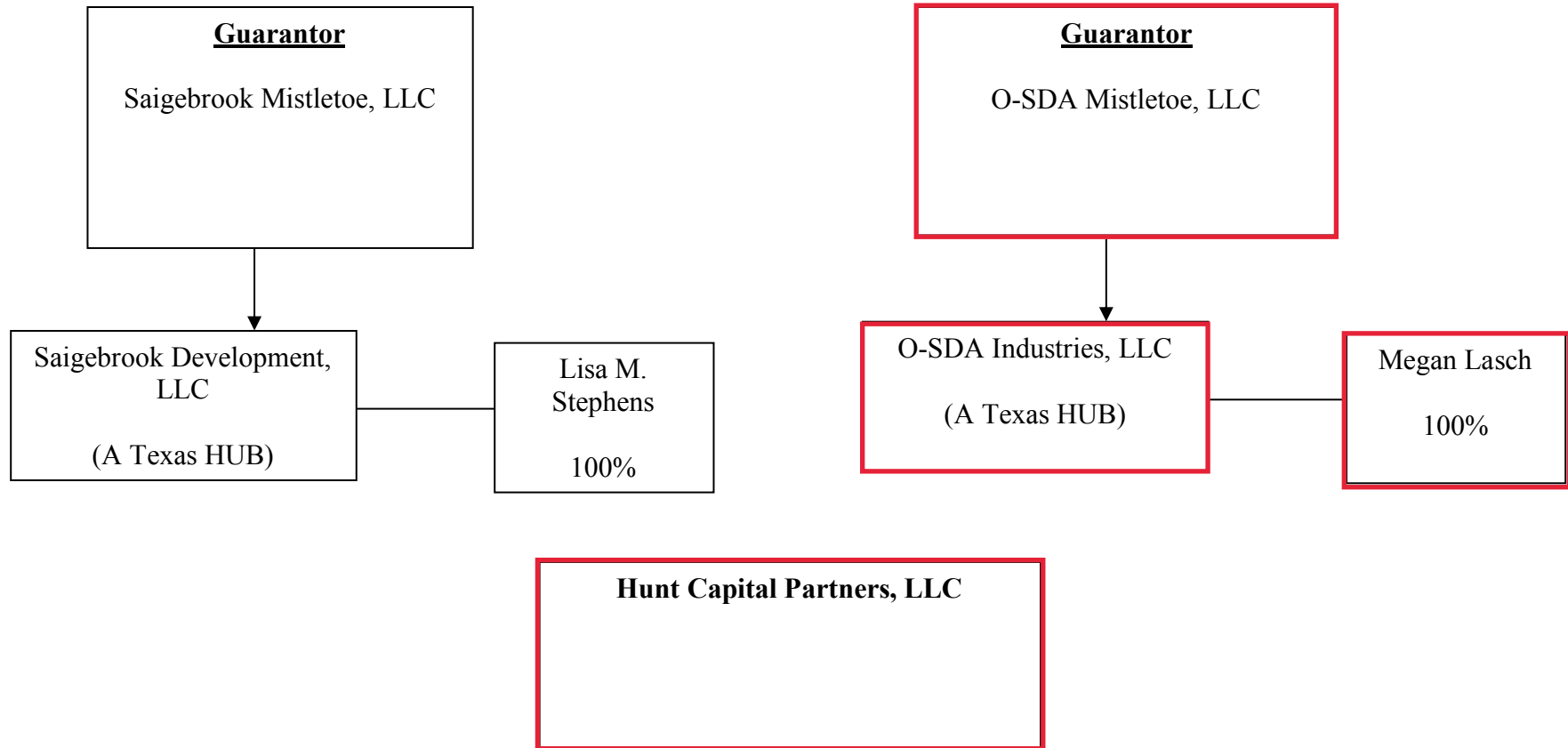
6/6/18

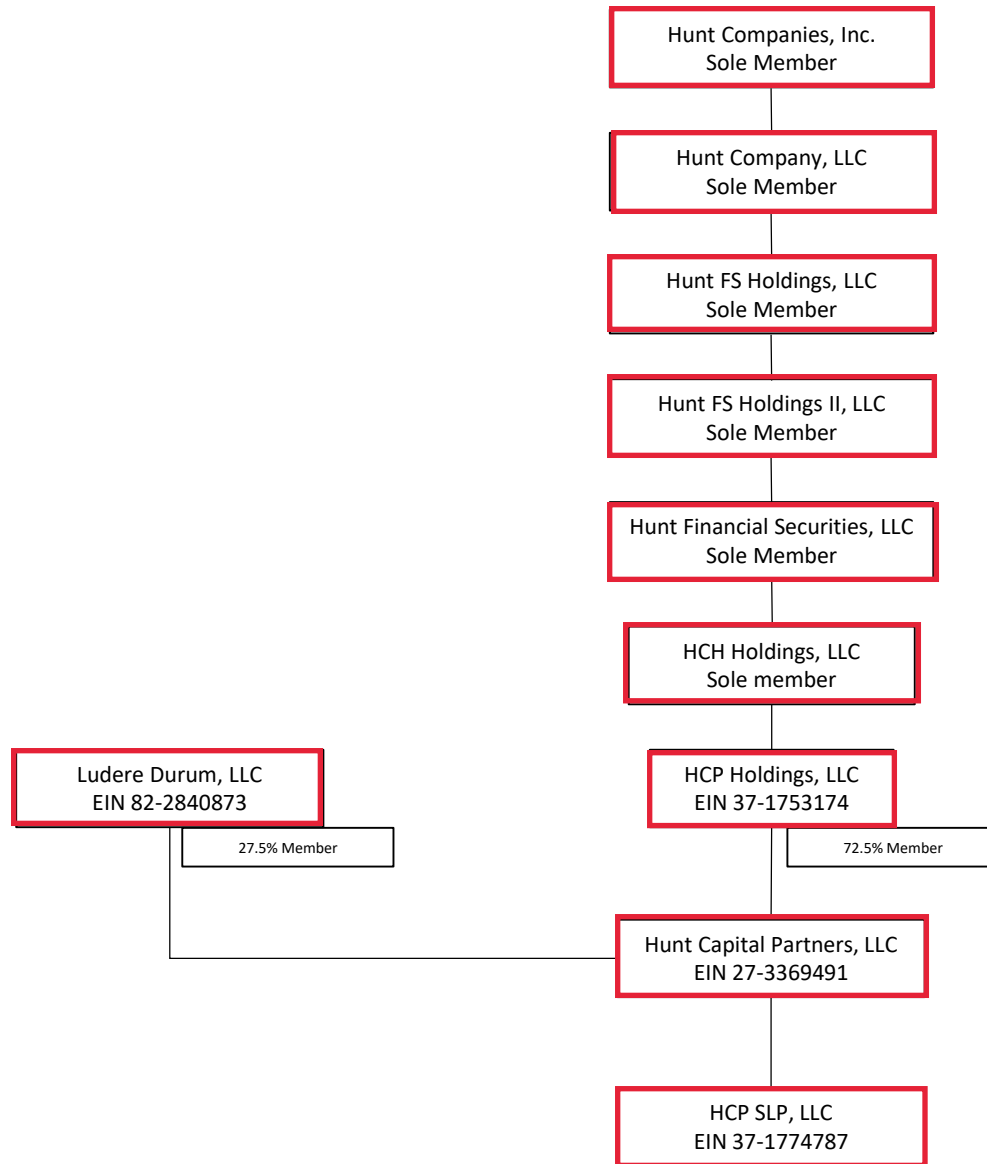
**Mistletoe Station
ORGANIZATIONAL CHART FOR
Co-Developers**



****HUB for purposes of application
points is Saigebrook Development, LLC**

**Mistletoe Station
ORGANIZATIONAL CHART FOR
Guarantor**





MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 5
PREVIOUS PARTICIPATION

Previous Participation Form

Form must be completed separately for each person that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

| | |
|----------------------------|--|
| Person/Role: | O-SDA Mistletoe, LLC Megan Lasch |
| Email Address: | megan@o-sda.com |
| City & State of Home Addr: | Austin, TX |
| Applicant Legal Name: | Edgewood Place, LLC (developer fee only) Alton Plaza, LLC (developer fee only) Mistletoe Station, LLC (developer fee only) Payton Senior, LLC Aria Grand, LLC Greynshire Village, LLC Elysium Grand, LLC |

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, HOME (RHD), and BOND) that you have controlled at any time.

By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

| TDHCA ID# | Property Name | Property City | Program | Control began (mm/yy) | Control End (mm/yy) |
|-----------|-----------------------|----------------|---------|-----------------------|---------------------|
| 12065 | La Ventana | Abilene | HTC | in 07/12 | NA |
| 12067 | Amberwood Place | Longview | HTC | in 07/12 | NA |
| 14226 | Art at Bratton's Edge | Austin | HTC | in 07/14 | NA |
| 15190 | Stillhouse Flats | Harker Heights | HTC | in 07/15 | NA |
| 15185 | LaMadrid | Austin | HTC | in 07/15 | NA |
| 16188 | Kaia Pointe | Georgetown | HTC | in 07/16 | NA |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

| | | | | | | | | |
|---------------------------|------|--|-----------|--|--------|--|------------|--|
| Community Affairs: | CEAP | | DOE | | HHSP | | WAP | |
| | CSBG | | ESG | | LIHEAP | | | |
| HOME: | CFDC | | HBA | | PWD | | TBRA | |
| | DR | | HRA | | SFD | | | |
| HTF/OCI: | AYBR | | Bootstrap | | CFDC | | Self-Help | |
| Other: | | | | | | | NSP | |

MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 6
AGREEMENT TO TRANSFER

MEMORANDUM

May 25, 2018

Texas Department of Community Affairs (TDHCA)
Rosalio Banuelos
Manager, Asset Management Division
221 E. 11th Street
Austin, TX 78701

RE: #17259 Mistletoe Station Amendment Application

Mr. Banuelos:

Hunt Capital Partners (“HCP”) will be the investor limited partner (“LP”) in the referenced project, Mistletoe Station (“the Project”). As the LP, HCP would like to confirm the following regarding the amendment application for the Project:

- HCP has reviewed the enclosed project budget, sources and uses, rent schedule and cash flow which have changed since execution of the investor LP’s letter of intent and these new numbers are consistent with HCP’s underwriting assumptions for the Project.
- HCP has requested that O-SDA Industries and Megan Lasch, as a co-developer of the Project, be added as a guarantor for the Project and retain an ownership interest through O-SDA Mistletoe, LLC. Any references to Saigebrook Developer or Saigebrook Developer Fee in the LOI are inclusive of the co-developer fees due to O-SDA.
- The TIF funds are necessary for the financial feasibility of the development and as such, it was necessary for the developer to modify the number of units to comply with the TIF’s minimum unit count requirements. Without the TIF funds, the Project could not fill the financial sources gap created by the level of infrastructure work required to make the Project possible.
- Although HCP’s LOI reflects that an HCP affiliated SLP will receive a portion of the development fee, it will receive this fee in return for providing credit support to the guarantors. HCP will not retain any control rights or decision making authority over the Project.

Should TDHCA have any question or concerns if would like to discuss further with HCP, please do not hesitate to call me at (972) 803-3416. Thank you for your consideration of this amendment.

Sincerely,



Director, Acquisitions
Hunt Capital Partners



CONFIDENTIAL

LETTER OF INTENT AGREEMENT

March 22, 2018

Saigebrook Development (“Saigebrook”)
Lisa Stephens
421 West 3rd Street #1504
Austin, TX 78701

RE: Mistletoe Station, a 110-unit affordable multifamily housing development to be located at 1916 Mistletoe Blvd, Fort Worth, Tarrant County, Texas and developed, constructed, owned and operated by Mistletoe Station, LLC, a TX limited liability company (the “Partnership”).

Dear Lisa:

Thank you for providing Hunt Capital Partners, LLC (“HCP”) the opportunity to partner with Saigebrook and present this Letter of Intent Agreement (the “LOI Agreement”) regarding Mistletoe Station, (the “Project”). The following sets forth our proposal of the basic business terms to be included in the Partnership Agreement by and between HCP, or its designees, as the Investor Limited Partner (the “Limited Partner” or “LP”), Saigebrook Mistletoe, LLC, a Texas limited liability company (the "General Partner" or "GP") and HCP SLP, LLC a Nevada limited liability company (the “Special Limited Partner” or “SLP”).

A. BASIC INFORMATION

1. Partnership Interest to be acquired

This proposal is based upon the acquisition of a 99.99% interest in the Partnership by HCP leaving a 0.008%, 0.001% and 0.001% interest to the GP, co-GP and SLP respectively. The Partnership shall be eligible to depreciate on a 30-year, 15-year, and 5-year schedule the building, site improvements, and FF&E, respectively. The Partnership shall elect to claim bonus depreciation.

2. Tax Credits

| | |
|--|---------------------|
| Year of Tax Credit Allocation | 2017 |
| Amount of Federal Tax Credits | \$15,000,000 |
| Percentage of Limited Partnership Interest | 99.99% |
| Tax Credits to be Acquired by the LP | <u>\$14,998,500</u> |

B. TOTAL DEVELOPMENT COSTS AND SOURCES OF FUNDS

| | | Construction | At Completion | At Stabilization + 8609s |
|-------|---|---------------|---------------|--------------------------|
| USES: | Development Costs | \$ 26,221,950 | \$ 26,221,950 | \$ 26,221,950 |
| | Constr Loan | 16,549,244 | 9,571,296 | - |
| | First Mortgage | - | - | 7,850,000 |
| | TIF Reimbursement | 2,600,000 | 2,600,000 | 2,600,000 |
| | HTF | - | - | 750,000 |
| | Federal Limited Partner Equity | 2,058,544 | 10,978,902 | 13,723,628 |
| | Retention 10% | 1,617,410 | - | - |
| | Deferred Operating Reserves | 540,000 | 540,000 | - |
| | Deferred Construction Costs | 536,526 | 536,526 | - |
| | Operating Account | - | - | - |
| | Developer Fee Note | 2,320,226 | 1,995,226 | 1,298,322 |
| | | \$ 26,221,950 | \$ 26,221,950 | \$ 26,221,950 |

The GP is responsible for development and delivery of the Project, and all costs related thereto, through Rental Achievement, which is defined in the Partnership Agreement as the achievement of (a) a debt coverage ratio (“DCR”) of 1.15x at a minimum of 90% occupancy for each of three (3) consecutive months, and (b) 100% initial Qualified Occupancy of the Project (“Rental Achievement”). In the determination of Rental Achievement, the following assumptions shall be made: (i) the greater of the Project’s actual vacancy rate or 7% (5% for Section 8 units) shall be used, (ii) rental income in excess of maximum Section 42 rents for the Section 8 units based on the current AMI limitation shall be included, and (iii) annual operating expenses (excluding annual deposits for Replacement Reserves) shall be the greater of actual or \$4,800 per unit. Any additional funds or funding required to achieve Rental Achievement in excess of the estimated Total Development Cost of ~~\$25,910,190~~ shall be considered Excess Development Costs (“EDCs”) which shall be the sole and exclusive responsibility of the GP to fund; provided, however, the GP shall be allowed to defer Development Fee (to the extent not yet paid) to cover EDCs. The LP will determine any hard or soft construction cost savings of the Partnership/Project upon Rental Achievement, whereby any savings shall first be used to reduce any deferred development fee, and then be used to reduce the Permanent Loan.

\$26,221,950



C. EQUITY INVESTMENT

1. Amount of Equity Investment

LP will pay the Partnership \$0.915 per \$1.00 of Federal IRC Section 42 low income housing tax credits (“LIHTC”) for total tax credit equity of \$13,723,628. Such amount assumes the LP acquires the aggregate 10-year LIHTC stream totaling \$15,000,000. Disbursements will be made pursuant to a monthly draw procedure, as further outlined in the Partnership Agreement. The total equity to be paid by LP, as stated above, will be increased or decreased based on the total amount of tax credits actually received by the Partnership, as stated on the IRS Form(s) 8609, at the rate of \$0.915 per \$1.00 of LIHTC; provided, however, that the total equity taking into account any additional tax credits beyond the \$1,500,000 annual tax credit allocation shall not exceed 105% of the total equity of \$13,723,628 as set forth herein.

Notwithstanding the foregoing, the pricing will only be binding on HCP for a period of the earlier of the closing date of the Partnership pursuant to this agreement, or 180 days from the date of this letter. Thereafter, HCP may modify its price to reflect market conditions in the exercise of its reasonable discretion, in which event the GP may terminate this letter if the revised pricing is not deemed satisfactory.

Additionally, the pricing indicated herein assumes a Partnership closing by July 2018, whereby the GP is obligated to deliver tax credits to the Partnership on the following schedule:

\$87,838 for 2019
\$1,500,000 for the years 2020 through 2028
\$1,412,162 for 2029

In the event the Partnership closing occurs earlier or later than July 2018 the tax credit delivery schedule shall be adjusted to maintain the yield to the LP.

2. Timing of the Equity Investment

The LP will invest in the Partnership as follows:

- a. \$2,058,544 (15.00%) will be funded upon the latest to occur of: (a) the LP's admission into the Partnership, (b) closing and initial funding of the Construction Loan and the HFC loan and execution of the TIF Reimbursement Agreement, (c) receipt of evidence of the availability of LIHTCs for the benefit of the Partnership, (d) issuance of a building permit or will issue letter from the city, and (e) issuance of a tax opinion acceptable to the LP. The proceeds of this capital contribution shall be used to pay land acquisition costs, a portion of the developer fee and Project construction costs. Upon closing of the Partnership Agreement, disbursements will be made pursuant to a monthly draw procedure outlined in the Partnership.
- b. \$8,920,358 (65.00%) will be funded upon the latest to occur of: (a) lien-free completion of construction of all the improvements sufficient for all residential rental units to be "placed in service" pursuant to IRC Section 42, (b) the issuance of all required temporary certificates of occupancy permitting immediate occupancy of all residential rental units, (c) engineer's and architect's substantial completion certificates, (d) a date down on the title policy, , (e) site inspection by a member of HCP's Construction Services Department verifying final completion in accordance with plans and specifications, which will occur within 30 business days of 95% completion or be deferred until the next capital contribution, (h) September 30, 2019, and (i) satisfaction of all conditions precedent to the payments set forth in paragraphs 2.a of this section. The proceeds of this capital contribution shall be used to pay Project construction costs, second to repay a portion of the Construction Loan and then to pay a portion of the developer fee.
- c. \$2,669,726 (19.45%) will be funded upon the latest to occur of: (a) attainment of Rental Achievement, (b) repayment of the Construction Loan (c) receipt of the final cost certification by the Accountant, (d) receipt of recorded Regulatory Agreement, (e) the issuance of all required permanent certificates of occupancy, (f) receipt of an as-built ALTA survey, (g) full funding of TIF Reimbursement (h)May 30, 2020, and (g) satisfaction of all conditions precedent to the payments set forth in paragraphs 2.a-b of this section. The proceeds of this capital contribution shall be used first to pay Project construction costs, second to pay off the Construction Loan, third to fund the Operating Reserve and then to pay a portion of developer fee.
- d. \$75,000 (0.55%) will be funded upon the latest of (a) the issuance of an IRS Form 8609 for each building in the Project, (b) June 30, 2020 and (c) satisfaction of all conditions precedent to the payments set forth in paragraphs 2.a-c of this section. The proceeds of this capital contribution shall be used to pay developer fee.

3. Timing Adjustment to Equity Investment

Downward Timing Adjuster: In the event that the tax credits in 2019 or 2020 (determined separately for each year) are less than projected in Section C.1 above, the LP's capital shall be reduced by an amount equal to, or if all the LP's capital has been funded the GP shall make a payment to the LP equal to, the product of (a) \$0.60 and (b) the dollar amount by which the actual tax credits delivered in 2019 or 2020 (determined separately for each year) are less than the projected tax credits for 2019 or 2020 (determined separately for each year).

Upward Timing Adjuster: In the event that the tax credits in 2019 or 2020 (determined separately for each year) are more than projected in Section C.1 above, the LP's capital shall be increased by an amount equal to, or if all the LP's capital has been funded the LP shall make a payment to the Partnership equal to, the product of (a) \$0.45 and (b) the dollar amount by which the actual tax credits delivered in 2019 or 2020 (determined separately for each year) are more than the projected tax credits for 2019 or 2020 (determined separately for each year) provided, however, any increase in the LP's capital pursuant to this clause shall be capped at \$200,000 and shall be subject to the 105% limitation set forth in Section C.1..

D. DEVELOPMENT FEE

Of the total development fee payable of \$2,633,595, a portion is expected to be paid in cash to Saigebrook ("Saigebrook Development Fee") and a portion to the SLP ("HCP Development Fee") as noted below. Due to a gap between sources and uses, a portion of the fee shall be deferred as a permanent source and paid via excess cash flow to Saigebrook and SLP as described in Sec. F below. Saigebrook and SLP shall be the "Developers". In the event that the GP elects to fund EDCs by deferring a portion of the development fee, such portion of the Saigebrook Development Fee will be dedicated as a permanent source in the form of a deferred development fee note ("Saigebrook DFN"). The actual amount of Saigebrook DFN, if any, will be determined upon Rental Achievement, will not bear interest and shall be repayable from available cash as set forth below. In the event that any portion of the Saigebrook DFN remains after the 13th anniversary from Completion, or date required by the IRS, the GP will make a special contribution to the Partnership to pay such amount necessary to cover any unpaid principal due on the Saigebrook DFN, provided however that such contribution shall be required only in the amount necessary to support eligible basis. The dollar amount of the cash development fee will be agreed to during underwriting and once agreed the GP may not elect to defer the HCP Development Fee.

The development fee shall be paid as follows:

1. 25% upon payment of the first capital contribution (80% to Saigebrook and 20% to HCP).
2. 25% upon payment of the second capital contribution (80% to Saigebrook and 20% to HCP).
3. 45% upon payment of the third capital contribution (80% to Saigebrook and 20% to HCP).
4. 5% upon payment of the fourth capital contribution (80% to Saigebrook and 20% to HCP).

E. GENERAL CONTRACTOR

The General Contractor shall be Fort Worth HFC (with Maker Bros Construction as master sub-contractor) and will be subject to the approval of HCP. The construction contract shall be a guaranteed maximum price contract and include provisions for 10% retainage (no retainage shall be required on material purchases) until 50% construction completion at which time the retainage requirement will be reduced to 5%. The Development Budget shall contain a minimum owner's hard cost contingency of 5%. The GC will provide 100% payment and performance bond or a letter of credit in the amount of at least 10% of the construction cost.

F. CASH FLOW DISTRIBUTIONS

Distributions noted below relate to all net Cash Flow distributions. Net Cash Flow will be distributed annually beginning after Rental Achievement in the following order of priority:

1. To the LP, to make any tax credit shortfall or adjuster payment not previously paid;
2. To advances made by LP (excluding capital contributions by LP) or any of its affiliates;
3. To payment of the LP Asset Management Fee;
4. 80% to the Saigebrook DFN and 20% to the HCP DFN provided however if the GP elects to defer a portion of the Saigebrook development fee to cover an EDC such percentages shall be adjusted such that the Saigebrook DFN and the HCP DFN will be paid prorate.;
5. To replenish any draws from the Operating Reserve;
6. While any Operating Deficits Loans exist (if any) to the payment of the Operating Deficit Loan with no interest accrual;
7. 70% to the GP as an Incentive Management Fee (to a maximum of \$20,000 per annum), 20% to the SLP and 10% to the LP;
8. Thereafter 70% to the GP, 20% to the SLP and 10% to the LP as a distribution.

G. SALE OR REFINANCE

Upon sale of the Project and repayment of underlying financing or a refinancing of the permanent loan, proceeds will be allocated in accordance with the following order of priority:

1. Expenses of the sale and/or refinance and satisfaction of underlying financing plus any other third-party obligations and debts.
2. Payment of an amount equal to any tax credit shortfall.
3. Payment of any accrued fees, advances made by HCP and unpaid Asset Management Fees due HCP.
4. Payment of outstanding balance of any Operating Deficit Loans.
5. Payment of any Soft Loans.
6. 70% to the GP, 20% to the SLP and 10% to the LP.

H. DEBT STRUCTURE

1. The GP shall arrange construction financing by a lender acceptable to HCP in the estimated principal amount of \$18,870,000 with an estimated interest rate of 5.25% with a term of at least 24 months and payable interest only until maturity (the "Construction Loan"). It is expected that the Construction Loan will be paid off with the LP's third capital contribution upon Rental Achievement. In the event Guarantors are unable to obtain a construction loan based on their own financial strength, HCP shall provide such additional guarantees as necessary to obtain a construction loan. In the event HCP is required to provide a guarantee to the construction lender, (i) HCP may request the GP to consider another lender and (ii) HCP and the Guarantors shall enter into a reimbursement agreement whereby the Guarantors shall reimburse HCP for 80% of any claims by the construction lender under any HCP guarantee.

2. The GP shall arrange permanent financing provided by a lender acceptable to HCP in the estimated principal amount of \$7,850,000 with an interest rate of 5.75% and term of at least 18 years and an amortization schedule of 35 years (the "Permanent Loan"). It is expected that the Permanent Loan will be funded at Rental Achievement.
3. The GP shall arrange construction and permanent financing provided by the Fort Worth Housing Finance Corporation ("FWHFC") in the estimated principal amount of \$750,000. The interest rate on the loan will be the same as the Construction Loan interest rate during the construction period and will be 2% during the permanent loan period. Interest only payments will be due quarterly during the construction period and principal and interest payments will be payable out of net cash flow after Rental Achievement. The loan will have a term of 24-30 months during construction and a term of at least 18 years and an amortization schedule of 35 years (the "HFC Loan") during the permanent period. It is expected that 100% of the loan will be funded at closing.

I. GUARANTEES

The General Partner, Developer and its principals (collectively the "Guarantors") shall jointly and severally guarantee the following:

1. Against recapture of the LIHTC for a 15 year compliance period following the filing of the IRS Forms 8609.
2. The payment in full of all costs and expenses of the development and construction of the Project necessary to achieve Rental Achievement, including any EDCs.
3. Against a shortfall in actual LIHTC below the amount of the projected LIHTC on a \$1 for \$1 basis for the 15 year compliance period following the filing of the IRS Forms 8609.
4. Completion of construction by December 31, 2019.
5. To advance to the Partnership sufficient funds for a period of 60 months following the date Rental Achievement is attained (the "Operating Deficit Guaranty Period"), to fund Operating Deficits up to a maximum equal to 6 months of operating expense and debt service. Any such advance will be in the form of an "operating loan" that will not bear interest and will be paid from Cash Flow and/or Sale or Refinancing proceeds. Prior to funding any Operating Deficit Loans, the GP shall be allowed to use funds in the Operating Reserve (initially funded at \$540,000) in excess of \$250,000 provided however funds drawn from the Operating Reserve shall not count against the Operating Deficit Guaranty. In the event that at the end of the Operating Deficit Guaranty Period (i) the Project has not achieved a DSCR for the prior 12-month period (in aggregate) of at least 1.15x or (ii) the balance of the Operating Reserve is less than \$540,000 then the Operating Deficit Guaranty Period shall be extended for an additional 12 months (the "Extension Period"). At the end of any Extension Period(s) if (i) the Project has not achieved a DSCR of at least 1.15x for the prior 12-month period (in aggregate) or (ii) the balance of the Operating Reserve is less than \$540,000, then an additional Extension Period shall be added to the Operating Deficit Guaranty Period until (i) the Project has achieved a DSCR of at least 1.15x for the prior 12-month period (in aggregate) and (ii) the balance of the Operating Reserve is at least \$540,000.
6. The obligation of the Borrower to achieve Rental Achievement by November 30, 2020 and achieve full funding of the Permanent Loan, the HFC Loan and the TIF Loan.
7. Fraud, material misrepresentation and willful misconduct of the GP, the Developer, any affiliated management company and/or affiliated General Contractor.

8. At the option of the LP, to repurchase the LP's interests upon certain events described in the Partnership including but not limited to: (i) failure to place the Project in service on or before the earlier of December 31, 2019, or the date required by the Agency, (ii) construction completion will not occur by dates determined during underwriting but no later than the maturity of the construction loan, (iii) a material default occurs under any of the Partnership or Project documents that either risks the anticipated Projected Federal Tax Credits to the LP/Investor or results in the commencement of an action to foreclose or permanently enjoin construction of the Project, (iv) the Project shall have become ineligible for 20% or more of the projected amount of LIHTCs, (v) failure to achieve Rental Achievement by November 30, 2020, (vi) the failure to receive IRS Form 8609 for each building in the Project by May 1, 2021, and (vii) a casualty shall have occurred and the insurance proceeds shall be insufficient to restore the Project or the Project shall not be restored within 24 months following such casualty. The guarantee obligations in this paragraph 8 shall terminate upon payment of the final equity installment and receipt of 8609s.

The GP and Saigebrook shall pledge their interests in the Partnership and Saigebrook Development Fee as additional collateral to support the guarantee obligations noted above. As of the Closing Date and until Rental Achievement, as a liquidity requirement the Guarantors will maintain at least \$1,000,000 in cash and marketable securities. After Rental Achievement during the Operating Deficit Guarantee Period, the Guarantors will maintain at least \$750,000 in cash and marketable securities. After expiration of the Operating Deficit Guarantee Period, the Guarantors will maintain \$500,000 in cash and marketable securities for the remainder of the Compliance Period.

If the Guarantors cannot meet the \$1,000,000 requirement on the Closing Date, Hunt will provide a guarantee of the Guarantors' obligations through the Operating Deficit Guarantee Period up to \$500,000, reducing the Guarantors' liquidity requirement to \$500,000 on the Closing Date and until the end of the Operating Deficit Guarantee Period.

J. FEES AND RESERVES

1. LP Asset Management Fee. The Partnership will pay, subject to the availability of cash flow, an annual Asset Management Fee ("AMF") to HCP, or its designated affiliate or agent, in the amount of \$7,500, payable on April 1st of each year, commencing in the year of construction completion. The AMF will be adjusted annually by 3%. In the event there is insufficient cash flow to pay the AMF, the AMF shall accrue with interest until there is sufficient cash available to pay any accrued interest and AMF.
2. Legal Fees and Third-Party Costs. The Partnership will pay \$65,000 to reimburse HCP for its legal fees and other third-party costs associated with underwriting of the Project. These fees will include expenses associated with drafting the Partnership Agreement, reviewing and negotiating all documents, construction monitoring and ordering of a market study
3. Management Fee. The management agent will be entitled to a Property Management Fee not exceeding 5% of gross revenues per month. If the management agent is affiliated with the GP, the Developer, or any Guarantor, the management agent will be required to defer and accrue, without interest, its management fee in the event that the Project is not generating sufficient revenue to pay all of the Project's expenses and debt service.
4. Replacement Reserve. The annual Replacement Reserve is the greater of \$250 per unit or what is required by the lender, paid on a monthly pro rata basis commencing at Completion and shall be included as an expense by the LP for purposes of determining whether or not Rental Achievement has been achieved. The Replacement Reserve contribution shall be increased by 3% per annum throughout the Compliance Period.

5. Operating Reserve. GP shall establish an initial operating deficit reserve in an amount the greater of \$540,000 or 6 months of debt service and operating expenses which shall be funded from the LP's third Capital Contribution. The Operating Reserve shall be maintained from Cash Flow throughout the Compliance Period and not subject to release (other than to fund Operating Deficits in accordance with the Partnership Agreement) prior to the end of the Compliance Period. Withdrawals from and release of the Operating Reserve shall not require the consent of any lender to the Project and the funds in the Operating Reserve shall be distributed pursuant to Paragraph G above upon expiration of the Compliance Period.

K. MISCELLANEOUS

1. Previous or Pending Equity Offers. HCP will promptly receive copies of any equity proposals that have been executed by the Partnership or GP to be able to review them for termination provisions. Should any signed proposals or agreements exist, the GP and its owners will fully indemnify HCP and the Partnership from any lawsuits or damages that may result from the termination of such agreements.
2. Exclusivity. In recognition of the time and expense to be spent by HCP in evaluating this transaction prior to closing, all partners of the Partnership and their respective principals and the Developer and its principals or consultants will deal exclusively with HCP with respect to the transaction specified in this LOI Agreement unless this LOI Agreement is terminated by mutual consent. In the event a closing has not occurred before August 1, 2018, the GP may elect to terminate this LOI Agreement by paying HCP's third party costs incurred to date.
3. Acceptance. This LOI Agreement must be executed by the parties and received by both parties before the end of business on March 31, 2018, or this proposal is of no effect.
4. Capitalized Terms. All capitalized terms used herein but not defined will have the meanings assigned in the Partnership Agreement.
5. TIF Reimbursement. The GP shall arrange a reimbursement of construction costs in the amount of \$2,600,000 from the Southside/Medical District Tax Increment Financing District ("TIF Reimbursement"). The TIF Reimbursement Agreement shall be finalized prior to Closing.
6. Predevelopment Loan. After execution of this LOI Agreement, Hunt shall provide the Partnership with predevelopment loan documents for execution (the "Predevelopment Loan"). The Predevelopment Loan shall be in the maximum amount of \$500,000, bearing interest at 8%, with a maturity date of the earlier of (i) the closing of the Partnership and admission of a Hunt affiliate as the LP and (ii) October 1, 2018. Interest and principal on the Predevelopment Loan shall be due in full at maturity. The Partnership shall pay Hunt an origination fee of \$6,000 plus \$3,500 for Hunt's legal fees from the proceeds of the Predevelopment Loan upon closing of the Predevelopment Loan. The proceeds of this loan shall be used to pay for documented Project architectural and other verifiable predevelopment costs incurred by the Partnership. The Predevelopment Loan shall be guaranteed by the Guarantors. In addition, if requested by Hunt, the Predevelopment Loan shall be secured by all of the Developer's development rights for the Project. Background and credit checks satisfactory to HCP shall be required prior to funding under the Predevelopment Loan.

L. CONTINGENCIES

This LOI Agreement is based on the preliminary information that you provided to HCP. HCP's obligation under this LOI Agreement is contingent upon the following:

1. final review and approval of the transaction and related documents by HCP's Investment Committee and HCP's Investor(s).
2. a satisfactory site visit by one of HCP's representatives.
3. the accuracy and verifiability of the assumptions, data provided, audited financial statements and other documentation.
4. copy of the commitments, terms and conditions for all mortgage loans, soft loans, or grants.
5. satisfactory review by HCP and its counsel of the partnership agreement, due diligence documents, financing documents and opinions.
6. review and approval of construction plans and specifications, Phase I Environmental Report, market study, and appraisal for the Project.

M. SYNDICATION

HCP shall have the right to substitute a fund sponsored by HCP or its assignees, which may include one or more investors other than HCP, as the Investor in the Partnership. In connection therewith, the GP, Developer, and all Guarantors shall cooperate fully with HCP and consent unconditionally to effectuate any such syndication, including, without limitation, the execution and delivery of an assignment agreement in connection with the substitution of such fund.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

By executing this letter, and in consideration of HCP's entering into this LOI Agreement, you agree, on your own behalf and on behalf of your affiliates, officers, directors, and employees, and on behalf of any other partners or joint ventures who are or will be involved in the development of the Project, not to disclose any of the terms or provisions contained in this LOI Agreement to any other person or entity. In addition, you agree that HCP may undertake credit, background and similar checks on you, your principals and your major affiliated companies.

If the above is acceptable, please cause this LOI Agreement to be executed and returned to HCP. Once received, HCP will begin its due diligence review and begin to prepare drafts of a Partnership Agreement and other related documents for distribution.

Lisa, thank you for the opportunity to bid on the Mistletoe Station project in Fort Worth. We look forward to working with Saigebrook on this extremely important development for the Ft. Worth community. Should you have any questions, please call Omar Chaudhry at (972) 803-3416.

Sincerely,



Dana Mayo
Executive Vice President
Hunt Capital Partners, LLC

AGREED and ACCEPTED:

Mistletoe Station, LLC, a TX limited partnership

By: 

3-23-18

Date

Name: Lisa M. Stephens

Title: President

Cc: Omar Chaudhry (HCP)
Bryce Tobias (HCP)
Jeff Weiss (HCP)
Carl Wise (HCP)

MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 7
TENANT NOTIFICATION

N/A

MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 8
CREDIT LIMIT CERTIFICATIONS

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Mistletoe Station

Name and role of Person or Entity completing this form: Megan Lasch

- Which is:
- a new member of the Development Owner after ownership change or transfer
 - a new related party with respect to a new member of the Development Owner
 - a new Developer
 - an Affiliate to the Development Owner
 - a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.

| Development Name: | Region: | City: | % Ownership: | % of Dev. Fee: |
|-------------------|---------|------------|--------------|----------------|
| Mistletoe Station | 3 | Fort Worth | 26.00% | 26.00% |
| Alton Plaza | 4 | Longview | 0.00% | 10.00% |
| Edgewood Place | 4 | Longview | 0.00% | 10.00% |
| Aria Grand | 7 | Austin | 100.00% | 65.00% |
| | | | | |
| | | | | |


I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

Mistletoe Station, LLC

Proposed Development Owner Entity Name

By: 

Signature of Authorized Representative

Megan Lasch

Printed Name

Title

5/25/2018

Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Mistletoe Station

Name and role of Person or Entity completing this form: O-SDA Industries, LLC

- Which is:
- a new member of the Development Owner after ownership change or transfer
 - a new related party with respect to a new member of the Development Owner
 - a new Developer
 - an Affiliate to the Development Owner
 - a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.


| Development Name: | Region: | City: | % Ownership: | % of Dev. Fee: |
|-------------------|---------|------------|--------------|----------------|
| Mistletoe Station | 3 | Fort Worth | 26.00% | 26.00% |
| Alton Plaza | 4 | Longview | 0.00% | 10.00% |
| Edgewood Place | 4 | Longview | 0.00% | 10.00% |
| Aria Grand | 7 | Austin | 100.00% | 65.00% |
| | | | | |
| | | | | |

I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

Mistletoe Station, LLC
Proposed Development Owner Entity Name

By: 
Signature of Authorized Representative

Megan Lasch
Printed Name

President
Title

5/25/2018
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Mistletoe Station

Name and role of Person or Entity completing this form: Hunt Capital Partners, LLC

- Which is:
- a new member of the Development Owner after ownership change or transfer
 - a new related party with respect to a new member of the Development Owner
 - a new Developer
 - an Affiliate to the Development Owner
 - a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.

| Development Name: | Region: | City: | % Ownership: | % of Dev. Fee: |
|-------------------|---------|-------|--------------|----------------|
| None | | | | |
| | | | | |
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I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

Hunt Capital Partners, LLC
Proposed Development Owner Entity Name

By: 
Signature of Authorized Representative

Dana Mayo
Printed Name

Executive Managing Director
Title

31-May-18
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Mistletoe Station

Name and role of Person or Entity completing this form: HCP SLP, LLC

- Which is:
- a new member of the Development Owner after ownership change or transfer
 - a new related party with respect to a new member of the Development Owner
 - a new Developer
 - an Affiliate to the Development Owner
 - a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.

| Development Name: | Region: | City: | % Ownership: | % of Dev. Fee: |
|-------------------|---------|-------|--------------|----------------|
| None | | | | |
| | | | | |
| | | | | |
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I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

HCP SLP, LLC
Proposed Development Owner Entity Name

By: 
Signature of Authorized Representative

Dana Mayo
Printed Name

Executive Managing Director
Title

31-May-18
Date

MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 9
OWNER CERTIFICATION & AGREEMENT

Owner Certification & Agreement to Comply with the LURA

Development Name: Mistletoe Station

As a Principal or authorized officer of the Development Owner, acting on behalf of the Development Owner, the undersigned hereby requests approval from the Texas Department of Housing and Community Affairs (TDHCA) for the sale, transfer, or exchange of the Development or any portion of or controlling interest for the Development listed above. The undersigned certifies that all new and existing Principals or authorized officers have read, understand, and agree to abide by TDHCA's Uniform Multifamily Rules (Title 10, Texas Administrative Code, Chapter 10) and all provisions under which the application and allocation of Department funds were made, including but not limited to the Qualified Allocation Plan, applicable Federal program rules and guidance (such as Internal Revenue Code Section 42, the HOME Final Rule, etc.) and the Declaration of Land Use Restrictive Covenants/Agreements (LURA) to which the Development is or will be subject. The undersigned certifies that all new and existing Principals or authorized officers understand and agree to abide by tenant protection provisions and rent restrictions as required by the Declaration and State and Federal program rules as amended, including but not limited to Section 42 provisions for Housing Tax Credit properties that entitle tenants of any low income unit, upon termination of the Declaration, to occupy such unit in accordance with the provisions of the Declaration for a period of three years following such termination unless tenancy is terminated upon a showing of good cause or eviction. The undersigned certifies that all statements and representations made in this certification and application for ownership transfer, including all supporting materials and statements concerning organizational structures and financial capacity for all entities, are true and correct under penalty of law, including Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification, and are subject to criminal penalties as defined by the State of Texas. The undersigned certifies that none of the criteria in subparagraphs (A)-(M) of 10 TAC §10.202(1) of the Uniform Multifamily Rules, related to ineligible applicants, applies to any current or proposed applicant entity or Principal of the proposed Ownership Transfer.

The undersigned further certifies that he/she has the authority to execute this certification.

O-SDA Mistletoe, LLC

Proposed Development Owner Entity Name

By:

Megan Lasch

Signature of Authorized Representative

Megan Lasch

Printed Name

President

Title

5-25-18

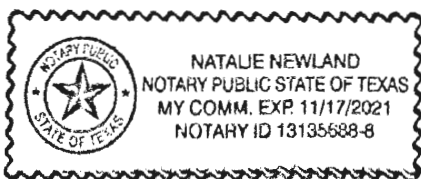
Date

Sworn to and subscribed before me on the

25 day of May, 2018

by Megan Lasch

(Personalized Seal)



[Signature]

Notary Public Signature

Texas

Notary Public, State of

Travis

County of

11/17/2021

My Commission Expires:

Today's Date 05/25/2018

MISTLETOE STATION
17259
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 10
RELEASE OF CREDIT INFORMATION

MISTLETOE STATION
17259
AMENDMENT
RENT SCHEDULE

Rent Schedule (Continued)

| | | % of LI | % of Total | |
|------------------------------------|--------------------------------------|---------|------------|------------|
| HOUSING TAX CREDITS | TC30% | 11% | 7% | 8 |
| | TC40% | | | 0 |
| | TC50% | 41% | 27% | 30 |
| | TC60% | 49% | 33% | 36 |
| | HTC LI Total | | | 74 |
| | EO | | | 0 |
| | MR | | | 36 |
| | MR Total | | | 36 |
| | Total Units | | | 110 |
| | MORTGAGE REVENUE BOND | MRB30% | | |
| MRB40% | | | | 0 |
| MRB50% | | | | 0 |
| MRB60% | | | | 0 |
| MRB LI Total | | | | 0 |
| MRBMR | | | | 0 |
| MRBMR Total | | | | 0 |
| MRB Total | | | | 0 |

| BEDROOMS | 0 | | | 0 |
|-----------------|---|--|--|----|
| | 1 | | | 21 |
| | 2 | | | 67 |
| | 3 | | | 22 |
| | 4 | | | 0 |
| | 5 | | | 0 |

| | | % of LI | % of Total | |
|-----------------------------------|---------------------|---------|------------|-----------------------|
| HOUSING TRUST FUND | HTF30% | | | 0 |
| | HTF40% | | | 0 |
| | HTF50% | | | 0 |
| | HTF60% | | | 0 |
| | HTF80% | | | 0 |
| | HTF LI Total | | | 0 |
| | MR | | | 0 |
| | MR Total | | | 0 |
| | HTF Total | | | 0 |
| | DIRECT LOAN | 30% | | |
| LH/50% | | | | 0 |
| HH/60% | | | | 0 |
| HH/80% | | | | 0 |
| Direct Loan LI Total | | | | 0 |
| EO | | | | 0 |
| MR | | | | 0 |
| MR Total | | | | 0 |
| Direct Loan Total | | | | 0 |
| OTHER | | | | Total OT Units |

| ACQUISITION + HARD | | DO NOT USE THIS CALCULATION TO |
|---------------------------|-----------|--|
| Cost Per Sq Ft | \$ 139.83 | SCORE POINTS UNDER 11.9(e)(2). At |
| HARD | | the end of the Development Cost |
| Cost Per Sq Ft | \$ 139.83 | Schedule, you will have the ability to |
| BUILDING | | adjust your eligible costs to qualify. |
| Cost Per Sq Ft | \$ 102.52 | Points will be entered there. |

MISTLETOE STATION
17259
AMENDMENT
FORT WORTH HOUSING SOLUTIONS
UTILITY ALLOWANCES

Allowances for Tenant-Furnished Utilities and Other Services

Effective 1/2/2018

| Locality | | Unit Type | | | | | | Recert Effective Date |
|--|-------------------|---------------------------|------|------|--------------------|------|----------------|-----------------------|
| Fort Worth Housing Solutions | | MULTI-FAMILY | | | | | | |
| Utility or Service | | Monthly Dollar Allowances | | | | | | |
| | | 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR | 6 BR |
| Heating | a. Natural Gas | 6 | 8 | 10 | 12 | 14 | 16 | |
| | b. Bottle Gas | | | | | | | |
| | c. Oil / Electric | 9 | 11 | 13 | 16 | 18 | 20 | |
| | d. Coal / Other | | | | | | | |
| Cooking | a. Natural Gas | 2 | 3 | 4 | 5 | 6 | 6 | |
| | b. Bottle Gas | | | | | | | |
| | c. Oil / Electric | 2 | 3 | 4 | 4 | 5 | 6 | |
| | d. Coal / Other | | | | | | | |
| Other Electric | | 8 | 10 | 12 | 14 | 16 | 20 | |
| Air Conditioning: | | 13 | 16 | 18 | 21 | 24 | 28 | |
| Water Heating | a. Natural Gas | 6 | 6 | 8 | 10 | 12 | 14 | |
| | b. Bottle Gas | | | | | | | |
| | c. Oil / Electric | 9 | 11 | 12 | 15 | 18 | 21 | |
| | d. Coal / Other | | | | | | | |
| Water | | 13 | 16 | 22 | 30 | 32 | 47 | |
| Sewer | | 11 | 16 | 26 | 36 | 46 | 55 | |
| Trash Collection | | 18 | 18 | 18 | 18 | 18 | 18 | |
| Range/Microwave | | 10 | 10 | 10 | 10 | 10 | 10 | |
| Refrigerator | | 10 | 10 | 10 | 10 | 10 | 10 | |
| Other - specify | Monthly Elect | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Monthly Gas | 19 | 19 | 19 | 19 | 19 | 19 | |
| Actual Family Allowances To be used by the family to compute allowance. | | | | | Utility or Service | | per month cost | |
| Name of Family | | | | | Heating | | \$ | |
| | | | | | Cooking | | \$ | |
| Address of Unit | | | | | Other Electric | | \$ | |
| | | | | | Air Conditioning | | \$ | |
| City, State, Zip | | | | | Water Heating | | \$ | |
| | | | | | Water | | \$ | |
| | | | | | Sewer | | \$ | |
| Number of Bedrooms | | | | | Trash Collection | | \$ | |
| | | | | | Range/Microwave | | \$ | |
| | | | | | Refrigerator | | \$ | |
| Printed by: _____ | | | | | Other | | \$ | |
| | | | | | Total | | \$ | |
| FWHS Representative | | | | | | | | |

MISTLETOE STATION
17259
AMENDMENT
ANNUAL OPERATING EXPENSES

ANNUAL OPERATING EXPENSES

| | | | |
|--|------------------------------------|-----------------------|-------------|
| General & Administrative Expenses | | | |
| Accounting | \$ | 12,000 | |
| Advertising | \$ | 13,200 | |
| Legal fees | \$ | 3,300 | |
| Leased equipment | \$ | | |
| Postage & office supplies | \$ | 6,600 | |
| Telephone | \$ | 3,000 | |
| Other | \$ | <i>describe</i> | |
| Other | \$ | <i>describe</i> | |
| Total General & Administrative Expenses: | | | \$ 38,100 |
| Management Fee: | Percent of Effective Gross Income: | 5.00% | \$ 61,570 |
| Payroll, Payroll Tax & Employee Benefits | | | |
| Management | \$ | 66,040 | |
| Maintenance | \$ | 53,300 | |
| Other | \$ | <i>benefits/taxes</i> | 38,189 |
| Other | \$ | <i>describe</i> | |
| Total Payroll, Payroll Tax & Employee Benefits: | | | \$ 157,529 |
| Repairs & Maintenance | | | |
| Elevator | \$ | 10,000 | |
| Exterminating | \$ | 1,650 | |
| Grounds | \$ | 20,800 | |
| Make-ready | \$ | 14,300 | |
| Repairs | \$ | 21,450 | |
| Pool | \$ | | |
| Other | \$ | <i>alarm system</i> | 1,080 |
| Other | \$ | <i>describe</i> | |
| Total Repairs & Maintenance: | | | \$ 69,280 |
| Utilities (Enter Only Property Paid Expense) | | | |
| Electric | \$ | <i>portfolio</i> | 15,500 |
| Natural gas | \$ | | |
| Trash | \$ | <i>portfolio</i> | 6,600 |
| Water/Sewer | \$ | <i>portfolio</i> | 38,500 |
| Other | \$ | <i>describe</i> | |
| Other | \$ | <i>describe</i> | |
| Total Utilities: | | | \$ 60,600 |
| Annual Property Insurance: | Rate per net rentable square foot: | \$ 0.38 | \$ 35,750 |
| Property Taxes: | | | |
| Published Capitalization Rate: | 9.50% | Source: | Tarrant CAD |
| Annual Property Taxes | \$ | 107,000 | |
| Payments in Lieu of Taxes | \$ | | |
| Total Property Taxes: | | | \$ 107,000 |
| Reserve for Replacements: | Annual reserves per unit: | \$ 250 | \$ 27,500 |
| Other Expenses | | | |
| Cable TV | \$ | 2,100 | |
| Supportive Services (Staffing/Contracted Services) | \$ | 4,800 | |
| TDHCA Compliance fees | \$ | 2,960 | |
| TDHCA Bond Administration Fees (TDHCA as Bond Issuer <u>Only</u>) | \$ | | |
| Security | \$ | | |
| Other | \$ | <i>describe</i> | |
| Other | \$ | <i>describe</i> | |
| Total Other Expenses: | | | \$ 9,860 |
| TOTAL ANNUAL EXPENSES | | | |
| | Expense per unit: | \$ 5156 | \$ 567,189 |
| | Expense to Income Ratio: | 46.06% | |
| NET OPERATING INCOME (before debt service) | | | \$ 664,212 |
| Annual Debt Service | | | |
| <i>Hunt Mortgage Group</i> | \$ | 507,722 | |
| <i>Fort Worth HFC</i> | \$ | 29,814 | |
| <i>Fort Worth HOME</i> | \$ | 21,120 | |
| | \$ | | |
| TOTAL ANNUAL DEBT SERVICE | | | \$ 558,656 |
| | Debt Coverage Ratio: | 1.19 | |
| NET CASH FLOW | | | \$ 105,556 |



Control your property's taxes, don't let them control you.

PROPERTY TAX PROJECTION

BY:
PAUL PENNINGTON

Property Name: MISTLETOE STATION
Address: 1916 MISTLETOE BLVD
City: FORT WORTH
County: TARRANT

PREPARED FOR:
SAIGEBROOK DEVELOPMENT

AS OF:
12/20/2017

(Assumption that the proposed property does not have a retail component)

Current 2017 Values
TAX ESTIMATE FOR POTENTIAL DEVELOPMENT FOR MISTLETOE STATION

TARRANT APPRAISAL DISTRICT - APARTMENTS IN SAME MARKET

| ACCOUNT | DBA - PROPERTY NAME | ADDRESS | ZIP CODE | BUILT | SF | UNITS | AVG | | | | RENT | | | |
|----------|----------------------|----------------------|----------|-------|---------|-----------|---------|-----------------|-------------|-------------|--------|------|----------|--|
| 41595289 | MISTLETOE STATION | 1916 MISTLETOE BLVD | 76104 | 2019 | 87,576 | 100 | 876 | | | | \$1.00 | | | |
| ACCOUNT | DBA - PROPERTY NAME | ADDRESS | ZIP CODE | BUILT | SF | UNITS | AVG | 2017 ASSMT | \$ PSF | \$ UNIT | RENT | ADJ | ADJUSTED | |
| 41230744 | NORTH GREENBRIAR | 5201 JAMES | 76115 | 2008 | 103,040 | 128 | 805 | \$4,226,191 | \$41.02 | \$33,017 | \$0.98 | 1.02 | \$41.85 | |
| 41349644 | OAK TIMBERS | 308 E TERRELL | 76104 | 2007 | 134,820 | 168 | 803 | \$4,923,204 | \$36.52 | \$29,305 | \$0.98 | 1.02 | \$37.26 | |
| 41730712 | RESERVE AT MCALISTER | 432 ARCHBURY | 76028 | 2015 | 101,060 | 124 | 815 | \$4,100,000 | \$40.57 | \$33,065 | \$1.01 | 0.99 | \$40.17 | |
| 41660579 | HARMON VILLAS | 9592 HARMON RD | 76117 | 2014 | 177,870 | 150 | 1,186 | \$5,458,000 | \$30.69 | \$36,387 | \$0.66 | 1.52 | \$46.49 | |
| 42100281 | AVONDALE APARTMENTS | 13101 AVONDALE FARMS | 76052 | 2016 | 168,505 | 160 | 1,053 | \$7,450,000 | \$44.21 | \$46,563 | \$0.53 | 1.89 | \$83.42 | |
| | | | | | | | | MEDIAN | \$40.57 | \$33,065 | | | \$41.85 | |
| | | | | | | Tax Rate: | 2.6533% | VALUE AT MEDIAN | \$3,552,955 | \$3,306,452 | | | | |

*Estimated values as stabilized based on a 3% annual increase

| | |
|-------------|--------------------|
| Value: | \$3,665,239 |
| Taxes: | \$97,248.32 |
| Taxes/Unit: | \$972.48 |
| Taxes/SF: | \$1.11 |

2018 Estimate

| | |
|-------------|--------------------|
| Value: | \$3,775,196 |
| Taxes: | \$100,165.77 |
| Taxes/Unit: | \$1,001.66 |
| Taxes/SF: | \$1.14 |

2019 Estimate

| | |
|-------------|--------------------|
| Value: | \$3,888,452 |
| Taxes: | \$103,170.74 |
| Taxes/Unit: | \$1,031.71 |
| Taxes/SF: | \$1.18 |

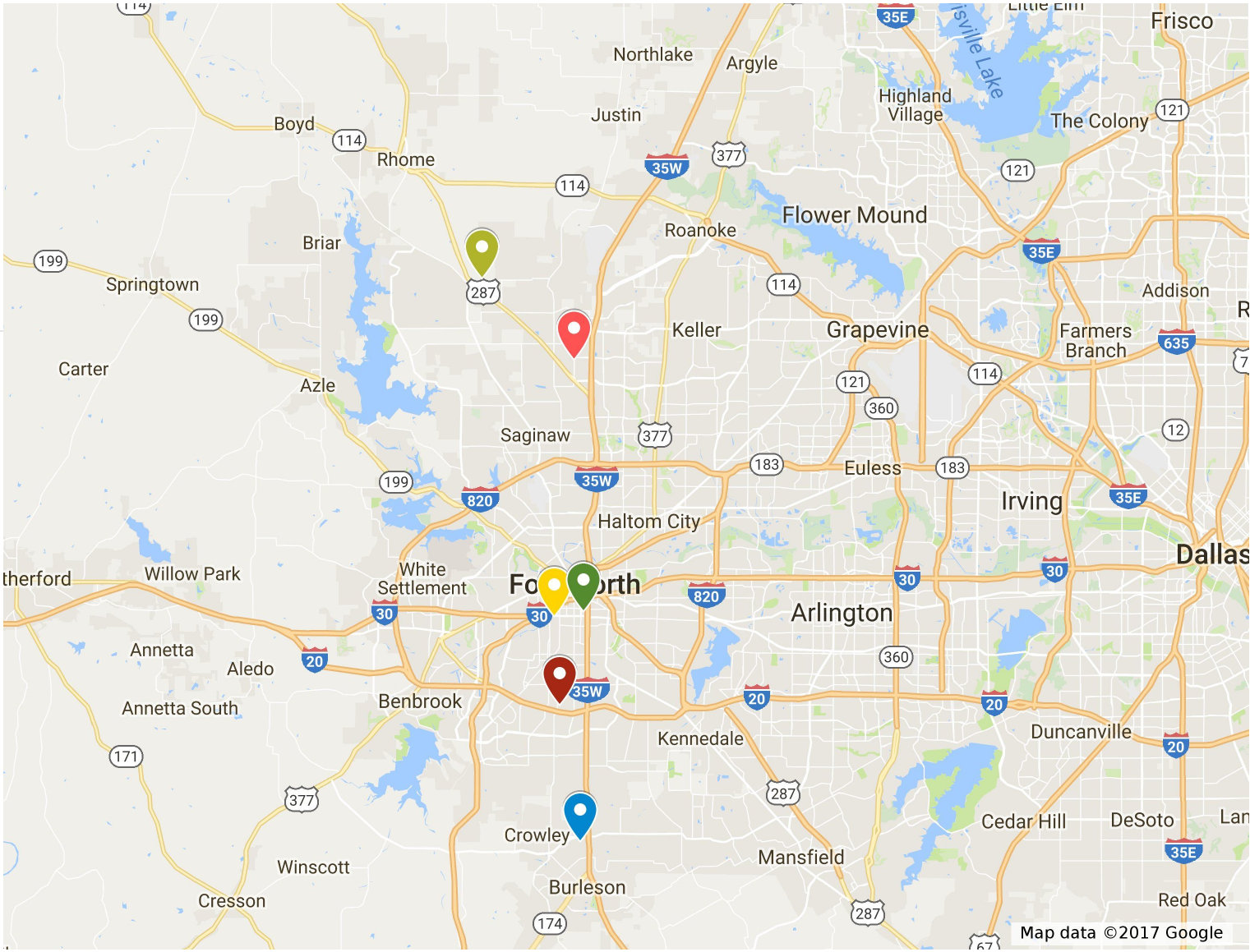
2020 Estimate

| | |
|-------------|--------------------|
| Value: | \$4,005,106 |
| Taxes: | \$106,265.87 |
| Taxes/Unit: | \$1,062.66 |
| Taxes/SF: | \$1.21 |

Mistletoe Station

Comps

- 1916 Mistletoe Blvd
- 5201 James Ave
- 308 E Terrell Ave
- 432 Archbury Road
- 9592 Harmon Rd
- Avondale Farms Road



MISTLETOE STATION
17259
AMENDMENT
15 YEAR OPERATING PROFORMA

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

| INCOME | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 10 | YEAR 15 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| POTENTIAL GROSS ANNUAL RENTAL INCOME | \$1,311,444 | \$1,337,673 | \$1,364,426 | \$1,391,715 | \$1,419,549 | \$1,567,297 | \$1,730,423 |
| Secondary Income | \$ 19,800 | \$ 20,196 | \$ 20,600 | \$ 21,012 | \$ 21,432 | \$ 23,663 | \$ 26,126 |
| POTENTIAL GROSS ANNUAL INCOME | \$1,331,244 | \$1,357,869 | \$1,385,026 | \$1,412,727 | \$1,440,981 | \$1,590,960 | \$1,756,548 |
| Provision for Vacancy & Collection Loss | (\$99,843) | (\$101,840) | (\$103,877) | (\$105,955) | (\$108,074) | (\$119,322) | (\$131,741) |
| Rental Concessions | \$0 | | | | | | |
| EFFECTIVE GROSS ANNUAL INCOME | \$1,231,401 | \$1,256,029 | \$1,281,149 | \$1,306,772 | \$1,332,908 | \$1,471,638 | \$1,624,807 |
| EXPENSES | | | | | | | |
| General & Administrative Expenses | \$38,100 | \$39,243 | \$40,420 | \$41,633 | \$42,882 | \$49,712 | \$57,630 |
| Management Fee | \$ 61,570 | \$ 62,801 | \$ 64,057 | \$ 65,339 | \$ 66,645 | \$ 73,582 | \$ 81,240 |
| Payroll, Payroll Tax & Employee Benefits | \$ 157,529 | \$ 162,255 | \$ 167,122 | \$ 172,136 | \$ 177,300 | \$ 205,539 | \$ 238,276 |
| Repairs & Maintenance | \$ 69,280 | \$ 71,358 | \$ 73,499 | \$ 75,704 | \$ 77,975 | \$ 90,395 | \$ 104,792 |
| Electric & Gas Utilities | \$ 15,500 | \$ 15,965 | \$ 16,444 | \$ 16,937 | \$ 17,445 | \$ 20,224 | \$ 23,445 |
| Water, Sewer & Trash Utilities | \$ 45,100 | \$ 46,453 | \$ 47,847 | \$ 49,282 | \$ 50,760 | \$ 58,845 | \$ 68,218 |
| Annual Property Insurance Premiums | \$ 35,750 | \$ 36,823 | \$ 37,927 | \$ 39,065 | \$ 40,237 | \$ 46,646 | \$ 54,075 |
| Property Tax | \$ 107,000 | \$ 110,210 | \$ 113,516 | \$ 116,922 | \$ 120,429 | \$ 139,611 | \$ 161,847 |
| Reserve for Replacements | \$ 27,500 | \$ 28,325 | \$ 29,175 | \$ 30,050 | \$ 30,951 | \$ 35,881 | \$ 41,596 |
| Other Expenses | \$ 9,860 | \$ 10,156 | \$ 10,460 | \$ 10,774 | \$ 11,098 | \$ 12,865 | \$ 14,914 |
| TOTAL ANNUAL EXPENSES | \$567,189 | \$583,589 | \$600,468 | \$617,842 | \$635,724 | \$733,300 | \$846,034 |
| NET OPERATING INCOME | \$664,212 | \$672,440 | \$680,681 | \$688,930 | \$697,184 | \$738,338 | \$778,773 |
| DEBT SERVICE | | | | | | | |
| First Deed of Trust Annual Loan Payment | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 |
| Second Deed of Trust Annual Loan Payment | 29,814 | 29,814 | 29,814 | 29,814 | 29,814 | 29,814 | 29,814 |
| Third Deed of Trust Annual Loan Payment | 21,120 | 21,120 | 21,120 | 21,120 | 21,120 | 21,120 | 21,120 |
| Other Annual Required Payment | | | | | | | |
| Other Annual Required Payment | | | | | | | |
| ANNUAL NET CASH FLOW | \$105,556 | \$113,784 | \$122,025 | \$130,274 | \$138,528 | \$179,682 | \$220,117 |
| CUMULATIVE NET CASH FLOW | \$105,556 | \$219,340 | \$341,365 | \$471,639 | \$610,167 | \$1,405,692 | \$2,405,190 |
| Debt Coverage Ratio | 1.19 | 1.20 | 1.22 | 1.23 | 1.25 | 1.32 | 1.39 |
| Other (Describe) | | | | | | | |
| Other (Describe) | | | | | | | |

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone: _____
 Email: _____

 Signature, Authorized Representative, Construction or
 Permanent Lender

 Printed Name

 Date

MISTLETOE STATION
17259
AMENDMENT
DEVELOPMENT COST SCHEDULE

| | | | |
|---------------------------------|-----------|--|-----------|
| Thermal and Moisture Protection | 251,272 | | 251,272 |
| Roof Covering | 104,150 | | 104,150 |
| Doors and Windows | 294,942 | | 294,942 |
| Finishes | 1,373,450 | | 1,373,450 |
| Specialties | 48,040 | | 48,040 |
| Equipment | 160,469 | | 160,469 |
| Furnishings | 423,000 | | 423,000 |
| Special Construction | 387,113 | | 387,113 |
| Conveying Systems (Elevators) | 160,000 | | 160,000 |
| Mechanical (HVAC; Plumbing) | 1,018,000 | | 1,018,000 |
| Electrical | 862,200 | | 862,200 |

Individually itemize costs below:

| | | | |
|--|--------------|-----|--------------|
| Detached Community Facilities/Building | | | |
| Carports and/or Garages | | | |
| Lead-Based Paint Abatement | | | |
| Asbestos Abatement (Rehabilitation Only) | | | |
| Structured Parking | | | |
| Commercial Space Costs | | | |
| Other (specify) - see footnote 1 | | | |
| Subtotal Building Costs Before 11.9(e)(2) | \$10,339,193 | \$0 | \$10,339,193 |

Voluntary Eligible Building Costs (After 11.9(e)(2))
Enter amount to be used to achieve desired score.

| | |
|------------|--|
| \$0.00 psf | |
|------------|--|

*Enter score for Building **OR** Hard Costs at end of form

TOTAL BUILDING COSTS & SITE WORK
(including site amenities)

| | | |
|--------------|-----|--------------|
| \$10,951,193 | \$0 | \$10,931,193 |
|--------------|-----|--------------|

| | | | | |
|-------------|-------|-----------|--|---------|
| Contingency | 5.50% | \$783,486 | | 601,216 |
|-------------|-------|-----------|--|---------|

TOTAL HARD COSTS

| | | |
|--------------|-----|--------------|
| \$15,028,678 | \$0 | \$11,532,408 |
|--------------|-----|--------------|

| OTHER CONSTRUCTION COSTS | %THC | | | %EHC |
|-------------------------------------|-------|---------|--|-------|
| General requirements (<6%) | 6.00% | 901,721 | | 6.00% |
| Field supervision (within GR limit) | | | | |
| Contractor overhead (<2%) | 2.00% | 300,574 | | 2.00% |
| G & A Field (within overhead limit) | | | | |
| Contractor profit (<6%) | 6.00% | 901,721 | | 6.00% |

TOTAL CONTRACTOR FEES

| | | |
|-------------|-----|-------------|
| \$2,104,015 | \$0 | \$1,614,537 |
|-------------|-----|-------------|

TOTAL CONSTRUCTION CONTRACT

| | | |
|--------------|-----|--------------|
| \$17,132,693 | \$0 | \$13,146,945 |
|--------------|-----|--------------|

Voluntary Eligible "Hard Costs" (After 11.9(e)(2))
Enter amount to be used to achieve desired score.

| | |
|------------|--|
| \$0.00 psf | |
|------------|--|

*Enter score for Building **OR** Hard Costs at end of form

SOFT COSTS³

| | | | |
|---------------------------------------|---------|--|---------|
| Architectural - Design fees | 280,000 | | 280,000 |
| Architectural - Supervision fees | 70,000 | | 70,000 |
| Engineering fees | 405,000 | | 405,000 |
| Real estate attorney/other legal fees | 200,000 | | 150,000 |
| Accounting fees | 56,400 | | 56,400 |
| Impact Fees | 129,117 | | 129,117 |
| Building permits & related costs | 209,453 | | 209,453 |
| Appraisal | 10,000 | | 10,000 |
| Market analysis | 8,000 | | 8,000 |
| Environmental assessment | 18,150 | | 18,150 |
| Soils report | 18,150 | | 18,150 |
| Survey | 18,700 | | 18,700 |
| Marketing | 49,000 | | |
| Hazard & liability insurance | 35,750 | | |

Subtotal Developer Fees 14.99% \$3,016,819 \$0 \$2,492,719 14.98%

RESERVES

| | | | |
|--------------------------|-----------|-----|-----|
| Rent-up | 51,000 | | |
| Operating | 540,000 | | |
| Replacement | | | |
| Escrows | | | |
| Subtotal Reserves | \$591,000 | \$0 | \$0 |

TOTAL HOUSING DEVELOPMENT COSTS⁵ \$27,284,406 \$0 \$19,128,587

The following calculations are for HTC Applications only.

Deduct From Basis:

| | | | |
|---|--------------|-----|--------------|
| Federal grants used to finance costs in Eligible Basis | | | |
| Non-qualified non-recourse financing | | | |
| Non-qualified portion of higher quality units §42(d)(5) | | | |
| Historic Credits (residential portion only) | | | |
| Total Eligible Basis | | \$0 | \$19,128,587 |
| **High Cost Area Adjustment (100% or 130%) | | | 130% |
| Total Adjusted Basis | | \$0 | \$24,867,164 |
| Applicable Fraction | | | 67% |
| Total Qualified Basis | \$16,728,819 | \$0 | \$16,728,819 |
| Applicable Percentage ⁶ | | | 9.00% |
| Credits Supported by Eligible Basis | \$1,505,594 | \$0 | \$1,505,594 |

(May be greater than actual request)

***11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.**

Requested Score for 11.9(e)(2)

11

Name of contact for Cost Estimate: Lisa Stephens

Phone Number for Contact: 352-213-8700

Footnotes:

- ¹ An itemized description of all "other" costs must be included at the end of this exhibit.
- ² All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.
- ³ (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.
- ⁴ (HTC Only) Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.
- ⁵ (HTC Only) Provide all costs & Eligible Basis associated with the Development.
- ⁶ (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Multifamily Rules.



Architect: BGO
Owner: Saigebrook

Unit Net SF: 94,624 SF
Cost: \$ 16,239,793
Cost/SF: \$ 171.62

Units: 110 Ea
Avg Unit SF: 860 SF
Duration: 18 Mo

| | Cost | Cost/SF | |
|------------------------------------|----------------------|------------------|-------------------|
| PRECONSTRUCTION | 15,000.00 | 0.16 | 572,000 Site |
| MOBILIZATION | 20,000.00 | 0.21 | 10,339,193 Bldg |
| EXCAVATION | 146,400.00 | 1.55 | 3,294,000 TIF |
| EROSION CONTROL / SWPPP | 8,500.00 | 0.09 | 40,000 Amenities |
| SITE PREP & CLEARING | 40,500.00 | 0.43 | 1,994,600 GC Fees |
| GC EXCAVATION | 6,000.00 | 0.06 | 16,239,793 Total |
| TERMITE & PEST CONTROL | 7,500.00 | 0.08 | |
| SITE UTILITIES | 86,000.00 | 0.91 | |
| OFFSITE/TIF WORK | 3,294,000.00 | 34.81 | |
| CONCRETE PAVING | 42,300.00 | 0.45 | |
| PAVEMENT MARKINGS | 10,025.00 | 0.11 | |
| SIDEWALKS & A/C PADS | 10,325.00 | 0.11 | |
| FENCES | 4,950.00 | 0.05 | |
| RETAINING WALLS | 94,500.00 | 1.00 | |
| LANDSCAPE & IRRIGATION | 80,000.00 | 0.85 | |
| SITE AMENITIES | 40,000.00 | 0.42 | |
| CAST IN PLACE CONCRETE | 2,094,755.00 | 22.14 | |
| GYPSPUM/LIGHTWEIGHT CONCRETE | 207,435.00 | 2.19 | |
| MASONRY SYSTEMS | 439,100.00 | 4.64 | |
| METAL STAIRS AND RAILS | 62,750.00 | 0.66 | |
| MISCELLANEOUS METALS | 33,900.00 | 0.36 | |
| ROUGH CARPENTRY MATERIALS | 1,009,140.31 | 10.66 | |
| ROUGH CARPENTRY LABOR | 917,000.00 | 9.69 | |
| TRUSS MATERIALS | 311,662.50 | 3.29 | |
| FINISH CARPENTRY MATERIAL | 63,260.74 | 0.67 | |
| FINISH CARPENTRY LABOR | 117,553.95 | 1.24 | |
| MOISTURE PROTECTION | 50,567.73 | 0.53 | |
| BUILDING INSULATION | 185,703.95 | 1.96 | |
| ROOFING SYSTEMS | 104,150.00 | 1.10 | |
| GUTTERS & DOWNSPOUTS | 15,000.00 | 0.16 | |
| ACCESS DOORS AND PANELS | 7,306.88 | 0.08 | |
| ALUMINUM WINDOWS | 82,042.74 | 0.87 | |
| MIRRORS AND MIRROR DOORS | 12,500.00 | 0.13 | |
| FINISH HARDWARE / BATH ACCESSORIES | 55,355.32 | 0.59 | |
| PREHUNG DOORS | 137,737.32 | 1.46 | |
| GYPSPUM BOARD ASSEMBLIES | 799,250.00 | 8.45 | |
| CERAMIC TILE | 110,000.00 | 1.16 | |
| RESILIENT FLOORING & CARPET | 174,200.00 | 1.84 | |
| PAINTS & FINISHES | 235,500.00 | 2.49 | |
| LOUVERS & VENTS | 4,500.00 | 0.05 | |
| PROJECT SIGNAGE | 12,500.00 | 0.13 | |
| POSTAL SPECIALTIES | 7,000.00 | 0.07 | |
| RESIDENTIAL APPLIANCES | 160,468.91 | 1.70 | |
| CABINETS & COUNTERTOPS | 396,000.00 | 4.18 | |
| WINDOW TREATMENTS | 27,000.00 | 0.29 | |
| MISCELLANEOUS SPECIALTIES | 28,539.71 | 0.30 | |
| ELEVATORS | 160,000.00 | 1.69 | |
| PLUMBING SYSTEMS | 638,000.00 | 6.74 | |
| FIRE PROTECTION SYSTEMS | 277,112.50 | 2.93 | |
| HVAC SYSTEMS | 380,000.00 | 4.02 | |
| ELECTRICAL SYSTEMS | 667,200.00 | 7.05 | |
| LIGHT FIXTURES & FANS | 140,000.00 | 1.48 | |
| FIRE ALARM SYSTEMS | 65,000.00 | 0.69 | |
| LIMITED ACCESS CONTROL | 45,000.00 | 0.48 | |
| CATV / TELEPHONE / DATA | 55,000.00 | 0.58 | |
| PUNCHOUT/CONSTRUCTION CLEANING | 50,000.00 | 0.53 | |
| SUBTOTAL: | | | |
| GENERAL REQ's(6%): | 854,800 | 9.03 | |
| OVERHEAD(2%): | 285,000 | 3.01 | |
| GC FEE(6%): | 854,800 | 9.03 | |
| GRAND TOTAL: | \$ 16,239,793 | \$ 171.62 | |

MISTLETOE STATION
17259
AMENDMENT
FINANCING NARRATIVE

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

| Financing Participants | Funding Description | Construction Period | | Lien Position | Permanent Period | | | | | Lien Position |
|-------------------------------|--|---------------------|-------------------|---------------|--------------------|-------------------|-----------------|-------------|------------------|---------------|
| | | Loan/Equity Amount | Interest Rate (%) | | Loan/Equity Amount | Interest Rate (%) | Amort - ization | Ter m (Yrs) | Syndication Rate | |
| Debt | | | | | | | | | | |
| TDHCA | Multifamily Direct Loan (Repayable) | \$0 | 0.00% | | \$ - | 0.00% | 30 | 0 | | |
| TDHCA | Multifamily Direct Loan (Soft Repayment) | \$0 | 0.00% | | \$ - | 0.00% | 0 | 0 | | |
| TDHCA | Mortgage Revenue Bond | \$0 | 0.00% | | \$ - | 0.00% | 0 | 0 | | |
| Chase | Conventional Loan | \$18,900,000 | 4.69% | 1st | | | | | | |
| Hunt Mortgage Group | Conventional Loan | | | | \$ 7,850,000 | 5.53% | 35 | 15 | | 1st |
| City of Fort Worth HOME | Local Government Loan | \$1,056,000 | 2.00% | 3rd | \$ 1,056,000 | 2.00% | NA | 15 | | 3rd |
| City of Fort Worth HFC | Local Government Loan | \$750,000 | 2.00% | 2nd | \$ 750,000 | 2.00% | 35 | 15 | | 2nd |
| | | | | | | | | | | |
| Third Party Equity | | | | | | | | | | |
| Hunt Capital Partners | HTC | \$ 1,500,000 | \$ 2,058,544 | | \$ 13,723,628 | | | | 0.915 | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Grant | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Deferred Developer Fee | | | | | | | | | | |
| Saigebrook Development, LLC | | \$ 2,091,294 | | | \$ 1,304,779 | | | | | |
| | | | | | | | | | | |
| Other | | | | | | | | | | |
| | Direct Loan Match | | | | | | | | | |
| TIF Reimbursement of Costs | Reimbursement | | | | \$ 2,600,000 | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Total Sources of Funds | | \$ 24,855,838 | | | \$ 27,284,406 | | | | | |
| Total Uses of Funds | | | | | \$ 27,284,406 | | | | | |

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments)

Construction financing will be provided by Chase in the form of a Construction Loan in the amount of \$18,900,000. The Construction Loan will be underwritten at an interest rate at 4.69% and will have a 24 month term. Permanent financing will be provided by Hunt Mortgage Group in the form of a conventional loan in the amount of \$7,850,000. The perm loan will have an estimated interest rate at the time of closing of 5.53% and will have a term of 15 years with a 35 year amortization period. Hunt Capital Partners will be providing the equity based on an estimated Tax Credit allocation of \$1,500,000 per anum. Hunt Capital is proposing pricing of \$0.915 per LIHTC to purchase a 99.99% interest in the LLC that will own and operate the Property which amounts to total capital contributions of \$13,723,628. Hunt Capital will provide 15% of the total equity during construction, or \$2,058,544. It is currently estimated that \$1,198,078 of

Describe the replacement reserves:

The Syndicator, Hunt Capital, is requiring Replacement Reserves of \$250 per unit per year, Operating Reserves of \$540,000.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.:

The project has received 8 project based vouchers.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender **Printed Name** **Date**

Telephone: _____
Email address: _____

MISTLETOE STATION
17259
AMENDMENT
BUILDING/UNIT TYPE CONFIGURATION

MISTLETOE STATION
17259
AMENDMENT
COMMITMENT LETTERS

From: Suzanne Cope [mailto:Suzanne.Cope@huntcompanies.com]
Sent: Thursday, May 24, 2018 5:16 PM
To: Lisa Stephens <lisa@saigebrook.com>; Charles Mildrum <charles.mildrum@huntcompanies.com>
Cc: Kevin Deegan <kevin.deegan@huntcompanies.com>; 'Megan Lasch' <megan@o-sda.com>
Subject: RE: Mistletoe - 05.02.2018 Application

Lisa,

Please note that in referencing the Application dated 5-2-18 we have the following amendments:

1. Hunt has reviewed the enclosed project budget, sources and uses, rent schedule and cash flow which have changed since signing the permanent loan application and these new numbers are consistent with our underwriting assumptions for the development.
2. O-SDA Industries and Megan Lasch will be a guarantors for the property and have an ownership interest through O-SDA Mistletoe, LLC.
3. Hunt will require the TIF funds necessary for the financial feasibility of the development and as such, it was necessary for the Developer to modify the number of units to be compliant with the TIF's minimum unit count requirements. Without the TIF funds, the development could not fill the gap created by the level of infrastructure work required to make the development possible.

Thank you,
Suzie

Suzanne (Filla) Cope | Director | Loan Originations
Phone [646.398.4675](tel:646.398.4675) | Avon, CO
Hunt Mortgage Group | Suzanne.cope@huntcompanies.com
www.huntmortgagegroup.com

P : Please consider the environment before printing this e-mail

This e-mail, including all information contained therein and any attachments, is intended solely for the person or entity to which it is addressed and may contain confidential and/or privileged material. If you are not an intended recipient, or an agent responsible for delivering it to an intended recipient, you have received this email in error. In such event, please immediately (i) notify the sender by reply email, (ii) do not review, copy, save, forward or print this email or any of its attachments, and (iii) delete and/or destroy this email and its attachments and all copies thereof. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, any e-mail sent in error, including all information contained therein and any attachments, by persons or entities other than the intended recipient is prohibited. Please visit our website at www.huntcompanies.com for important information about our



HUNT MORTGAGE GROUP

May 2, 2018

Saigebrook Development, LLC
Attn: Lisa Stephens
421 West 3rd Street, Suite 1504
Austin, TX 78701
lisa@saigebrook.com

**Re: Mistletoe Station
1916 Mistletoe Blvd
Fort Worth, TX 76104**

Dear Ms. Stephens:

Pursuant to this Application, “Applicant” or “Borrower” hereby apply to Hunt Mortgage Partners, LLC, (“Lender”) for financing secured by the property referenced above (individually, the “Subject Property” or collectively, “Subject Properties”) and requests that Lender provide a commitment (the “Commitment”) under the **Freddie Mac Capital Markets Execution** (“CME”) program as more fully described in the attached Summary of Terms (the “Term Sheet”), and further subject to the terms and conditions set forth below.

Loan Amount: The proposed Loan Amount (“Loan Amount” or “Loan”) for the Subject Property is listed on the Term Sheet. The actual loan amount (“Final Loan Amount”) funded at Closing for the Subject Property shall be conditioned upon delivery of an acceptable appraisal report, to be ordered by Lender and shall not exceed the percentage of the Lender’s approved appraised value identified in the Term Sheet. In addition, a minimum debt service coverage ratio requirement as determined exclusively by Lender’s underwriting shall be applied in determining the final Loan Amount.

Interest Rate: See Term Sheet.

Term and Amortization: See Term Sheet.

Non Recourse: Personal liability of the Borrower or Guarantors is not required with the exception of the recourse described in the carve-out language in the mortgage documents for the program specified in the Term Sheet and with the exception that the Borrower and the Guarantors shall be personally liable for the payment of the Loan in the event of a voluntary or involuntary bankruptcy, an unauthorized lien is placed on the Subject Property or the Borrower fails to be a single purpose entity, all as more particularly described in the mortgage documents. The carve-outs shall include liability for loss resulting from, among other items, fraud, misappropriation of rents or willful material waste. The Guarantors as identified in the Term Sheet must be designated and approved by Lender to assume the liability for the recourse exceptions.

Prepayment: See Term Sheet.

Third Party Reports: Lender will require a full narrative appraisal report, an environmental report including a moisture management plan (MMP), a property insurance review report, a property condition assessment report and a seismic report (the “Third Party Reports”) for the Subject Property. The Third Party Reports shall be prepared by consultants approved by Lender in its sole discretion and shall be the sole property of the Lender. Copies will be provided to the Borrower once the Loan has closed.



Security, Title Policy
As-Built Survey:

The Loan shall be primarily secured by a first mortgage or trust deed encumbering the Subject Property unless otherwise specified in the Term Sheet. Applicant shall provide, at its expense, a title insurance policy satisfactory to Lender in a form that meets Freddie Mac's CME requirements. Applicant, at its expense, shall provide to Lender and the title insurance carrier a current ALTA as-built survey of each Subject Property. Such survey shall meet the then-current minimum standard detail requirements for American Land Title Association/American Congress of Surveying and Mapping (ALTA/ACSM) Land Title Surveys. The survey must be made, dated and certified by a licensed civil engineer or registered surveyor not more than 90 days prior to the Loan Closing. The form of certification shall be the form required by the most current ALTA/ACSM requirements. Except for loans greater than \$25 million, the survey may be waived for properties located in Arizona, California, Nevada, Oregon, Utah or Washington, provided (i) the title insurance carrier is prepared to issue its policy of title insurance (a) without exceptions for any matters that might be disclosed by a survey, and (b) with various required endorsements, and (ii) a visual inspection by the Lender or the Appraisal must not have disclosed any site condition that is not disclosed and insured under the title policy to be issued, (iii) any encroachments by the Subject Property or on the Subject Property or any easement on the Subject Property shown on the title policy are covered by endorsement and Freddie Mac has approved such exceptions to title if such approval is necessary (iv) Borrower owns all of the improvements located on the Subject Property, and (v) the Subject Property meets Freddie Mac's CME zoning requirements.

Escrow Deposits:

Lender will require monthly deposits of funds into a servicing escrow account to pay real estate taxes, special assessments, insurance premiums and any other lienable assessments on the Subject Property pursuant to the Term Sheet. Lender shall also require additional escrows for replacement reserves and may require escrows for repairs, capital improvements, environmental hazard abatement, or debt service reserves. If required, the Commitment will specify that the Borrower fund a repair escrow with a deposit on the Closing date in an amount equal to 125% percent of the amount estimated by the engineer and approved by Lender to correct items requiring immediate repair as described in the physical needs assessment to be prepared in connection with this Application or as otherwise required pursuant to the Freddie Mac CME Program. Lender will administer the escrows, making all required payments, releases, and inspections and may require that Applicant make an initial deposit of funds into any escrow accounts established for the Subject Property.

Application Fee &
Processing Fee:

The non-refundable Application Fee and Processing Fee ("Fees") shall be payable to Lender upon acceptance of this Application as set forth in the Term Sheet. These fees will be applied towards the cost of the Third Party Reports and Lender's out-of-pocket expenses relating to processing/underwriting the proposed Loan. These Fees shall not be used to pay, and Applicant shall be solely responsible for, in addition to these Fees, Applicant's expenses for attorneys, accountants, surveyors, insurance, Lender's legal expenses, the Freddie Mac Application Fee, title or escrow charges. Unless otherwise specifically provided in the Term Sheet, these Fees are earned upon submission and acceptance by Lender of this Application and Lender will not return any portion of these Fees to the Borrower regardless of whether a Commitment is issued or the Loan closes.

Legal Fee Deposit:

A Legal Fee Deposit ("the Legal Fee Deposit") shall be payable to Lender upon Borrower's acceptance of this Application as set forth in the Term Sheet which will be applied towards payment of Lender's counsel for legal expenses in connection with this Loan. If a



Commitment is issued, the Legal Fee Deposit shall be applied towards legal fees and expenses incurred by Lender relating to the Loan, including the structuring of the Loan as well as the documentation and negotiation of the Commitment and related documents, and to the extent such fees and expenses exceed the Legal Fee Deposit, Applicant shall pay to Lender on demand such amounts at closing of the Loan. In the event the Loan does not close: (i) all legal fees incurred by Lender in conjunction with the processing of the Loan will be paid by the Applicant/Borrower, and (ii) any amounts remaining in the Legal Fee Deposit after full payment of all Lender legal fees shall be returned to the Applicant/Borrower.

Brokerage Commission/
Indemnification:

Any brokerage commission or finder's fee incurred in this transaction shall be paid by Applicant, unless otherwise indicated in the Term Sheet. By acceptance of this Application, Applicant agrees to indemnify Lender and hold Lender, its principals, officers, employees, affiliates, agents, successors and their assigns free and harmless from and against any and all loss, expense, damage, attorney's fees, costs, claims or judgments incurred by Lender in connection with the claims and recoveries by any broker for commissions or other compensation with this Loan.

Due Diligence:

Applicant hereby authorizes Lender to obtain any and all data necessary to make a credit granting decision, including credit reports, background checks and credit references for the Borrower, Guarantors, Key Principals and Principals. Applicant acknowledges that it will act expeditiously in providing Lender with all documentation required to process and underwrite this Loan. It is understood and agreed that Applicant will supply Lender with the necessary items as indicated on a checklist which will be provided under separate cover. Borrower, Applicant, and Guarantor each declare that all statements contained in this Application (including any supplemental pages attached to and made a part of it) are complete and true to the best of their knowledge. Applicant hereby authorizes Lender and/or its representatives to make such on-site inspections of the Subject Property as may be required in the processing of this Application.

Terrorism and Mold
Insurance Coverage:

In addition to customary property and liability insurance, Freddie Mac will require terrorism insurance coverage.

Single Asset/Special
Purpose Entity:

Generally, the Borrower must be a single asset borrowing entity (SAE) whose only real estate asset is the Subject Property and whose only business purpose is the ownership and operation thereof. Borrowing structure requirements are more fully described in Exhibit A.

Loan Documentation:

All Loan documentation shall be on the applicable Freddie Mac forms. It is understood that the Lender intends to sell the mortgage Loan to Freddie Mac. If Freddie Mac purchases the Loan, the Applicant's signature below constitutes the Borrower's authorization for Freddie Mac to publicly use, at its discretion, the name of the Subject Property, photographs of the Subject Property and basic transaction information (e.g. the number of units and the Loan Amount) relating to the Loan.

Subject Property
Insurance Review:

By executing this Application, Applicant hereby authorizes Lender or its insurance review consultant to contact Applicant's insurance agent to solicit property insurance coverage information and all documentation necessary to confirm compliance with Lender's insurance requirements. Further, Applicant hereby authorizes its insurance agent to provide Lender with all information requested by Lender or its consultant that is necessary

to complete its review. Time is of the essence as Lender must confirm compliant insurance coverage prior to rate lock and closing.

Exclusive Right:

Lender is hereby granted the exclusive right to procure a written loan Commitment for the Subject Property for a period of sixty days from the date of execution of this financing proposal by the Borrower. Borrower shall not apply for or accept such a loan from any other lender during such period. By signing this Application, Borrower acknowledges that Lender will be registering the proposed transaction with Freddie Mac. Borrower acknowledges further that it has made a choice of Lender for a Freddie Mac execution for this transaction. If after signing this Application, Lender and Borrower are unable to agree on the final terms of a loan, all other Freddie Mac Program Plus ® Lenders will be prohibited from considering the same loan request for a period of 90 days.

NEITHER THIS APPLICATION NOR THE RECEIPT BY LENDER OF THE LEGAL FEE DEPOSIT, APPLICATION FEE OR OTHER AMOUNTS SHALL CONSTITUTE, OR BE CONSTRUED TO BE, A BINDING COMMITMENT BY LENDER OR AN UNDERTAKING BY LENDER OR FREDDIE MAC TO FAVORABLY CONSIDER THE PROPOSED LOAN OR TO ISSUE ANY COMMITMENT. BY SIGNING BELOW, APPLICANT ACKNOWLEDGES THAT (1) THE TERMS HEREIN ARE NOT FINAL OR ALL-INCLUSIVE, (2) IT HAS SIGNED THIS APPLICATION AND SUBMITTED THE ENCLOSED SUMS TO LENDER SOLELY FOR THE PURPOSE OF INDUCING LENDER TO CONDUCT A FURTHER REVIEW OF THE APPLICATION AND SUCH FURTHER INVESTIGATIONS AS LENDER DEEMS NECESSARY FOR THE PURPOSE OF DETERMINING WHETHER THE PROPOSED LOAN MEETS WITH ITS UNDERWRITING CRITERIA.

THIS APPLICATION SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO SUCH STATE'S CHOICE OF LAW RULES.

Please acknowledge acceptance of the terms of this Application and Term Sheet by signing and returning both, unaltered, to the undersigned by May 4, 2018, along with the Lender Application Fee, the Freddie Mac Application Fee and the Legal Fee Deposit, in the form of a check in the amount of \$37,850.00, made payable to "HuntMortgage Partners, LLC" or the funds may be wired to the following account:

Account name: Hunt Mortgage Partners, LLC
ABA# 121 000 248
Account # 4124112947
Address: San Francisco, CA
REF: Mistletoe Station 4006988

This Application will expire on May 4, 2018 if not executed and returned.

Very truly yours,

Hunt Mortgage Partners, LLC



Suzanne Cope
Director



Summary of Terms

Freddie Mac Capital Markets Execution

RE: Mistletoe Station, a 110-unit affordable multifamily housing development consisting of 74 affordable and 36 market rate units to be located at 1916 Mistletoe Blvd, Fort Worth, Tarrant County, Texas and developed, constructed, owned and operated by Mistletoe Station, LLC, a TX limited liability company (the "Partnership").

Program: Freddie Mac 9% Unfunded Forward

Loan Amount: **\$7,850,000**

Guarantor(s): Saigebrook Development, LLC and Lisa Stephens
Megan Lasch, O-SDA Industries, LLC
The Guarantor(s) will execute a Guaranty for the recourse carve-outs.

Interest Rate: The final interest rate will be fixed at rate lock and upon execution by Borrower of a funding Commitment pursuant to the applicable Program. As of April 27, 2018, the estimated interest rate is 5.16%, for an indicated spread of 229bps over the yield on comparable term United States Treasury Securities. The final interest rate will be established at the time of rate lock. Interest rates and spreads, quoted or implied herein, are based on current market conditions and are subject to change based on investor needs and treasury market fluctuations.

Accrual Method: Interest is payable monthly based on a 360-day year and the actual number of days elapsed (actual/360).

Forward Term: 24 months, with one free 6-month extension.

Term: 180 months

Amortization: 420 months

Interest Only Period: The above pricing assumes no Interest Only. Freddie Mac has suggested comfort with 2-years of Interest Only at a cost of 5bps add on to pricing. This is subject to approval during formal underwriting after submission to Freddie Mac.

Loan to Value Ratio: A loan-to-value ("LTV") ratio of not more than 90.0% shall apply based on an appraised "post-completion" value acceptable to Lender.

DSCR: A debt service coverage ratio ("DSCR") of not less than 1.15x (amortizing) shall apply as determined by Lender.

Prepayment Plan: 14.5 years of Yield Maintenance, 1% prepayment penalty for 3-months, open at par thereafter.



Third Party Reports

| | |
|--------------------------|--|
| Appraisal: | Required |
| Engineering: | Required |
| Environmental: | Required |
| MMP plan: | TBD |
| Seismic Report: | N/A |
| Market Study: | Not Required |
| Zoning Report: | Required |
| Insurance Review: | Required |
| Plan & Cost Review: | Required |
| Constructing Monitoring: | Required (Update Required at Conversion) |

Funded Escrows

| | |
|--|----------|
| Real Estate Taxes: | Required |
| Prop/Liability Insurance: | Required |
| Special Assessments: | Required |
| Ground Lease: | TBD |
| Replacement Reserves: | Required |
| Required Repairs: | Required |
| Other lienable assessments or charges: | TBD |

Fees

| | |
|------------------------------|---|
| Application Fee: | \$25,000 due at time of acceptance of the Application. This includes a \$3,500 processing fee that is non-refundable. The balance of the funds will be used for third party reports. |
| Freddie Mac Application Fee: | 0.10% of Loan Amount (\$7,850), payable upon acceptance of this Application and to be included in the initial wire noted above. |
| Delivery Assurance Fee: | 3.0% of Loan Amount, which can be in the form of a note. The fee is refundable at conversion of the construction loan. |
| Legal Fee Deposit: | \$5,000, payable upon acceptance of this Application, to be applied and used towards payment of legal fees due to Lender's counsel. |
| Lender Origination Fee: | 1.00% of the Loan Amount, earned upon acceptance of Commitment, payable at Forward/Construction Closing. |
| Good Faith Deposit: | At the time the commitment is accepted and Applicant instructs Lender to rate lock, two percent (2%) of the Loan Amount must have been wired to Lender to be held as the Good Faith Deposit pursuant to the commitment. The Good Faith Deposit will be refunded after Closing upon funding of the Loan by Freddie Mac, which normally occurs within two to three weeks after Closing. Cash or Letter of Credit, or 1% Cash and 1% Letter of Credit. |
| Assumability: | The Loan is assumable at the discretion of the Lender and Freddie Mac with payment of a 1% transfer fee, and a non-refundable fee of \$15,000. Applicant shall pay all costs of Freddie Mac's and Lender's legal counsel involved with closing the assumption. The fee of \$15,000 shall be applied to the closing costs. |
| Supplemental Financing: | A supplemental loan from Freddie Mac may be permitted with the Lender's prior written approval in its sole discretion commencing 12 months after closing of the |



latest placed prior lien. Any desired supplemental financing from Freddie Mac will require a new credit analysis and determination that all of Lender's credit requirements existing at the time of the Borrower's request for a supplemental loan are satisfied. All supplemental loan requests will be subject to Freddie Mac Supplemental Loan program and underwriting requirements in effect at the time of the supplemental application.

Security:

1st Mortgage

Preferred Equity Disclosure:

Borrower and Applicant do not intend to seek or obtain preferred equity or a mezzanine loan in its capital structure. Borrower and Applicant understand that additional due diligence and underwriting are necessary to underwrite, approve and rate lock a Loan that contains preferred equity or mezzanine financing in the capital structure. Borrower and Applicant also understand that the approval of any Loan may be delayed if Borrower and Applicant initially disclose that it does not intend to obtain preferred equity or a mezzanine loan but later notifies Lender that it will seek preferred equity or a mezzanine loan.

Special Terms and Conditions:

1. Subsequent to the closing of the Loan, Freddie Mac will require regular financial reporting from the Borrower outlining the Property's financial performance.
2. Loan is subject to all Capital Markets Execution program requirements.
3. Final Loan pricing and structure are expressly contingent upon approval by Freddie Mac
4. Subordinate debt is subject to all standard Freddie Mac requirements.
5. The Subject Property will also be encumbered by LURAS. The LURAS will be reviewed and underwritten accordingly.
6. Hunt Mortgage Group has conveyed to the client that any loan is subject to an acceptable appraisal, ordered by Lender, in accordance with Freddie Mac requirements.
7. Hunt Mortgage Group has conveyed to the borrower that the complete construction timeline and scope of work with projected costs must be reviewed and approved by the Lender and Freddie Mac.
8. Freddie Mac's and Hunt Mortgage Group's standard construction monitoring processes and requirements will apply, including and not limited to (i) Monthly third party inspection reports, (ii) Quarterly operating statements, rent rolls, and covenant compliance (DSCR covenant compliance and other covenants as applicable), (iii) Lender Servicer to verify appropriate Builders Risk Insurance policy is in place, (iv) Lender Servicer to receive copies of all building permits and Certificates of Occupancy, (v) Lender Servicer will review and confirm that all State licensing requirements are met, (vi) Lender Servicer will receive evidence of lien free completion including an updated title endorsement.

9. Insurance will be subject to Freddie Mac requirements and if required, earthquake insurance will be included in the final policy/ premium. Hunt Mortgage Group did not include a premium for earthquake insurance in pre-screening this transaction.
10. This quote is subject to pre-screen approval, final underwriting, passing the Freddie Mac refinance test, and assumes a Freddie Mac compliant soft, subordinate loan. In addition, this quote assumes at least 60% of units will be LIHTC.
11. At conversion, final loan amount may be adjusted up or down by 5% from the committed loan amount with no prepayment penalty. Additional increases in final loan amount above 5% will be subject to lender discretion and approval, as well as an updated appraisal report.
12. Freddie Mac's commitment is subject to the following conditions:
 - a. Compliance with the Freddie Mac Multifamily Seller/ Servicer Guide.
 - b. Full due-diligence on Borrower, Key Principle(s), and/or Guarantors(s).
 - c. Review of final organizational chart and borrowing structure.
 - d. Assumes no tenancy concentrations.
 - e. Appraisal to support underwritten value and cap rate.
 - f. Steady to increasing collections and occupancy trends through closing.
 - g. Underwritten expenses, including management fee, must be supported by the appraisal, market comparables, and borrower's current portfolio. Satisfactory FM site inspection prior to rate lock.
 - h. Quote assumes standard documents will be used; any document modifications or deviations from standard requirements, unless stated herein, may affect pricing.
 - i. Should the borrower elect an alternate interest rate type and/or loan term after this quote is accepted, revised terms will be subject to the corresponding spreads, treasury floors and timeframes determined on the date of this quote outlined herein.
 - j. HAP (8 units) underwritten rents restricted to the lower of HAP contract rents or appraiser concluded rents; No HAP Overhang permitted.
 - k. Freddie Mac compliant borrower structure
 - l. FMAC satisfactory review of LIHTC syndicator documentation including Form 1115 and summary of track record, experience, and recapture history over the past 5-years.
 - m. Guarantors must meet Freddie Mac's NW and Liquidity requirements (\$5,000,000 and \$785,000, respectively). The NW and Liquidity of the LIHTC syndicator will be included with the net worth and Liquidity of the guarantor to increase the financial capacity of the deal.
 - n. Third Party reports: 1) PCA, Environmental (Phase I), Wood-Damaging Insect, and Appraisal - less than or equal to six months before delivery of the full underwriting package; 2) Flood Zone, O&M Plans, and Seismic - less than twelve months of the full underwriting package



HUNT MORTGAGE GROUP

Agreed to and Accepted:

Applicant: Mistletoe Station, LLC
(print or type name of Borrower or Guarantor)

By: 
(signature of authorized individual)

Title: Lisa M. Stephens, President
(title of authorized individual)

Date: 5-2-18
(date of signature)

Exhibit A

Freddie Mac Capital Markets Execution

Borrower Organizational Requirements

I. For loans of less than \$5 million

1. Borrower may be a general partnership, limited partnership, corporation, limited liability company, real estate investment trust, or Tenancy-In-Common (TIC) provided there are no more than three tenants-in-common.
2. If Borrower is a general partnership, no general partner may be an individual.
3. If Borrower is a real estate investment trust, it must be a corporation, not a business trust.
4. The Property must be the Borrower's sole asset ("SAE") and the operation of the Property must be the Borrower's sole business.
5. The Borrower does NOT need to meet Single Purpose Entity ("SPE") requirements.

II. For loans of \$5 million or greater, but less than \$25 million

1. Borrower must be a limited partnership, corporation, limited liability company, or Tenancy-In-Common (TIC) provided there are no more than three tenants-in-common.
2. The Property must be the Borrower's sole asset and the operation of the Property must be the Borrower's sole business.
3. The Borrower and each SPE Equity Owner, if applicable, must be an SPE. If the Borrower is a TIC, each tenant must be an SPE.
4. The Borrower and each SPE Equity Owner, if applicable, must be newly formed; however existing "recycled" entities may be acceptable, subject to Freddie Mac review and approval.
5. An SPE Equity Owner is defined as "A Delaware single member limited liability company or a corporation that acts as a general partner of a limited partnership Borrower or as the managing member of a limited liability company Borrower that does not have in place its own officers and directors".

III. For a loan or crossed loans of \$25 million or greater, but less than \$50 million

1. All the provisions of number II above apply.
2. The Borrower must have an SPE Equity Owner, unless the Borrower is a single member limited liability company formed in Delaware or is a corporation.
3. Non-Consolidation Opinion is required.

IV. For a loan or crossed loans of \$50 million or more

1. All the provisions of number III above apply;
2. The Borrower must have an SPE Equity Owner, unless the Borrower is a single member limited liability company formed in Delaware or is a corporation.
3. If the Borrower is required to have an SPE Equity Owner, then the SPE Equity Owner may be required to have one (1) Independent Director/Manager.
4. If the Borrower is a single member limited liability company formed in Delaware or is a corporation, the Borrower may be required by Freddie Mac to have one (1) Independent Director/Manager.
5. Soft, springing cash management agreement is required.
6. Non-Consolidation Opinion is required.

General Requirements for Single Member Limited Liability Companies

For each loan of \$5 million or greater, each Borrower and SPE Equity Owner, if applicable, that is a limited liability company with a single member must be formed in Delaware. Each such entity must have one or more “springing members” in the event the single member ceases to be a member of the Borrower or SPE Equity Owner, as applicable. Single member refers to an entity’s organizational structure wherein the entity has a sole equity member. An entity that has a sole equity member but has other members or managers that each has a zero percent (0%) interest in the entity is also a “single member” limited liability company.

From: Ochoa, Olivio C olivio.c.ochoa@chase.com 
Subject: RE: Mistletoe amendment
Date: May 24, 2018 at 10:55 AM
To: Lisa Stephens lisa@saigebrook.com
Cc: nathan henry nathan@saigebrook.com



Good Morning Lisa,

- 1) Attached is the Signed Budget for the amendment package.
- 2) Chase is aware of the Guarantee structure where O-SDA Industries and Megan Lasch are Guarantors for the property
- 3) Chase is aware the TIF Funds are a key capital source in order for the project to be financially feasible. As you stated, the funds are necessary to complete the infrastructure for the proposed project.

Please let me know if we need to have a conversation regarding Chase's position and commitment.

Olivio C. Ochoa | Vice President | Community Development Banking | Commercial Banking | CHASE | 2200 Ross Avenue, Floor 9, Dallas, TX 75201 | T: 214-965-2678 | F: 214-965-3297 | olivio.c.ochoa@chase.com

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

| INCOME | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 10 | YEAR 15 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| POTENTIAL GROSS ANNUAL RENTAL INCOME | \$1,311,444 | \$1,337,673 | \$1,364,426 | \$1,391,715 | \$1,419,549 | \$1,567,297 | \$1,730,423 |
| Secondary Income | \$ 19,800 | \$ 20,196 | \$ 20,600 | \$ 21,012 | \$ 21,432 | \$ 23,663 | \$ 26,126 |
| POTENTIAL GROSS ANNUAL INCOME | \$1,331,244 | \$1,357,869 | \$1,385,026 | \$1,412,727 | \$1,440,981 | \$1,590,960 | \$1,756,548 |
| Provision for Vacancy & Collection Loss | (\$99,843) | (\$101,840) | (\$103,877) | (\$105,955) | (\$108,074) | (\$119,322) | (\$131,741) |
| Rental Concessions | \$0 | | | | | | |
| EFFECTIVE GROSS ANNUAL INCOME | \$1,231,401 | \$1,256,029 | \$1,281,149 | \$1,306,772 | \$1,332,908 | \$1,471,638 | \$1,624,807 |
| EXPENSES | | | | | | | |
| General & Administrative Expenses | \$38,100 | \$39,243 | \$40,420 | \$41,633 | \$42,882 | \$49,712 | \$57,630 |
| Management Fee | \$ 61,570 | \$ 62,801 | \$ 64,057 | \$ 65,339 | \$ 66,645 | \$ 73,582 | \$ 81,240 |
| Payroll, Payroll Tax & Employee Benefits | \$ 157,529 | \$ 162,255 | \$ 167,122 | \$ 172,136 | \$ 177,300 | \$ 205,539 | \$ 238,276 |
| Repairs & Maintenance | \$ 69,280 | \$ 71,358 | \$ 73,499 | \$ 75,704 | \$ 77,975 | \$ 90,395 | \$ 104,792 |
| Electric & Gas Utilities | \$ 15,500 | \$ 15,965 | \$ 16,444 | \$ 16,937 | \$ 17,445 | \$ 20,224 | \$ 23,445 |
| Water, Sewer & Trash Utilities | \$ 45,100 | \$ 46,453 | \$ 47,847 | \$ 49,282 | \$ 50,760 | \$ 58,845 | \$ 68,218 |
| Annual Property Insurance Premiums | \$ 35,750 | \$ 36,823 | \$ 37,927 | \$ 39,065 | \$ 40,237 | \$ 46,646 | \$ 54,075 |
| Property Tax | \$ 107,000 | \$ 110,210 | \$ 113,516 | \$ 116,922 | \$ 120,429 | \$ 139,611 | \$ 161,847 |
| Reserve for Replacements | \$ 27,500 | \$ 28,325 | \$ 29,175 | \$ 30,050 | \$ 30,951 | \$ 35,881 | \$ 41,596 |
| Other Expenses | \$ 9,860 | \$ 10,156 | \$ 10,460 | \$ 10,774 | \$ 11,098 | \$ 12,865 | \$ 14,914 |
| TOTAL ANNUAL EXPENSES | \$567,189 | \$583,589 | \$600,468 | \$617,842 | \$635,724 | \$733,300 | \$846,034 |
| NET OPERATING INCOME | \$664,212 | \$672,440 | \$680,681 | \$688,930 | \$697,184 | \$738,338 | \$778,773 |
| DEBT SERVICE | | | | | | | |
| First Deed of Trust Annual Loan Payment | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 | \$507,722 |
| Second Deed of Trust Annual Loan Payment | 29,814 | 29,814 | 29,814 | 29,814 | 29,814 | 29,814 | 29,814 |
| Third Deed of Trust Annual Loan Payment | 21,120 | 21,120 | 21,120 | 21,120 | 21,120 | 21,120 | 21,120 |
| Other Annual Required Payment | | | | | | | |
| Other Annual Required Payment | | | | | | | |
| ANNUAL NET CASH FLOW | \$105,556 | \$113,784 | \$122,025 | \$130,274 | \$138,528 | \$179,682 | \$220,117 |
| CUMULATIVE NET CASH FLOW | \$105,556 | \$219,340 | \$341,365 | \$471,639 | \$610,167 | \$1,405,692 | \$2,405,190 |
| Debt Coverage Ratio | 1.19 | 1.20 | 1.22 | 1.23 | 1.25 | 1.32 | 1.39 |
| Other (Describe) | | | | | | | |
| Other (Describe) | | | | | | | |

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone: 214/965-2678
 Email: olivio.c.ochoa@chase.com



 Signature, Authorized Representative, Construction or
 Permanent Lender

Olivio Ochoa

 Printed Name

5/25/2018

 Date

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

| Financing Participants | Funding Description | Construction Period | | Lien Position | Permanent Period | | | | | Lien Position |
|-------------------------------|--|---------------------|-------------------|---------------|--------------------|-------------------|-----------------|-------------|------------------|---------------|
| | | Loan/Equity Amount | Interest Rate (%) | | Loan/Equity Amount | Interest Rate (%) | Amort - ization | Ter m (Yrs) | Syndication Rate | |
| Debt | | | | | | | | | | |
| TDHCA | Multifamily Direct Loan (Repayable) | \$0 | 0.00% | | \$ - | 0.00% | 30 | 0 | | |
| TDHCA | Multifamily Direct Loan (Soft Repayment) | \$0 | 0.00% | | \$ - | 0.00% | 0 | 0 | | |
| TDHCA | Mortgage Revenue Bond | \$0 | 0.00% | | \$ - | 0.00% | 0 | 0 | | |
| Chase | Conventional Loan | \$18,900,000 | 4.69% | 1st | | | | | | |
| Hunt Mortgage Group | Conventional Loan | | | | \$ 7,850,000 | 5.53% | 35 | 15 | | 1st |
| City of Fort Worth HOME | Local Government Loan | \$1,056,000 | 2.00% | 3rd | \$ 1,056,000 | 2.00% | NA | 15 | | 3rd |
| City of Fort Worth HFC | Local Government Loan | \$750,000 | 2.00% | 2nd | \$ 750,000 | 2.00% | 35 | 15 | | 2nd |
| | | | | | | | | | | |
| Third Party Equity | | | | | | | | | | |
| Hunt Capital Partners | HTC | \$ 1,500,000 | \$ 2,058,544 | | \$ 13,723,628 | | | | 0.915 | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Grant | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Deferred Developer Fee | | | | | | | | | | |
| Saigebrook Development, LLC | | \$ 2,091,294 | | | \$ 1,304,779 | | | | | |
| | | | | | | | | | | |
| Other | | | | | | | | | | |
| | Direct Loan Match | | | | | | | | | |
| TIF Reimbursement of Costs | Reimbursement | | | | \$ 2,600,000 | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Total Sources of Funds | | \$ 24,855,838 | | | \$ 27,284,406 | | | | | |
| Total Uses of Funds | | | | | \$ 27,284,406 | | | | | |

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments)

Construction financing will be provided by Chase in the form of a Construction Loan in the amount of \$18,900,000. The Construction Loan will be underwritten at an interest rate at 4.69% and will have a 24 month term. Permanent financing will be provided by Hunt Mortgage Group in the form of a conventional loan in the amount of \$7,850,000. The perm loan will have an estimated interest rate at the time of closing of 5.53% and will have a term of 15 years with a 35 year amortization period. Hunt Capital Partners will be providing the equity based on an estimated Tax Credit allocation of \$1,500,000 per anum. Hunt Capital is proposing pricing of \$0.915 per LIHTC to purchase a 99.99% interest in the LLC that will own and operate the Property which amounts to total capital contributions of \$13,723,628. Hunt Capital will provide 15% of the total equity during construction, or \$2,058,544. It is currently estimated that \$1,198,078 of


Describe the replacement reserves:

The Syndicator, Hunt Capital, is requiring Replacement Reserves of \$250 per unit per year, Operating Reserves of \$540,000.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.:

The project has received 8 project based vouchers.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.



Signature, Authorized Representative, Construction or Permanent Lender

Olivio Ochoa
Printed Name

5/25/2018
Date

Telephone: 214/965-2678
Email address: olivio.c.ochoa@chase.com



April 12, 2018
April 16, 2018 (Updated)

Saigebrook Development (“Saigebrook”)
Lisa Stephens
421 West 3rd Street #1504
Austin, TX 78701

**Re: Mistletoe Station
Fort Worth, Texas**

Dear Ms. Stephens:

Thank you for considering JPMorgan Chase Bank, N.A. (“JPMorgan Chase” or “Lender”) as a potential construction lender for the development of affordable rental housing to known as Mistletoe Station located at 1916 Mistletoe Blvd, Fort Worth, Tarrant County, Texas. We have completed a preliminary review of the materials you have submitted, and the following is a brief outline of the terms that we propose to underwrite for credit approval. Of course, this letter is for discussion purposes only and does not represent a commitment by JPMorgan Chase to provide financing for the project nor an offer to commit, but rather is intended to serve as a basis for further discussion and negotiation should you wish to pursue the proposed transaction. Our interest and preliminary terms are subject to change as our due diligence and discussions with you continue. Such a commitment can only be made after due diligence materials are received, reviewed and approved and credit approval has been obtained.

Borrower: Saigebrook Mistletoe, LLC

Developer: Saigebrook Development

Project: Mistletoe Station will consist of 74 affordable units and 36 market rate units multi-family housing development to be located at 1916 Mistletoe Blvd., Fort Worth, Tarrant County, Texas.

Amount: Approximately \$18,900,000; subject to final budget, sources and uses of funds, LIHTC equity pay-in schedule, and Loan to Value restriction.

Initial Term: 24 months.

Interest Rate: The interest rate for the Construction Loan will be a fixed rate of interest, reset every 30 days at 205 basis points in excess of the 30 day LIBOR rate. Draws funded between rate reset days will bear interest at a floating rate that approximately equals the fixed rate. Changes in the rate environment subsequent to closing may create a difference between the fixed and floating rates. However, all loan balances outstanding on the 30 day reset date will be adjusted to the fixed rate. The current indicative fixed rate is 3.95%. The underwriting rate for the purpose of

sizing the interest reserve will include 50 bps for the first 12 months of construction and the rate will increase by 50 bps thereafter on a quarterly basis.

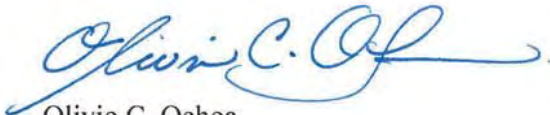
| | |
|----------------------|---|
| Commitment Fee: | 0.75% of the loan amount. |
| Legal Fees: | Estimated at \$40,000 (capped), based on the debt structure and funding sources as presented. Any additional Legals Fees to be incurred, approval will be requested from Borrower prior to engagement. |
| Extension Option: | One, conditional, six-month maturity extension. |
| Extension Fee: | 0.25% of the remaining loan commitment amount. |
| Collateral: | First mortgage; other typical pledges and assignments. |
| Third Party Reports: | JPMorgan Chase will coordinate/share with Hunt Capital Partners in the selection and utilization of the Third Party Reports required to underwrite and close on the equity and debt. |
| Guarantee: | <p>Full payment and completion guarantees and environmental indemnity by a guarantor or guarantors/indemnitor(s) satisfactory to JPMorgan Chase.</p> <p>Hunt Capital Partners, the equity syndicator, will provide a guarantee of the Guarantors' obligation up to \$1,000,000 from the Closing Date until Conversion or Chase's Construction Loan is paid-off.</p> |
| Developer Fee: | Assigned to Lender. Notwithstanding provisions of the LP or LLC Agreement, any payments of developer fee prior to permanent debt conversion are subject to Lender's prior approval and control. |
| Tax Credit Equity: | Approximately \$13,723,628, of which at least 15% must be paid in at closing. The identity of the equity investor and pay-in schedule for this transaction must be disclosed and acceptable to the Lender in its sole discretion. |
| Subordinate Liens: | Subordinate financing will be permitted subject to approval of terms by JPMorgan Chase and permanent lender, such as: FW HFC - \$750,000 construction to permanent loan and TIF - \$2,600,000 reimbursement of public improvement costs. Application pending for \$600,000 HOME funds from City of Fort Worth. |
| Repayment: | Construction Loan will be repaid with principal reductions from equity funded at or subsequent to construction completion and the permanent loan, if any. |
| Loan to Value: | Up to 80% including of the "As Completed" value of the real estate and tax credits. |
| Contract Bonding: | 100% Payment and Performance Bonds from "A" rated surety |

We appreciate the opportunity to discuss the possibility of providing construction financing for the proposed project with you. This letter of interest is for your information and use only, and is not to be shown to or relied upon by other parties. Please note that JPMorgan Chase and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transaction described herein or otherwise. JPMorgan Chase and its affiliates may share information about you in connection with the potential transaction or other possible transactions with you.

This letter, which expires May 31, 2018, serves as an outline of the principal terms of the proposed facility, and is subject to receipt and satisfactory review of all due diligence materials by Lender and to change as described above. Please note, JPMorgan Chase Bank N.A. cannot extend any legally binding lending commitment until formal credit approval has been obtained and a commitment letter has been issued.

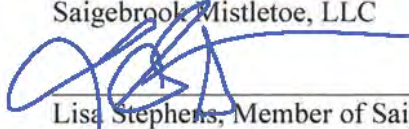
Sincerely,

JPMORGAN CHASE BANK, N.A.




Olivio C. Ochoa
Authorized Officer

Saigebrook Mistletoe, LLC



Lisa Stephens, Member of Saigebrook Mistletoe, LLC

From: Megan Lasch megan@o-sda.com 
Subject: Fwd: Mistletoe Station Additional Units
Date: May 24, 2018 at 10:38 AM
To: lisa@saigebrook.com, [nathan henry nathan@saigebrook.com](mailto:nathan@saigebrook.com)

ML

Sent from my iPhone

Begin forwarded message:

From: "LaRoque, Chad F" <Chad.LaRoque@fortworthtexas.gov>
Date: May 24, 2018 at 10:34:32 AM CDT
To: Megan Lasch <megan@o-sda.com>
Cc: "Cruz, Alice" <Alice.Cruz@fortworthtexas.gov>, "Ganske, Vicki" <Vicki.Ganske@fortworthtexas.gov>
Subject: Mistletoe Station Additional Units

Hi Megan,

Per our discussion, and my discussion with Fort Worth Housing Finance Corporations Attorney, we are aware of the 10 additional units that have been added to the Development for a total of 110 units. Although the 10 additional units are not represented on the attached resolution, this will not be an issue with Fort Worth Housing Finance Corp.

Thanks

Chad LaRoque

Neighborhood Development Coordinator
City of Ft. Worth Neighborhood Services
Chad.LaRoque@fortworthtexas.gov
[817-392-2661](tel:817-392-2661)



FWHFC-2017-1
0 - Mis...(1).pdf

RESOLUTION NO. FWHFC-2017-10

FORT WORTH HOUSING FINANCE CORPORATION

A RESOLUTION

APPROVING A SUBORDINATE LOAN OF \$750,000.00 TO MISTLETOE STATION, LLC FOR THE MISTLETOE STATION APARTMENTS LOCATED AT 1916 MISTLETOE BOULEVARD AND AUTHORIZING THE CORPORATION TO ACT AS GENERAL CONTRACTOR FOR THE DEVELOPMENT

WHEREAS, the City Council of the City of Fort Worth (“**City**”) has adopted development and revitalization of the City’s neighborhoods and affordable housing stock as a strategic goal, and City citizens and the City Council have determined that quality accessible affordable housing is needed for moderate, low and very low income City citizens;

WHEREAS, the City Council created the Fort Worth Housing Finance Corporation (the “**Corporation**”) in 1979 pursuant to the Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code, to facilitate neighborhood revitalization and housing initiatives in the City, including but not limited to issuing tax exempt bonds, developing, rehabilitating and promoting housing, and assisting low to moderate income City citizens in acquiring quality, accessible, affordable housing through lending and construction activities;

WHEREAS, the Corporation seeks to promote neighborhood revitalization and homeownership and foster the development of reasonably priced quality housing throughout the City by developing partnerships among the City, the Corporation, local governments, lenders, private industry and neighborhood-based nonprofit housing organizations;

WHEREAS, on February 21, 2017, the City Council approved Resolution No. 4752-02-2017 supporting the application of Mistletoe Station, LLC (“**Mistletoe Station**”) to the Texas Department of Housing and Community Affairs (“**TDHCA**”) for 2017 Competitive (9%) Housing Tax Credits for the development of the Mistletoe Station, a new 100-unit mixed income multifamily complex (the “**project**”) located at 1916 Mistletoe Boulevard in the City’s Near Southside Medical District (M&C G-18952);

WHEREAS, the City Council Resolution also included a Commitment of Development Funding from the City in the form of fee waivers in an amount not to exceed **\$2,500.00**;

WHEREAS, the Southside/Medical District Tax Increment Financing district (“**TIF**”) has approved a development agreement with Mistletoe Station in the amount of **\$2,600,000.00** to help repair antiquated storm water infrastructure and other public improvements which will benefit other development in the area as well as the adjacent Mistletoe Heights neighborhood. However, this award is less than the amount necessary to complete the needed infrastructure work;

WHEREAS, Mistletoe Station has applied to the Corporation for a loan of **\$750,000.00** for the project, subordinate only to the project’s construction and permanent financing, to help

cover the gap in the project's financing due to the cost of the necessary infrastructure improvements and the volatility of current tax credit pricing;

WHEREAS, Near Southside, Inc. ("**Near Southside**"), which manages the TIF, is a nonprofit corporation dedicated to the revitalization and development of the City's Near South Side, an approximately **1,400** acre district which includes the City's Medical District and the Mistletoe Heights neighborhood. The requested loan has the support of Near Southside as the project will provide the district with much needed workforce housing to support the medical facilities and other businesses in the district;

WHEREAS, on July 27, 2017, the project received an award of 2017 Competitive (**9%**) Housing Tax Credits from TDHCA;

WHEREAS, Mistletoe Station has requested that the Corporation serve as the project's General Contractor in order to take advantage of the state sales tax exemption available to the Corporation during construction in order to assist the project, and agrees to enter into a construction contract for the project with the Corporation ("**Construction Contract**"), as well as an agreement with the Corporation and a Master Subcontractor which will assume all of the General Contractor's obligations under the Construction Contract ("**Master Subcontract Agreement**");

WHEREAS, the Master Subcontractor (and other to-be-determined entities as needed) will indemnify and hold harmless the Corporation for any acts of the Master Subcontractor, and the Corporation will also be indemnified and held harmless for any obligations it incurs under the Construction Contract;

WHEREAS, it is necessary to amend the Corporation's Budget for its 2017-2018 fiscal year to provide funds for the loan; and

WHEREAS, the Board desires to make Mistletoe Station, LLC a subordinate loan of **\$750,000.00**, subject to availability of funds, to develop Mistletoe Station, a new affordable multifamily rental housing development, and authorizes the Corporation to act as General Contractor for the project.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FORT WORTH HOUSING FINANCE CORPORATION:

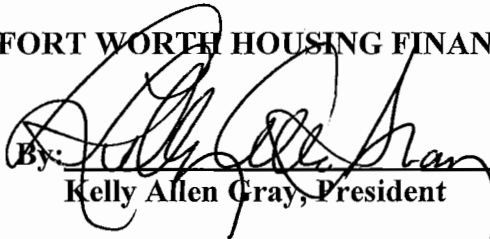
1. THAT the Board authorizes the execution and delivery of a loan agreement (the "**Loan Agreement**") by and between the Corporation and Mistletoe Station, LLC for a subordinate loan in the amount of **\$750,000.00**, subject to availability of funds, to Mistletoe Station, LLC to construct the Mistletoe Station, a new 100-unit affordable mixed income multifamily rental property (the "**project**") located at 1916 Mistletoe Boulevard, Fort Worth TX 76104 (the "**Loan**") on the terms set forth on **Attachment I**.

2. THAT Fernando Costa, General Manager of the Corporation, or Aubrey Thagard, Assistant General Manager of the Corporation, or their duly appointed successors, are each authorized to execute and deliver the Loan Agreement for and on behalf of the Corporation along with any related documents necessary to implement the Loan Agreement or the Loan, and each is authorized to extend, modify and amend the Loan Agreement or the terms of the Loan, provided any such extensions, modifications and amendments are within the scope of the project, and in conformance with the goals and purposes of the Corporation, as amended from time to time.
3. THAT the Board approves amending the Corporation's Budget for its 2017-2018 fiscal year to appropriate **\$750,000.00**, subject to availability of funds, to be used to fund the Loan.
4. THAT the Board authorizes the Corporation to act as General Contractor for the project, and authorizes the execution and delivery of the Construction Contract and Master Subcontract Agreement for the project.
5. THAT Fernando Costa, General Manager of the Corporation, or Aubrey Thagard, Assistant General Manager of the Corporation, or their duly appointed successors, are each authorized to execute and deliver the Construction Contract and the Master Subcontract Agreement for and on behalf of the Corporation along with any related documents necessary to implement the Construction Contract or the Master Subcontract Agreement, and each is authorized to extend, modify and amend the Construction Contract or the Master Subcontract Agreement, provided any such extensions, modifications and amendments are within the scope of the project, and in conformance with the goals and purposes of the Corporation, as amended from time to time.
6. THAT this Resolution takes effect from the date of its adoption.

AND IT IS SO RESOLVED.

Adopted November 7, 2017.

FORT WORTH HOUSING FINANCE CORPORATION

By: 

Kelly Allen Gray, President

ATTACHMENT I
Loan Terms

Lender: Fort Worth Housing Finance Corporation

Borrower: Mistletoe Station, LLC

Project: Mistletoe Station

Location: 1916 Mistletoe Boulevard and 2116 Beckham Place

Loan Amount: \$750,000.00

Origination Fee: 1% payable at closing

Interest Rate: Same as 1st lien construction loan during construction period
2% after stabilization/conversion

Amortization: 35 years

Loan Term: Construction/permanent loan begins date Loan documents are signed
(estimated 24-30 months for construction). Loan matures 18 years from
stabilization/conversion

Lien Priority: Subordinate only to first lien construction/permanent loan

Payments: Interest payments only quarterly during construction period
Equal annual payments of P & I after stabilization /conversion out of net
cash flow

Loan Documents: Loan Agreement, Promissory Note, Deed of Trust

General Contractor: Fort Worth Housing Finance Corporation

Master

Subcontractor: TBD; will indemnify and hold harmless General Contractor

Guarantor: Same as approved by first lien lender

Recourse: Payment and completion guarantees in form and substance acceptable to
Lender during construction period

Financing: First lien construction loan \$11,350,000.00
First lien permanent loan \$6,300,000.00
TIF funds for infrastructure \$2,600,000.00
Award of 9% housing tax credits from TDHCA

Other Conditions: Pay all costs of Loan closing
Provide lender's title policy
Acceptable environmental remediation, if required
All financing acceptable to Lender
Approval of final construction plans for project
Survey acceptable to Lender
Appraisal acceptable to Lender
P & P bond or LOC from master subcontractor
Receipt of all required governmental approvals

Approval of current financial statements from Guarantor
Approval of final project budget
Borrower counsel opinion in form and content satisfactory to Lender

From: Selarstean Mitchell SMitchell@fwhs.org 

Subject: Mistletoe Station PBV Proposal

Date: November 16, 2017 at 7:09 PM

To: Nathan Henry (nathan@saigebrook.com) nathan@saigebrook.com

Cc: Kelvin Noble KNoble@fwhs.org, Daisy Casulli DCasulli@fwhs.org, Hyacinth Onyekanne HOnyekanne@fwhs.org

SM

We are pleased to inform you that your application for eight (8) Project-Based Vouchers at Mistletoe Station Development has been approved, subject to the following HUD requirements:

- Subsidy Layering Review by HUD. Attached is a checklist that includes documents you must submit to me for the subsidy layering review. I will send them to HUD.
- Part 58 Environmental Review. I will notify the City of Fort Worth of the need for the Environmental Review.

Please do not hesitate to contact me if you have any questions.

Thank you.



Selarstean M. Mitchell

Vice President
Assisted Housing

1201 East 13th Street
Fort Worth, TX 76102
phone 817 333 3601
fax 817 333 3672

www.fwhs.org
smitchell@fwhs.org



Subsidy
Layerin...ow.doc



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Success!

This application has been submitted.

We have sent you a confirmation email (from Notices@ZoomGrants.com).
Additional confirmation is the presence of a submission timestamp instead of the Submit Now button.

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City of Fort Worth

Neighborhood Services Department

2018-2019 Major Projects Notice of Funding Availability (NOFA)

Deadline 3/16/2018

[Open Programs](#)

[Description](#)

[Requirements](#)

[Restrictions](#)

[Attachments](#)

[Contact Admin](#)

The Application for HOME Grants was submitted March 16, 2018 via the City of Fort Worth's Zoomgrants.com site.

From: Megan Lasch Megan@o-sda.com
Subject: FW: NOFA
Date: May 24, 2018 at 9:03 AM
To: nathan henry nathan@saigebrook.com

ML

From: LaRoque, Chad F [mailto:Chad.LaRoque@fortworthtexas.gov]
Sent: Thursday, May 17, 2018 12:39 PM
To: Megan Lasch; Cruz, Alice
Subject: RE: NOFA

I should say Final City Council approval will be June 26th.

Thanks

Chad LaRoque
Neighborhood Development Coordinator
City of Ft. Worth Neighborhood Services
Chad.LaRoque@fortworthtexas.gov
[817-392-2661](tel:817-392-2661)

From: Megan Lasch [mailto:megan@o-sda.com]
Sent: Thursday, May 17, 2018 12:17 PM
To: LaRoque, Chad F <Chad.LaRoque@fortworthtexas.gov>; Cruz, Alice <Alice.Cruz@fortworthtexas.gov>
Subject: RE: NOFA

Great!!!!

Megan Lasch
5501-A Balcones Dr. #302
Austin, Texas 78731
830-330-0762

From: LaRoque, Chad F [mailto:Chad.LaRoque@fortworthtexas.gov]
Sent: Thursday, May 17, 2018 12:09 PM
To: Megan Lasch; Cruz, Alice
Subject: RE: NOFA

Hey Megan,

Your funding was approved. \$1,056,000.

Chad

From: Megan Lasch Megan@o-sda.com
Subject: FW: Mistletoe Project Unit Change
Date: May 25, 2018 at 8:39 AM
To: nathan henry nathan@saigebrook.com

ML

From: Mike Brennan [<mailto:mike@nearsouthsidefw.org>]
Sent: Friday, May 25, 2018 6:49 AM
To: Megan Lasch
Subject: Re: Mistletoe Project Unit Change

Megan - That is correct, the TIF agreement includes the project description as follows:

"Developer proposes to complete construction of a new three-story and four-story apartment complex that will include between 100 and 110 mixed-income residential units..."

This total unit count was the result of negotiations among Near Southside, Inc., Mistletoe Heights neighborhood, City of Fort Worth, and Saigebrook. The goal was a unit count and income mix that provided a significant number of workforce housing units mixed with market rate units, and a total count that met the density expectations of the adjacent neighborhood. The target mix of affordable to market units agreed to by all parties was 70% affordable, 30% market.

Let me know of any additional information needed.

Thanks,
Mike

Mike Brennan, AICP
President
Near Southside, Inc.
1606 Mistletoe Blvd.
Fort Worth, TX 76104
817-923-4113 office
817-681-8213 cell
mike@nearsouthsidefw.org
www.nearsouthsidefw.org

RESOLUTION

Board of Directors

**Tax Increment Reinvestment Zone Number Four, City of Fort Worth, Texas
(Southside TIF)**

***AUTHORIZING EXECUTION OF A TAX INCREMENT FINANCING (TIF) DEVELOPMENT
AGREEMENT BETWEEN THE BOARD OF DIRECTORS OF TAX INCREMENT REINVESTMENT
ZONE NUMBER FOUR AND MISTLETOE STATION, LLC FOR PUBLIC IMPROVEMENTS
ASSOCIATED WITH THE DEVELOPMENT LOCATED IN MISTLETOE HEIGHTS ADDITION, BLOCK
B, LOTS C AND D AND FRISCO ADDITION, BLOCK 3R, LOT 1-R1***

WHEREAS, the Board of Directors (the “Board”) of Tax Increment Reinvestment Zone Number Four, City of Fort Worth, Texas (the “TIF District”) desires to promote the development and redevelopment of the Southside Development District area as authorized by the Fort Worth City Council and state law; and

WHEREAS, on August 30, 1999, the Board adopted a Project and Financing Plan (the “Plan”) for the TIF District, which was approved by the City Council by ordinance and in accordance with Section 311.011 of the Texas Tax Code, and which was subsequently updated by the Board on November 1, 2012, and approved by City Council on December 11, 2012; and

WHEREAS, in accordance with Section 311.010 of the Texas Tax Code, the Board may use TIF revenue only for the types and kinds of projects set forth in the Plan; and

WHEREAS, the Plan identifies public improvements that benefit the general public and facilitate development of the TIF district as an eligible expense; and

WHEREAS, Mistletoe Station, LLC (“Developer”) has proposed the new construction of multi-family apartment complex that will include between 100 and 110 mixed-income residential units, a community clubhouse with business center, a 24-hour access fitness center, sidewalk connections along Mistletoe Boulevard, west of the railroad tracks adjacent to the Development (expenditure of approximately \$15,000.00), and up to \$50,000.00 in traffic calming measures on Mistletoe Boulevard (“Development”); and

WHEREAS, the Developer has requested up to \$2,600,000.00 from the Board to fund certain public improvements associated with the Development; and

WHEREAS, required public improvements will consist of storm sewer relocation and replacement, water line removal and replacement, and street improvements (“Public Improvements”); and

WHEREAS, consistent with the Plan, the Board now wishes to approve a Tax Increment Financing Development Agreement with the Developer to fund or reimburse Developer for the Public Improvements.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. That the Board hereby authorizes a Tax Increment Financing Development Agreement with Developer for the use of tax increment to fund or reimburse the costs of the Public Improvements up to \$2,600,000.00.

Section 2. That the Development shall begin by March 31, 2018 and be completed no later than March 31, 2020.

Section 3. That the Chairperson of the Board is authorized to sign this Resolution on the Board’s behalf and execute all necessary agreements and related documents in accordance with this Resolution

Section 4. That this Resolution shall take effect immediately from and after its passage.

Approved: Ann Zadeh
Ann Zadeh, Chair

MISTLETOE STATION
17259
AMENDMENT
UPDATED ARCHITECTURAL PLANS

MISTLETOE STATION

110 APARTMENTS IN FORT WORTH, TEXAS

| Mistletoe Station | | | | | 17116 |
|-------------------|-------|------------|----------------|---------------|--------------------|
| UNIT TABULATION | | | | | CREATED 04-17-2018 |
| TYPE | AREA | NO. | % | TOTAL AREA | Bedrooms |
| A1 (a-e) | 650 | 19 | 17.27% | 12,350 | 19 |
| B1 (a-i) | 850 | 45 | 40.91% | 38,250 | 62 |
| B2 | 850 | 17 | 15.45% | 14,450 | |
| C1 | 1,092 | 19 | 17.27% | 20,748 | 20 |
| C2 | 1,092 | 1 | 0.91% | 1,092 | |
| A1 ADA | 650 | 1 | 0.91% | 650 | |
| B1 ADA (a-b) | 850 | 4 | 3.64% | 3,400 | |
| C1 ADA | 1,092 | 1 | 0.91% | 1,092 | 5.45% |
| A1 HV | 650 | 1 | 0.91% | 650 | |
| B1 HV | 850 | 1 | 0.91% | 850 | |
| C1 HV | 1,092 | 1 | 0.91% | 1,092 | 2.73% |
| TOTAL | | 110 | 100.00% | 94,624 | 110 |

AVERAGE UNIT SIZE : 860.22

BUILDING TYPES

| Firs | TOTAL | | | | | |
|--------------|-------|-------|-------|-------|-------|-------|
| | A 2ND | A 3RD | A 4TH | B 1ST | B 2ND | B 3RD |
| A1 (a-e) | 4 | 4 | 4 | 1 | 3 | 3 |
| B1 (a-i) | 13 | 13 | 14 | 1 | 2 | 2 |
| B2 | 5 | 5 | 5 | | 1 | 1 |
| C1 | 5 | 6 | 5 | 1 | 1 | 1 |
| C2 | | | | | | 1 |
| A1 ADA | | | | 1 | | |
| B1 ADA (a-b) | 1 | 2 | 1 | | | |
| C1 ADA | 1 | | | | | |
| A1 HV | | | | 1 | | |
| B1 HV | 1 | | | | | |
| C1 HV | | | 1 | | | |

| UNITS/BLDG | 30 | 30 | 30 | 5 | 7 | 8 |
|-----------------|----|----|----|---|---|---|
| UNITS/BLDG TYPE | 30 | 30 | 30 | 5 | 7 | 8 |

PARKING TABULATION

| GARAGE | 96 | 0 | 0 | 0 | 0 | 0 |
|----------------|------------|----------|----------|----------|----------|------------|
| STREET | 32 | 0 | 0 | 0 | 0 | 0 |
| PARALLEL | 13 | 0 | 0 | 0 | 0 | 0 |
| PARKING | 141 | 0 | 0 | 0 | 0 | 141 |

BUILDING TABULATION

| TYPE | COUNT | UNIT TYPES | BLDG. AREA | TOT. AREA |
|--------------|----------|---|------------|---------------|
| A 2ND | 1 | 4-A1 (a-e); 13-B1 (a-i); 5-B2; 5-C1; 1-B1 ADA (a-b); 1-C1 ADA; 1-B1 HV. | 26,152 | 26,152 |
| A 3RD | 1 | 4-A1 (a-e); 13-B1 (a-i); 5-B2; 6-C1; 2-B1 ADA (a-b). | 26,152 | 26,152 |
| A 4TH | 1 | 4-A1 (a-e); 14-B1 (a-i); 5-B2; 5-C1; 1-B1 ADA (a-b); 1-C1 HV. | 26,152 | 26,152 |
| B 1ST | 1 | 1-A1 (a-e); 1-B1 (a-i); 1-C1; 1-A1 ADA; 1-A1 HV. | 3,892 | 3,892 |
| B 2ND | 1 | 3-A1 (a-e); 2-B1 (a-i); 1-B2; 1-C1. | 5,592 | 5,592 |
| B 3RD | 1 | 3-A1 (a-e); 2-B1 (a-i); 1-B2; 1-C1; 1-C2. | 6,684 | 6,684 |
| TOTAL | 6 | | | 94,624 |

MISCELLANEOUS:

| | | |
|--------------------|----------|------------------------|
| AVERAGE UNIT SIZE: | 860.22 | S.F. |
| LAND AREA: | 1.000 | ACRES |
| DENSITY: | 110.00 | UNITS/ACRE |
| PARKING: | REQUIRED | 132 SPACES |
| | PROVIDED | 141 SPACES |
| | | 1.2 / UNIT 1.28 P/UNIT |
| | | 0.69 P/BED |

| TDHCA DESIGN AND AMENITY REQUIREMENTS | Points possible |
|---|-----------------|
| MINIMUM REQUIREMENTS ALL PROPERTIES | |
| Fair Housing Amendments Act | N/A |
| 2010 ADA Requirements | N/A |
| Rehabilitation Act of 1973 | N/A |
| 5% Fully accessible units | N/A |
| 2% Modified for sensory impaired | N/A |
| Mandatory Development Unit Amenities (TAC 10.101 (b)(4)) | |
| A. TV/Internet RG 6/U Coax or better and CAT3 phone cable or better, wired to each bedroom, dining room and living room | N/A |
| B. Laundry Connections | N/A |
| C. Exhaust/Vent fans (vented to the outside) in the bathrooms | N/A |
| D. Screens on all operable windows | N/A |
| E. Disposal & Energy Star rated dishwasher | N/A |
| F. Energy Star rated refrigerator | N/A |
| G. Oven/Range | N/A |
| H. Blinds or Window coverings for all windows | N/A |
| I. At least one Energy Star rated ceiling fan in unit | N/A |
| J. Energy Star rated lighting fixtures | N/A |
| K. Plumbing fixtures must meet Texas Health Safety Code, Chapter 372 | N/A |
| Toilets dual flush @ 1 full & 2 reduced flushes- ave. ≤ 1.28 gpf or single flush @ ≤ 1.28 gpf. Ave. | N/A |
| Faucets < 2.2 gpm | N/A |
| Shower head < 2.5 gpm | N/A |
| L. All units must have central HVAC | N/A |
| M. Adequate parking per local code (if no code 1.5 spaces per non-elderly unit and 1.0 spaces per elderly unit) | N/A |
| COMMON AMENITIES (TAC 10.101 (b)(5)(c)) 100-149 = 14, 14 pts req'd - 4 of which are Green | |
| (vi) Barbeque grill & picnic table one set per 50 units (4 sets required) | 1 |
| (x) Furnished fitness center (one piece per 40 units and 2 pieces of equipment minimum and maximum 5 pieces required) 4 pieces required | 2 |
| (xi) Business center (1 computer/40 units, 1 printer/3 computers, 1 scanner) - 3 computers required | 2 |
| (xii) Furnished Community Room | 2 |
| (xxix) Secured bicycle parking | 1 |
| (xxv) Community Theater Room with ≥ 52" screen, surround sound, DVD player & theatre seating | 3 |
| GREEN POINTS (From TAC 10.101 (b)(5)(c) (xxxii)) | |
| (iv) ICC 700 National Green Building Standard. Minimum - must obtain NAHB certification, regardless of rating | 4 |
| COMMON AMENITIES - 14 Points Required | 15 |
| UNIT AMENITIES (TAC 10.101 (b)(6)(B)) | |
| 7 Points Required | |
| A. Minimum Unit Sizes | |
| (i) Efficiency 500 SF | N/A |
| (ii) 1 BR 600 SF | N/A |
| (iii) 2 BR 800 SF | N/A |
| (iv) 3 BR 1,000 SF | N/A |
| (v) 4 BR 1,200 SF | N/A |
| (i) Covered entries | 0.5 |
| (iii) Microwave oven | 0.5 |
| (iv) Self clean/continuous clean oven | 0.5 |
| (v) Refrigerator with icemaker | 0.5 |
| (ix) Covered parking 1 space per unit | 1.5 |
| (x) 14 SEER HVAC (or greater) | 1.5 |
| (xvi.) ≥ 30% stucco or masonry exterior (excludes cementitious siding and glass area not included in calculations) | 2 |
| UNIT AMENITIES | |
| 7 Points Required | 7 |

CODE OF ORDINANCES

- 2015 INTERNATIONAL BUILDING CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL FIRE CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL PLUMBING CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL FUEL GAS CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL MECHANICAL CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL ENERGY CODE WITH LOCAL AMENDMENTS
- 2017 NATIONAL ELECTRICAL CODE WITH LOCAL AMENDMENTS
- FAIR HOUSING ACCESSIBILITY GUIDELINES
- ICC / ANSI A117.1-2009
- UFAS
- 2010 ADA STANDARDS FOR ACCESSIBLE DESIGN
- 2012 TEXAS ACCESSIBILITY STANDARDS

LATEST ISSUE DATE

04/17/2018 PERMIT SET

LOCATION FORT WORTH, TEXAS



REVISIONS

| NO. | DATE | DESCRIPTION |
|-----|------|-------------|
| | | |
| | | |
| | | |

MISTLETOE STATION

FORT WORTH, TX

REVIEW PRINTS NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT OR CONSTRUCTION

BGO architects

4202 Beltway Drive
Dallas, TX 75001
214.520.8878
bgoarchitects.com

DATE

05-07-18

PROJECT

TDHCA #17258
BGO #17116

SHEET NUMBER

A0-00

COVER SHEET

PROJECT CONTACT INFORMATION:

OWNER/DEVELOPER:
SAIGEBROOK DEVELOPMENT, LLC
ATTN: MEGAN LASCH
421 WEST 3RD STREET STE. 1504
AUSTIN, TX 78701
V-512-383-5470

ARCHITECT:
BGO ARCHITECTS
ATTN: ERIK EARNSHAW
4202 BELTWAY DRIVE
ADDISON, TEXAS 75001
V-214-520-8878 F-214-524-8422

CIVIL ENGINEER:
HALFF ASSOCIATES, INC.
ATTN: BRIAN HAYNES
4900 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS 76137-2720
V-817-764-7482

CONTRACTOR:
MAKER BROS.
ATTN: JUSTIN BAILEY
4901 KELLER SPRINGS, SUITE 101
ADDISON, TEXAS 75001
V-214-682-3588

INTERIOR DESIGNER:
5G INTERIORS
ATTN: PATRICIA TRAM
1217 MAIN STREET, SUITE 300
DALLAS, TEXAS 75202
V-214-670-0050 x360

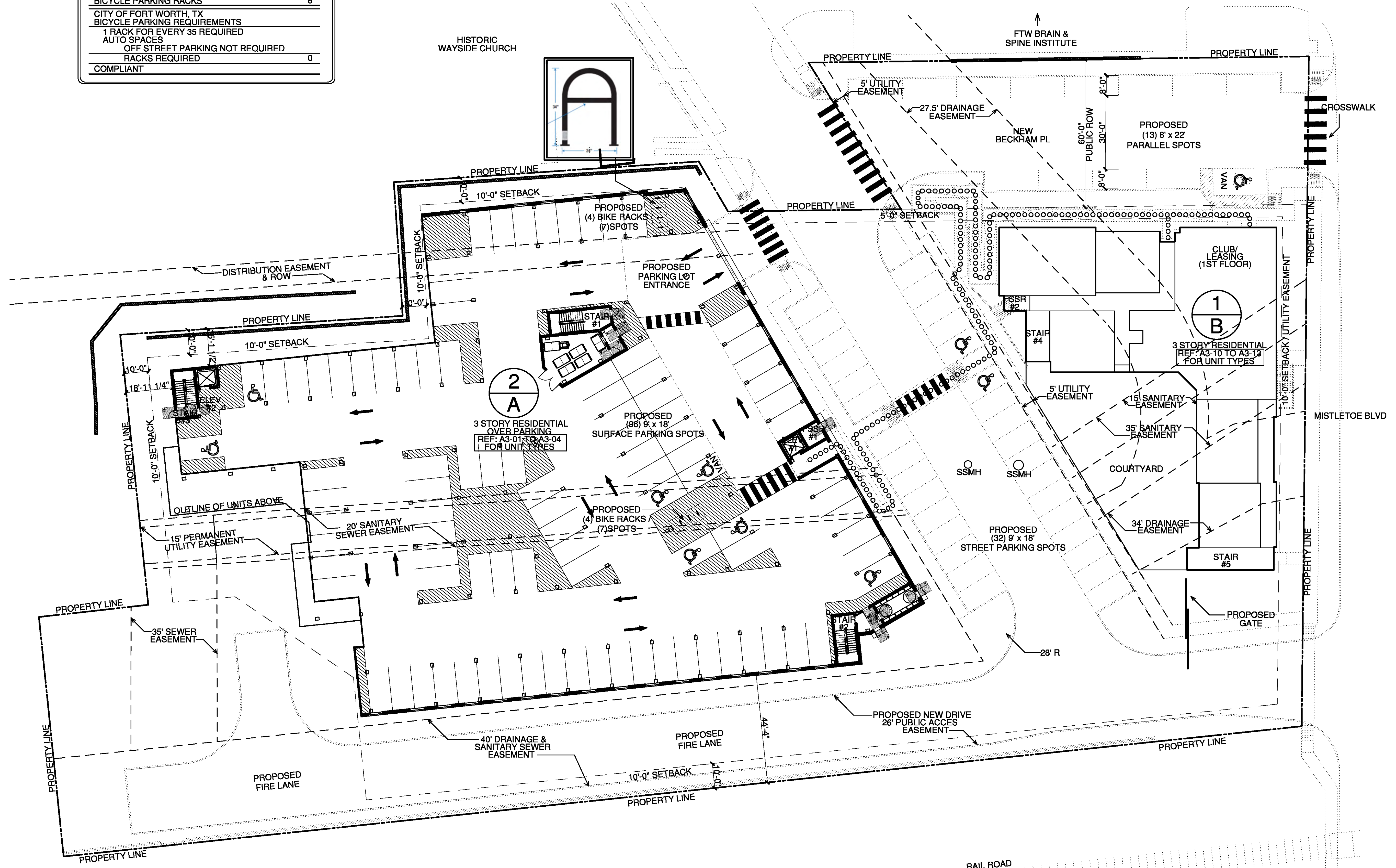
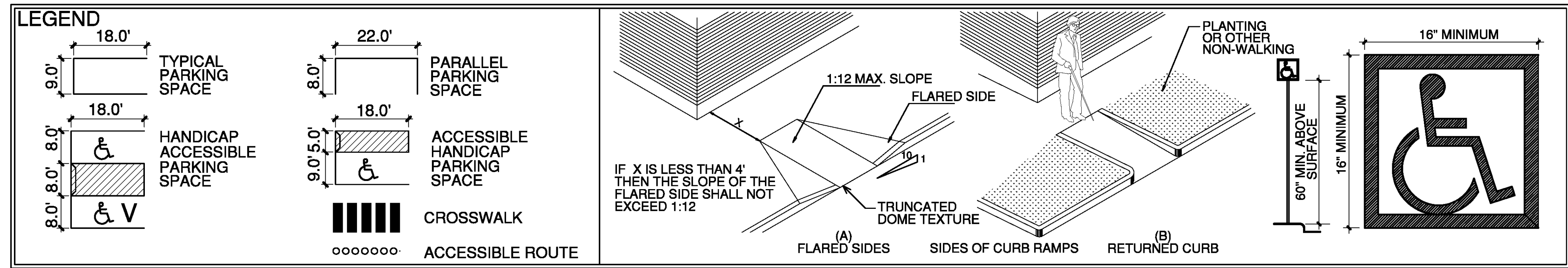
LANDSCAPE ARCHITECT:
HALFF ASSOCIATES, INC.
ATTN: KIRK WILSON
4900 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS 76137-2720
V-817-764-7482

MEP ENGINEER:
JORDAN & SKALA ENGINEERS, INC.
ATTN: COREY HEWITT
17855 N. DALLAS PARKWAY, SUITE 320
DALLAS, TX 75287
V-469-385-1616

STRUCTURAL ENGINEER:
HUNT & JOINER, INC.
ATTN: STEVE DIAL / ALAN MILLER
1825 MARKET CENTER BLVD, SUITE 620
DALLAS, TX 75207
V-214-760-7000

BGO architects

| PARKING TABULATION | |
|--|-----|
| TYPE | NO. |
| SURFACE PARKING | 96 |
| STREET PARKING | 45 |
| 10 SURFACE HC PARKING 2 OF WHICH ARE VAN ACCESSIBLE | |
| TOTAL PROVIDED | 141 |
| CITY OF FORT WORTH, TX PARKING REQUIREMENTS NONE (REF: CITY OF FT. WORTH- ZONING ORDINANCE 6.201 (B) & NEAR SOUTHSIDE 5.E (2)) | |
| 141 SPACES / 110 UNITS = 1.28 P/UNIT | 144 |
| COMPLIANT | |
| BICYCLE PARKING RACKS | 8 |
| CITY OF FORT WORTH, TX BICYCLE PARKING REQUIREMENTS 1 RACK FOR EVERY 35 REQUIRED AUTO SPACES OFF STREET PARKING NOT REQUIRED | |
| RACKS REQUIRED | 0 |
| COMPLIANT | |



1 SITE PLAN
SCALE: 1:20

NOT A MAPPED FLOOD PLAN
100 YEAR FLOOD ELEVATION 580.5

REVISIONS

| NO. | DESCRIPTION |
|-----|-------------|
| | |
| | |
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| | |

MISTLETOE STATION
FORT WORTH, TX

REVIEW PRINTS NOT TO BE USED FOR REGULATORY APPLICATIONS OR CONSTRUCTION



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DATE

05-07-18

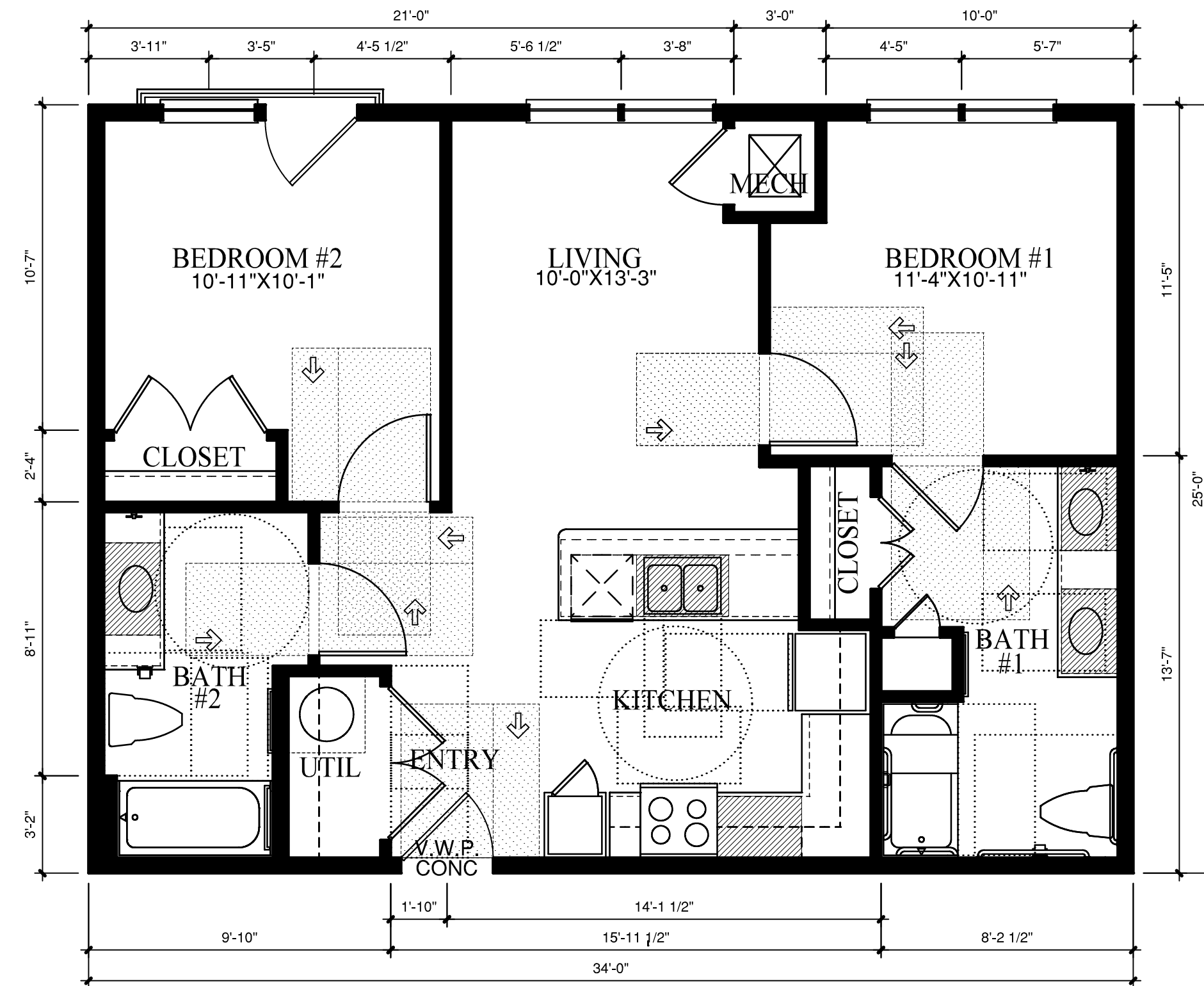
PROJECT

TDHCA #17259
BGO #17116

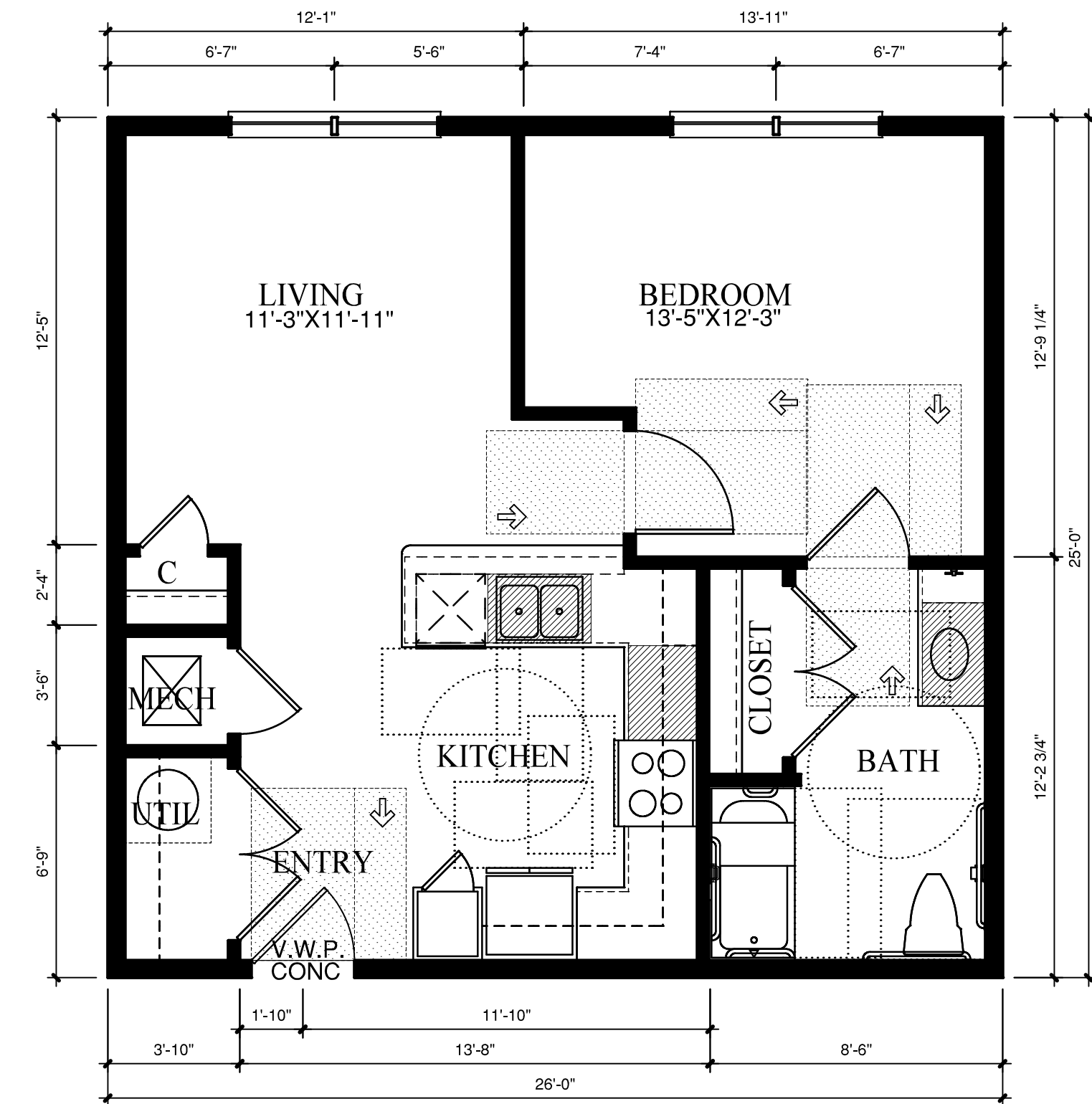
SHEET NUMBER

A1-01
SITE PLAN
W/ FIRST FLOOR

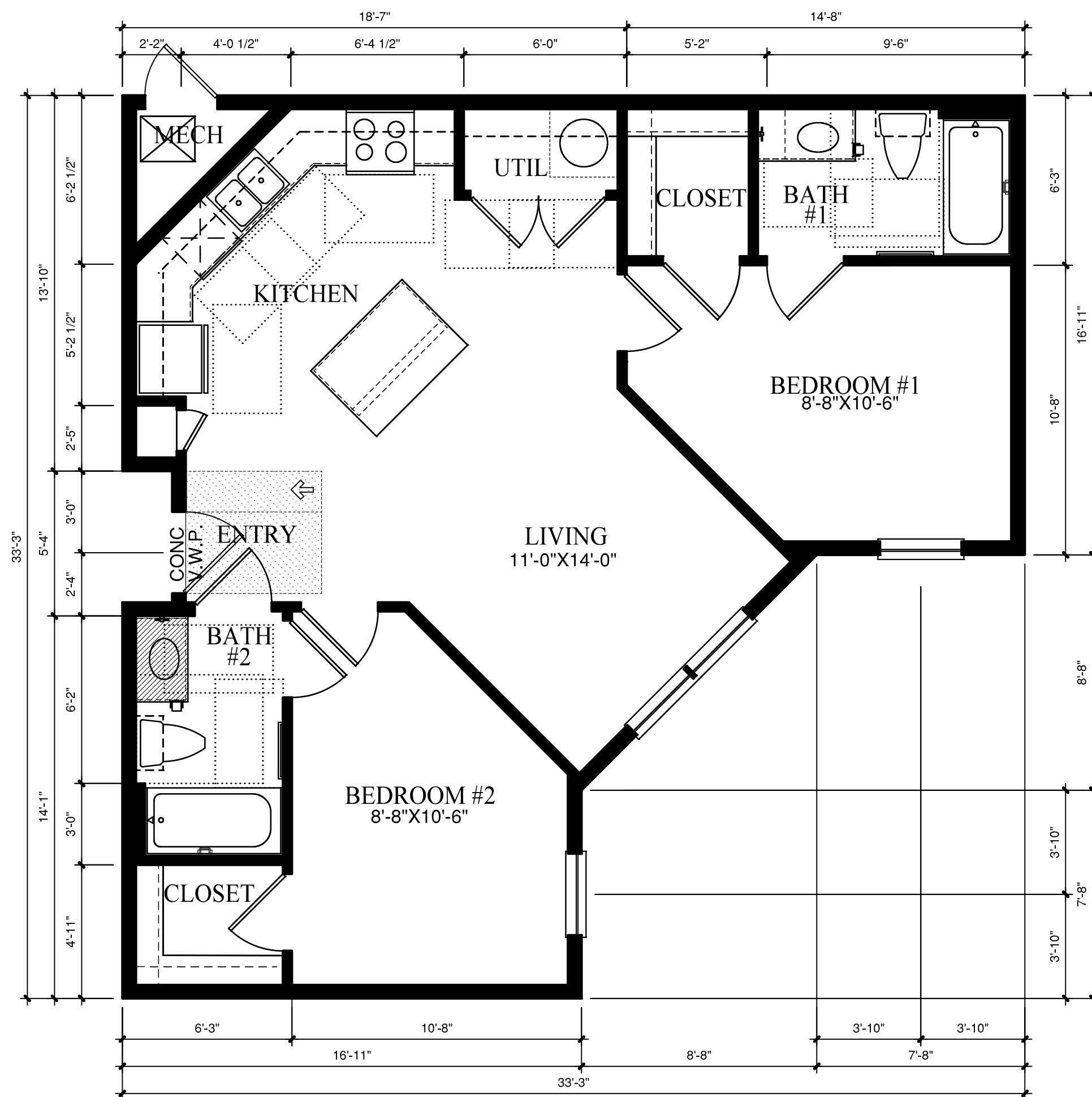
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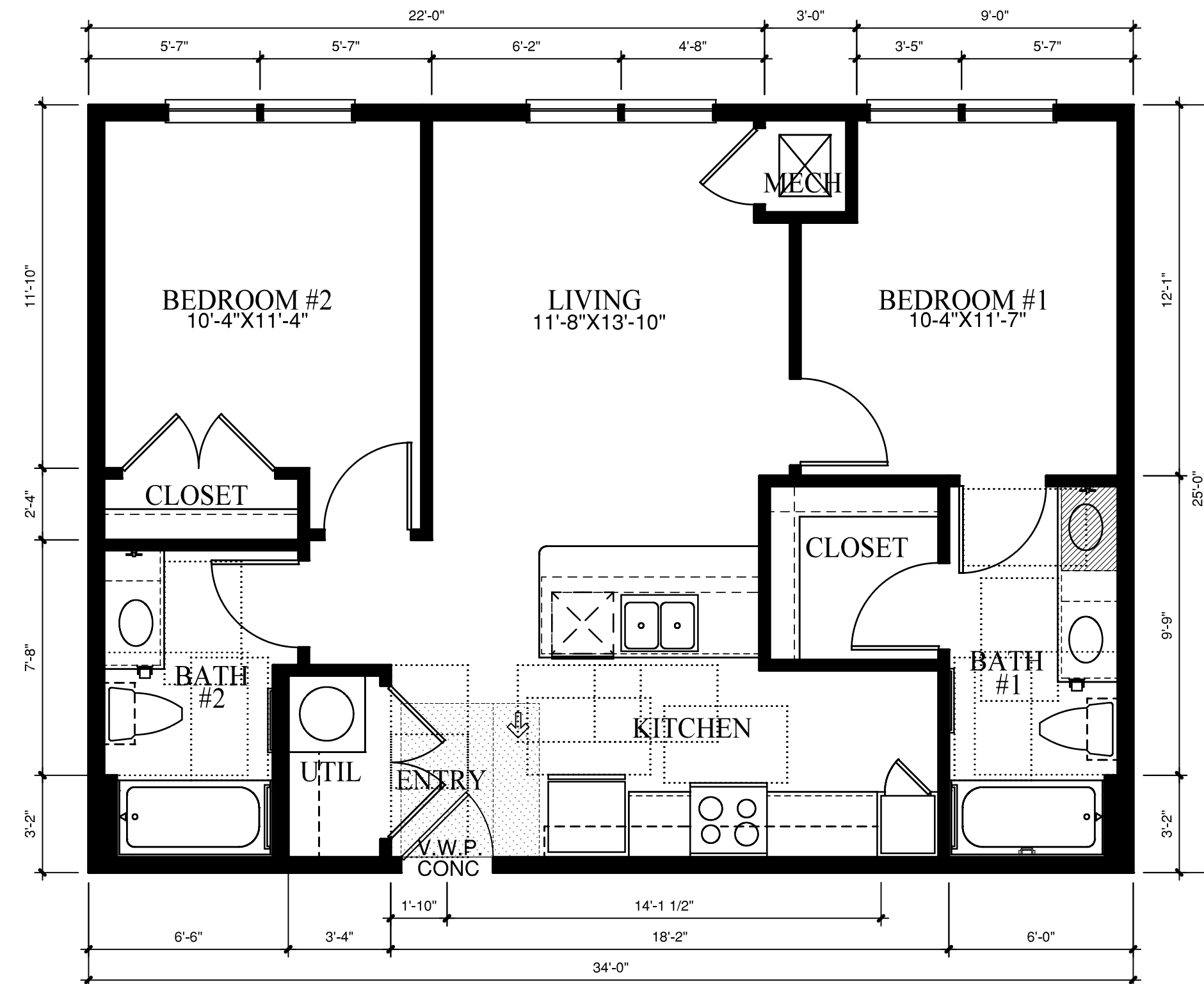
B1-ADA TWO BEDROOM / TWO BATH
 SCALE 1/4"=1'-0" 850 S.E. 8'-0" CEILING HEIGHT
 UNIT MEETS ACCESSIBILITY REQUIREMENTS PER FHAG COVERED UNIT AND ADA 2010



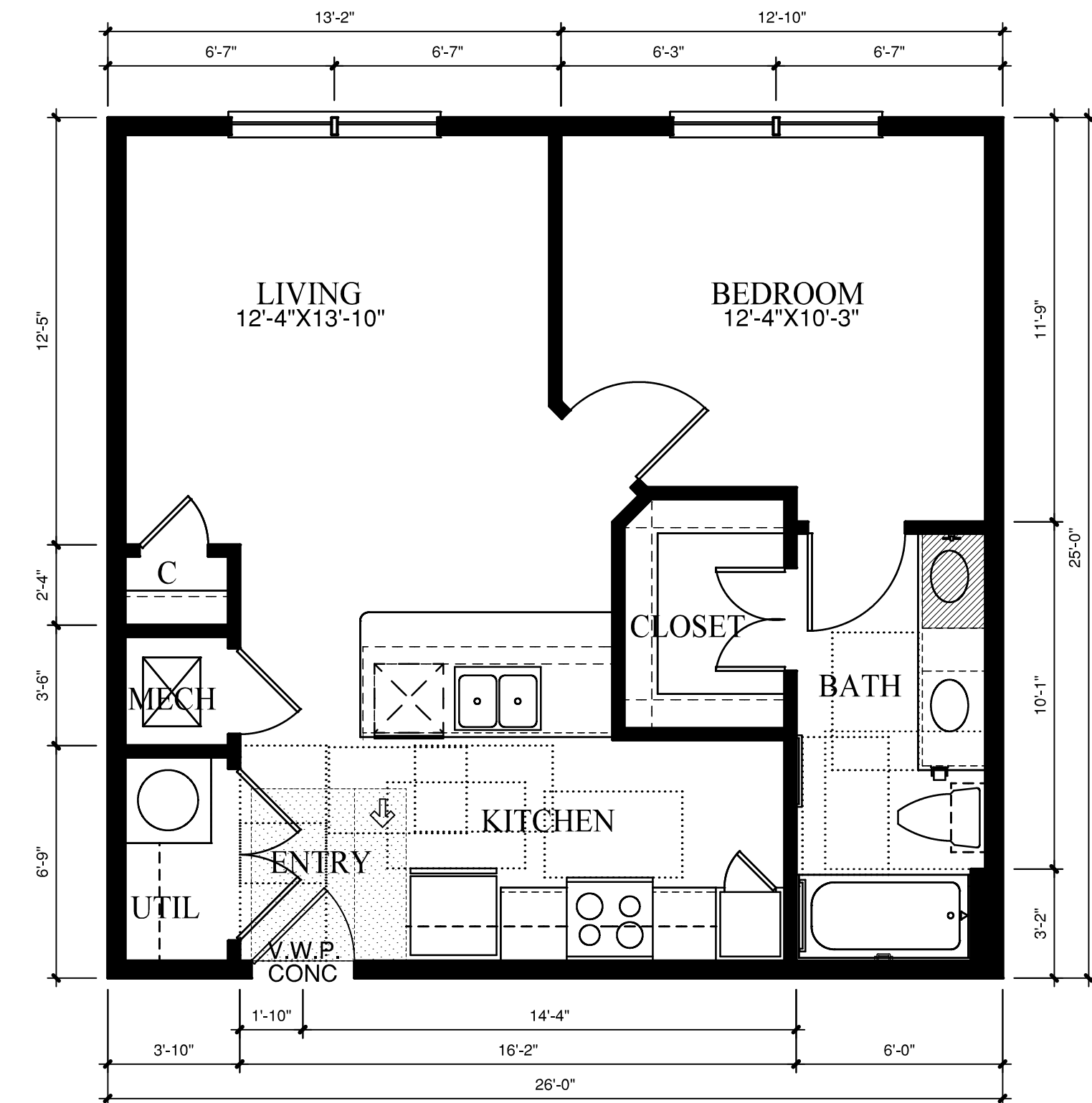
A1-ADA ONE BEDROOM / ONE BATH
 SCALE 1/4"=1'-0" 650 S.E. 8'-0" CEILING HEIGHT
 UNIT MEETS ACCESSIBILITY REQUIREMENTS PER FHAG COVERED UNIT AND ADA 2010



B2 TWO BEDROOM / TWO BATH
 SCALE 1/4"=1'-0" 850 S.E. 8'-0" CEILING HEIGHT
 UNIT MEETS ACCESSIBILITY REQUIREMENTS PER FHAG COVERED UNIT AND ADA 2010



B1 TWO BEDROOM / TWO BATH
 SCALE 1/4"=1'-0" 850 S.E. 8'-0" CEILING HEIGHT
 UNIT MEETS ACCESSIBILITY REQUIREMENTS PER FHAG COVERED UNIT AND ADA 2010



A1 ONE BEDROOM / ONE BATH
 SCALE 1/4"=1'-0" 650 S.E. 8'-0" CEILING HEIGHT
 UNIT MEETS ACCESSIBILITY REQUIREMENTS PER FHAG COVERED UNIT AND ADA 2010

REVISIONS

MISTLETOE STATION

FORT WORTH, TX

REVIEW PRINTS NOT TO BE USED FOR REGULATORY APPROVAL OR CONSTRUCTION



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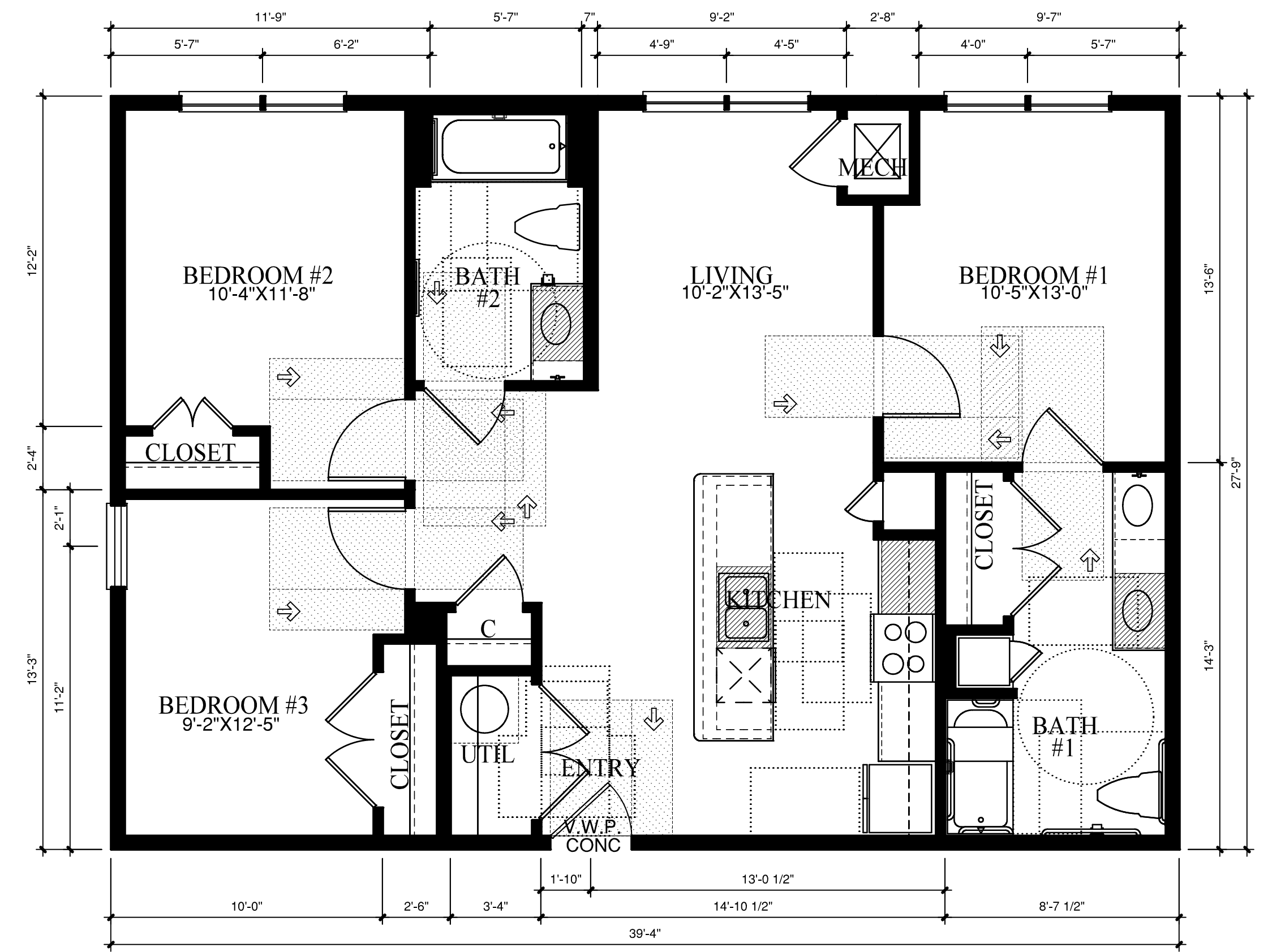
DATE
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PROJECT
 TDHCA #17259
 BGO #17116

SHEET NUMBER

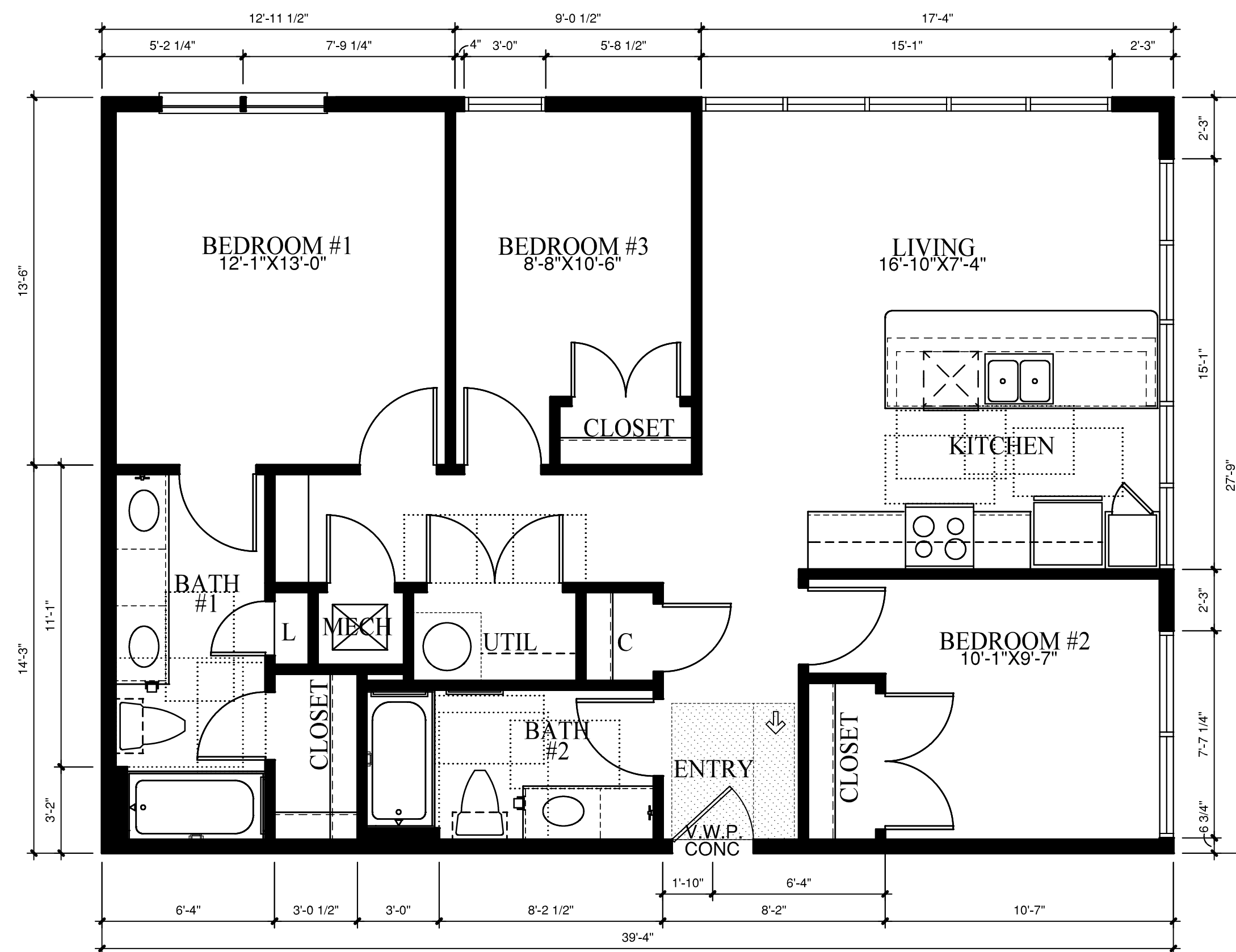
A2-10
 UNIT FLOOR PLANS

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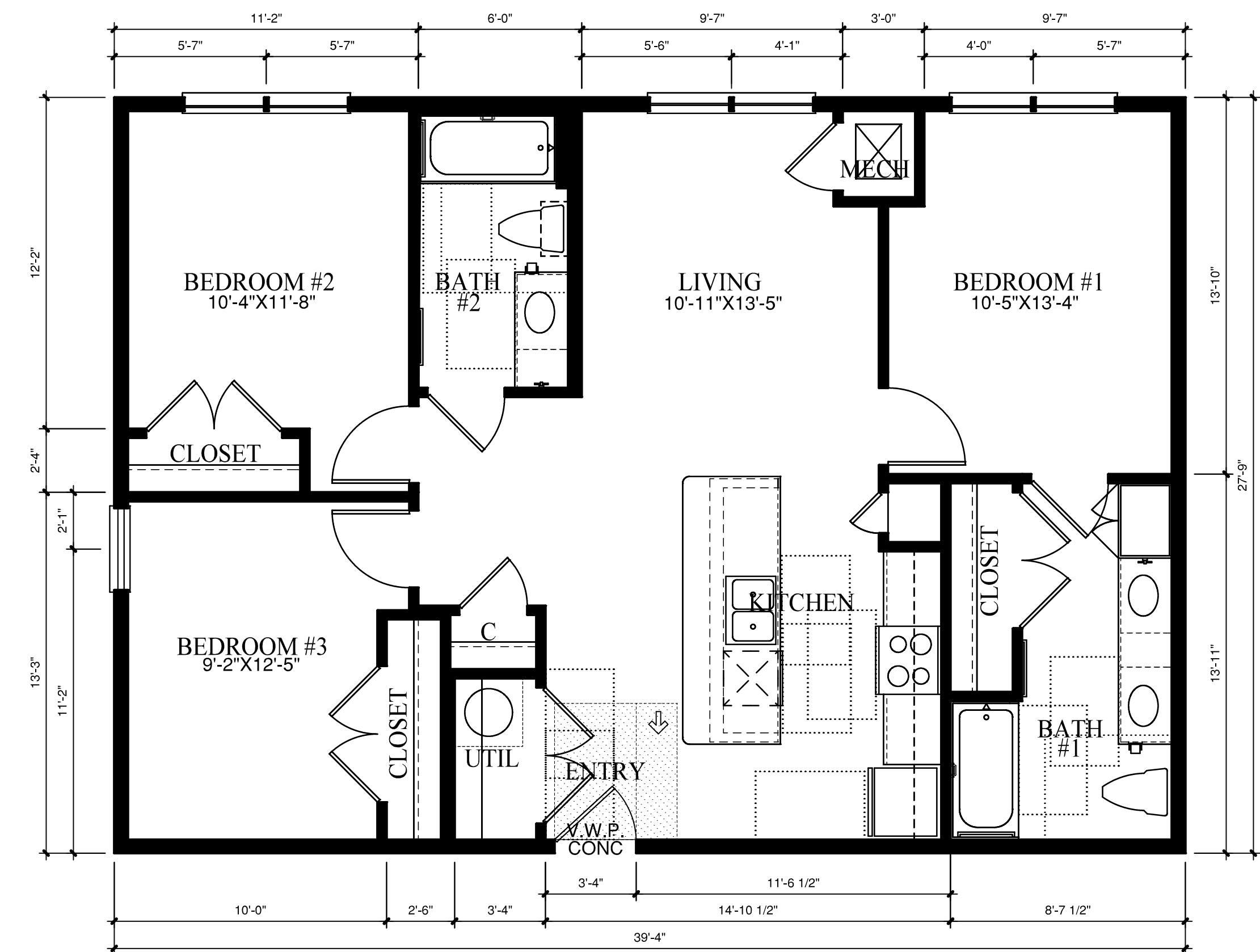
C1-ADA THREE BEDROOM / TWO BATH
 SCALE 1/4"=1'-0"

650 S.E.
 8'-0" CEILING HEIGHT
 UNIT MEETS ACCESSIBILITY REQUIREMENTS
 PER FHAG COVERED UNIT AND ADA 2010



C2 THREE BEDROOM / TWO BATH
 SCALE 1/4"=1'-0"

1,092 S.E.
 8'-0" CEILING HEIGHT
 UNIT MEETS ACCESSIBILITY REQUIREMENTS
 PER FHAG COVERED UNIT AND ADA 2010



C1 THREE BEDROOM / TWO BATH
 SCALE 1/4"=1'-0"

1,092 S.E.
 8'-0" CEILING HEIGHT
 UNIT MEETS ACCESSIBILITY REQUIREMENTS
 PER FHAG COVERED UNIT AND ADA 2010

REVISIONS

MISTLETOE STATION

FORT WORTH, TX

REVIEW PRINTS NOT TO
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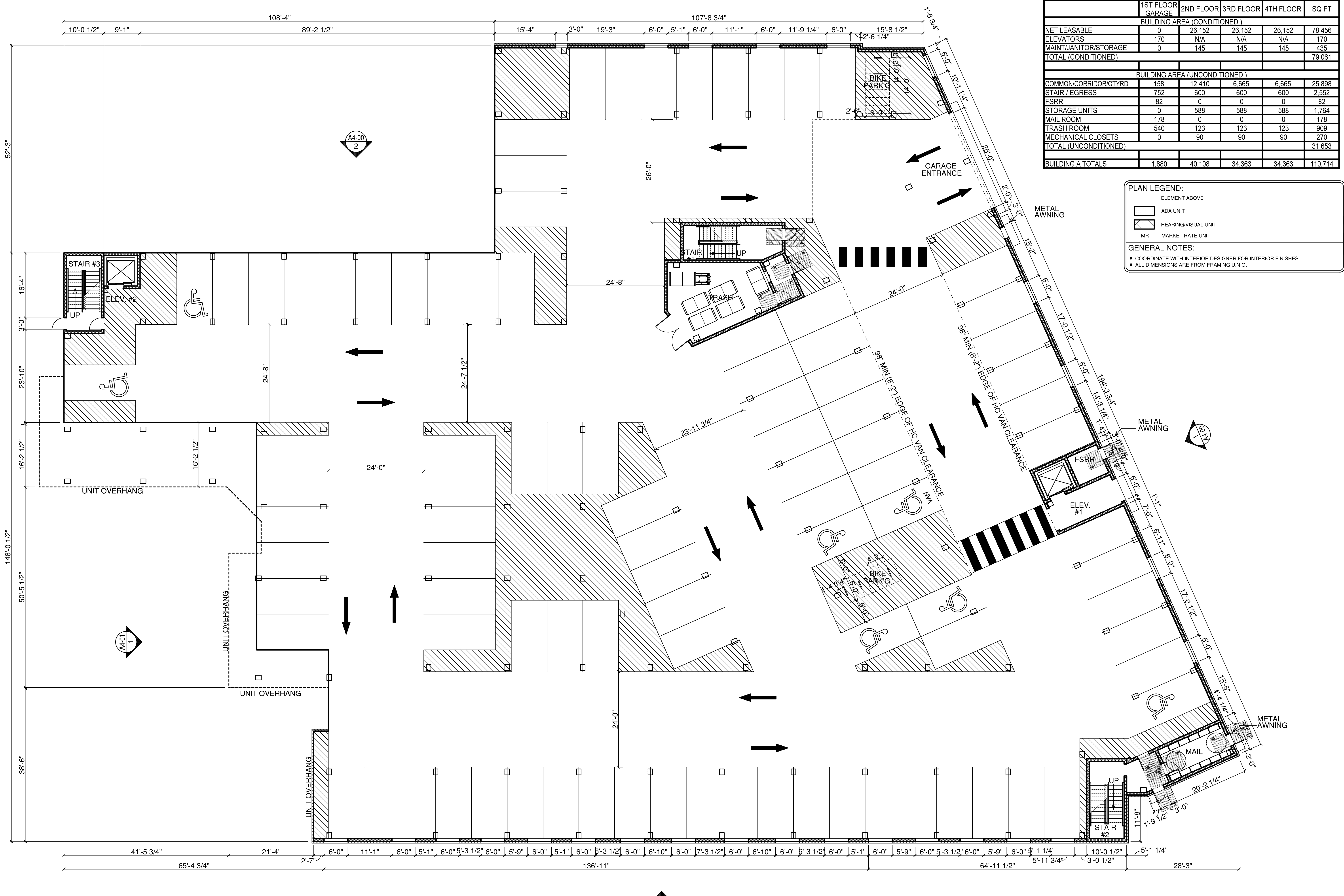
DATE
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PROJECT
 TDHCA #17259
 BGO #17116

SHEET NUMBER

A2-11
 UNIT
 FLOOR PLANS

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| BUILDING A | 11-1BR/1BA UNITS, 34-2BR/2BA UNITS, 20-3BR/2BA UNITS | | | | |
|-------------------------------|--|-----------|-----------|-----------|---------|
| | 1ST FLOOR GARAGE | 2ND FLOOR | 3RD FLOOR | 4TH FLOOR | SQ FT |
| BUILDING AREA (CONDITIONED) | | | | | |
| NET LEASABLE | 0 | 26,152 | 26,152 | 26,152 | 78,456 |
| ELEVATORS | 170 | N/A | N/A | N/A | 170 |
| MAINT/JANITOR/STORAGE | 0 | 145 | 145 | 145 | 435 |
| TOTAL (CONDITIONED) | | | | | 79,061 |
| BUILDING AREA (UNCONDITIONED) | | | | | |
| COMMON/CORRIDOR/CTYRD | 158 | 12,410 | 6,665 | 6,665 | 25,898 |
| STAIR / EGRESS | 752 | 600 | 600 | 600 | 2,552 |
| FSRR | 82 | 0 | 0 | 0 | 82 |
| STORAGE UNITS | 0 | 588 | 588 | 588 | 1,764 |
| MAIL ROOM | 178 | 0 | 0 | 0 | 178 |
| TRASH ROOM | 540 | 123 | 123 | 123 | 909 |
| MECHANICAL CLOSETS | 0 | 90 | 90 | 90 | 270 |
| TOTAL (UNCONDITIONED) | | | | | 31,653 |
| BUILDING A TOTALS | 1,880 | 40,108 | 34,363 | 34,363 | 110,714 |

PLAN LEGEND:
 - - - ELEMENT ABOVE
 [Hatched Box] ADA UNIT
 [Diagonal Lines Box] HEARING/VISUAL UNIT
 [Dotted Box] MR MARKET RATE UNIT

GENERAL NOTES:
 • COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES
 • ALL DIMENSIONS ARE FROM FRAMING U.N.O.

| REVISIONS | |
|-----------|--|
| | |
| | |
| | |
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| | |

MISTLETOE STATION
 FORT WORTH, TX

REVIEW PRINTS NOT TO BE USED FOR REGULATORY APPROVAL PERMIT OR CONSTRUCTION

BGO architects
 4202 Beltway Drive
 Dallas, TX 75001
 214.520.8878
 bgoarchitects.com

DATE
05-07-18

PROJECT
 TDHCA #17259
 BGO #17116

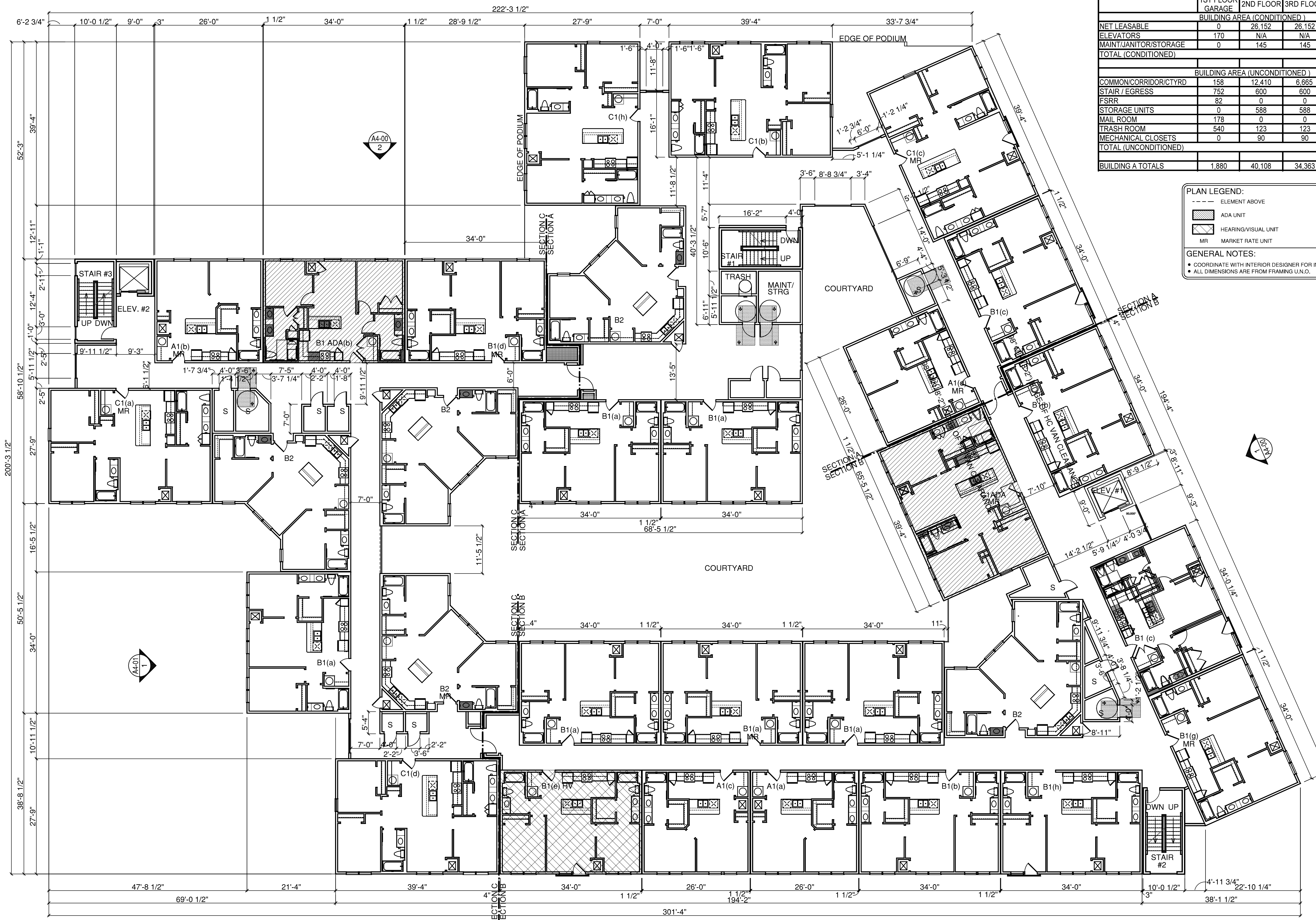
SHEET NUMBER

A3-01
 BUILDING A
 FIRST FLOOR

1 FLOOR PLAN - BUILDING A - FIRST FLOOR
 SCALE: 3/32" = 1'-0"

8'-0" MINIMUM CEILING HEIGHT
 4:12 ROOF PITCH

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| BUILDING A | 11-1BR/1BA UNITS, 34-2BR/2BA UNITS, 20-3BR/2BA UNITS | | | | SQ FT |
|-------------------------------|--|---------------|---------------|---------------|----------------|
| | 1ST FLOOR GARAGE | 2ND FLOOR | 3RD FLOOR | 4TH FLOOR | |
| BUILDING AREA (CONDITIONED) | | | | | |
| NET LEASABLE | 0 | 26,152 | 26,152 | 26,152 | 78,456 |
| ELEVATORS | 170 | N/A | N/A | N/A | 170 |
| MAINT/JANITOR/STORAGE | 0 | 145 | 145 | 145 | 435 |
| TOTAL (CONDITIONED) | | | | | 79,061 |
| BUILDING AREA (UNCONDITIONED) | | | | | |
| COMMON/CORRIDOR/CTYRD | 158 | 12,410 | 6,665 | 6,665 | 25,898 |
| STAIR / EGRESS | 752 | 600 | 600 | 600 | 2,552 |
| FSRR | 82 | 0 | 0 | 0 | 82 |
| STORAGE UNITS | 0 | 588 | 588 | 588 | 1,764 |
| MAIL ROOM | 178 | 0 | 0 | 0 | 178 |
| TRASH ROOM | 540 | 123 | 123 | 123 | 909 |
| MECHANICAL CLOSETS | 0 | 90 | 90 | 90 | 270 |
| TOTAL (UNCONDITIONED) | | | | | 31,653 |
| BUILDING A TOTALS | 1,880 | 40,108 | 34,363 | 34,363 | 110,714 |

PLAN LEGEND:

- ELEMENT ABOVE
- ▨ ADA UNIT
- ▧ HEARING/VISUAL UNIT
- ▩ MARKET RATE UNIT

GENERAL NOTES:

- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES
- ALL DIMENSIONS ARE FROM FRAMING U.N.O.

| REVISIONS | DATE | DESCRIPTION |
|-----------|------|-------------|
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MISTLETOE STATION

FORT WORTH, TX

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BGO #17116

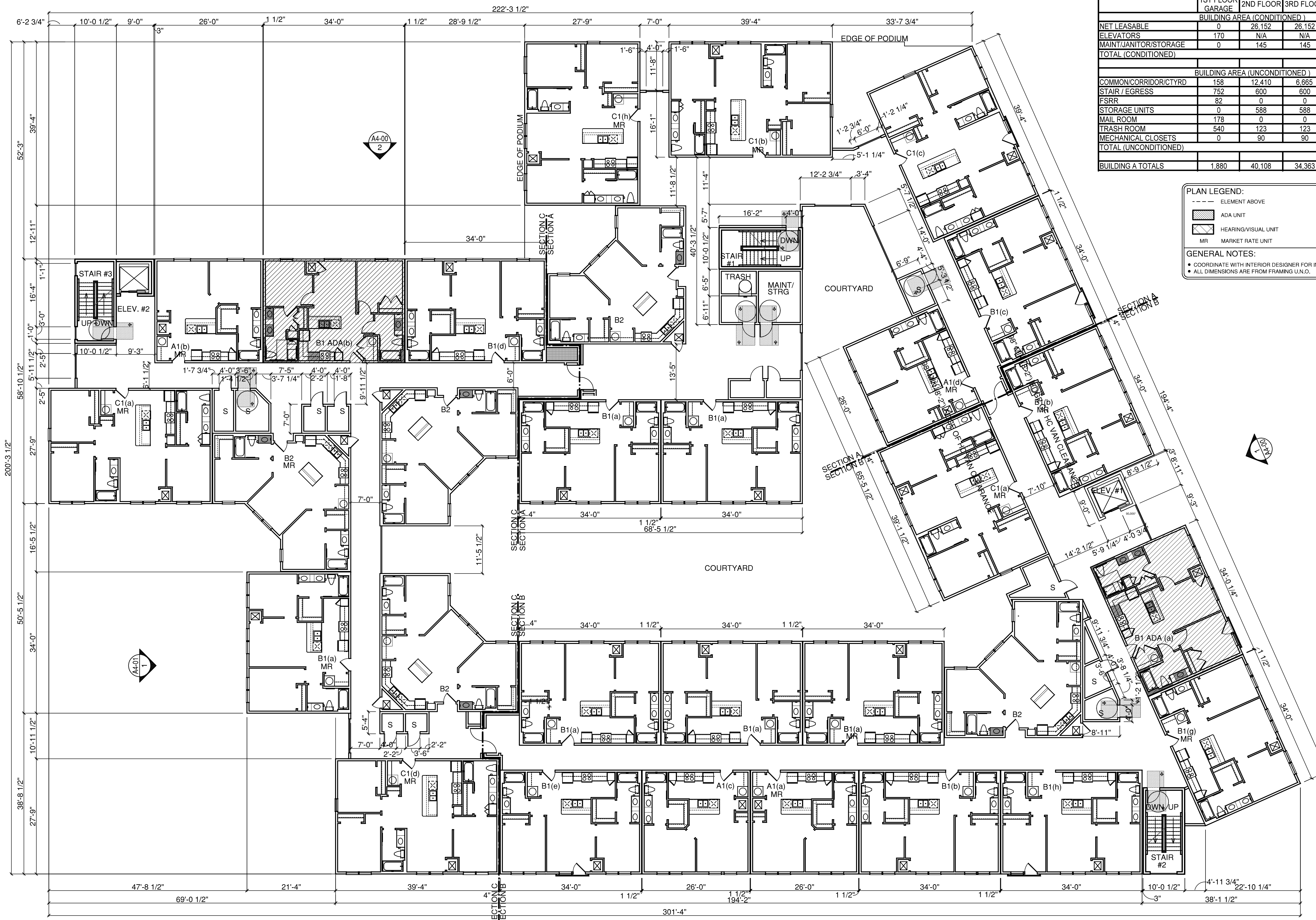
SHEET NUMBER

A3-02
BUILDING A
SECOND FLOOR

1 FLOOR PLAN - BUILDING A - SECOND FLOOR
SCALE: 3/32" = 1'-0"

8'-0" MINIMUM CEILING HEIGHT
4:12 ROOF PITCH

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| BUILDING A | 11-1BR/1BA UNITS, 34-2BR/2BA UNITS, 20-3BR/2BA UNITS | | | | SQ FT |
|-------------------------------|--|-----------|-----------|-----------|---------|
| | 1ST FLOOR GARAGE | 2ND FLOOR | 3RD FLOOR | 4TH FLOOR | |
| BUILDING AREA (CONDITIONED) | | | | | |
| NET LEASABLE | 0 | 26,152 | 26,152 | 26,152 | 78,456 |
| ELEVATORS | 170 | N/A | N/A | N/A | 170 |
| MAINT/JANITOR/STORAGE | 0 | 145 | 145 | 145 | 435 |
| TOTAL (CONDITIONED) | | | | | 79,061 |
| BUILDING AREA (UNCONDITIONED) | | | | | |
| COMMON/CORRIDOR/CTYRD | 158 | 12,410 | 6,665 | 6,665 | 25,898 |
| STAIR / EGRESS | 752 | 600 | 600 | 600 | 2,552 |
| FSRR | 82 | 0 | 0 | 0 | 82 |
| STORAGE UNITS | 0 | 588 | 588 | 588 | 1,764 |
| MAIL ROOM | 178 | 0 | 0 | 0 | 178 |
| TRASH ROOM | 540 | 123 | 123 | 123 | 909 |
| MECHANICAL CLOSETS | 0 | 90 | 90 | 90 | 270 |
| TOTAL (UNCONDITIONED) | | | | | 31,653 |
| BUILDING A TOTALS | 1,880 | 40,108 | 34,363 | 34,363 | 110,714 |

PLAN LEGEND:

- ELEMENT ABOVE
- ▨ ADA UNIT
- ▩ HEARING/VISUAL UNIT
- MR MARKET RATE UNIT

GENERAL NOTES:

- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES
- ALL DIMENSIONS ARE FROM FRAMING U.N.O.

| NO. | REVISIONS |
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SHEET NUMBER
A3-03
 BUILDING A
 THIRD FLOOR

1 FLOOR PLAN - BUILDING A- THIRD FLOOR
 SCALE: 3/32" = 1'-0"

8'-0" MINIMUM CEILING HEIGHT
 4:12 ROOF PITCH

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| BUILDING A | 11-1BR/1BA UNITS, 34-2BR/2BA UNITS, 20-3BR/2BA UNITS | | | | |
|-------------------------------|--|-----------|-----------|-----------|---------|
| | 1ST FLOOR GARAGE | 2ND FLOOR | 3RD FLOOR | 4TH FLOOR | SQ FT |
| BUILDING AREA (CONDITIONED) | | | | | |
| NET LEASABLE | 0 | 26,152 | 26,152 | 26,152 | 78,456 |
| ELEVATORS | 170 | N/A | N/A | N/A | 170 |
| MAINT/JANITOR/STORAGE | 0 | 145 | 145 | 145 | 435 |
| TOTAL (CONDITIONED) | | | | | 79,061 |
| BUILDING AREA (UNCONDITIONED) | | | | | |
| COMMON/CORRIDOR/CTYRD | 158 | 12,410 | 6,665 | 6,665 | 25,898 |
| STAIR / EGRESS | 752 | 600 | 600 | 600 | 2,552 |
| FSRR | 82 | 0 | 0 | 0 | 82 |
| STORAGE UNITS | 0 | 588 | 588 | 588 | 1,764 |
| MAIL ROOM | 178 | 0 | 0 | 0 | 178 |
| TRASH ROOM | 540 | 123 | 123 | 123 | 909 |
| MECHANICAL CLOSETS | 0 | 90 | 90 | 90 | 270 |
| TOTAL (UNCONDITIONED) | | | | | 31,653 |
| BUILDING A TOTALS | 1,880 | 40,108 | 34,363 | 34,363 | 110,714 |

PLAN LEGEND:

- ELEMENT ABOVE
- ▨ ADA UNIT
- ▩ HEARING/VISUAL UNIT
- MR MARKET RATE UNIT

GENERAL NOTES:

- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES
- ALL DIMENSIONS ARE FROM FRAMING U.N.O.

| REVISIONS |
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FORT WORTH, TX

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BGO #17116

SHEET NUMBER

A3-04
BUILDING A
FOURTH FLOOR

1 FLOOR PLAN - BUILDING A - FOURTH FLOOR
SCALE: 3/32" = 1'-0"

8'-0" MINIMUM CEILING HEIGHT
4:12 ROOF PITCH

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| BUILDING B | 3-1BR/1BA UNITS, 8-2BR/2BA UNITS, 2-3BR/2BA UNITS | | | | |
|-------------------------------|---|-----------|-----------|-----------|--------|
| | 0 FLOOR | 1ST FLOOR | 2ND FLOOR | 3RD FLOOR | SQ FT |
| BUILDING AREA (CONDITIONED) | | | | | |
| NET LEASABLE | 0 | 3,892 | 5,592 | 6,684 | 16,168 |
| CLUB/LEASING | 0 | 3,246 | 0 | 0 | 3,246 |
| COMMON/CORRIDOR | 0 | 1,091 | 1,511 | 1,406 | 4,008 |
| MAINT/JANITOR/STORAGE | 0 | 65 | 711 | 0 | 776 |
| TOTAL (CONDITIONED) | | | | | 24,198 |
| BUILDING AREA (UNCONDITIONED) | | | | | |
| STAIR / EGRESS | 446 | 520 | 520 | 520 | 2,006 |
| FSRR | 54 | 0 | 0 | 0 | 54 |
| TOTAL (UNCONDITIONED) | | | | | 2,060 |
| BUILDING B TOTALS | 500 | 8,814 | 8,334 | 8,610 | 26,258 |

PLAN LEGEND:

--- ELEMENT ABOVE

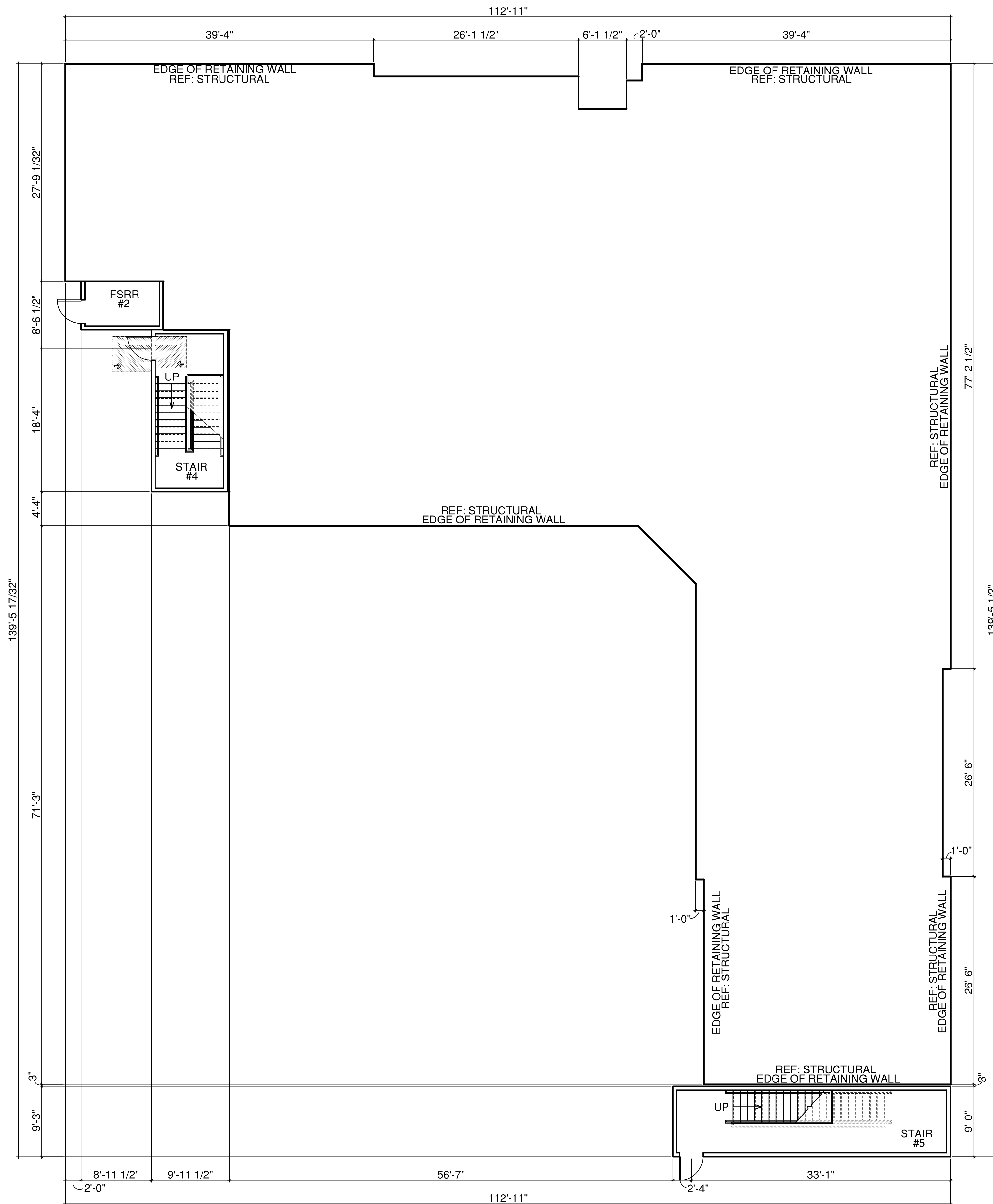
▨ ADA UNIT

▩ HEARING/VISUAL UNIT

MR MARKET RATE UNIT

GENERAL NOTES:

- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES
- ALL DIMENSIONS ARE FROM FRAMING U.N.O.



1 FLOOR PLAN - BUILDING B - ZERO FLOOR
SCALE: 1/8" = 1'-0"

8'-0" MINIMUM CEILING HEIGHT
4:12 ROOF PITCH

REVISIONS

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SHEET NUMBER
A3-10
BUILDING B
ZERO FLOOR

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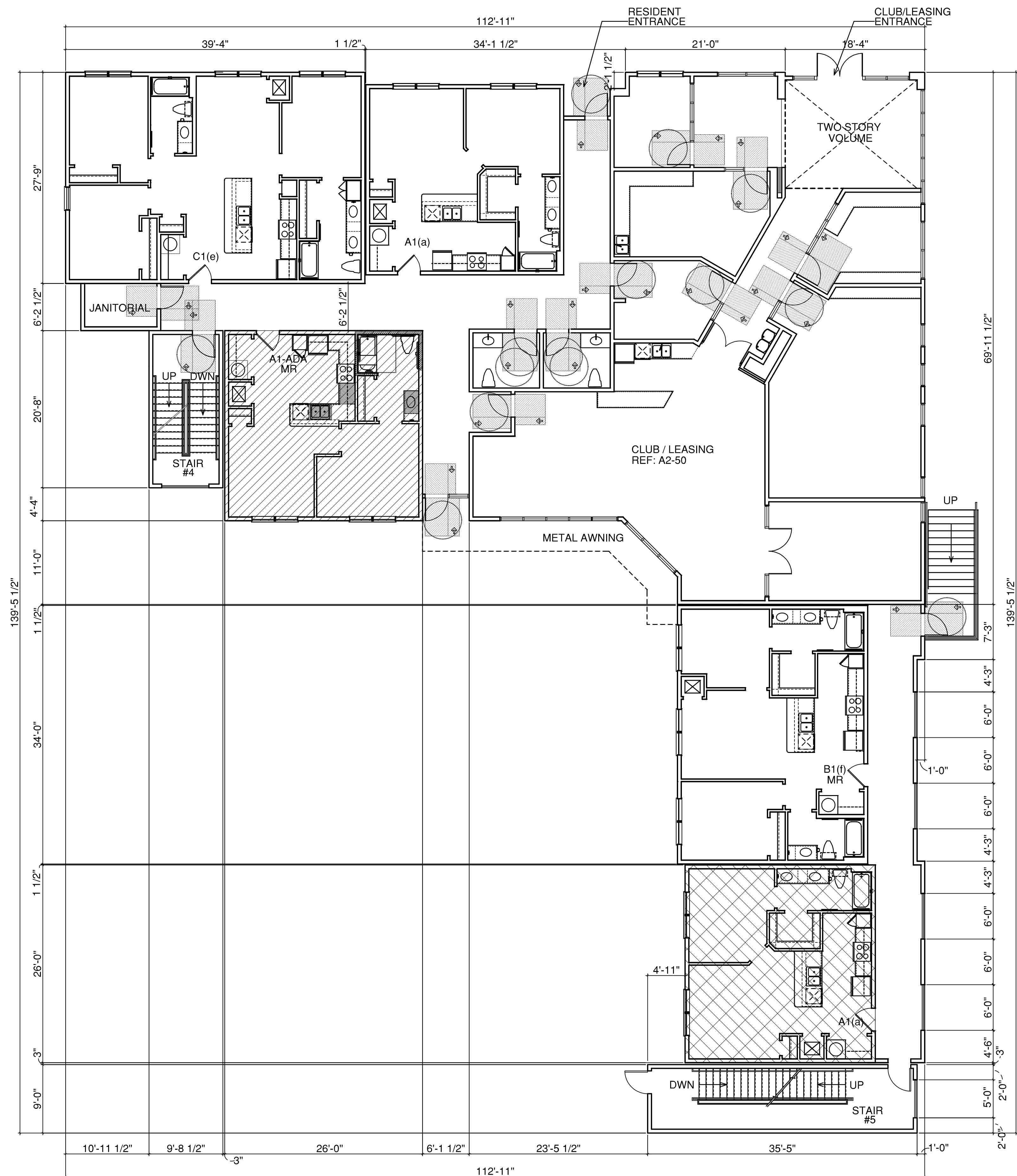
| BUILDING B | 3-1BR/1BA UNITS, 8-2BR/2BA UNITS, 2-3BR/2BA UNITS | | | | |
|-------------------------------|---|--------------|--------------|--------------|---------------|
| | 0 FLOOR | 1ST FLOOR | 2ND FLOOR | 3RD FLOOR | SQ FT |
| BUILDING AREA (CONDITIONED) | | | | | |
| NET LEASABLE | 0 | 3,892 | 5,592 | 6,684 | 16,168 |
| CLUB/LEASING | 0 | 3,246 | 0 | 0 | 3,246 |
| COMMON/CORRIDOR | 0 | 1,091 | 1,511 | 1,406 | 4,008 |
| MAINT/JANITOR/STORAGE | 0 | 65 | 711 | 0 | 776 |
| TOTAL (CONDITIONED) | | | | | 24,198 |
| BUILDING AREA (UNCONDITIONED) | | | | | |
| STAIR / EGRESS | 446 | 520 | 520 | 520 | 2,006 |
| FSRR | 54 | 0 | 0 | 0 | 54 |
| TOTAL (UNCONDITIONED) | | | | | 2,060 |
| BUILDING B TOTALS | 500 | 8,814 | 8,334 | 8,610 | 26,258 |

PLAN LEGEND:

- ELEMENT ABOVE
- ▨ ADA UNIT
- ▩ HEARING/VISUAL UNIT
- MR MARKET RATE UNIT

GENERAL NOTES:

- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES
- ALL DIMENSIONS ARE FROM FRAMING U.N.O.



1 FLOOR PLAN - BUILDING B - FIRST FLOOR
SCALE: 1/8" = 1'-0"

N
8'-0" MINIMUM CEILING HEIGHT
4:12 ROOF PITCH

| REVISIONS |
|-----------|
| |
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SHEET NUMBER
A3-11
BUILDING B
FIRST FLOOR

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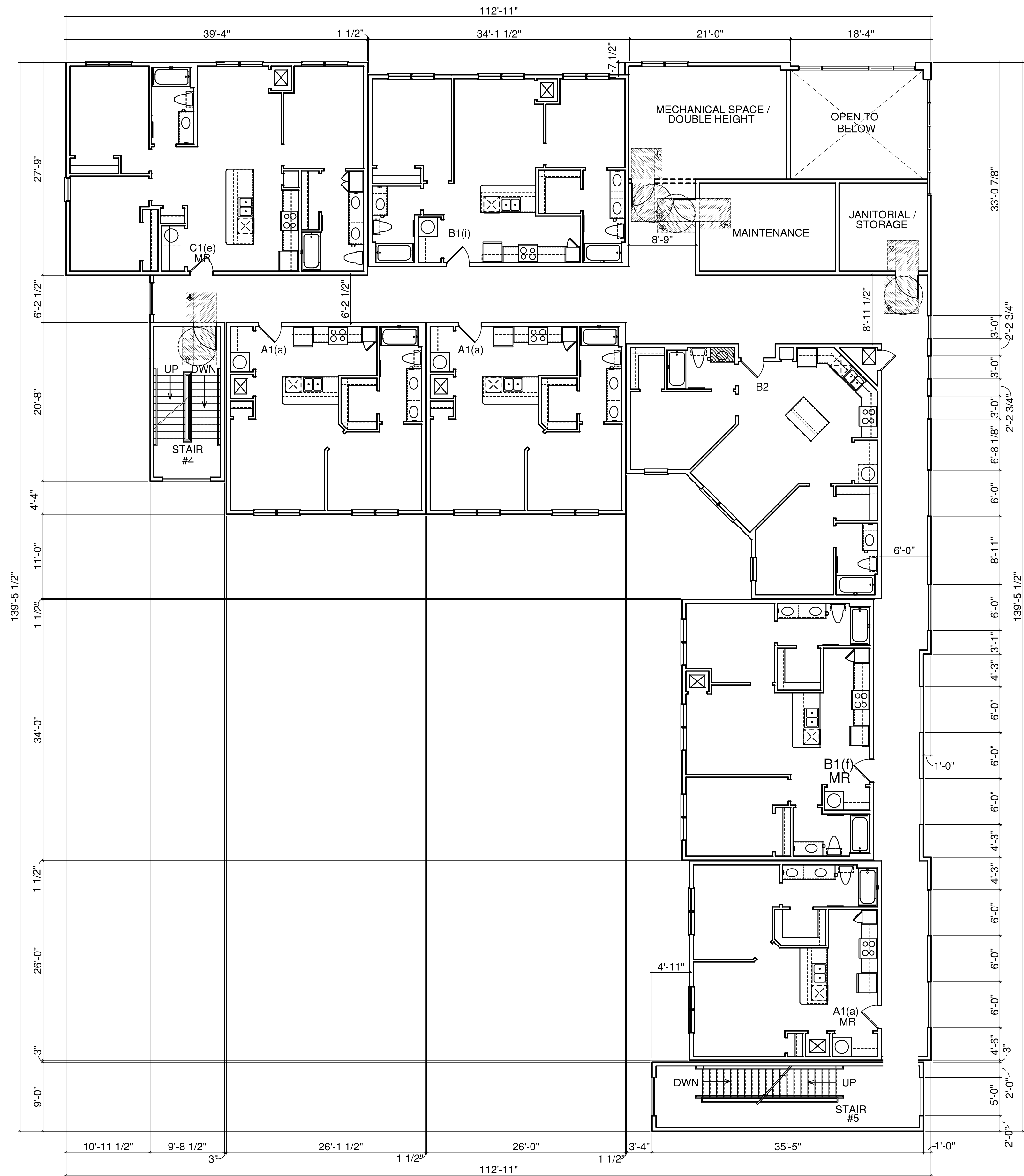
| BUILDING B | 3-1BR/1BA UNITS, 8-2BR/2BA UNITS, 2-3BR/2BA UNITS | | | | |
|-------------------------------|---|--------------|--------------|--------------|---------------|
| | 0 FLOOR | 1ST FLOOR | 2ND FLOOR | 3RD FLOOR | SQ FT |
| BUILDING AREA (CONDITIONED) | | | | | |
| NET LEASABLE | 0 | 3,892 | 5,592 | 6,684 | 16,168 |
| CLUB/LEASING | 0 | 3,246 | 0 | 0 | 3,246 |
| COMMON/CORRIDOR | 0 | 1,091 | 1,511 | 1,406 | 4,008 |
| MAINT/JANITOR/STORAGE | 0 | 65 | 711 | 0 | 776 |
| TOTAL (CONDITIONED) | | | | | 24,198 |
| BUILDING AREA (UNCONDITIONED) | | | | | |
| STAIR / EGRESS | 446 | 520 | 520 | 520 | 2,006 |
| FSRR | 54 | 0 | 0 | 0 | 54 |
| TOTAL (UNCONDITIONED) | | | | | 2,060 |
| BUILDING B TOTALS | 500 | 8,814 | 8,334 | 8,610 | 26,258 |

PLAN LEGEND:

- ELEMENT ABOVE
- ▨ ADA UNIT
- ▩ HEARING/VISUAL UNIT
- MR MARKET RATE UNIT

GENERAL NOTES:

- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES
- ALL DIMENSIONS ARE FROM FRAMING U.N.O.



1 FLOOR PLAN - BUILDING B - SECOND FLOOR
SCALE: 1/8" = 1'-0"

N
8'-0" MINIMUM CEILING HEIGHT
4:12 ROOF PITCH

REVISIONS

MISTLETOE STATION

FORT WORTH, TX

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SHEET NUMBER

A3-12

BUILDING B
SECOND FLOOR

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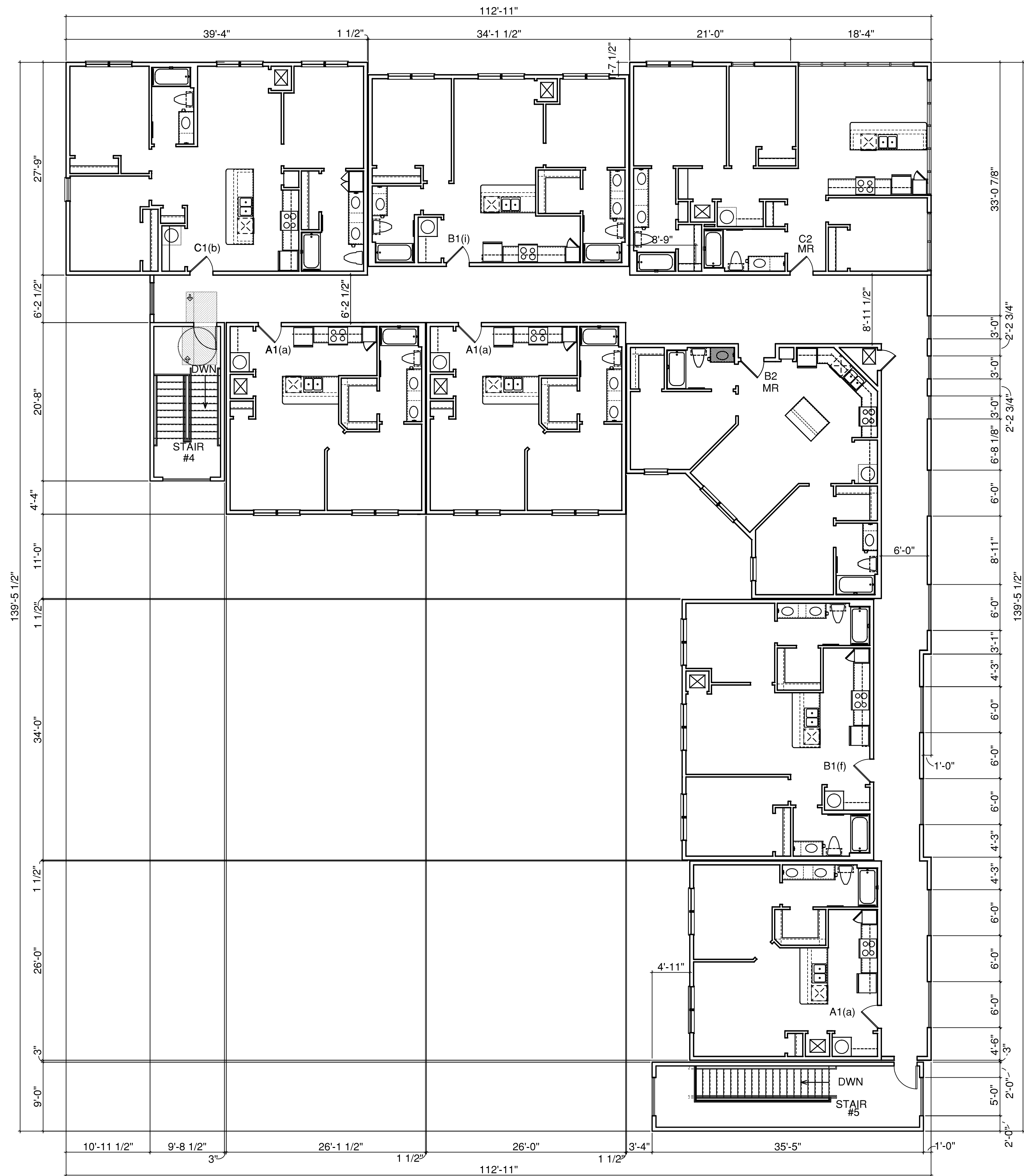
| BUILDING B | 3-1BR/1BA UNITS, 8-2BR/2BA UNITS, 2-3BR/2BA UNITS | | | | |
|-------------------------------|---|--------------|--------------|--------------|---------------|
| | 0 FLOOR | 1ST FLOOR | 2ND FLOOR | 3RD FLOOR | SQ FT |
| BUILDING AREA (CONDITIONED) | | | | | |
| NET LEASABLE | 0 | 3,892 | 5,592 | 6,684 | 16,168 |
| CLUB/LEASING | 0 | 3,246 | 0 | 0 | 3,246 |
| COMMON/CORRIDOR | 0 | 1,091 | 1,511 | 1,406 | 4,008 |
| MAINT/JANITOR/STORAGE | 0 | 65 | 711 | 0 | 776 |
| TOTAL (CONDITIONED) | | | | | 24,198 |
| BUILDING AREA (UNCONDITIONED) | | | | | |
| STAIR / EGRESS | 446 | 520 | 520 | 520 | 2,006 |
| FSRR | 54 | 0 | 0 | 0 | 54 |
| TOTAL (UNCONDITIONED) | | | | | 2,060 |
| BUILDING B TOTALS | 500 | 8,814 | 8,334 | 8,610 | 26,258 |

PLAN LEGEND:

- ELEMENT ABOVE
- ▨ ADA UNIT
- ▣ HEARING/VISUAL UNIT
- MR MARKET RATE UNIT

GENERAL NOTES:

- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES
- ALL DIMENSIONS ARE FROM FRAMING U.N.O.



1 FLOOR PLAN - BUILDING B - THIRD FLOOR
SCALE: 1/8" = 1'-0"

8'-0" MINIMUM CEILING HEIGHT
4:12 ROOF PITCH

REVISIONS

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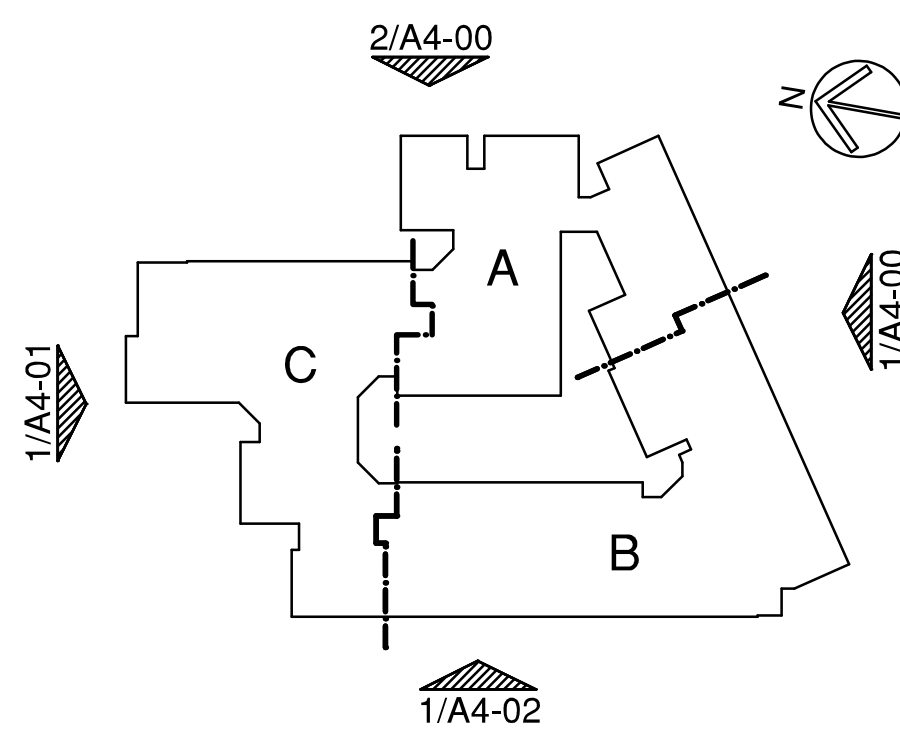
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SHEET NUMBER

A3-13

BUILDING B
THIRD FLOOR

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NOTE:
ALL ELEVATIONS NOT SHOWN WILL BE
SIMILAR COMPOSITION IN MATERIAL
PERCENTAGE AND CHARACTER

- ELEVATION NOTES:
- T.O.H. = TOP OF HEEL
 - T.O.P. = TOP OF PLATE
 - REFER TO SHEET A7-00 FOR WALL KEY INFORMATION
 - FOR SIMILAR CONDITIONS COMPARE TO ELEVATIONS
 - REFER TO ELEVATION FOR HEEL HEIGHT VARIATIONS
 - REFER TO BUILDING PLAN FOR SPECIFIC LOCATIONS FOR VARYING/ATYPICAL PLATE LINE AND TRUSS DIMENSIONS.
 - REFER TO PLATE LINE AND TRUSS KEYS LOCATED ON ON BUILDING PLANS FOR VARYING/ATYPICAL DIMENSIONS
 - T.O.D. = TOP OF DECKING
 - T.O.F. = TOP OF FOUNDATION



2 ELEVATION - BUILDING A - EAST
SCALE: 1/8" = 1'-0"

| FACADE MATERIAL % | | |
|-------------------|--------------|-----------|
| MASONRY | FIBER CEMENT | TOTAL |
| 2727 S.F. | 3839 S.F. | 6566 S.F. |
| 42% | 58% | 100% |



1 ELEVATION - BUILDING A - SOUTH
SCALE: 1/8" = 1'-0"

| FACADE MATERIAL % | | |
|-------------------|--------------|-----------|
| MASONRY | FIBER CEMENT | TOTAL |
| 3042 S.F. | 2268 S.F. | 5310 S.F. |
| 57% | 43% | 100% |

REVISIONS

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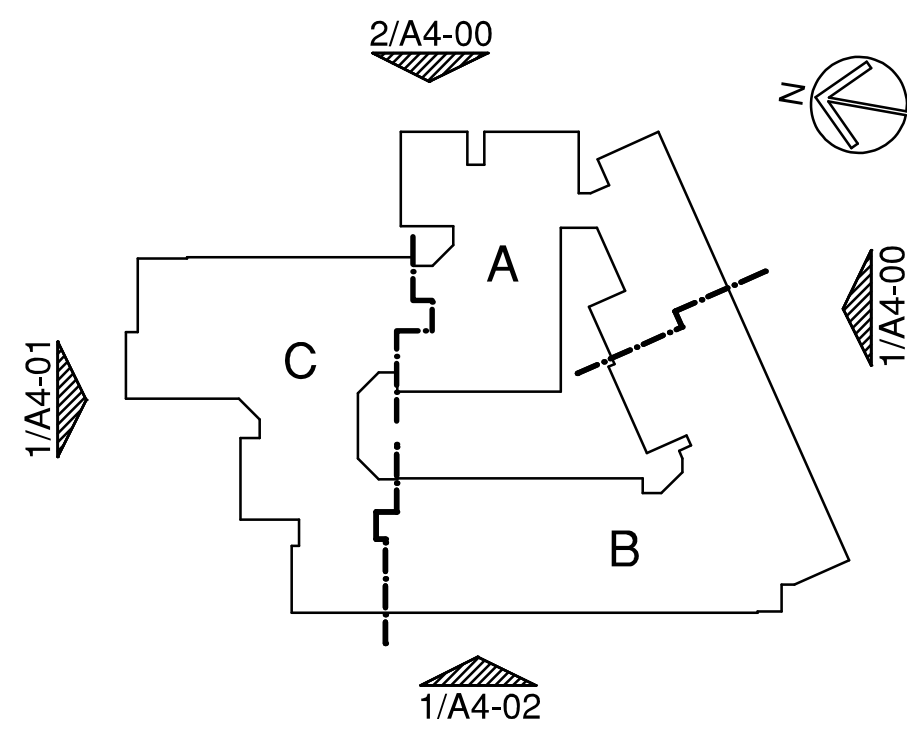
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BGO #17116

SHEET NUMBER
A4-00
BUILDING A
ELEV.

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 - T.O.P. = TOP OF PLATE
 - REFER TO SHEET A7-00 FOR WALL KEY INFORMATION
 - FOR SIMILAR CONDITIONS COMPARE TO ELEVATIONS
 - REFER TO ELEVATION FOR HEEL HEIGHT VARIATIONS
 - REFER TO BUILDING PLAN FOR SPECIFIC LOCATIONS FOR VARYING/ATYPICAL PLATE LINE AND TRUSS DIMENSIONS.
 - REFER TO PLATE LINE AND TRUSS KEYS LOCATED ON ON BUILDING PLANS FOR VARYING/ATYPICAL DIMENSIONS
 - T.O.D. = TOP OF DECKING
 - T.O.F. = TOP OF FOUNDATION

REVISIONS

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TDHCA #17259
BGO #17116

SHEET NUMBER

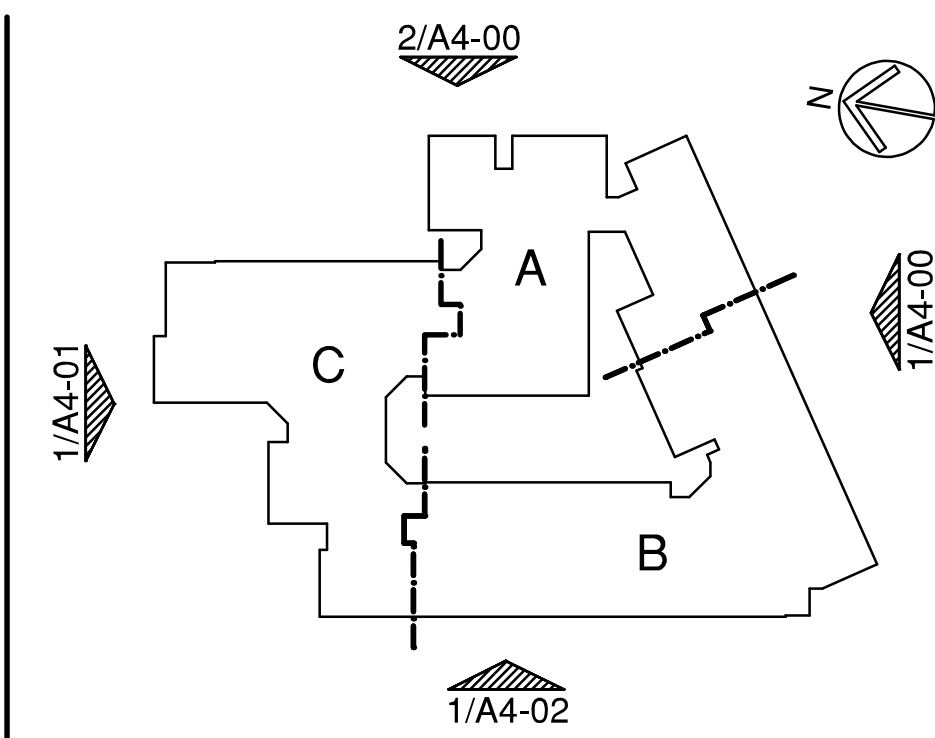
A4-01
BUILDING A
ELEV.



1 ELEVATION - BUILDING A - NORTH
SCALE: 1/8" = 1'-0"

| FACADE MATERIAL % | | |
|-------------------|--------------|-----------|
| MASONRY | FIBER CEMENT | TOTAL |
| 1181 S.F. | 3880 S.F. | 4861 S.F. |
| 24% | 76% | 100% |

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NOTE:
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ELEVATION NOTES:

- T.O.H. = TOP OF HEEL
- T.O.P. = TOP OF PLATE
- REFER TO SHEET A7-00 FOR WALL KEY INFORMATION
- FOR SIMILAR CONDITIONS COMPARE TO ELEVATIONS
- REFER TO ELEVATION FOR HEEL HEIGHT VARIATIONS
- REFER TO BUILDING PLAN FOR SPECIFIC LOCATIONS FOR VARYING/ATYPICAL PLATE LINE AND TRUSS DIMENSIONS.
- REFER TO PLATE LINE AND TRUSS KEYS LOCATED ON ON BUILDING PLANS FOR VARYING/ATYPICAL DIMENSIONS

3 ELEVATION - BUILDING A - WEST
SCALE: 1/8" - 1'-0"



2 ELEVATION - BUILDING A - WEST
SCALE: 1/8" - 1'-0"



1 ELEVATION - BUILDING A - WEST
SCALE: 1/16" - 1'-0"

REVISIONS

MISTLETOE STATION
FORT WORTH, TX

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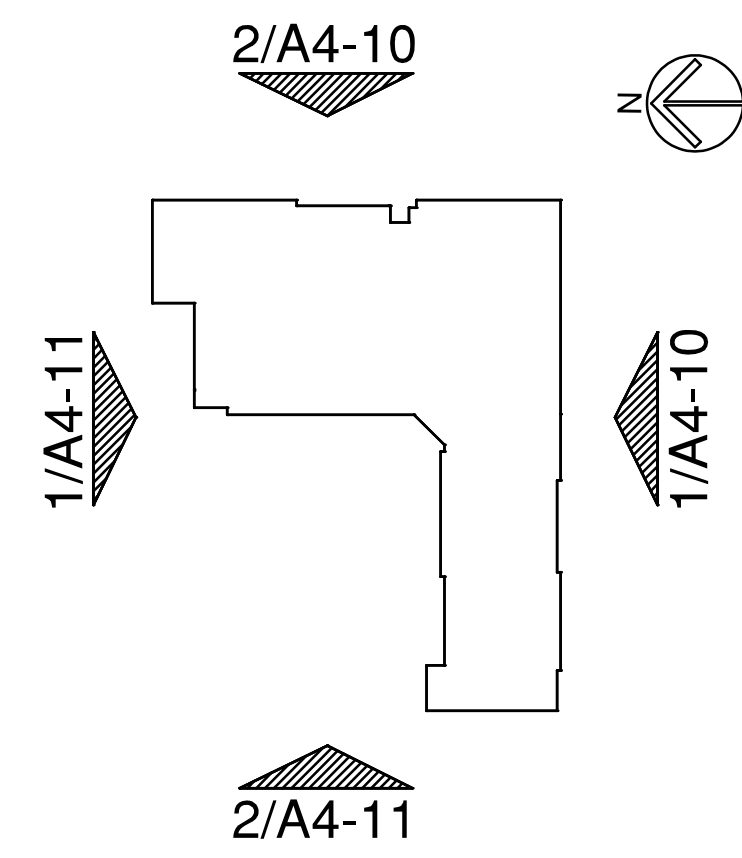
DATE: 05-07-18

PROJECT: TDHCA #17259
BGO #17116

SHEET NUMBER: **A4-02**
BUILDING A ELEV.

| FACADE MATERIAL % | | |
|-------------------|--------------|-----------|
| MASONRY | FIBER CEMENT | TOTAL |
| 5023 S.F. | 3938 S.F. | 8961 S.F. |
| 56% | 44% | 100% |

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NOTE:
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- ELEVATION NOTES:
- T.O.H. = TOP OF HEEL
 - T.O.D. = TOP OF DECKING
 - T.O.P. = TOP OF PLATE
 - T.O.F. = TOP OF FOUNDATION
 - REFER TO SHEET A7-00 FOR WALL KEY INFORMATION
 - FOR SIMILAR CONDITIONS COMPARE TO ELEVATIONS
 - REFER TO ELEVATION FOR HEEL HEIGHT VARIATIONS
 - REFER TO BUILDING PLAN FOR SPECIFIC LOCATIONS FOR VARYING/ATYPICAL PLATE LINE AND TRUSS DIMENSIONS.
 - REFER TO PLATE LINE AND TRUSS KEYS LOCATED ON ON BUILDING PLANS FOR VARYING/ATYPICAL DIMENSIONS



| FACADE MATERIAL % | | |
|-------------------|--------------|-----------|
| MASONRY | FIBER CEMENT | TOTAL |
| 1744 S.F. | 1210 S.F. | 2954 S.F. |
| 59% | 41% | 100% |

2 ELEVATION - BUILDING B - EAST
SCALE: 1/8" = 1'-0"



| FACADE MATERIAL % | | |
|-------------------|--------------|-----------|
| MASONRY | FIBER CEMENT | TOTAL |
| 1782 S.F. | 1666 S.F. | 3448 S.F. |
| 52% | 48% | 100% |

1 ELEVATION - BUILDING B - SOUTH
SCALE: 1/8" = 1'-0"

REVISIONS

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MISTLETOE STATION
FORT WORTH, TX

REVIEW PRINTS NOT TO BE USED FOR REGULATORY APPROVAL PERMIT OR CONSTRUCTION

BGO architects
4202 Beltway Drive
Dallas, TX 75001
214.520.8878
bgoarchitects.com

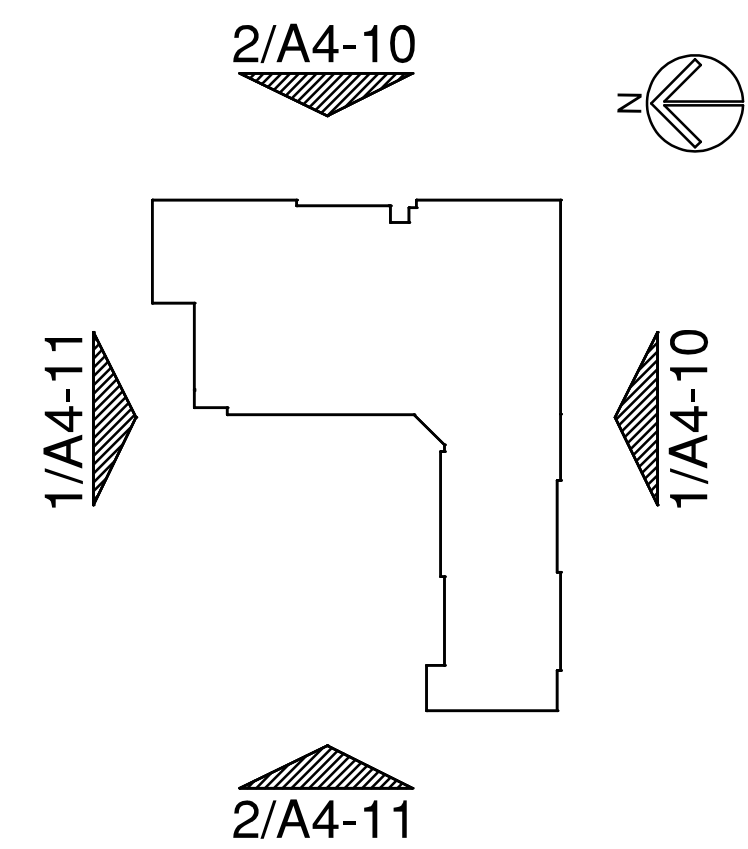
DATE
05-07-18

PROJECT
TDHCA #17259
BGO #17116

SHEET NUMBER

A4-10
BUILDING B
ELEV.

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NOTE:
ALL ELEVATIONS NOT SHOWN WILL BE
SIMILAR COMPOSITION IN MATERIAL
PERCENTAGE AND CHARACTER

- ELEVATION NOTES:
- T.O.H. = TOP OF HEEL
 - T.O.D. = TOP OF DECKING
 - T.O.P. = TOP OF PLATE
 - T.O.F. = TOP OF FOUNDATION
 - REFER TO SHEET A7-00 FOR WALL KEY INFORMATION
 - FOR SIMILAR CONDITIONS COMPARE TO ELEVATIONS
 - REFER TO ELEVATION FOR HEEL HEIGHT VARIATIONS
 - REFER TO BUILDING PLAN FOR SPECIFIC LOCATIONS FOR VARYING/ATYPICAL PLATE LINE AND TRUSS DIMENSIONS.
 - REFER TO PLATE LINE AND TRUSS KEYS LOCATED ON ON BUILDING PLANS FOR VARYING/ATYPICAL DIMENSIONS

| FACADE MATERIAL % | | |
|-------------------|--------------|-----------|
| MASONRY | FIBER CEMENT | TOTAL |
| 1872 S.F. | 1317 S.F. | 3189 S.F. |
| 59% | 41% | 100% |

2 ELEVATION - BUILDING B - WEST
SCALE: 1/8" = 1'-0"



| FACADE MATERIAL % | | |
|-------------------|--------------|-----------|
| MASONRY | FIBER CEMENT | TOTAL |
| 2526 S.F. | 1599 S.F. | 4125 S.F. |
| 61% | 39% | 100% |

1 ELEVATION - BUILDING B - NORTH
SCALE: 1/8" = 1'-0"

REVISIONS

MISTLETOE STATION
FORT WORTH, TX

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- *END* -

1d

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
JULY 26, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit (“HTC”) Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609 for Alton Plaza (HTC #17347)

RECOMMENDED ACTION

WHEREAS, Alton Plaza (the “Development”) received an award of 9% HTCs in 2017 for the new construction of 49 multifamily units in Longview, Gregg County;

WHEREAS, the Development Owner has submitted a request for approval to reduce the total number of units from 49 to 48 units, and a change in the bedroom mix by changing two one-bedroom units to efficiency units due to changes required by the National Park Service;

WHEREAS, the Development Owner has also requested approval for changes to the ownership structure of the Development Owner, Developer, and Guarantors such that a new entity and principal is being added to the ownership structures;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix of units under Tex. Gov’t Code §2306.6712 and 10 TAC §10.405(a)(4)(B);

WHEREAS, the transfer of ownership is being requested prior to the issuance of IRS Form(s) 8609 and 10 TAC §10.406(e) requires that parties reflected in the Application that have control must remain in the ownership structure and retain such control, unless approved otherwise by the Board, and changes in Developers or Guarantors are considered amendments under 10 TAC §10.405(a)(3)(C) requiring approval;

WHEREAS, the Development Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the changes do not negatively affect the Development or impact the viability of the transaction;

NOW, therefore, it is hereby

RESOLVED, that the material application amendment, ownership transfer and amendments in the Developer and Guarantor for Alton Plaza are approved as presented to this meeting, and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Alton Plaza received a 9% HTC award in 2017 for the adaptive re-use/rehabilitation of 49 units in Longview, Gregg County. The proposed Development is a historic five-story building in downtown Longview that was originally a parking garage built in the late 1940s. In 1956, the three upper floors were converted into office space; however, the property has been vacant for decades and in need of complete rehabilitation. The Development Owner is receiving \$1,027,809 in Federal Historic Credits and \$1,344,264 in State Historic Credits.

In a letter dated April 18, 2018, the Development Owner requested approval for a reduction in the number of units identified at Application from 49 to 48 units, eliminating one two-bedroom unit, and altering the unit mix by changing two one-bedroom units to efficiency units. The Development Owner indicated that these changes were unforeseen at the time of Application because these issues did not arise until they had site plan reviews with the National Park Service (“NPS”) and the State Historic Preservation Office (“SHPO”). During these reviews it was determined by NPS that the Development Owner would be required to recess the second floor window-wall façades on the east side of the property by 10 feet and on the north side of the property by two feet in order to resemble the open façade parking garage that existed over 50 years ago. As a result, the useable area in the second floor was reduced requiring the design team to redesign the dwelling units leaving them no option but to eliminate one of the units. Additionally, SHPO required the Development Owner to restore the two existing green-tiled corridors on the fourth and fifth floors of the building. This also required a redesign of the units on those two floors, which significantly changed the net rentable areas of the units; however, the total number of units for these two floors remains unchanged. Board approval is required for a modification of the number of units or bedroom mix of units under Tex. Gov’t Code 10 TAC §10.405(a)(4)(B).

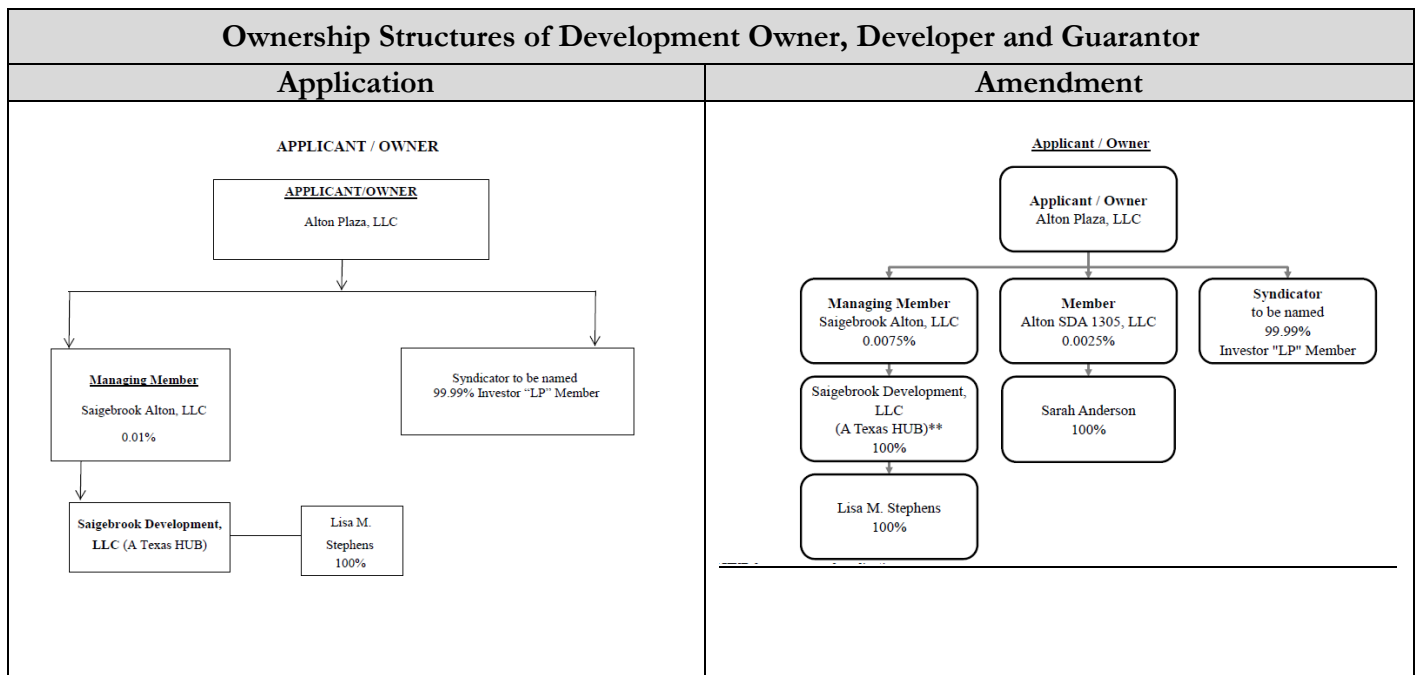
The Owner has indicated that reduction in the total units and the changes to the unit mix have all been made to the market rate units. See the tables below for a breakdown of the changes proposed. It should also be noted that due to the reconfiguration of the second, fourth and fifth floors to meet the historical requirements the number of unit types changed from 18 to 29. However, the Net Rentable Area (“NRA”) actually increased from 40,418 square feet at Application to 40,912 square feet (+ 1.2%) with the amendment.

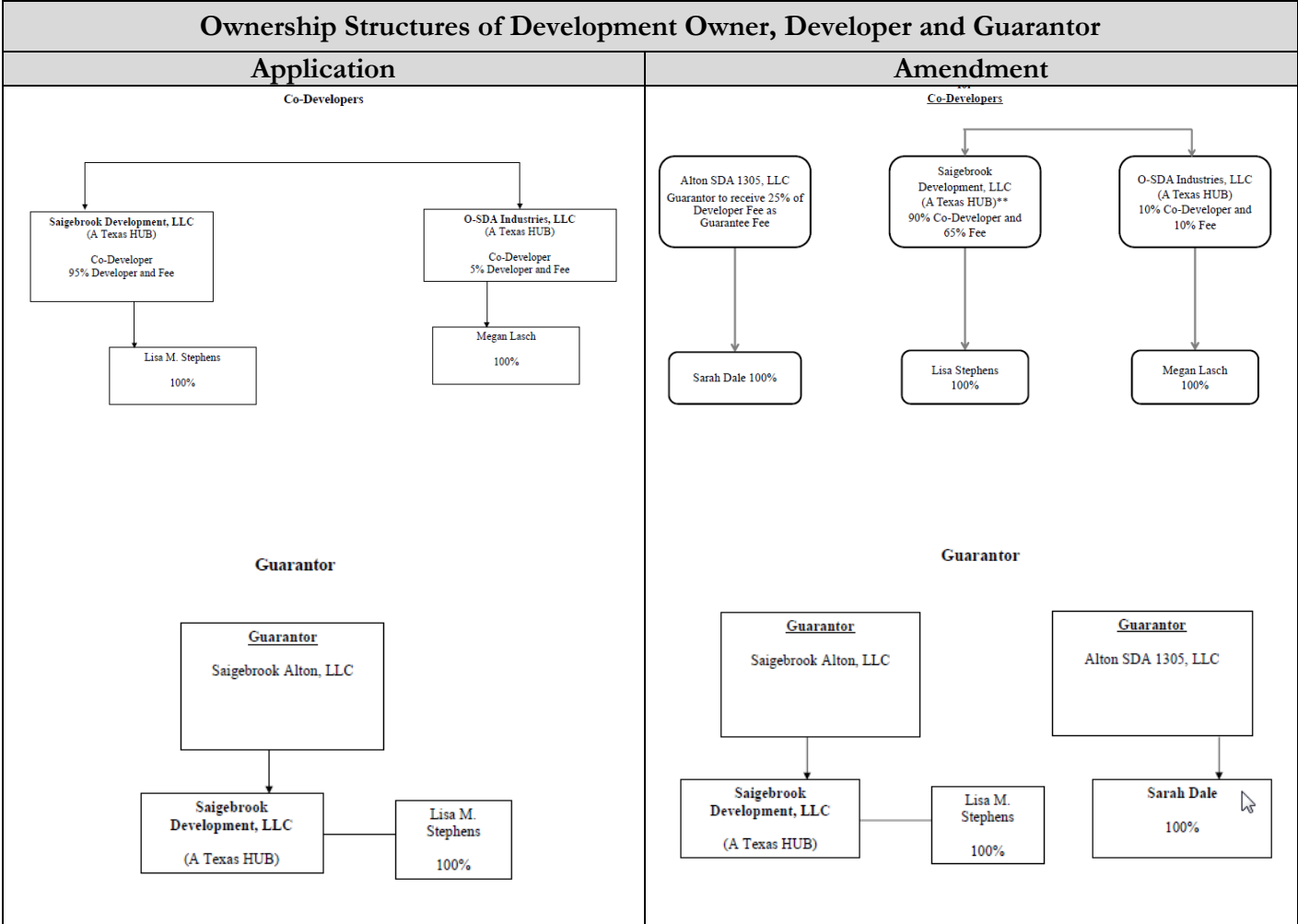
| Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4) | | | | | | |
|--|-----------|---------------|----------|------------------|-----------|---------------|
| Application | | | | Amendment | | |
| UNIT DISTRIBUTION | | | | | | |
| # Beds | # Units | % Total | Assisted | Income | # Units | % Total |
| Eff | 6 | 12.2% | 0 | 30% | 4 | 8.2% |
| 1 | 17 | 34.7% | 0 | 40% | - | 0.0% |
| 2 | 26 | 53.1% | 0 | 50% | 7 | 14.3% |
| 3 | - | 0.0% | 0 | 60% | 22 | 44.9% |
| 4 | - | 0.0% | 0 | MR | 16 | 32.7% |
| TOTAL | 49 | 100.0% | - | TOTAL | 49 | 100.0% |
| UNIT DISTRIBUTION | | | | | | |
| # Beds | # Units | % Total | Assisted | Income | # Units | % Total |
| Eff | 8 | 16.7% | 0 | 30% | 4 | 8.3% |
| 1 | 15 | 31.3% | 0 | 40% | - | 0.0% |
| 2 | 25 | 52.1% | 0 | 50% | 7 | 14.6% |
| 3 | - | 0.0% | 0 | 60% | 22 | 45.8% |
| 4 | - | 0.0% | 0 | MR | 15 | 31.3% |
| TOTAL | 48 | 100.0% | - | TOTAL | 48 | 100.0% |

Additionally, in the course of reviewing the revised building plans, staff discovered that the Development Owner was eliminating the proposed roof deck and moving the proposed fitness center from the roof level to the fifth floor. The Owner indicated that the reason for this change is that it was determined that the structure of the roof deck was not sufficient to support these amenities and would not be cost prohibitive. Therefore, the fitness center was relocated within the building and they are providing an arts and crafts/community room on the fourth floor and a theater/library room on fifth floor in place of the roof deck. These items are considered Notification Items under 10 TAC §10.405(a)(2)(B), but are disclosed in this board action request.

In addition to the amendment request, Lisa M. Stephens, the representative of Saigebrook Alton, LLC, also requested approval for changes in the ownership structure prior to issuance of IRS Form(s) 8609 for the Development Owner and an amendment to the Developer and Guarantor organizational structures. The current ownership structure identifies Alton Plaza, LLC as the Owner and Saigebrook Alton, LLC, the 0.01% Managing Member. Saigebrook Alton, LLC is owned by Saigebrook Development, LLC (a HUB), which is solely owned by Lisa M. Stephens. The Owner has requested to change the ownership structure by adding Alton SDA 1305, LLC, solely owned by Sarah Anderson, as a 0.0025% member of Alton Plaza, LLC. With this change Saigebrook Alton, LLC's ownership percentage will drop from 0.01% to 0.0075%. The Owner indicated that this change is required by the equity investor and lender as a part of their funding commitments based on their review and underwriting of the transaction. Additionally, Alton SDA 1305, LLC is also being added as a Developer and Guarantor to this transaction. The new entity will be added as a Guarantor and will receive 25% of the Developer Fee as a Guarantee Fee.

The changes to the ownership structure of the Development Owner are occurring prior to issuance of IRS Form(s) 8609, which require Board approval; however, all other parties reflected in the Application are remaining in the ownership structure. The table below provides a summary of the changes requested.





Real Estate Analysis (“REA”) has re-evaluated the Application and the changes requested pursuant to Tex. Gov’t Code §2306.6712(b) and has concluded that the Development remains feasible. The analysis is attached to this Board Action Request.

Staff recommends approval of the material application amendments, ownership transfer and amendments to the Developer and Guarantor for Alton Plaza as presented.



Addendum to Underwriting Report

TDHCA Application #: **17347** Program(s): **9% HTC**

Alton Plaza

Address/Location: 202 E Whaley St

City: Longview County: Gregg Zip: 75601

| APPLICATION HISTORY | |
|---------------------|------------------------------|
| Report Date | PURPOSE |
| 07/10/18 | Amendment Request |
| 08/16/17 | Original Underwriting Report |

ALLOCATION

| TDHCA Program | Previous Allocation | | | | RECOMMENDATION | | | | |
|----------------|---------------------|------|-------|------|----------------|------|-------|------|------|
| | Amount | Rate | Amort | Term | Amount | Rate | Amort | Term | Lien |
| LIHTC (Annual) | \$420,000 | | | | \$420,000 | | | | |

CONDITIONS STATUS

- Receipt and acceptance by Commitment:
 - Receipt of MAP Invitation Letter for FHA 221(d)(4) loan, or letter from Lender indicating the date that the HUD concept meeting was held, and confirmation that based on that meeting the Lender intends to proceed with processing the application and submitting it to HUD.

Comments:

Applicant's lender, Mason Joseph Company, Inc., submitted a term sheet letter dated 8/31/17 stating that the concept meeting was held on 8/01/17 and that they intend to submit a full 221(d)(4) loan application to FHA. They also provided a copy of the corresponding MAP Invitation Letter from HUD dated 8/02/17.

Status: Condition cleared (Gregg Kazak, REA - 10/05/17).

- Receipt and acceptance by 10% test:
 - Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

Status: Pending.

- Receipt and acceptance by Cost Certification:
 - Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
 - Certification of comprehensive testing for asbestos (and/or) lead-based paint; that any appropriate abatement procedures were implemented by a qualified abatement company; and that any remaining asbestos-containing materials or lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

- c: Certification of testing for lead in drinking water (within the building's plumbing) and that any recommended mitigation measures were implemented.
- d: Certification that an Evaluation of potential impacts to historic properties was conducted through consultation with the Texas State Historic Preservation Officer (SHPO) to meet Section 106 requirements.

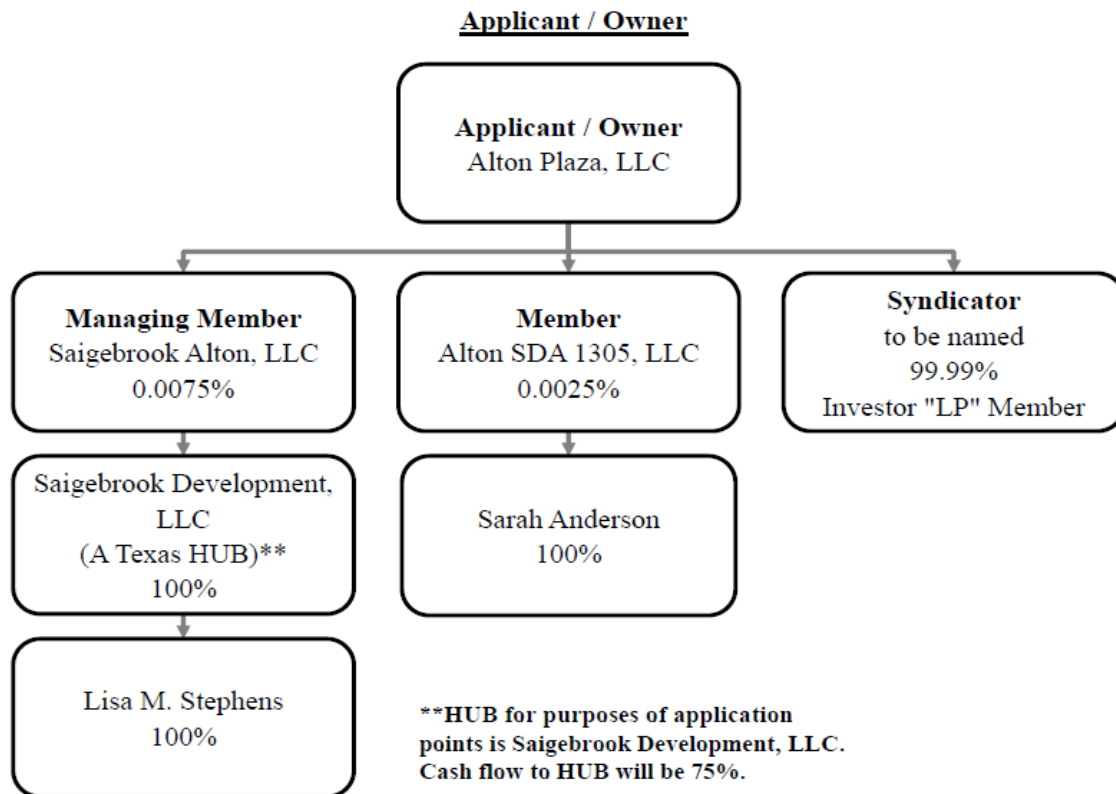
Status: Pending.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

| TDHCA SET-ASIDES for HTC LURA | | |
|-------------------------------|------------|-----------------|
| Income Limit | Rent Limit | Number of Units |
| 30% of AMI | 30% of AMI | 4 |
| 50% of AMI | 50% of AMI | 7 |
| 60% of AMI | 60% of AMI | 22 |

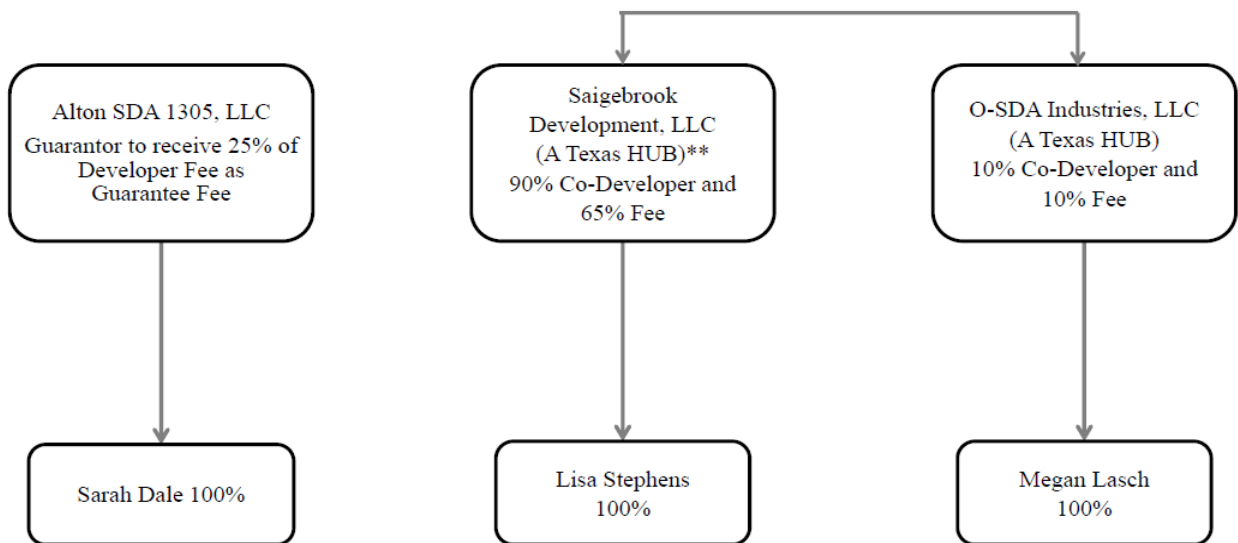
NEW ORGANIZATIONAL CHARTS



Comments:

Applicant is requesting a change in ownership structure to include Alton SDA 1305, LLC (Sarah Anderson).

Co-Developers



****HUB for purposes of application points is Saigebrook Development, LLC**

Comments:

Saigebrook originally had a 95% developer and fee interest, now a 90% developer interest with 65% of the fee.

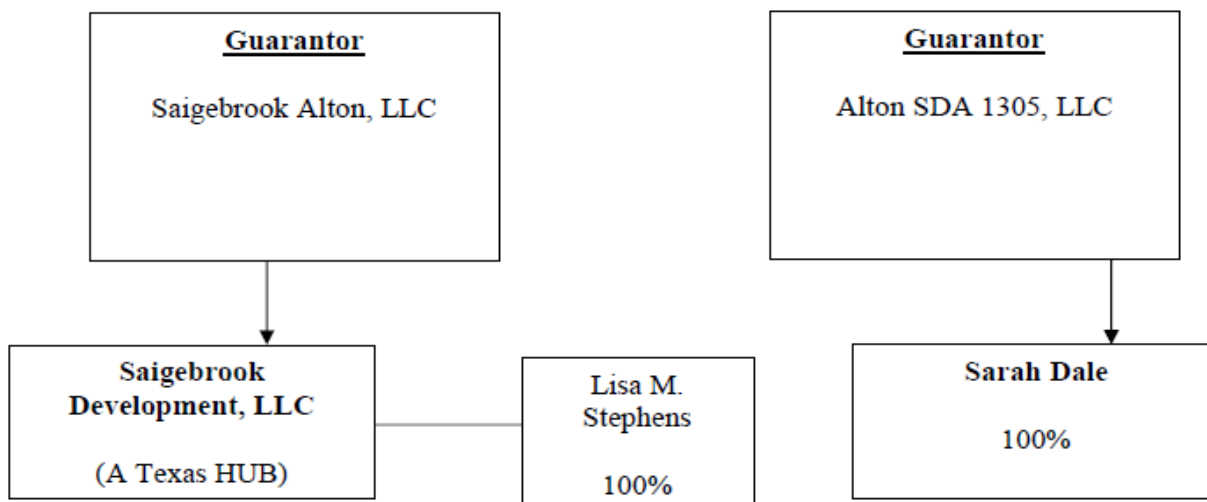
O-SDA Industries, LLC originally had a 5% developer and fee interest, now a 10% developer and fee interest.

As newly proposed, Alton SDA 1305, LLC is to receive 25% of the developer fee.

In addition to Alton Plaza, Saigebrook and O-SDA have an ownership and/or developer interest in 17259 Mistletoe Station, 17268 Edgewood Place and 17275 Aria Grand (all awarded credits). Credits awarded for the four (4) projects total \$4,174,906. However, Saigebrook only has a 10% interest in Aria Grande, thereby limiting substantive interest in projects to a total of \$2,970,506 in awarded credits vs. the \$3,000,000 credit cap.

O-SDA would now only maintain a 10% interest in Alton Plaza and a 5% interest in Edgewood Place, thereby limiting substantive interest in projects to a total of \$2,254,906 vs. the \$3,000,000 credit cap.

Guarantor



Comments:

Saigebrook was originally the sole guarantor. Now they have added Alton SDA 1305, LLC as an additional guarantor.

ANALYSIS

Overview

A change in the number of units and unit mix is also being requested whereby total units would be reduced from 49 to 48 and two (2) of the one-bedroom units would now be efficiencies. The proposed changes in unit mix and total units have all been made to the market rate units without any impact on the affordable units. These changes were unforeseen at the time of application because these requirements came up in subsequent plan reviews with the State Historic Preservation Officer and the National Park Service (NPS) to maintain certain historic features of the building as required by the Texas Historic Commission and NPS.

Operating Pro Forma

Restricted units are projected to achieve maximum program rents. Market rate units comprise 31% of the unit mix and are forecast to achieve an average premium of \$66 over 60% rent, which is still an average of \$82 less than the rent conclusions in the March 2017 Market Study.

Average rent with 1 month concession on 60% and market units is \$9 over break-even, but the need for concessions is diminished with subject offering a combined 27% discount to market rents.

Breakeven occupancy occurs with 7 units vacant (underwritten at 4).

1.24 projected DCR mitigates 58% expense ratio.

As underwritten, Pro Forma exhibits feasibility for 35 years with primary permanent loan at 6.00% fixed. Rate could only increase up to 80 bps (to 6.80%) before DCR would fall below 1.15 threshold.

As presented, 15 year residual cash flow is \$37K with a deferral of 37% of the developer fee.

Development Cost

Applicant had their architect revise the architectural drawings and also provided their general contractor schedule of values to support their corresponding revision of building cost. As a result, TDHCA chose to base their development cost estimate on the same information, thereby matching Applicant.

Hard Cost increased by \$1.3M. As a result, Developer Fee increased by \$263K.

Sources of Funds

Debt (Must Pay)

Primary permanent loan is now \$1.5M from Community Bank of Texas (previously a \$1.7M FHA 221(d)(4) through Mason Joseph Company). Fixed rate is projected at 6.00% with payments based on a 35 year amortization, maturing in 18 years.

A 2nd lien loan of \$650K is being extended from The City of Longview. Fixed rate is 1.00% with payments based on a 35 year amortization, maturing in 18 years.

Equity / Deferred Fees

Equity of \$3.8M is now being provided by Red Stone Equity Partners at a credit price of \$0.90 (previously \$3.9M by Wells Fargo at \$0.94).

Equity for Federal Historic Credits is also being provided by Red Stone in the amount of \$1.4M at a credit price of \$0.90 (previously \$1M by Wells Fargo).

Equity for State Historic Credits is now being provided by Commerce Bank of Texas in the amount of \$1.7M at a credit price of \$0.92 (previously \$1M by Wells Fargo).

Deferred developer fee is estimated at \$520K, projected to be repaid within 14 years.

Conclusion

Revisions to project, income, expenses and financing still exhibit feasibility and support Applicant's awarded credit request of \$420,000. No change in the original credit recommendation is being made at this time.

| | |
|-----------------------------------|------------------------|
| Underwriter: | <u>Gregg Kazak</u> |
| Manager of Real Estate Analysis: | <u>Thomas Cavanagh</u> |
| Director of Real Estate Analysis: | <u>Brent Stewart</u> |

UNIT MIX/RENT SCHEDULE

Alton Plaza, Longview, 9% HTC #17347

| LOCATION DATA | |
|--------------------|----------|
| CITY: | Longview |
| COUNTY: | Gregg |
| Area Median Income | \$61,400 |
| PROGRAM REGION: | 4 |

| UNIT DISTRIBUTION | | | | | | |
|-------------------|-----------|---------------|----------|--------------|-----------|---------------|
| # Beds | # Units | % Total | Assisted | Income | # Units | % Total |
| Eff | 8 | 16.7% | 0 | 30% | 4 | 8.3% |
| 1 | 15 | 31.3% | 0 | 40% | - | 0.0% |
| 2 | 25 | 52.1% | 0 | 50% | 7 | 14.6% |
| 3 | - | 0.0% | 0 | 60% | 22 | 45.8% |
| 4 | - | 0.0% | 0 | MR | 15 | 31.3% |
| TOTAL | 48 | 100.0% | - | TOTAL | 48 | 100.0% |

| Applicable Programs |
|------------------------|
| 9% Housing Tax Credits |
| |
| |
| |
| |

| Pro Forma ASSUMPTIONS | |
|-----------------------|--------|
| Revenue Growth | 2.00% |
| Expense Growth | 3.00% |
| Basis Adjust | 130% |
| Applicable Fraction | 67.28% |
| APP % Acquisition | 3.39% |
| APP % Construction | 9.00% |
| Average Unit Size | 852 sf |

UNIT MIX / MONTHLY RENT SCHEDULE

| HTC | | UNIT MIX | | | | APPLICABLE PROGRAM RENT | | | APPLICANT'S PRO FORMA RENTS | | | | TDHCA PRO FORMA RENTS | | | | MARKET RENTS | | |
|-------------------------|------------|-----------|--------|---------|---------------|-------------------------|---------------|----------------------|-----------------------------|---------------|-------------------|--------------------|-----------------------|---------------|---------------|--------------|--------------|---------------|--------------|
| Type | Gross Rent | # Units | # Beds | # Baths | NRA | Gross Rent | Utility Allow | Max Net Program Rent | Delta to Max | Rent psf | Net Rent per Unit | Total Monthly Rent | Total Monthly Rent | Rent per Unit | Rent psf | Delta to Max | Underwritten | Mkt Analyst | |
| TC 30% | \$317 | 1 | 0 | 1 | 552 | \$317 | \$44 | \$273 | \$0 | \$0.49 | \$273 | \$273 | \$273 | \$273 | \$0.49 | \$0 | \$675 | \$1.22 | \$660 |
| TC 50% | \$528 | 1 | 0 | 1 | 552 | \$528 | \$44 | \$484 | \$0 | \$0.88 | \$484 | \$484 | \$484 | \$484 | \$0.88 | \$0 | \$675 | \$1.22 | \$660 |
| TC 60% | \$634 | 2 | 0 | 1 | 581 | \$634 | \$44 | \$590 | \$0 | \$1.02 | \$590 | \$1,180 | \$1,180 | \$590 | \$1.02 | \$0 | \$675 | \$1.16 | \$660 |
| MR | | 4 | 0 | 1 | 581 | \$0 | \$44 | | NA | \$1.16 | \$675 | \$2,700 | \$2,700 | \$675 | \$1.16 | NA | \$675 | \$1.16 | \$660 |
| TC 30% | \$339 | 1 | 1 | 1 | 654 | \$339 | \$49 | \$290 | \$0 | \$0.44 | \$290 | \$290 | \$290 | \$290 | \$0.44 | \$0 | \$750 | \$1.15 | \$840 |
| TC 50% | \$566 | 2 | 1 | 1 | 654 | \$566 | \$49 | \$517 | \$0 | \$0.79 | \$517 | \$1,034 | \$1,034 | \$517 | \$0.79 | \$0 | \$750 | \$1.15 | \$840 |
| TC 60% | \$679 | 3 | 1 | 1 | 654 | \$679 | \$49 | \$630 | \$0 | \$0.96 | \$630 | \$1,890 | \$1,890 | \$630 | \$0.96 | \$0 | \$750 | \$1.15 | \$840 |
| MR | | 2 | 1 | 1 | 654 | \$0 | \$49 | | NA | \$1.15 | \$750 | \$1,500 | \$1,500 | \$750 | \$1.15 | NA | \$750 | \$1.15 | \$840 |
| TC 60% | \$679 | 1 | 1 | 1 | 667 | \$679 | \$49 | \$630 | \$0 | \$0.94 | \$630 | \$630 | \$630 | \$630 | \$0.94 | \$0 | \$750 | \$1.12 | \$840 |
| TC 60% | \$679 | 3 | 1 | 1 | 692 | \$679 | \$49 | \$630 | \$0 | \$0.91 | \$630 | \$1,890 | \$1,890 | \$630 | \$0.91 | \$0 | \$750 | \$1.08 | \$840 |
| TC 60% | \$679 | 1 | 1 | 1 | 715 | \$679 | \$49 | \$630 | \$0 | \$0.88 | \$630 | \$630 | \$630 | \$630 | \$0.88 | \$0 | \$750 | \$1.05 | \$840 |
| MR | | 2 | 1 | 1 | 715 | \$0 | \$49 | | NA | \$1.05 | \$750 | \$1,500 | \$1,500 | \$750 | \$1.05 | NA | \$750 | \$1.05 | \$840 |
| TC 30% | \$407 | 2 | 2 | 2 | 874 | \$407 | \$59 | \$348 | \$0 | \$0.40 | \$348 | \$696 | \$696 | \$348 | \$0.40 | \$0 | \$900 | \$1.03 | \$1,070 |
| TC 50% | \$678 | 1 | 2 | 2 | 874 | \$678 | \$59 | \$619 | \$0 | \$0.71 | \$619 | \$619 | \$619 | \$619 | \$0.71 | \$0 | \$900 | \$1.03 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 879 | \$814 | \$59 | \$755 | \$0 | \$0.86 | \$755 | \$755 | \$755 | \$755 | \$0.86 | \$0 | \$900 | \$1.02 | \$1,070 |
| TC 50% | \$678 | 3 | 2 | 2 | 939 | \$678 | \$59 | \$619 | \$0 | \$0.66 | \$619 | \$1,857 | \$1,857 | \$619 | \$0.66 | \$0 | \$900 | \$0.96 | \$1,070 |
| TC 60% | \$814 | 3 | 2 | 2 | 944 | \$814 | \$59 | \$755 | \$0 | \$0.80 | \$755 | \$2,265 | \$2,265 | \$755 | \$0.80 | \$0 | \$900 | \$0.95 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 953 | \$814 | \$59 | \$755 | \$0 | \$0.79 | \$755 | \$755 | \$755 | \$755 | \$0.79 | \$0 | \$900 | \$0.94 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 967 | \$814 | \$59 | \$755 | \$0 | \$0.78 | \$755 | \$755 | \$755 | \$755 | \$0.78 | \$0 | \$900 | \$0.93 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 1,007 | \$814 | \$59 | \$755 | \$0 | \$0.75 | \$755 | \$755 | \$755 | \$755 | \$0.75 | \$0 | \$900 | \$0.89 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 1,043 | \$814 | \$59 | \$755 | \$0 | \$0.72 | \$755 | \$755 | \$755 | \$755 | \$0.72 | \$0 | \$900 | \$0.86 | \$1,070 |
| MR | | 1 | 2 | 2 | 1,046 | \$0 | \$59 | | NA | \$0.86 | \$900 | \$900 | \$900 | \$900 | \$0.86 | NA | \$900 | \$0.86 | \$1,070 |
| MR | | 1 | 2 | 2 | 1,085 | \$0 | \$59 | | NA | \$0.83 | \$900 | \$900 | \$900 | \$900 | \$0.83 | NA | \$900 | \$0.83 | \$1,070 |
| MR | | 1 | 2 | 2 | 1,109 | \$0 | \$59 | | NA | \$0.81 | \$900 | \$900 | \$900 | \$900 | \$0.81 | NA | \$900 | \$0.81 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 1,119 | \$814 | \$59 | \$755 | \$0 | \$0.67 | \$755 | \$755 | \$755 | \$755 | \$0.67 | \$0 | \$900 | \$0.80 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 1,154 | \$814 | \$59 | \$755 | \$0 | \$0.65 | \$755 | \$755 | \$755 | \$755 | \$0.65 | \$0 | \$900 | \$0.78 | \$1,070 |
| MR | | 1 | 2 | 2 | 1,214 | \$0 | \$59 | | NA | \$0.74 | \$900 | \$900 | \$900 | \$900 | \$0.74 | NA | \$900 | \$0.74 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 1,225 | \$814 | \$59 | \$755 | \$0 | \$0.62 | \$755 | \$755 | \$755 | \$755 | \$0.62 | \$0 | \$900 | \$0.73 | \$1,070 |
| MR | | 1 | 2 | 2 | 1,240 | \$0 | \$59 | | NA | \$0.73 | \$900 | \$900 | \$900 | \$900 | \$0.73 | NA | \$900 | \$0.73 | \$1,070 |
| MR | | 1 | 2 | 2 | 1,254 | \$0 | \$59 | | NA | \$0.72 | \$900 | \$900 | \$900 | \$900 | \$0.72 | NA | \$900 | \$0.72 | \$1,070 |
| TC 60% | \$814 | 1 | 2 | 2 | 1,254 | \$814 | \$59 | \$755 | \$0 | \$0.60 | \$755 | \$755 | \$755 | \$755 | \$0.60 | \$0 | \$900 | \$0.72 | \$1,070 |
| MR | | 1 | 2 | 2 | 1,376 | \$0 | \$59 | | NA | \$0.65 | \$900 | \$900 | \$900 | \$900 | \$0.65 | NA | \$900 | \$0.65 | \$1,070 |
| TOTALS/AVERAGES: | | 48 | | | 40,906 | | | | \$0 | \$0.80 | \$678 | \$32,533 | \$32,533 | \$678 | \$0.80 | \$0 | \$816 | \$0.96 | \$930 |

| | | |
|-------------------------------------|------------------|------------------|
| ANNUAL POTENTIAL GROSS RENT: | \$390,396 | \$390,396 |
|-------------------------------------|------------------|------------------|

STABILIZED PRO FORMA

Alton Plaza, Longview, 9% HTC #17347

STABILIZED FIRST YEAR PRO FORMA

| | COMPARABLES | | APPLICANT | | | | PRIOR REPORT | | TDHCA | | | VARIANCE | | |
|---|-------------|-------|-----------|----------|----------|-----------|--------------|-----------|-----------|----------|--------|----------|------|-----|
| | Database | Other | % EGI | Per SF | Per Unit | Amount | Applicant | TDHCA | Amount | Per Unit | Per SF | % EGI | % | \$ |
| | | | | | | | | | | | | | | |
| POTENTIAL GROSS RENT | | | | \$0.80 | \$678 | \$390,396 | \$346,320 | \$346,320 | \$390,396 | \$678 | \$0.80 | | 0.0% | \$0 |
| Late/app fees, interest income, retained deposits | | | | | | \$15.00 | \$8,640 | 8,820 | | | | | | |
| Total Secondary Income | | | | | | \$15.00 | | 8,820 | \$8,640 | \$15.00 | | | 0.0% | \$0 |
| POTENTIAL GROSS INCOME | | | | | | \$399,036 | \$355,140 | \$355,140 | \$399,036 | | | | 0.0% | \$0 |
| Vacancy & Collection Loss | | | | 7.5% PGI | | (29,928) | (26,636) | (26,636) | (29,928) | 7.5% PGI | | | 0.0% | - |
| Rental Concessions | | | | | | - | | | - | | | | 0.0% | - |
| EFFECTIVE GROSS INCOME | | | | | | \$369,108 | \$328,505 | \$328,505 | \$369,108 | | | | 0.0% | \$0 |

| | | | | | | | | | | | | | | | | |
|-------------------------------------|----------|------------|------------------|---------|---------------|---------------|----------------|-------------------|------------------|------------------|-------------------|----------------|---------------|---------------|--------------|-------------------|
| General & Administrative | \$16,671 | \$347/Unit | \$17,206 | \$358 | 6.50% | \$0.59 | \$500 | \$24,000 | \$25,475 | \$23,875 | \$17,206 | \$358 | \$0.42 | 4.66% | 39.5% | 6,794 |
| Management | \$25,556 | 9.5% EGI | \$16,222 | \$338 | 6.50% | \$0.59 | \$500 | \$24,000 | \$16,425 | \$16,425 | \$18,455 | \$384 | \$0.45 | 5.00% | 30.0% | 5,545 |
| Payroll & Payroll Tax | \$40,410 | \$842/Unit | \$59,579 | \$1,241 | 14.74% | \$1.33 | \$1,133 | \$54,400 | \$54,400 | \$59,579 | \$59,579 | \$1,241 | \$1.46 | 16.14% | -8.7% | (5,179) |
| Repairs & Maintenance | \$33,251 | \$693/Unit | \$34,335 | \$715 | 7.27% | \$0.66 | \$559 | \$26,830 | \$27,165 | \$34,300 | \$33,600 | \$700 | \$0.82 | 9.10% | -20.1% | (6,770) |
| Electric/Gas | \$6,953 | \$145/Unit | \$6,025 | \$126 | 1.30% | \$0.12 | \$100 | \$4,800 | \$4,900 | \$6,025 | \$6,025 | \$126 | \$0.15 | 1.63% | -20.3% | (1,225) |
| Water, Sewer, & Trash | \$19,507 | \$406/Unit | \$16,510 | \$344 | 4.36% | \$0.39 | \$335 | \$16,080 | \$18,375 | \$16,510 | \$16,510 | \$344 | \$0.40 | 4.47% | -2.6% | (430) |
| Property Insurance | \$13,246 | \$0.32 /sf | \$13,806 | \$288 | 4.03% | \$0.36 | \$310 | \$14,880 | \$16,660 | \$13,296 | \$13,246 | \$276 | \$0.32 | 3.59% | 12.3% | 1,634 |
| Property Tax (@ 100%) 2.285400 | \$15,480 | \$322/Unit | \$14,384 | \$300 | 8.15% | \$0.74 | \$627 | \$30,100 | \$26,000 | \$24,810 | \$33,099 | \$690 | \$0.81 | 8.97% | -9.1% | (2,999) |
| Reserve for Replacements | \$13,809 | \$288/Unit | \$13,080 | \$272 | 4.88% | \$0.44 | \$375 | \$18,000 | \$18,375 | \$18,375 | \$18,000 | \$375 | \$0.44 | 4.88% | 0.0% | - |
| Cable TV | | | \$0 | \$0 | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| Supportive Services | | | \$5,395 | \$112 | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| TDHCA LIHTC/HOME Compliance Fees | | | \$1,919 | \$40 | 0.36% | \$0.03 | \$28 | \$1,320 | \$1,320 | \$1,320 | \$1,320 | \$28 | \$0.03 | 0.36% | 0.0% | - |
| TDHCA Bond Compliance Fee | | | \$0 | \$0 | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| Other | | | \$16,805 | \$350 | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| TOTAL EXPENSES | | | \$215,264 | | 58.09% | \$5.24 | \$4,467 | \$ 214,410 | \$209,095 | \$214,516 | \$ 217,040 | \$4,522 | \$5.31 | 58.80% | -1.2% | \$ (2,630) |
| NET OPERATING INCOME ("NOI") | | | | | 41.91% | \$3.78 | \$3,223 | \$154,698 | \$119,409 | \$113,989 | \$152,068 | \$3,168 | \$3.72 | 41.20% | 1.7% | \$ 2,630 |

| | | | | | | | | | | | | | | |
|-----------------------|--|--|--|--|--|--|--|--------------|--|--------------|--------------|--|--------------|--|
| CONTROLLABLE EXPENSES | | | | | | | | \$2,627/Unit | | \$2,659/Unit | \$2,863/Unit | | \$2,769/Unit | |
|-----------------------|--|--|--|--|--|--|--|--------------|--|--------------|--------------|--|--------------|--|

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Alton Plaza, Longview, 9% HTC #17347

| DEBT / GRANT SOURCES | | | | | | | | | | | | | | | | | |
|---|-----|----------------|------|-----------|-----------------------------------|-------|------|-------------|--------------------|-------------|--------------------------------------|---------------------------|-------|-------|-----------|------------|-------|
| APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE | | | | | | | | | Prior Underwriting | | AS UNDERWRITTEN DEBT/GRANT STRUCTURE | | | | | | |
| DEBT (Must Pay) | Fee | Cumulative DCR | | Pmt | Rate | Amort | Term | Principal | Applicant | TDHCA | Principal | Term | Amort | Rate | Pmt | Cumulative | |
| | | UW | App | | | | | | | | | | | | | DCR | LTC |
| Community Bank of Texas | | 6.91 | 7.03 | \$102,634 | 6.00% | 35 | 18 | \$1,500,000 | \$1,700,000 | \$1,700,000 | \$1,500,000 | 18 | 35 | 6.00% | \$102,634 | 1.51 | 15.7% |
| City of Longview | | 6.91 | 7.03 | \$22,018 | 1.00% | 35 | 18 | \$650,000 | | | \$650,000 | 18 | 35 | 1.00% | \$22,018 | 1.24 | 6.8% |
| CASH FLOW DEBT / GRANTS | | | | \$124,652 | TOTAL DEBT / GRANT SOURCES | | | \$2,150,000 | \$1,700,000 | \$1,700,000 | \$2,150,000 | TOTAL DEBT SERVICE | | | \$124,652 | 1.24 | 22.5% |

| | | | | | | | | | | | |
|----------------------|----------|----------|------------------|--|--|-----------------------------|--|--|-----------|----------|----------------------|
| NET CASH FLOW | \$27,416 | \$30,046 | APPLICANT | | | NET OPERATING INCOME | | | \$154,698 | \$30,046 | NET CASH FLOW |
|----------------------|----------|----------|------------------|--|--|-----------------------------|--|--|-----------|----------|----------------------|

| EQUITY SOURCES | | | | | | | | | | | | | |
|---------------------------------------|--------------------------|--------|----------------|--------------|-------------|--------------------|-------------|----------------------------------|--------------|----------------|--------|-------------------------|-----------------------------|
| APPLICANT'S PROPOSED EQUITY STRUCTURE | | | | | | Prior Underwriting | | AS UNDERWRITTEN EQUITY STRUCTURE | | | | | |
| EQUITY / DEFERRED FEES | DESCRIPTION | % Cost | Annual Credit | Credit Price | Amount | Applicant | TDHCA | Amount | Credit Price | Annual Credit | % Cost | Annual Credits per Unit | Allocation Method |
| | | | | | | | | | | | | | |
| Red Stone | LIHTC Equity | 39.6% | \$420,000 | \$0.90 | \$3,779,622 | \$3,947,605 | \$3,947,605 | \$3,779,622 | \$0.90 | \$420,000 | 39.6% | \$8,750 | Previous Allocation |
| Red Stone | Federal Historic Credits | 14.3% | | \$0.90 | \$1,359,916 | \$1,035,536 | \$1,035,536 | \$1,359,916 | \$0.90 | | 14.3% | | |
| Commerce Bank of Texas | State Historic Credits | 18.1% | | \$0.92 | \$1,728,226 | \$1,032,782 | \$1,032,782 | \$1,728,226 | \$0.92 | | 18.1% | | |
| Saigebrook Development | Deferred Developer Fees | 5.5% | (37% Deferred) | | \$520,095 | \$325,780 | \$237,181 | \$520,095 | | (37% Deferred) | 5.5% | | Total Developer Fee: |
| Additional (Excess) Funds Req'd | | 0.0% | | | | | | \$0 | | | 0.0% | | \$1,422,571 |
| TOTAL EQUITY SOURCES | | 77.5% | | | \$7,387,860 | \$6,341,703 | \$6,253,104 | \$7,387,860 | | | 77.5% | | |

| | | | | | | | | |
|-----------------------------|-------------|-------------|-------------|-------------|--|--|--|----------|
| TOTAL CAPITALIZATION | \$9,537,860 | \$8,041,703 | \$7,953,104 | \$9,537,860 | 15-Yr Cash Flow after Deferred Fee: | | | \$36,801 |
|-----------------------------|-------------|-------------|-------------|-------------|--|--|--|----------|

| DEVELOPMENT COST / ITEMIZED BASIS | | | | | | | | | | | | | |
|---|----------------|--------------------|-----------------|------------------|--------------------|--------------------|--------------------------|--------------------|------------------|--------------------|------------|---------------|------------|
| APPLICANT COST / BASIS ITEMS | | | | | Prior Underwriting | | TDHCA COST / BASIS ITEMS | | | | | COST VARIANCE | |
| | Eligible Basis | | Total Costs | | Applicant | TDHCA | Total Costs | Eligible Basis | | | | | |
| | Acquisition | New Const. Rehab | | | | | | New Const. Rehab | Acquisition | | | % | \$ |
| Land Acquisition | | | \$833 / Unit | \$40,000 | \$40,000 | \$40,000 | \$40,000 | \$833 / Unit | | | 0.0% | \$0 | |
| Building Acquisition | \$0 | | \$6,979 / Unit | \$335,000 | \$335,000 | \$335,000 | \$335,000 | \$6,979 / Unit | | \$0 | 0.0% | \$0 | |
| Off-Sites | | \$0 | \$ / Unit | \$0 | \$0 | \$0 | \$ / Unit | | \$0 | | 0.0% | \$0 | |
| Site Work | | \$68,540 | \$2,964 / Unit | \$142,278 | \$0 | \$0 | \$142,278 | \$2,964 / Unit | \$68,540 | | 0.0% | \$0 | |
| Site Amenities | | \$20,000 | \$417 / Unit | \$20,000 | \$30,000 | \$30,000 | \$20,000 | \$417 / Unit | \$20,000 | | 0.0% | \$0 | |
| Building Cost | | \$4,529,300 | \$110.72 /sf | \$94,360/Unit | \$4,529,300 | \$3,599,500 | \$4,529,300 | \$94,360/Unit | \$110.72 /sf | \$4,529,300 | 0.0% | \$0 | |
| Contingency | | \$461,784 | 10.00% | 10.00% | \$469,158 | \$362,950 | \$469,158 | 10.00% | 10.00% | \$461,784 | 0.0% | \$0 | |
| Contractor Fees | | \$711,146 | 14.00% | 12.73% | \$656,803 | \$558,942 | \$656,803 | 12.73% | 14.00% | \$711,146 | 0.0% | \$0 | |
| Soft Costs | 0 | \$693,065 | \$16,843 / Unit | \$808,485 | \$998,128 | \$998,128 | \$808,485 | \$16,843 / Unit | \$693,065 | \$0 | 0.0% | \$0 | |
| Financing | 0 | \$622,250 | \$16,596 / Unit | \$796,590 | \$715,665 | \$715,665 | \$796,590 | \$16,596 / Unit | \$622,250 | \$0 | 0.0% | \$0 | |
| Developer Fee | \$0 | \$1,388,348 | 19.54% | 19.79% | \$1,422,571 | \$1,159,307 | \$1,422,571 | 19.79% | 19.54% | \$1,388,348 | \$0 | 0.0% | \$0 |
| Reserves | | | \$3,493 / Unit | \$167,675 | \$242,211 | \$153,612 | \$167,675 | \$3,493 / Unit | | | 0.0% | \$0 | |
| TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA | \$0 | \$8,494,433 | | \$198,705 / Unit | \$9,537,860 | \$8,041,703 | \$7,953,104 | \$9,537,860 | \$198,705 / Unit | \$8,494,433 | \$0 | 0.0% | \$0 |
| Acquisition Cost | \$0 | | | \$0 | \$0 | | | | | | | | |
| Contingency | | \$0 | | (\$0) | \$0 | | | | | | | | |
| Contractor's Fee | | \$0 | | | | | | | | | | | |
| Interim Interest | | \$0 | | | | | | | | | | | |
| Developer Fee | \$0 | \$0 | | \$0 | (\$0) | | | | | | | | |
| Reserves | | | | \$0 | \$0 | | | | | | | | |
| ADJUSTED BASIS / COST | \$0 | \$8,494,433 | | \$198,705/unit | \$9,537,860 | \$8,041,703 | \$7,953,104 | \$9,537,860 | \$198,705/unit | \$8,494,433 | \$0 | 0.0% | \$0 |
| TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY PCA/CNA | | | | | | \$9,537,860 | | | | | | | |

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Alton Plaza, Longview, 9% HTC #17347

| CREDIT CALCULATION ON QUALIFIED BASIS | | | | |
|---------------------------------------|-------------|-----------------------------|-------------|-----------------------------|
| | Applicant | | TDHCA | |
| | Acquisition | Construction Rehabilitation | Acquisition | Construction Rehabilitation |
| ADJUSTED BASIS | \$0 | \$8,494,433 | \$0 | \$8,494,433 |
| Deduction of Federal Historic | \$0 | (\$1,359,916) | \$0 | (\$1,359,916) |
| TOTAL ELIGIBLE BASIS | \$0 | \$7,134,517 | \$0 | \$7,134,517 |
| High Cost Area Adjustment | | 130% | | 130% |
| TOTAL ADJUSTED BASIS | \$0 | \$9,274,872 | \$0 | \$9,274,872 |
| Applicable Fraction | 67.28% | 67.28% | 67.28% | 67.28% |
| TOTAL QUALIFIED BASIS | \$0 | \$6,239,781 | \$0 | \$6,239,781 |
| Applicable Percentage | 3.39% | 9.00% | 3.39% | 9.00% |
| ANNUAL CREDIT ON BASIS | \$0 | \$561,580 | \$0 | \$561,580 |
| CREDITS ON QUALIFIED BASIS | \$561,580 | | \$561,580 | |

| Method | ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS | | FINAL ANNUAL LIHTC ALLOCATION | | |
|---------------------------|---|-------------|-------------------------------|---------------------|------------|
| | Annual Credits | Proceeds | Credit Price \$0.8999 | Variance to Request | |
| | | | Credit Allocation | Credits | Proceeds |
| Eligible Basis | \$561,580 | \$5,053,717 | ---- | ---- | ---- |
| Needed to Fill Gap | \$477,794 | \$4,299,717 | ---- | ---- | ---- |
| Previous Alloc: | \$420,000 | \$3,779,622 | \$420,000 | \$0 | \$0 |

Long-Term Pro Forma

Alton Plaza, Longview, 9% HTC #17347

| | Growth Rate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 10 | Year 15 | Year 20 | Year 25 | Year 30 | Year 35 |
|-------------------------------------|-------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| EFFECTIVE GROSS INCOME | 2.00% | \$369,108 | \$376,490 | \$384,020 | \$391,701 | \$399,535 | \$441,119 | \$487,031 | \$537,721 | \$593,688 | \$655,479 | \$723,702 |
| TOTAL EXPENSES | 3.00% | \$214,410 | \$220,602 | \$226,976 | \$233,535 | \$240,287 | \$277,124 | \$319,680 | \$368,849 | \$425,667 | \$491,334 | \$569,111 |
| NET OPERATING INCOME ("NOI") | | \$154,698 | \$155,888 | \$157,045 | \$158,166 | \$159,248 | \$163,995 | \$167,351 | \$168,873 | \$168,021 | \$164,145 | \$154,591 |
| EXPENSE/INCOME RATIO | | 58.1% | 58.6% | 59.1% | 59.6% | 60.1% | 62.8% | 65.6% | 68.6% | 71.7% | 75.0% | 78.6% |
| MUST -PAY DEBT SERVICE | | | | | | | | | | | | |
| City of Longview | | \$22,018 | \$22,018 | \$22,018 | \$22,018 | \$22,018 | \$22,018 | \$22,018 | \$22,018 | \$22,018 | \$22,018 | \$22,018 |
| TOTAL DEBT SERVICE | | \$124,652 | \$124,652 | \$124,652 | \$124,652 | \$124,652 | \$124,652 | \$124,652 | \$124,652 | \$124,652 | \$124,652 | \$124,652 |
| DEBT COVERAGE RATIO | | 1.24 | 1.25 | 1.26 | 1.27 | 1.28 | 1.32 | 1.34 | 1.35 | 1.35 | 1.32 | 1.24 |
| ANNUAL CASH FLOW | | | | | | | | | | | | |
| | | \$30,046 | \$31,236 | \$32,392 | \$33,513 | \$34,596 | \$39,342 | \$42,698 | \$44,220 | \$43,368 | \$39,493 | \$29,938 |
| Deferred Developer Fee Balance | | \$490,049 | \$458,813 | \$426,421 | \$392,908 | \$358,312 | \$170,617 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CUMULATIVE NET CASH FLOW | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$36,801 | \$255,692 | \$475,308 | \$681,878 | \$853,425 |

ALTON PLAZA
17347
AMENDMENT REQUEST



Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 05/04/2018

Amendment Requested: *Application Amendment*

Has the change been implemented? *Yes*

Award Stage: *Carryover (Prior to Construction/10% Test)*

NOTE: Material Application or LURA Amendment requests must be received 45 days before the Board Meeting.

Contact your Asset Manager if you are unsure what type of Amendment to request: <https://www.tdhca.state.tx.us/asset-management/contacts.htm>

DEVELOPMENT INFORMATION

Dev. Name: Alton Plaza

File No. / CMTS No.: 17347 /

CONTACT INFORMATION

Request Submitted By: Lisa Stephens

Phone #/Email: (352) 213-8700 /

SECTION 1: COVER LETTER

A cover letter **MUST** be submitted with your request. Review your cover letter to ensure it includes:

- The change(s) requested The reason the change is necessary The good cause for the change
 An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You **MUST** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

- Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted
- Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect
- Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.
- Material Amendment fee of \$2,500 for first amendments, \$3,000 for second amendments, \$3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see **Subchapter E, §10.405(a)(3)**):

- | | | |
|--|---|---|
| <input type="checkbox"/> Site plan | <input type="checkbox"/> Scope of tenant services | <input type="checkbox"/> Exclusion of reqs in Subchapters B & C |
| <input checked="" type="checkbox"/> Number of units* | <input type="checkbox"/> Reduction of 3%+ in unit sq ft | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Bedroom mix | <input type="checkbox"/> Reduction of 3%+ common area | |
| <input checked="" type="checkbox"/> Architectural design | <input type="checkbox"/> Residential density (5%+ change) | |

If “Number of units” is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

- Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units
- Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with §10.405(a)(6)(b).*

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, **§10.405(b)(2)**):

- | | | |
|---|--|--------------------------------|
| <input type="checkbox"/> Reductions in the number of LI units | <input type="checkbox"/> Change in Target Population | |
| <input type="checkbox"/> Changes to income or rent restrictions | <input type="checkbox"/> Removal of Non-profit | <input type="checkbox"/> Other |
| <input type="checkbox"/> Change in ROFR period or other ROFR provisions | | |

The following additional items are attached for consideration or will be forthcoming:

- | | |
|--|--|
| <input type="checkbox"/> Draft Notice of Public Hearing* | <input type="checkbox"/> Evidence of public hearing* |
|--|--|

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

Short Summary Regarding Application Changes

- Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

Short Summary Regarding LURA Changes

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

Short Summary Regarding LURA Changes

ALTON PLAZA
17347
AMENDMENT AND
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 1
LETTER OF EXPLANATION



April 18, 2018

Mr. Kent Bedell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: 17347 Alton Plaza
Ownership Transfer and Guarantor Addition
Unit Mix Change

Mr. Bedell:

Alton Plaza, TDHCA #17347, is hereby requesting to add Guarantors and an Owner per the chart below.

Original Ownership Structure
Saigebrook Alton, LLC 0.01%
Lisa Stephens/Syndicator 99.99%

New Ownership Structure
Saigebrook Alton, LLC 0.0075%
Alton SDA 1305, LLC 0.0025%
Syndicator 99.99%

Original Guarantors
Saigebrook Alton, LLC
Saigebrook Development, LLC
Lisa Stephens

New Guarantors
Alton SDA 1305, LLC
Sarah Dale

In addition, we are requesting a change in the developer fee percentages as shown on the included Developer Organizational Chart. Alton SDA 1305, LLC as an incoming guarantor will receive a portion of the Developer Fee as a guarantee fee but will not be a Developer of record for the property. We have listed Alton SDA 1305, LLC on the Developer Org Chart since receiving a portion of the fee qualifies them as a Developer under the definitions in the Multi-Family Rules. Additionally the developer fee percentage for O-SDA Industries, LLC has been modified since

application. The controlling entity for Alton Plaza will remain Saigebrook Alton, LLC. As such, financial statements for the new owners are not required with this submittal.

We are providing at this time a draft of the agreement to amend the Operating Agreement to add the new members as well as the Agreement between the parties for the guarantee, fee splits and cash flow splits. Upon approval by TDHCA the amendment will be executed as provided in final form.

The above changes are required by the equity investor and lender as part of their funding commitments based on review and underwriting of the transaction.

We are also requesting at this time a change in the unit total count and unit mix: reducing the overall unit count by one, from 49 total units to 48 total units and changing two one bedrooms to efficiencies. The changes in unit mix and total units have all been made to the market rate units without any impact on the affordable units as shown in the application. These changes were unforeseen at the time of application because these requirements came up in subsequent plan reviews with the State Historic Preservation Officer and the National Park Service (NPS) to maintain certain historic features of the building as required by the Texas Historic Commission and NPS. These requirements have been outlined in the supporting documents from our architect. The unit mix revisions requested are shown below:

| | Efficiency | One Bedroom | Two Bedroom |
|----------------------|-------------------|--------------------|--------------------|
| Total at Application | 6 | 17 | 26 |
| Total at Amendment | 8 | 15 | 25 |

| | Efficiency | One Bedroom | Two Bedroom |
|---------------------------------|-------------------|--------------------|--------------------|
| Affordable Units at Application | 4 | 11 | 18 |
| Affordable Units at Amendment | 4 | 11 | 18 |

| | Efficiency | One Bedroom | Two Bedroom |
|-----------------------------|-------------------|--------------------|--------------------|
| Market Units at Application | 2 | 6 | 8 |
| Market Units at Amendment | 4 | 4 | 7 |

A revised development cost schedule, rent schedule, operating expenses and pro forma are also included in this package.

Please find enclosed the required amendment fees and documentation. If you need any additional information on the above requests you may reach me at 352-213-8700.

Sincerely,



Lisa M. Stephens
President

ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 2
TRANSFER INFORMATION

Ownership Transfer Information

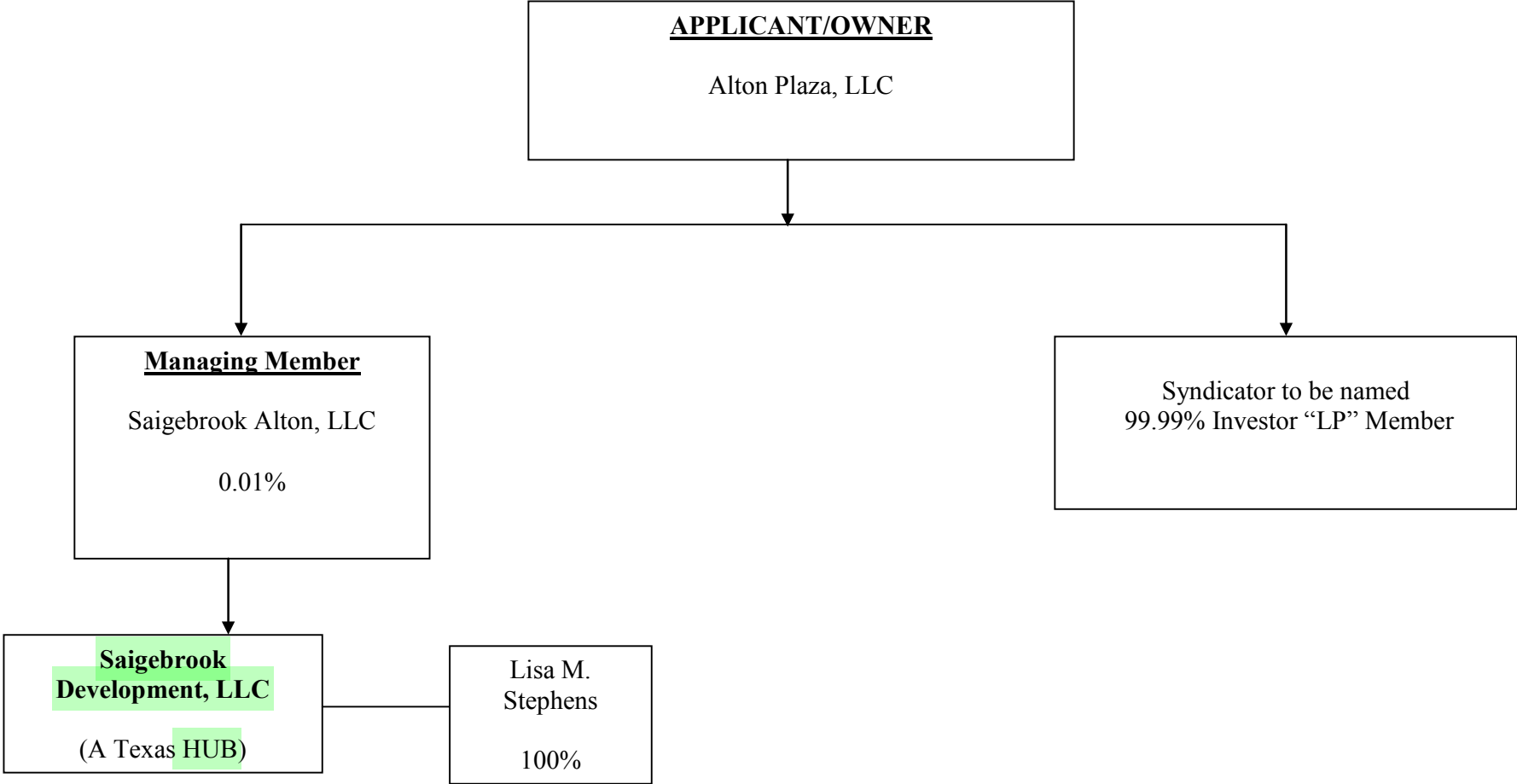
Complete the below information concerning this transfer. Information related to this and other forms in this packet may be found in the Post Award Activities Manual on the Department's Asset Management page.

| | |
|---|---|
| Property Information | |
| TDHCA ID#: <u>17347</u> | Primary Program: <u>9% HTC</u> CMTS#: _____ |
| Property Name: <u>Alton Plaza</u> | Current Owner: <u>Alton Plaza LLC</u> |
| Type of Transfer: <u>Other</u> | Date of Transfer: <u>upon approv</u> OR <input type="checkbox"/> Already Occurred |
| Have Forms 8609 been issued for this property? <u>No</u> | Has construction been completed? <u>No</u> |
| Controlling parties at Application must remain in the structure and retain control. Contact your Asset Manager. | |
| Did this property receive points for non-profit participation? <u>No</u> | Will the non-profit change? <u>No</u> |
| <i>If the property received points and the non-profit will change, the new non-profit's involvement in the operation of the Development throughout the Compliance period must be described.</i> | |
| Did this property receive points for a HUB? <u>Yes</u> | Will the HUB change? <u>No</u> |
| <i>If the property received points and the HUB will change, the new HUB's involvement in the operation of the Development throughout the Compliance period must be described.</i> | |
| Is this property in or past year 15 of its Compliance Period? <u>No</u> | Does the ROFR process apply? <u>Yes</u> |
| Compliance Status | |
| Any uncorrected issues of noncompliance beyond the Corrective Action Period? _____ | _____ |
| Any Corrective Action for noncompliance items currently in review? _____ | Date Submitted: _____ |
| Ownership Transfer Contact Information | |
| Contact Name: <u>Lisa Stephens</u> | Phone: (<u>352</u>) <u>213</u> - <u>8700</u> Extension: _____ |
| Email: <u>lisa@saigebrook.com</u> | Ownership Transfer Fee Submitted? <u>Yes</u> Check #: _____ |
| Property Sale Information (Only if Property Sale is Occurring with Transfer) | |
| Title Company: <u>N/A</u> | Title Company Contact: _____ |
| Email: _____ | Phone: (_____) _____ - _____ Extension: _____ |
| Sale will be: _____ | Amount of New Financing (if any): \$ _____ |
| Lender (if any): _____ | Terms of New Financing (if any): _____ % Interest |
| Total Reserves: \$ _____ | Terms of New Financing (if any): _____ yr Am _____ yr Term |
| | Amount of Reserves to transfer: \$ _____ |
| | If HOME, will HOME loan be paid off at time of sale? _____ |
| New Proposed Owner Information | |
| Proposed Owner: <u>Alton SDA 1305, LLC</u> | Authorized Agent: <u>Sarah Dale</u> |
| Was the above or any of its members formed in a state other than Texas? <u>No</u> | |
| Submit Exhibit A - Appropriate documents from the Texas Secretary of State and copies of governing documents. | |
| Proposed Owner Experience Summary | |
| Does the proposed Owner or its members have experience in affordable housing operations or management? <u>Yes</u> | |
| Years of Cumulative Experience as indicated above: <u>20+</u> | |
| <i>The principal of S Anderson Consulting has consulted, developed and owned affordable housing properties in Texas</i> | |
| New Management Agent Information | |
| <input checked="" type="checkbox"/> Management Agent will be replaced at the time of Transfer. | |
| Entity: _____ | Taxpayer ID: _____ |
| Contact: _____ | Phone: (_____) _____ - _____ Extension: _____ |
| Address: _____ | |
| Email: _____ | |

ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 3
ORIGINAL ORGANIZATIONAL CHARTS

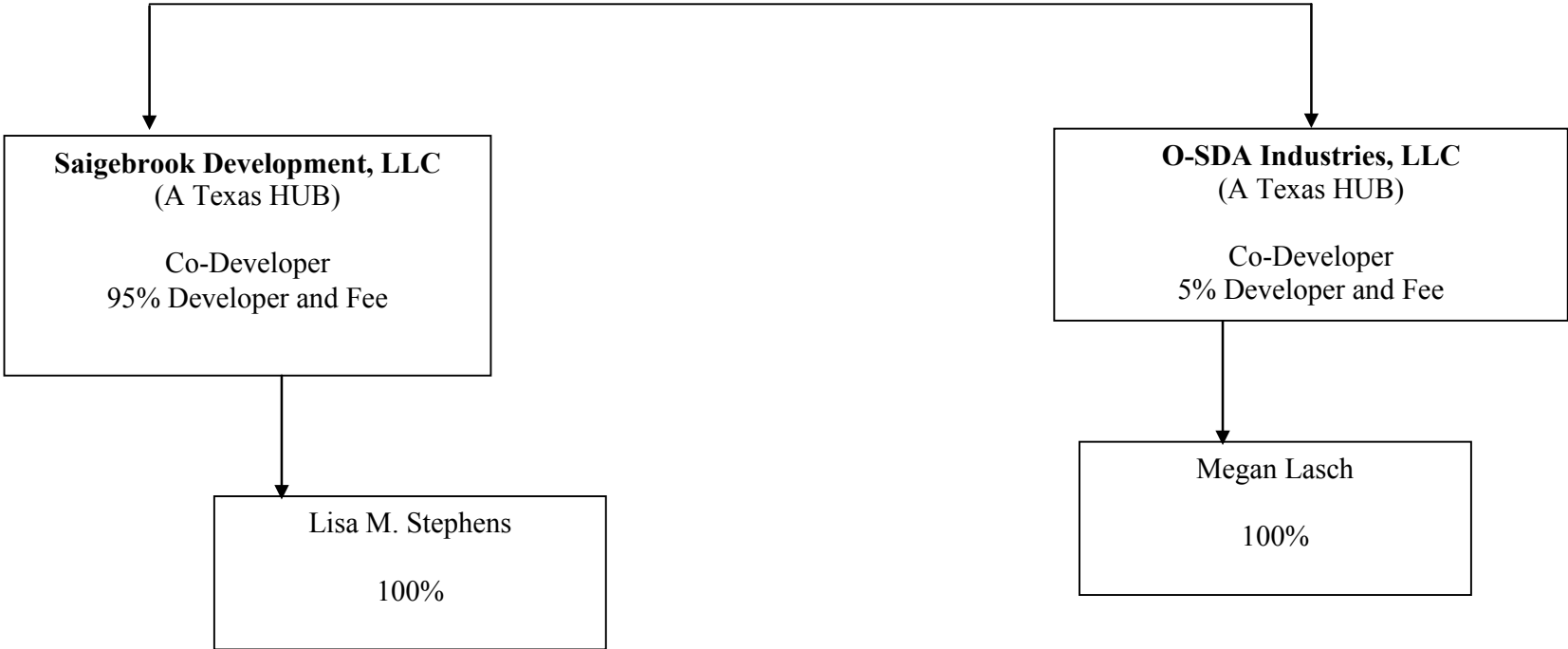
Pre-transfer Organizational Charts

**Alton Plaza
ORGANIZATIONAL CHART FOR
APPLICANT / OWNER**



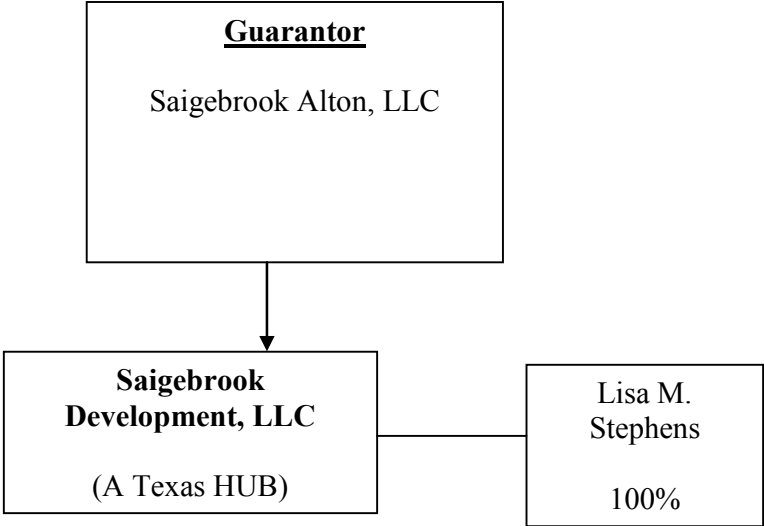
Pre-transfer Organizational Charts

**Alton Plaza
ORGANIZATIONAL CHART FOR
Co-Developers**



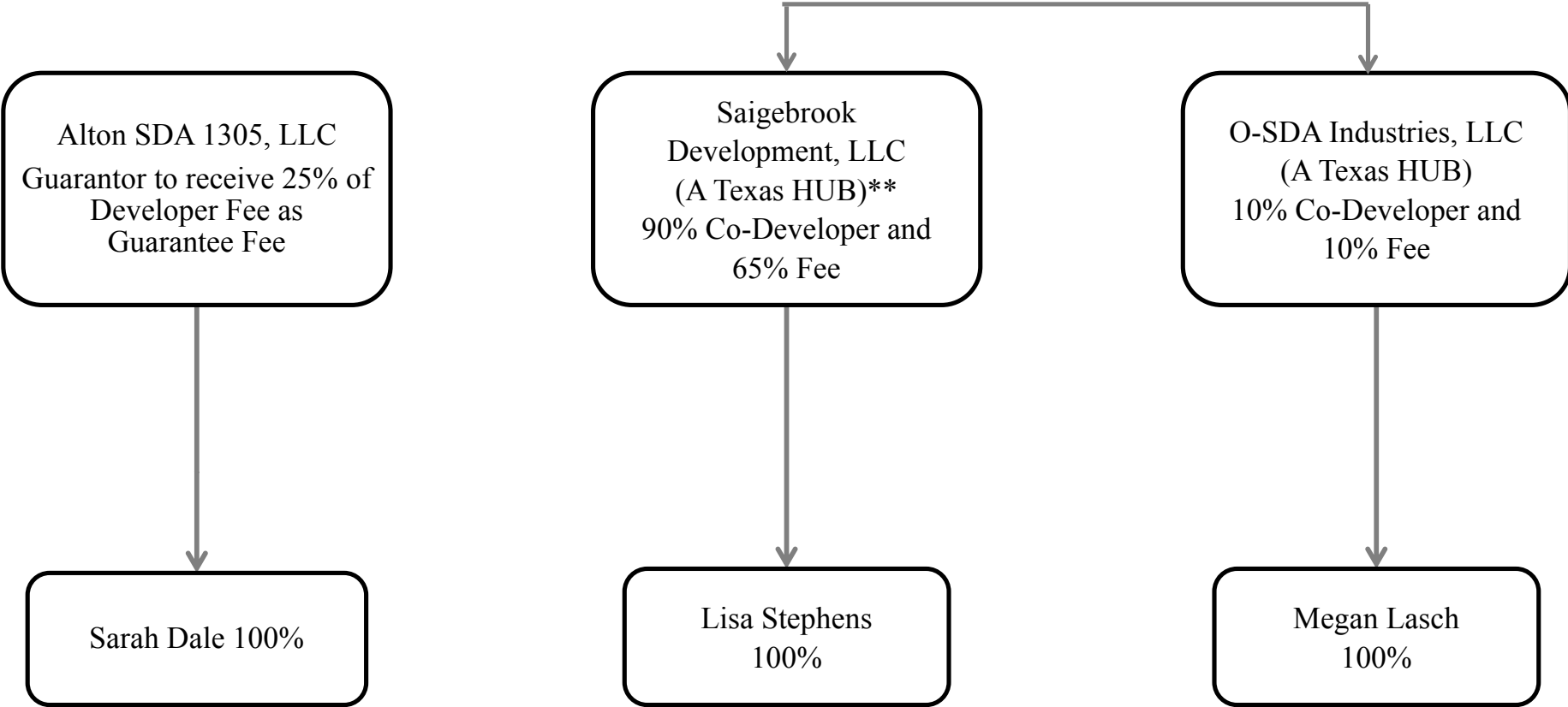
Pre-transfer Organizational Charts

**Alton Plaza
ORGANIZATIONAL CHART FOR
Guarantor**



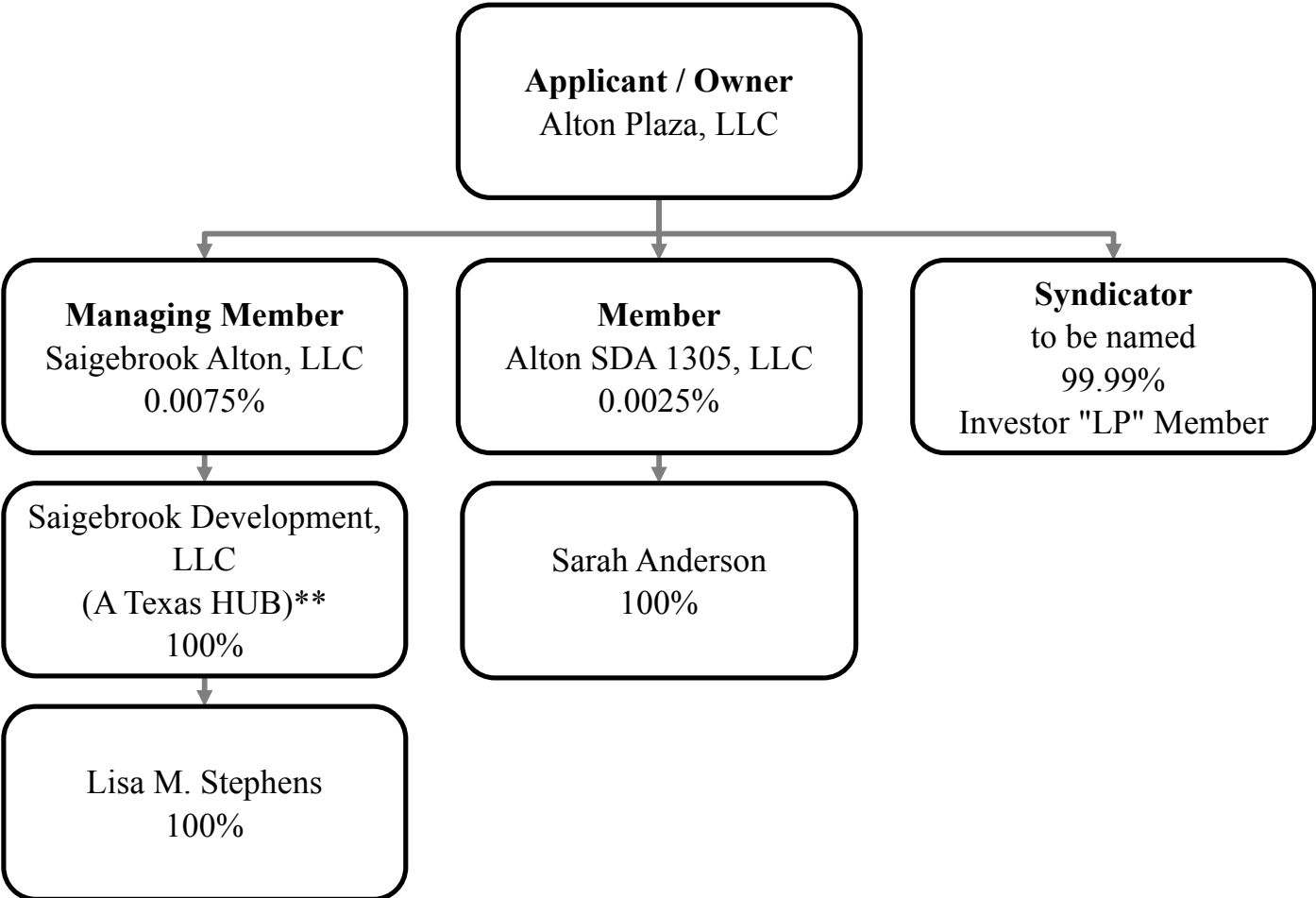
ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 4
NEW ORGANIZATIONAL CHARTS

**Alton Plaza
Proposed
Organizational Chart
for
Co-Developers**



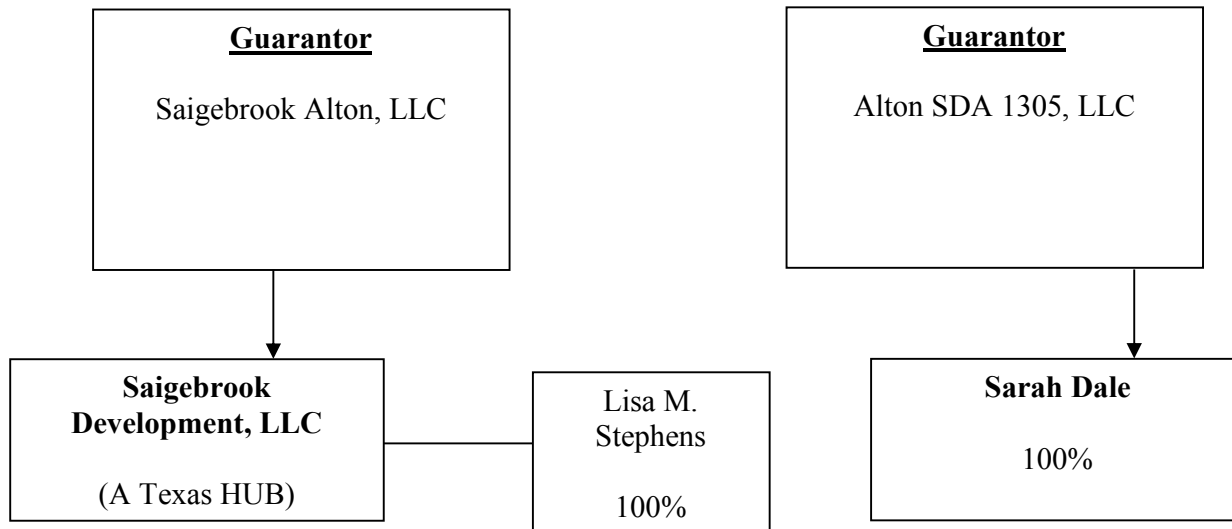
****HUB for purposes of application points is Saigebrook Development, LLC**

**Alton Plaza
Proposed
Organizational Chart
for
Applicant / Owner**



****HUB for purposes of application points is Saigebrook Development, LLC
Cash flow to HUB will be 75%.**

Alton Plaza
ORGANIZATIONAL CHART FOR
Guarantor



ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 5
PREVIOUS PARTICIPATION

Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role: Sarah Dale (minority owner, developer, guarantor)
 Email Address: sarah@sarahandersonconsulting.com
 City & State of Home Addr: Austin, TX
 Applicant Legal Name: Sarah Dale

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

| TDHCA ID# | Property Name | Property City | Program | Control began (mm/yy) | Control End (mm/yy) |
|-----------|---------------------------------|---------------|---------|-----------------------|---------------------|
| 10142 | Mason Senior Apartment Homes | Katy area | HTC | Jul-10 | NA |
| 13180 | Mission Village of Pecos | Pecos | HTC | Jul-13 | NA |
| 14133 | Mission Village of Jacksonville | Jacksonville | HTC | Jul-14 | NA |
| 14229 | Barron's Branch II | Waco | HTC | Jul-14 | NA |
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2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

| | | | | | | | | |
|---------------------------|------|--------------------------|-----------|--------------------------|--------|--------------------------|-----------|--------------------------|
| Community Affairs: | CEAP | <input type="checkbox"/> | DOE | <input type="checkbox"/> | HHSP | <input type="checkbox"/> | WAP | <input type="checkbox"/> |
| | CSBG | <input type="checkbox"/> | ESG | <input type="checkbox"/> | LIHEAP | <input type="checkbox"/> | | |
| HOME: | CFDC | <input type="checkbox"/> | HBA | <input type="checkbox"/> | PWD | <input type="checkbox"/> | TBRA | <input type="checkbox"/> |
| | DR | <input type="checkbox"/> | HRA | <input type="checkbox"/> | SFD | <input type="checkbox"/> | | |
| HTF/OCI: | AYBR | <input type="checkbox"/> | Bootstrap | <input type="checkbox"/> | CFDC | <input type="checkbox"/> | Self-Help | <input type="checkbox"/> |
| Other: | | | | | | | NSP | <input type="checkbox"/> |

ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 6
AGREEMENT TO TRANSFER

AGREEMENT

THIS AGREEMENT ("Agreement") is entered into as of ___ day of _____, 2018, by and among ALTON PLAZA, LLC, a Texas limited liability company ("LLC"), SAIGEBROOK ALTON, LLC, a Texas limited liability company ("Saigebrook Member"), ALTON SDA 1305, LLC, a Texas limited liability company ("GUARANTOR Member") SAIGEBROOK DEVELOPMENT, LLC, a Florida limited liability company ("Saigebrook Developer"), O-SDA INDUSTRIES, LLC, a Texas limited liability company ("OSDA Consultant"), LISA STEPHENS ("Stephens") and Sarah Anderson ("Guarantor").

WITNESSETH:

WHEREAS, the LLC has been formed to acquire certain real property located in Longview, Gregg County, Texas and legally described on Exhibit A attached hereto (the "Property"), for the purpose of providing affordable rental housing to be known as "Alton Plaza" (the "Project"), and to conduct other business activities; and

WHEREAS, Saigebrook Member is the .01% managing member of the LLC, and Stephens is the 99.99% non-managing member of the LLC, it being anticipated that Stephens will withdraw from the LLC upon successful closing of debt and equity financing for construction of the Project; and

WHEREAS, the LLC has submitted an application for an allocation of federal low income housing tax credits ("Credits"), and the application was preliminarily allocated Credits by Texas Department of Housing & Community Affairs ("TDHCA"); and

WHEREAS, the parties will request, and it is anticipated that TDHCA will grant, approval the admission of GUARANTOR Member, and the addition of Guarantor as an additional guarantor (collectively, "TDHCA Approval"); and

WHEREAS, upon receipt of TDHCA Approval, the admission of GUARANTOR Member will be evidenced by an Amended and Restated Operating Agreement of Alton Plaza, LLC in the form attached hereto as Exhibit B ("Operating Agreement"), pursuant to which Saigebrook Member's managing member interest will be reduced to 0.0075% and GUARANTOR Member will own a .0025% member interest in the LLC; and

WHEREAS, the parties hereto desire to enter into this Agreement for the purposes of identifying certain obligations and duties of each of them, as well as the benefits to be derived by each of them in connection with the development of the Project.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and contained in the Operating Agreement, it is agreed as follows:

1. **Recitals.** The above recitals are true and correct and incorporated herein by reference.

2. **Company Interests.** Upon TDHCA Approval and execution of the Operating Agreement, Saigebrook Member, GUARANTOR Member, and Stephens will collectively own 100% of the membership interests in the LLC. Upon closing of debt and equity financing for the

Project, Stephens shall, for no additional consideration, withdraw as the 99.99% non-managing member, and in her place will be admitted an entity (the "Equity Investor") which will invest capital contributions in exchange for an allocation of 99.99% of the tax losses and federal low income tax credits generated by the Project.

3. **Predevelopment Funding.** LLC has obtained "predevelopment" financing (from Saigebrook Developer) for "pre-development" costs of the Project of approximately \$175,000 ("Initial Funding"). GUARANTOR Member and Saigebrook Member agree to use their best efforts to procure pre-development funding as needed from the Equity Investor. GUARANTOR Member shall be responsible for those expenses solely attributable to its formation and its own legal expenses. Except as set forth in the immediately preceding sentence, to the maximum extent possible, all predevelopment expenses of GUARANTOR Member, Saigebrook Member and Saigebrook Developer shall be funded and reimbursed at construction loan closing; to the extent the proceeds available at construction loan closing and equity syndication closing are insufficient to reimburse the foregoing expenses in full, then the parties agree that the first distributions of proceeds for payment of the Developer Fee shall be utilized to repay such unreimbursed expenses on a pro rata basis.

4. **Developer Fee and Cash Flow.** As consideration for the services of Saigebrook Developer as developer and Guarantor as guarantor to the LLC in connection with the development of the Project, but subject at all times to TDHCA Approval, the LLC will pay them (or their affiliates) a guaranty and developer fee as set forth on the attached Development Budget (as hereinafter defined), which is inclusive of their respective administrative overhead and profit (collectively, the "Developer Fee"), and which shall be paid to and divided among them (or their affiliates) as follows. In addition, OSDA Consultant shall receive a consulting fee for its services in connection with the Project as follows.

It is contemplated that the Developer Fee shall be paid during three (3) time periods:

- i. construction;
- ii. upon completion of the Project and conversion of the construction loan to permanent loan status; and
- iii. thereafter, from cash flow from operations of the Project ("Cash Flow").

Payment of the Developer Fee under (i) and (ii) above shall be referred to as the "Non-Deferred Developer Fee," and payment of the Developer Fee under (iii) above shall be referred to as the "Deferred Developer Fee."

Payment of the Non-Deferred Developer Fee and Deferred Developer Fee shall be made as follows: Twenty-five (25%) percent to Guarantor as a guaranty fee, sixty-five (65%) percent to Saigebrook Developer as developer fee and ten (10%) percent to OSDA Consultant as a consulting fee. Each payment of the Developer Fee shall be made proportionate to the foregoing percentage interests. Deferred Developer Fee shall be paid (proportionate to the foregoing percentage interests) from Cash Flow as more fully set forth in an Amended and Restated Operating

Agreement which will be entered into with the Equity Investor as the time of construction financing and equity syndication closing.

Cash Flow shall be distributed as more fully set forth in the Amended and Restated Operating Agreement which will be entered into with the Equity Investor at the time of construction financing and equity syndication closing. Cash flow prior to “Rental Achievement” or “Conversion” shall be utilized first (to the extent permitted by the Amended and Restated Operating Agreement) to reimburse any amounts advanced by the Guarantors, and then to pay the Developer Fee until such time as the Developer Fee is paid in full. All Cash Flow after Rental Achievement shall be applied first (to the extent permitted by the Amended and Restated Operating Agreement) to reimburse any amounts advanced by the Guarantors, and then to pay payment of any Deferred Developer Fee until such fee is paid in full; thereafter, the remaining Cash Flow (not otherwise payable to the Equity Investor) shall be paid sixty-five (65%) percent to Saigebrook Member, twenty-five (25%) percent to GUARANTOR Member and ten (10%) percent to OSDA Consultant (as a consultant fee). After year fifteen and exit of the Equity Investor, Cash Flow shall be paid sixty-five (65%) percent to Saigebrook Member, twenty-five (25%) percent to GUARANTOR Member, and ten (10%) percentage to OSDA Consultant (as a consultant fee). At no time shall the payments to OSDA Consultant exceed such amount as would cause OSDA Consultant to be deemed a principal of the LLC by TDHCA.

Sale and/or Refinancing Proceeds shall be distributed in the same manner as set forth above with respect to Cash Flow (i.e., GUARANTOR Member shall be entitled to 25% prior to exit of the Equity Investor and 25% after exit of the Equity Investor).

5. **Guaranties/Indemnification.** In the event TDHCA Approval is granted, the parties agree to the following additional terms and conditions.

a. In connection with the development of the Project, it is anticipated that financial guaranties will need to be provided to the Project lenders and providers of equity. Stephens and Guarantor and their affiliates (collectively, “Construction Guarantors”) agree to enter into construction, completion, development and environmental-related guaranties required by the providers of equity or construction financing for the Project pertaining to all matters arising before or after conversion to permanent loan status (“Conversion”) and/or achievement of stabilized operations (“Rental Achievement”). Stephens and Guarantor and their affiliates (collectively, “Permanent Guarantors”) agree to enter into all guarantees required by the providers of equity and permanent financing for the Project pertaining to all matters arising after Conversion and/or Rental Achievement. Construction Guarantors and Permanent Guarantors are hereinafter sometimes collectively referred to as the “Guarantors”.

b. Each of the Guarantors shall have a right of contribution and indemnity against each of the other Guarantors in the event that any Guarantor’s liability under the foregoing guaranties exceeds its applicable percentage of the Developer Fee (73% to Saigebrook Member and Stephens, and 27% to Guarantor and GUARANTOR Member).

6. **Management and Control.** Saigebrook Member (in its capacity as managing member of the LLC) shall (subject to the provisions of the Amended and Restated Operating Agreement entered into with the Equity Investor at the time of construction financing and equity

syndication) have sole control and authority over the business and operation of the LLC. However, all “Major Decisions” (as defined below) shall require approval of GUARANTOR Member.

Specifically, Saigebrook Member shall be authorized (on behalf of the LLC) to do any of the following:

- i. Select the Project architect.
- ii. Select the construction and permanent lenders for the Project.
- iii. Select the Equity Investor.

The obligations of the general contractor for the Project shall be secured by a payment and performance bond (“P&P Bond”) for 100% of the amount of the construction contract. In the event the parties agree a P&P Bond is not in the best interest of the development of the Project, either a letter of credit shall be obtained as security or the major subcontractors shall be bonded, or both, as may be required to satisfy the Equity Investor and Project lender. The approved schedule of values for the construction contract shall include general conditions, overhead and profit payable to the general contractor in an amount not to exceed 14% (“Contractor Fees”). Upon completion of the Project and cost certification to TDHCA, Contractor Fees included in eligible basis shall not exceed 14%.

The following actions (“Major Decisions”) shall require the approval of GUARANTOR Member:

- i. Approval of development budgets and initial operating proforma and annual operating budgets through conversion and stabilization and payment of any Deferred Developer Fee. Thereafter, Operating Budgets (as hereinafter defined) shall not require approval of GUARANTOR Member, unless GUARANTOR Member and/or Guarantor remain liable under any guarantees to the Equity Investor in which case the approval of GUARANTOR Member shall continue to be necessary.
- ii. Approval and execution of all financing commitments, including commitments for debt and equity financing.
- iii. Approval and execution of all final documentation for debt and equity financing for the Project.
- iv. Material deviation from development budget or annual operating budget, as more fully set forth below.
- v. Any decision to commence, join in or settle any claim, action, suit or proceeding by, against or involving the LLC involving \$100,000 or more.
- vi. Take any action to initiate a bankruptcy of LLC.

7. **Budgets.**

a. By their execution hereof, each of the parties acknowledges that the LLC will have two separate budgets, each of which will control for different periods of time and for different purposes. The first budget shall be the “Development Budget”, which will control the LLC’s operations with respect to the acquisition and development of the Property through the completion of all items described on the Development Budget and the attainment of Conversion and Rental Achievement. The second budget will refer to the then-effective twelve (12) month “Operating Budget”, which will control each fiscal year’s operations, provided that the operating budget will commence upon the completion of the Development Budget. The parties acknowledge and agree that references throughout this Agreement to the “Budget” shall be deemed to refer to the Development Budget and/or the then-current year’s Operating Budget, as the case may be. The parties further acknowledge that there may be overlap in the time periods covered by the Development Budget and the first Operating Budget. The initial Development Budget and Operating Budget are attached hereto as Exhibit C. The initial Budget is subject to change up to and until construction loan closing.

b. Saigebrook Member shall implement the Budget and shall be authorized, without the need for further approval hereunder, to make the expenditures and incur the obligations provided for in the Budget. Saigebrook Member shall use commercially reasonable efforts to operate within the confines of the then-applicable Budget. Saigebrook Member shall not (without the consent of GUARANTOR Member) (i) with respect to that portion of the Development Budget allocable to the cost of construction, incur additional expenses with respect to the Project of more than ten (10%) percent, in the aggregate, in excess of the Budget amount without the approval of GUARANTOR Member, or (ii) with respect to costs in the Development Budget other than construction costs (the “Common Project Costs”) incur additional expenses with respect to such Common Project Costs of more than ten (10%) percent in excess of the Budget amounts for the aggregate Common Project Costs. The above-referenced budget variances shall be computed with respect to “bottom line” totals; that is, to the extent an increase in one line item of cost is offset with cost savings on another line of cost, the net bottom line effect of increases and decreases shall be considered in determining whether or not further approval is required hereunder.

c. If, for any reason, the parties are unable to agree upon the terms of an Operating Budget, the Operating Budget for the immediately preceding fiscal year shall apply for the fiscal year in question as if said budget was the approved Operating Budget for the fiscal year in question, provided that for any particular line items to which the parties hereto agree in the proposed budget shall be substituted for the same line items in the prior year’s approved Operating Budget, and such budget, as revised, shall apply until the parties agree otherwise as required hereunder.

8. **Miscellaneous.**

a. **Other Interests.** Any of the parties hereto and any of their affiliates, or any shareholder or any other person holding a legal or beneficial interest in an entity which is a party hereto, may engage in or possess an interest in other business ventures which may be competitive with the business of, or which may transact business with the LLC, including, but not limited to, the ownership, financing, leasing, operation, management, syndication, brokerage and development of real property. Neither the LLC nor any party hereto shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits derived from them.

b. **Applicable Law.** This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State of Texas.

c. **Dispute Resolutions.** Any disputes arising hereunder shall be submitted, if necessary, to binding arbitration. Prior to such submission the parties agree to select a mutually acceptable arbitrator to assist in settling any such disputes.

d. **Section Headings.** The section headings inserted into this Agreement are for convenience only and are not intended to and shall not be construed to limit, enlarge or affect the scope or intent of this Agreement nor the meaning of any provision hereof.

e. **Notices.** Any notice or demand required or permitted to be given by or to any of the parties hereto and every allegation of a breach of a warranty or allegation of a misrepresentation contained in this Agreement shall be in writing and shall be personally delivered, sent by telegram or mailed by certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Stephens, Saigebrook 689 FM 3028
Member or Millsap, TX 76066
Saigebrook Developer:

If to OSDA Consultant: 5714 Sam Houston Circle
Austin, TX 78731

If to GUARANTOR _____
Member or Guarantor: _____

or to such other addresses as the parties may from time to time designate in writing in the manner set forth above.

f. **Integration.** This Agreement and related agreements constitute the entire agreement and understanding of the parties with respect to the transactions contemplated hereby, and there are no other terms, understandings, representations, or warranties, express or implied except as set forth in this Agreement and the Operating Agreement. In the event of any contradiction between the terms of this Agreement and a future development agreement, such future agreement shall prevail over this Agreement. No amendment, modification or termination

of this Agreement shall be effective unless in writing and signed by the party intending to be bound thereby. The parties understand and agree that, in connection with closing of the equity syndication financing for the Project, the parties may be required to enter into a new development agreement with the LLC; in such instance, the provisions of such new development agreement shall control. Notwithstanding the foregoing, the parties hereto agree that (to the maximum extent possible) provisions similar to those contained herein shall be contained in such later development agreement and, further, in no event will the division of the Developer Fee be other than as provided herein.

9. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

10. **Time is of the Essence.** The parties hereto agree that time is of the essence for the performance of all obligations hereunder.

11. **Recording.** Neither party hereto shall file or attempt to file this Agreement for record.

12. **Severability.** Invalidation or a holding of unenforceability of any provision of this Agreement shall not affect any other provisions hereof, which other provisions shall remain in full force and effect.

13. **Compliance.** If at any time the compliance score or previous participation review conducted by TDHCA of Saigebrook Member (or any of its affiliates) is such that it negatively impacts the ability of GUARANTOR Member or any of its affiliates to submit future applications for funding to TDHCA or to any other governmental or quasi-governmental funding source (in or outside the State of Texas), GUARANTOR Member shall have the right to require Saigebrook Member to purchase the interest of GUARANTOR Member in the LLC and terminate all of its economic and ownership rights with respect to the LLC and the Project. Such purchase price shall equal that amount which GUARANTOR Member would be entitled to receive hereunder (and under the amended and restated operating agreement of the LLC entered into with the Equity Investor), assuming the Property were sold for its appraised value (such appraised value taking into account the restricted rents and required affordability of the Project) and assuming such funds are distributed pursuant to the “waterfall” provisions of this Agreement or the amended and restated agreement of the LLC entered into with the Equity Investor.

If at any time the compliance score or previous participation review conducted by TDHCA of GUARANTOR Member (or any of its affiliates) is such that it negatively impacts the ability of the Saigebrook Member (or any of its affiliates) to submit future applications for funding to TDHCA or to any other governmental or quasi-governmental funding source (in or outside the State of Texas), Saigebrook Member shall have the right (but not the obligation) to purchase the interest of LDA Member in the LLC and terminate all of GUARANTOR Member’s economic and ownership rights with respect to the LLC and the Project. Such purchase price shall be computed in the same manner as set forth in the immediately preceding paragraph.

14. **Right of First Refusal.** After such time as the Equity Investor is no longer a member of the LLC, GUARANTOR Member and Guarantor shall, in the event the LLC determines to sell the Project, have a right of first refusal to acquire the Project, on the same terms

and conditions as those offered by a prospective third party purchaser. Such right of first refusal shall terminate at such time as GUARANTOR Member is no longer a member of the LLC.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

SAIGEBROOK ALTON, LLC, a Texas limited liability company

By: Saigebrook Development, LLC,
sole member

Witness

By: _____
Lisa Stephens, President/Manager

Witness

O-SDA INDUSTRIES, LLC, a Texas limited liability company

By: _____
Megan Lasch, President/Manager

Witness

Witness

SAIGEBROOK DEVELOPMENT, LLC,
a Florida limited liability company

By: _____
Lisa Stephens, President/Manager

Witness

Witness

ALTON SDA 1305, LLC, a Texas limited liability company

Witness

By: _____
, _____

Witness

Witness

Sarah Dale?

Witness

Witness

Lisa Stephens

Witness

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B

FORM OF AMENDED AND RESTATED OPERATING AGREEMENT

EXHIBIT C

**DEVELOPMENT BUDGET AND
OPERATING BUDGET**

ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 7
TENANT NOTIFICATION

N/A

ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 8
CREDIT LIMIT CERTIFICATIONS

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Alton Plaza

Name and role of Person or Entity completing this form: Sarah Dale

- Which is:
- a new member of the Development Owner after ownership change or transfer
 - a new related party with respect to a new member of the Development Owner
 - a new Developer
 - an Affiliate to the Development Owner
 - a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.


| Development Name: | Region: | City: | % Ownership: | % of Dev. Fee: |
|-------------------|---------|-------|--------------|----------------|
| None | | | | |
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I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

Alton Plaza, LLC
Proposed Development Owner Entity Name

By: 
Signature of Authorized Representative

Sarah Dale
Printed Name

Individual
Individual

4/9/18
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Alton Plaza

Name and role of Person or Entity completing this form: Alton SDA 1305, LLC

- Which is:
- a new member of the Development Owner after ownership change or transfer
 - a new related party with respect to a new member of the Development Owner
 - a new Developer
 - an Affiliate to the Development Owner
 - a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.

| Development Name: | Region: | City: | % Ownership: | % of Dev. Fee: |
|-------------------|---------|-------|--------------|----------------|
| None | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

Alton Plaza, LLC

Proposed Development Owner Entity Name

By: *Sarah Dale*

Signature of Authorized Representative

Sarah Dale

Printed Name

Owner, Alton SDA 1305, LLC

4/9/18

Date

ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 9
OWNER CERTIFICATION & AGREEMENT

Owner Certification & Agreement to Comply with the LURA

Development Name: Alton Plaza

As a Principal or authorized officer of the Development Owner, acting on behalf of the Development Owner, the undersigned hereby requests approval from the Texas Department of Housing and Community Affairs (TDHCA) for the sale, transfer, or exchange of the Development or any portion of or controlling interest for the Development listed above. The undersigned certifies that all new and existing Principals or authorized officers have read, understand, and agree to abide by TDHCA's Uniform Multifamily Rules (Title 10, Texas Administrative Code, Chapter 10) and all provisions under which the application and allocation of Department funds were made, including but not limited to the Qualified Allocation Plan, applicable Federal program rules and guidance (such as Internal Revenue Code Section 42, the HOME Final Rule, etc.) and the Declaration of Land Use Restrictive Covenants/Agreements (LURA) to which the Development is or will be subject. The undersigned certifies that all new and existing Principals or authorized officers understand and agree to abide by tenant protection provisions and rent restrictions as required by the Declaration and State and Federal program rules as amended, including but not limited to Section 42 provisions for Housing Tax Credit properties that entitle tenants of any low income unit, upon termination of the Declaration, to occupy such unit in accordance with the provisions of the Declaration for a period of three years following such termination unless tenancy is terminated upon a showing of good cause or eviction. The undersigned certifies that all statements and representations made in this certification and application for ownership transfer, including all supporting materials and statements concerning organizational structures and financial capacity for all entities, are true and correct under penalty of law, including Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification, and are subject to criminal penalties as defined by the State of Texas. The undersigned certifies that none of the criteria in subparagraphs (A)-(M) of 10 TAC §10.202(1) of the Uniform Multifamily Rules, related to ineligible applicants, applies to any current or proposed applicant entity or Principal of the proposed Ownership Transfer.

The undersigned further certifies that he/she has the authority to execute this certification.

Alton Plaza, LLC

Proposed Development Owner Entity Name

By:

Sarah Dale

Signature of Authorized Representative

Sarah Dale

Printed Name

Owner, Alton SDA 1305, LLC

Title

4-12-18

Date

Sworn to and subscribed before me on the

by

Sarah Dale

(Personalized Seal)

12 day of

April, 2018

M. Shash

Notary Public Signature

Texas

Notary Public, State of

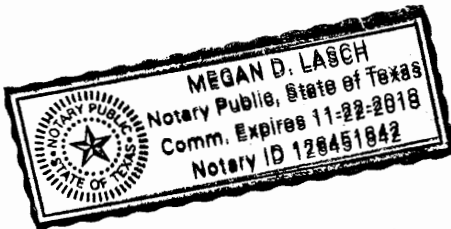
Travis

County of

My Commission Expires:

11-22-18

Date



Owner Certification & Agreement to Comply with the LURA

Development Name: Alton Plaza

As a Principal or authorized officer of the Development Owner, acting on behalf of the Development Owner, the undersigned hereby requests approval from the Texas Department of Housing and Community Affairs (TDHCA) for the sale, transfer, or exchange of the Development or any portion of or controlling interest for the Development listed above. The undersigned certifies that all new and existing Principals or authorized officers have read, understand, and agree to abide by TDHCA's Uniform Multifamily Rules (Title 10, Texas Administrative Code, Chapter 10) and all provisions under which the application and allocation of Department funds were made, including but not limited to the Qualified Allocation Plan, applicable Federal program rules and guidance (such as Internal Revenue Code Section 42, the HOME Final Rule, etc.) and the Declaration of Land Use Restrictive Covenants/Agreements (LURA) to which the Development is or will be subject. The undersigned certifies that all new and existing Principals or authorized officers understand and agree to abide by tenant protection provisions and rent restrictions as required by the Declaration and State and Federal program rules as amended, including but not limited to Section 42 provisions for Housing Tax Credit properties that entitle tenants of any low income unit, upon termination of the Declaration, to occupy such unit in accordance with the provisions of the Declaration for a period of three years following such termination unless tenancy is terminated upon a showing of good cause or eviction. The undersigned certifies that all statements and representations made in this certification and application for ownership transfer, including all supporting materials and statements concerning organizational structures and financial capacity for all entities, are true and correct under penalty of law, including Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification, and are subject to criminal penalties as defined by the State of Texas. The undersigned certifies that none of the criteria in subparagraphs (A)-(M) of 10 TAC §10.202(1) of the Uniform Multifamily Rules, related to ineligible applicants, applies to any current or proposed applicant entity or Principal of the proposed Ownership Transfer.

The undersigned further certifies that he/she has the authority to execute this certification.

Alton Plaza, LLC

Proposed Development Owner Entity Name

By:

Sarah Dale

Signature of Authorized Representative

Sarah Dale

Printed Name

Individual

Title

4-12-18

Date

Sworn to and subscribed before me on the

12 day of

April, 2018

by

Sarah Dale

(Personalized Seal)

Notary Public Signature

M. D. Lasch

Notary Public, State of

Texas

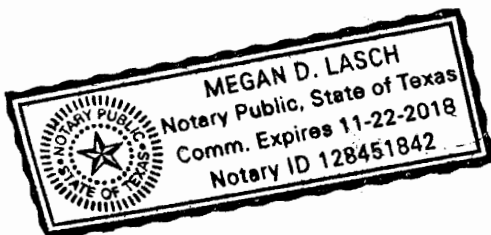
County of

Travis

My Commission Expires:

11-22-18

Date



ALTON PLAZA
17347
OWNERSHIP TRANSFER AND
GUARANTOR ADDITION
TAB 10
RELEASE OF CREDIT INFORMATION

N/A

ALTON PLAZA
17347
AMENDMENT
RENT SCHEDULE

Rent Schedule (Continued)

| | | % of LI | % of Total | |
|------------------------------------|--------------------------------------|---------|------------|-----------|
| HOUSING TAX CREDITS | TC30% | 12% | 8% | 4 |
| | TC40% | | | 0 |
| | TC50% | 21% | 15% | 7 |
| | TC60% | 67% | 46% | 22 |
| | HTC LI Total | | | 33 |
| | EO | | | 0 |
| | MR | | | 15 |
| | MR Total | | | 15 |
| | Total Units | | | 48 |
| | MORTGAGE REVENUE BOND | MRB30% | | |
| MRB40% | | | | 0 |
| MRB50% | | | | 0 |
| MRB60% | | | | 0 |
| MRB LI Total | | | | 0 |
| MRBMR | | | | 0 |
| MRBMR Total | | | | 0 |
| MRB Total | | | | 0 |

| | | % of LI | % of Total | |
|-----------------------------------|-----------------------|---------|------------|----------|
| HOUSING TRUST FUND | HTF30% | | | 0 |
| | HTF40% | | | 0 |
| | HTF50% | | | 0 |
| | HTF60% | | | 0 |
| | HTF80% | | | 0 |
| | HTF LI Total | | | 0 |
| | MR | | | 0 |
| | MR Total | | | 0 |
| | HTF Total | | | 0 |
| | DIRECT LOAN | 30% | | |
| LH/50% | | | | 0 |
| HH/60% | | | | 0 |
| HH/80% | | | | 0 |
| Direct Loan LI Total | | | | 0 |
| EO | | | | 0 |
| MR | | | | 0 |
| MR Total | | | | 0 |
| Direct Loan Total | | | | 0 |
| OTHER | | | | 0 |
| | Total OT Units | | | 0 |

| BEDROOMS | 0 | | | 8 |
|-----------------|---|--|--|----|
| | 1 | | | 15 |
| | 2 | | | 25 |
| | 3 | | | 0 |
| | 4 | | | 0 |
| | 5 | | | 0 |

| | | |
|---------------------------|-----------|---|
| ACQUISITION + HARD | | DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost |
| Cost Per Sq Ft | \$ 107.37 | |
| HARD | | Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there. |
| Cost Per Sq Ft | \$ 107.37 | |
| BUILDING | | |
| Cost Per Sq Ft | \$ 84.89 | |

ALTON PLAZA
17347
AMENDMENT
UTILITY ALLOWANCES

Utility Allowances [§10.614]

Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. Where the Applicant uses any method that requires Department review, such review must have been requested prior to submission of the Application. This exhibit must clearly indicate which utility costs are included in the estimate.

Note: If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one that most closely reflects the actual expenses.

If an independent utility cost evaluation is conducted, it must include confirming documentation from all the relevant utility providers.

If other reductions to the tenant rent are required, such as the cost of flood insurance for tenants' contents, documentation for these reductions to gross rent should also be attached.

| Utility | Who Pays | Source | 0BR | 1BR | 2BR | 3BR | 4BR | Source of Utility Allowance & Effective |
|-----------------------------|----------|----------|-------|-------|-------|------|------|---|
| Heating | Tenant | Electric | | | | | | Diamond Property Consultants |
| Cooking | Tenant | Electric | | | | | | March 2018 Utility Allowance Report |
| Other Electric | Tenant | | | | | | | |
| Air Conditioning | Tenant | Electric | | | | | | |
| Water Heater | Tenant | Electric | | | | | | |
| Water | | | | | | | | |
| Sewer | | | | | | | | |
| Trash | | | | | | | | |
| Flat Fee | Tenant | Electric | \$ 44 | \$ 49 | \$ 59 | | | |
| Other | | | | | | | | |
| Total Paid by Tenant | | | \$ 44 | \$ 49 | \$ 59 | \$ - | \$ - | |

Other (Describe)

| |
|--|
| |
| |
| |
| |



ALTON PLAZA
17347
AMENDMENT
UTILITY ALLOWANCE REPORT



DIAMOND
Property Consultants, Inc.

2018 UTILITY ALLOWANCE REPORT

for

ALTON PLAZA

MARCH 2018

SUBMITTED TO:
Alton Plaza, LLC
3300 Oak Creek Drive
Austin, TX 78727

SUBMITTED BY:
Diamond Property Consultants, Inc.
2113 Kings Pass
Heath, Texas 75032
Phone: (972) 475-9977

Authorized Signature: James Beats - President

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SECTION I METHODOLOGY USED TO CALCULATE UTILITY ALLOWANCES

I.A BACKGROUND

In accordance with regulations promulgated by the Department of the Treasury, through the Internal Revenue Service, owners of Low Income Housing Tax Credit ("LIHTC") financed properties are obligated to offer both (1) prescribed below market rents and (2) allowances for utilities to qualifying residents who reside on their properties. The IRS has issued specific guidelines and rules for the calculation of the below market rents and utility allowances, which are administered on the local level by the state housing credit agencies. Failure to comply with these regulations can result in serious penalties to the LIHTC owners. Copies of key regulations included in Section III of this report are:

- 26 CFR 1.42-10
- Texas Administrative Code, Title 10, Part 1, Chapter 10, Subchapter F, Rule 10.614, Utility Allowances
- IRS 8823 Guide, rev. 01/2011, Chapter 18 regarding Utility Allowances

In particular, Section 42.10 of the Income Tax Regulations (26 CFR 1.42-10) specially addresses Utility Allowances as they relate to affordable housing. Individual states have further adopted local guidelines for the administration of the basic IRS rules. Under the regulations owners are given the opportunity to select among several alternative methodologies for use in the calculation of the actual utility allowances that will be used on their specific properties. There are also restrictions on properties that are financed using certain types of government programs that limit the utility allowance calculation to a single method. For instance, Rural Housing Assistance and Department of Housing and Urban Development regulated properties may only use the utility allowance schedules issued by the proximate applicable Public Housing Authorities. For other properties, however, under the current regulations there are five methodologies approved in 26 CFR 1.42-10 which an owner may use for calculating the utility allowances:

1. The applicable Public Housing Authority (PHA) utility allowance established for the Section 8 Existing Housing Program.
2. Utility Company Estimate
3. Agency Estimate (also referred to by TDHCA as the actual use methodology)
4. The HUD Utility Model Schedule
5. The Energy Consumption Model.

I.B METHODOLOGY USED FOR THIS PROPERTY

Diamond Property Consultants, Inc. (DPC) has been engaged by Alton Plaza, LLC to assist in delivering updated utility allowance schedules for the property to-be known as Alton Plaza located in Longview, TX. The methodology used for this property is the Utility Company Estimate Methodology as approved in 26 CFR 1.42-10 and in the Texas Administrative Code, Title 10, Part 1, Chapter 10, Subchapter F, Rule 10.614, Utility Allowances, referred to as the Written Estimate From a Local Provider Methodology. The utility company estimate is provided on letterhead from Southwestern Electric Power Company (SWEPCO), a unit of American Electric Power, a utility company providing service where the property is located. The letter is included in Section II of this report.

The final utility company estimate letter was provided by a certain local utility provider, who is either actually serving the subject property or who has the capability and legal right to do so. In this case, the specific local provider responsible for issuing the utility company estimate letter is Southwestern Electric Power Company (SWEPCO), a unit of American Electric Power ("Provider") as indicated by the enclosed letter. DPC requested the utility company estimate letter for the subject property using the policies and procedures as established by the Provider.

SECTION II PROPERTY SPECIFIC ALLOWANCES / UTILITY PROVIDER LETTER

The following chart provides a breakdown of the utility allowances for Alton Plaza, based on the enclosed utility company estimate letter **:

Electric Numbers per SWEPCO Letter dated 03/06/18

Alton Plaza

| ELECTRIC - Utility Allowances | | | |
|--------------------------------------|-----------------|-----------------|-----------------|
| | 0 BR | 1 BR | 2 BR |
| TOTAL | \$ 44.00 | \$ 49.00 | \$ 59.00 |

NOTES:

1. Water, Sewer and Trash are property paid and therefore not included in the resident paid allowances above.

** Utility company estimate letter is included on the following page:

- Southwestern Electric Power Company (SWEPCO), a unit of American Electric Power



A unit of American Electric Power

Southwestern Electric
Power Company
4421 W Loop 281
Longview, TX 75604
SWEPCO.com

Alton Plaza
202 E Whaley Street
Longview, TX 75601

March 6, 2018

RE: Utility Allowance Estimate

To Whom It May Concern:

In our opinion, as of this date, the monthly utility charge estimates listed below would apply for the above noted property located within the service area of Southwestern Electric Power Company (SWEPCO), a unit of American Electric Power (AEP):

| ELECTRIC - Utility Allowances | | | |
|--------------------------------------|-----------------|-----------------|-----------------|
| | 0 BR | 1 BR | 2 BR |
| TOTAL | \$ 44.00 | \$ 49.00 | \$ 59.00 |

NOTES:

1. At a minimum, the subject property is to be built subject to the 2009 International Energy Conservation Code (IECC).
2. Once built and ready for occupancy, the utility allowance estimates will be reviewed and revised using the SWEPCO rates in effect at the time.
3. The above utility allowances are only an estimate.
4. The monthly utility charge estimates are for a unit of similar size and construction for the geographic area in which the building containing the unit is located.
5. The above utility allowances, by bedroom type, apply to all building configurations on this property.
6. Estimates based on an "Energy Conservative Household" and other criteria as defined by the U.S. Department of Housing and Urban Development (HUD).
7. Estimates include costs for heating; cooking; other electric (lighting, etc.); air conditioning; water heating; and all monthly component charges.

Sincerely yours,

A handwritten signature in blue ink that reads 'Caroline Hampton'.

Caroline Hampton
SWEPCO

SECTION III

SUPPORTING DOCUMENTATION

- 26 CFR 1.42-10
- Texas Administrative Code, Title 10, Part 1, Chapter 10, Subchapter F, Rule 10.614, Utility Allowances
- IRS 8823 Guide, rev. 01/2011, Chapter 18 regarding Utility Allowances

§ 1.42-10 Utility allowances.

(a) Inclusion of utility allowances in gross rent. If the cost of any utility (other than telephone, cable television, or Internet) for a residential rental unit is paid directly by the tenant(s), and not by or through the owner of the building, the gross rent for that unit includes the applicable utility allowance determined under this section. This section only applies for purposes of determining gross rent under section 42(g)(2)(B)(ii) as to rent-restricted units.

(b) Applicable utility allowances —(1) Buildings assisted by the Rural Housing Service. If a building receives assistance from the Rural Housing Service (RHS-assisted building), the applicable utility allowance for all rent-restricted units in the building is the utility allowance determined under the method prescribed by the Rural Housing Service (RHS) for the building (whether or not the building or its tenants also receive other state or federal assistance).

(2) Buildings with Rural Housing Service assisted tenants. If any tenant in a building receives RHS rental assistance payments (RHS tenant assistance), the applicable utility allowance for all rent-restricted units in the building (including any units occupied by tenants receiving rental assistance payments from the Department of Housing and Urban Development (HUD)) is the applicable RHS utility allowance.

(3) Buildings regulated by the Department of Housing and Urban Development. If neither a building nor any tenant in the building receives RHS housing assistance, and the rents and utility allowances of the building are reviewed by HUD on an annual basis (HUD-regulated building), the applicable utility allowance for all rent-restricted units in the building is the applicable HUD utility allowance.

(4) Other buildings. If a building is neither an RHS-assisted nor a HUD-regulated building, and no tenant in the building receives RHS tenant assistance, the applicable utility allowance for rent-restricted units in the building is determined under the following methods.

(i) Tenants receiving HUD rental assistance. The applicable utility allowance for any rent-restricted units occupied by tenants receiving HUD rental assistance payments (HUD tenant assistance) is the applicable Public Housing Authority (PHA) utility allowance established for the Section 8 Existing Housing Program.

(ii) Other tenants —(A) General rule. If none of the rules of paragraphs (b)(1), (2), (3), and (4)(i) of this section apply to any rent-restricted units in a building, the appropriate utility allowance for the units is the applicable PHA utility allowance. However, if a local utility company estimate is obtained for any unit in the building in accordance with paragraph (b)(4)(ii)(B) of this section, that estimate becomes the appropriate utility allowance for all rent-restricted units of similar size and construction in the building. This local utility company estimate procedure is not available for and does not apply to units to which the rules of paragraphs (b) (1), (2), (3), or (4)(i) of this section apply. However, if a local utility company estimate is obtained for any unit in the building under

paragraph (b)(4)(ii)(B) of this section, a State or local housing credit agency (Agency) provides a building owner with an estimate for any unit in a building under paragraph (b)(4)(ii)(C) of this section, a cost estimate is calculated using the HUD Utility Schedule Model under paragraph (b)(4)(ii)(D) of this section, or a cost estimate is calculated by an energy consumption model under paragraph (b)(4)(ii)(E) of this section, then the estimate under paragraph (b)(4)(ii)(B), (C), (D), or (E) becomes the applicable utility allowance for all rent-restricted units of similar size and construction in the building. Paragraphs (b)(4)(ii)(B), (C), (D), and (E) of this section do not apply to units to which the rules of paragraphs (b)(1), (2), (3), or (4)(i) of this section apply.

(B) Utility company estimate. Any interested party (including a low-income tenant, a building owner, or an Agency) may obtain a local utility company estimate for a unit. The estimate is obtained when the interested party receives, in writing, information from a local utility company providing the estimated cost of that utility for a unit of similar size and construction for the geographic area in which the building containing the unit is located. In the case of deregulated utility services, the interested party is required to obtain an estimate only from one utility company even if multiple companies can provide the same utility service to a unit. However, the utility company must offer utility services to the building in order for that utility company's rates to be used in calculating utility allowances. The estimate should include all component deregulated charges for providing the utility service. The local utility company estimate may be obtained by an interested party at any time during the building's extended use period (see section 42(h)(6)(D)) or, if the building does not have an extended use period, during the building's compliance period (see section 42(i)(1)). Unless the parties agree otherwise, costs incurred in obtaining the estimate are borne by the initiating party. The interested party that obtains the local utility company estimate (the initiating party) must retain the original of the utility company estimate and must furnish a copy of the local utility company estimate to the owner of the building (where the initiating party is not the owner), and the Agency that allocated credit to the building (where the initiating party is not the Agency). The owner of the building must make available copies of the utility company estimate to the tenants in the building.

(C) Agency estimate. A building owner may obtain a utility estimate for each unit in the building from the Agency that has jurisdiction over the building provided the Agency agrees to provide the estimate. The estimate is obtained when the building owner receives, in writing, information from the Agency providing the estimated per-unit cost of the utilities for units of similar size and construction for the geographic area in which the building containing the units is located. The Agency estimate may be obtained by a building owner at any time during the building's extended use period (see section 42(h)(6)(D)). Costs incurred in obtaining the estimate are borne by the building owner. In establishing an accurate utility allowance estimate for a particular building, an Agency (or an agent or other private contractor of the Agency that is a qualified professional within the meaning of paragraph (b)(4)(ii)(E) of this section) must take into account, among other things, local utility rates, property type, climate and degree-day variables by region in the State, taxes and fees on utility charges, building materials, and mechanical systems. If the Agency uses an agent or other private contractor to calculate the utility

estimates, the agent or contractor and the owner must not be related within the meaning of section 267(b) or 707(b). An Agency may also use actual utility company usage data and rates for the building. However, use of the Agency estimate is limited to the building's consumption data for the twelve-month period ending no earlier than 60 days prior to the beginning of the 90-day period under paragraph (c)(1) of this section and utility rates used for the Agency estimate must be no older than the rates in place 60 days prior to the beginning of the 90-day period under paragraph (c)(1) of this section. In the case of newly constructed or renovated buildings with less than 12 months of consumption data, the Agency (or an agent or other private contractor of the Agency that is a qualified professional within the meaning of paragraph (b)(4)(ii)(E) of this section) may use consumption data for the 12-month period of units of similar size and construction in the geographic area in which the building containing the units is located.

(D) HUD Utility Schedule Model. A building owner may calculate a utility estimate using the "HUD Utility Schedule Model" that can be found on the Low-Income Housing Tax Credits page at <http://www.huduser.org/datasets/lihtc.html> (or successor URL). Utility rates used for the HUD Utility Schedule Model must be no older than the rates in place 60 days prior to the beginning of the 90-day period under paragraph (c)(1) of this section.

(E) Energy consumption model. A building owner may calculate utility estimates using an energy and water and sewage consumption and analysis model (energy consumption model). The energy consumption model must, at a minimum, take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location. The utility consumption estimates must be calculated by either a properly licensed engineer or a qualified professional approved by the Agency that has jurisdiction over the building (together, qualified professional), and the qualified professional and the building owner must not be related within the meaning of section 267(b) or 707(b). Use of the energy consumption model is limited to the building's consumption data for the twelve-month period ending no earlier than 60 days prior to the beginning of the 90-day period under paragraph (c)(1) of this section, and utility rates used for the energy consumption model must be no older than the rates in place 60 days prior to the beginning of the 90-day period under paragraph (c)(1) of this section. In the case of newly constructed or renovated buildings with less than 12 months of consumption data, the qualified professional may use consumption data for the 12-month period of units of similar size and construction in the geographic area in which the building containing the units is located.

(c) Changes in applicable utility allowance —(1) In general. If, at any time during the building's extended use period (as defined in section 42(h)(6)(D)), the applicable utility allowance for units changes, the new utility allowance must be used to compute gross rents of the units due 90 days after the change (the 90-day period). For example, if rent must be lowered because a local utility company estimate is obtained that shows a higher utility cost than the otherwise applicable PHA utility allowance, the lower rent must be in effect for rent due at the end of the 90-day period. A building owner using a utility

company estimate under paragraph (b)(4)(ii)(B) of this section, the HUD Utility Schedule Model under paragraph (b)(4)(ii)(D) of this section, or an energy consumption model under paragraph (b)(4)(ii)(E) of this section must submit copies of the utility estimates to the Agency that has jurisdiction over the building and make the estimates available to all tenants in the building at the beginning of the 90-day period before the utility allowances can be used in determining the gross rent of rent-restricted units. An Agency may require additional information from the owner during the 90-day period. Any utility estimates obtained under the Agency estimate under paragraph (b)(4)(ii)(C) of this section must also be made available to all tenants in the building at the beginning of the 90-day period. The building owner must pay for all costs incurred in obtaining the estimates under paragraphs (b)(4)(ii)(B), (C), (D), and (E) of this section and providing the estimates to the Agency and the tenants. The building owner is not required to review the utility allowances, or implement new utility allowances, until the building has achieved 90 percent occupancy for a period of 90 consecutive days or the end of the first year of the credit period, whichever is earlier.

(2) Annual review. A building owner must review at least once during each calendar year the basis on which utility allowances have been established and must update the applicable utility allowance in accordance with paragraph (c)(1) of this section. The review must take into account any changes to the building such as any energy conservation measures that affect energy consumption and changes in utility rates.

(d) Record retention. The building owner must retain any utility consumption estimates and supporting data as part of the taxpayer's records for purposes of §1.6001-1(a).

[T.D. 8520, 59 FR 10073, Mar. 3, 1994, as amended by T.D. 9420, 73 FR 43867, July 29, 2008]

| | |
|---------------------|---|
| <u>TITLE 10</u> | COMMUNITY DEVELOPMENT |
| <u>PART 1</u> | TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS |
| <u>CHAPTER 10</u> | UNIFORM MULTIFAMILY RULES |
| <u>SUBCHAPTER F</u> | COMPLIANCE MONITORING |
| <u>§10.614</u> | UTILITY ALLOWANCES |

§10.614. Utility Allowances

- (a) Purpose. The purpose of this section is to provide the guidelines for calculating a Utility Allowance under the Department's multifamily programs. The Department will cite noncompliance and/or not approve a Utility Allowance if it is not calculated in accordance with this section. Owners are required to comply with the provisions of this section, as well as, any existing federal or state program guidance.
- (b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise. Other capitalized terms used in this section herein have the meaning assigned in Chapters 1, 2 and 10 of this part.
 - (1) Building Type. The HUD Office of Public and Indian Housing (“PIH”) characterizes building and unit configurations for HUD programs. The Department will defer to the guidance provided by HUD found at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11608.pdf (or successor Uniform Resource Locator (“URL”)) when making determinations regarding the appropriate building type(s) at a Development.
 - (2) Power to Choose. The Public Utility Commission of Texas database of retail electric providers in the areas of the state where the sale of electricity is open to retail competition <http://www.powertochoose.org/> (or successor URL). In areas of the state where electric service is deregulated, the Department will verify the availability of residential service directly with the Utility Provider. If the Utility Provider is not listed as a provider of residential service in the Development's ZIP code for an area that is deregulated, the request will not be approved
 - (3) Component Charges. The actual cost associated with the billing of a residential utility. Each Utility Provider may publish specific utility service information in varying formats depending on the service area. Such costs include, but are not limited to:
 - (A) Rate(s). The cost for the actual unit of measure for the utility (e.g. cost per kilowatt hour for electricity);
 - (B) Fees. The cost associated with a residential utility that is incurred regardless of the amount of the utility the household consumes (e.g. Customer Charge); and,
 - (C) Taxes. Taxes for electricity and gas are regulated by the Texas Comptroller of Public Accounts and can be found <http://comptroller.texas.gov/> (or successor URL). Local Utility Providers have control of the tax structure related to water, sewer and trash. To identify if taxes are imposed for these utilities, obtain documentation directly from the Utility Provider.
 - (4) Multifamily Direct Loan (“MFDL”) - Funds provided through the HOME Program (“HOME”), Neighborhood Stabilization Program (“NSP”), National Housing Trust Fund (“NHTF”), Repayments from the Tax Credit Assistance Program (“TCAP RF”), or other program available through the Department, local political subdivision, or administrating agency for multifamily development that require a Utility Allowance. MFDLs may also include deferred forgivable loans or

other similar direct funding, regardless if it is required to be repaid. Housing Tax Credits, Tax Exempt Bonds and Project Based Vouchers are not MFDLs.

- (5) Renewable Source. Energy produced from energy property described in IRC §48 or IRC §45(d)(1) through (4), (6), (9), or (11). The manner in which a resident is billed is limited to the rate at which the local Utility Provider would have charged the residents for the utility if that entity had provided it to them, and as may be further limited by the Texas Utilities Code or by regulation.
 - (6) Submetered Utility. A utility purchased from or through a local Utility Provider by the building Owner where the resident is billed directly by Owner of the building or to a third party billing company and the utility is:
 - (A) Based on the residents' actual consumption of that utility and not an allocation method or Ratio Utility Billing System ("RUBS"); and,
 - (B) The rate at which the utility is billed does not exceed the rate incurred by the building owner for that utility.
 - (7) Utility Allowance. An estimate of the expected monthly cost of any utility for which a resident is financially responsible, other than telephone, cable television, or internet.
 - (A) For HTC, TCAP, Exchange buildings, and SHTF include:
 - (i) Utilities paid by the resident directly to the Utility Provider;
 - (ii) Submetered Utilities; and,
 - (iii) Renewable Source Utilities.
 - (B) For a Development with a MFDL, unless otherwise prescribed in the program's Regulatory Agreement, include all utilities regardless of how they are paid.
 - (8) Utility Provider. The company that provides residential utility service (e.g. electric, gas, water, wastewater, and/or trash) to the buildings.
- (c) Methods. The following options are available to establish a Utility Allowance for all programs except Developments funded with MFDL funds, which are addressed in subsection (d) of this section.
- (1) Rural Housing Services ("RHS") buildings or buildings with RHS assisted residents. The applicable Utility Allowance for the Development will be determined under the method prescribed by the RHS (or successor agency). No other utility method described in this section can be used by RHS buildings or buildings with RHS assisted residents.
 - (2) HUD-Regulated buildings layered with any Department program. If neither the building nor any resident in the building receives RHS rental assistance payments, and the rents and the Utility Allowances of the building are regulated by HUD (HUD-regulated building), the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method described in this section can be used by HUD-regulated buildings. Unless further guidance is received from the U.S. Department of Treasury or the Internal Revenue Service ("IRS"), the Department considers Developments awarded a MFDL (e.g. HOME) to be HUD-Regulated buildings.
 - (3) Other Buildings. For all other rent-restricted Units, Development Owners must use one of the methods described in subparagraphs (A) - (E) of this paragraph:

- (A) Public Housing Authority (“PHA”). The Utility Allowance established by the applicable PHA for the Housing Choice Voucher Program. The Department will utilize the Texas Local Government Code, Chapter 392 to determine which PHA is the most applicable to the Development.
- (i) If the PHA publishes different schedules based on Building Type, the Owner is responsible for implementing the correct schedule based on the Development's Building Type(s). Example 614(1): The applicable PHA publishes a separate Utility Allowance schedule for Apartments (5+ units), one for Duplex/Townhomes and another for Single Family Homes. The Development consists of 20 buildings, ten of which are Apartments (5+ units) and the other ten buildings are Duplexes. The Owner must use the correct schedule for each Building Type.
 - (ii) In the event the PHA publishes a Utility Allowance schedule specifically for energy efficient units, and the Owner desires to use such a schedule, the Owner must demonstrate that the building(s) meet the housing authority's specifications for energy efficiency once every five years.
 - (iii) If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the Utility Allowance if the resident is responsible for that utility.
 - (iv) If the individual components of a Utility Allowance are not in whole number format, the correct way to calculate the total allowance is to add each amount and then round the total up to the next whole dollar. Example 614(2): Electric cooking is \$8.63, Electric Heating is \$5.27, Other Electric is \$24.39, Water and Sewer is \$15. The Utility Allowance in this example is \$54.00.
 - (v) If an Owner chooses to implement a methodology as described in subparagraph (B), (C), (D), or (E) of this paragraph, for Units occupied by Section 8 voucher holders, the Utility Allowance remains the applicable PHA Utility Allowance established by the PHA from which the household's voucher is received.
 - (vi) If the Development is located in an area that does not have a municipal, county, or regional housing authority that publishes a Utility Allowance schedule for the Housing Choice Voucher Program, Owners must select an alternative methodology, unless the building(s) is located in the published Housing Choice Voucher service area of:
 - (I) A Council of Government created under Texas Local Government Code, Chapter 303, that operates a Housing Choice Voucher Program; or,
 - (II) The Department’s Housing Choice Voucher Program.
- (B) Written Local Estimate. The estimate must come from the local Utility Provider, be signed by the Utility Provider representative, and specifically include all Component Charges for providing the utility service.
- (C) HUD Utility Schedule Model. The HUD Utility Schedule Model and related resources can be found at <http://www.huduser.gov/portal/resources/utilallowance.html> (or successor URL). Each item on the schedule must be displayed out two decimal places. The total allowance must be rounded up to the next whole dollar amount. The Component Charges used can be no older than those in effect 60 days prior to the beginning of the 90 day period described in described in paragraph (f)(3) of this section related to Effective Dates.

- (i) The allowance must be calculated using the MS Excel version available at <http://www.huduser.org/portal/resources/utilmodel.html> (or successor URL), as updated from time to time, with no changes or adjustments made other than entry of the required information needed to complete the model.
 - (ii) In the event that the PHA code for the local PHA to the Development is not listed in “Location” tab of the workbook, the Department will use the PHA code for the PHA that is closest in distance to the Development using online mapping tools (e.g. MapQuest).
 - (iii) Green Discount. If the Owner elects any of the Green Discount options for a Development, documentation to evidence that the units and the buildings meet the Green Discount standard as prescribed in the model is required for the initial approval and every subsequent annual review. In the event the allowance is being calculated for an application of Department funding (e.g. 9% Housing Tax Credits), upon request, the Department will provide both the Green Discount and the non-Green Discount results for application purposes; however, to utilize the Green Discount allowance for leasing activities, the Owner must evidence that the units and buildings have met the Green Discount elected when the request is submitted as required in subsection (l) of this section.
 - (iv) Do not take into consideration any costs (e.g. penalty) or credits that a consumer would incur because of their actual usage. Example 614(3) The Electric Fact Label for ABC Electric Utility Provider provides a Credit Line of \$40 per billing cycle that is applied to the bill when the usage is greater than 999 kWh and less than 2000 kWh. Example 614(4) A monthly minimum usage fee of \$9.95 is applied when the usage is less than 1000 kWh in the billing cycle. When calculating the allowance, disregard these types costs or credits.
- (D) Energy Consumption Model. The model must be calculated by a properly licensed mechanical engineer. The individual must not be related to the Owner within the meaning of §267(b) or §707(b) of the Code. The utility consumption estimate must, at minimum, take into consideration specific factors that include, but are not limited to, Unit size, building type and orientation, design and materials, mechanical systems, appliances, characteristics of building location, and available historical data. Component Charges used must be no older than in effect 60 days prior to the beginning of the 90 day period described in paragraph (f)(3) of this section related to Effective Dates; and,
- (E) An allowance based upon an average of the actual use of similarly constructed and sized Units in the building using actual utility usage data and Component Charges, provided that the Development Owner has the written permission of the Department. This methodology is referred to as the "Actual Use Method." For a Development Owner to use the Actual Use Method they must:
- (i) Provide a minimum sample size of usage data for at least five Continuously Occupied Units of each Unit Type or 20 percent of each Unit Type whichever is greater. If there are less than five Units of any Unit Type, data for 100 percent of the Unit Type must be provided;
 - (ii) Upload the information in subclause (I) - (IV) of this clause to the Development’s CMTS account no later than the beginning of the 90 day period after which the Owner intends to implement the allowance, reflecting data no older than 60 days prior to the 90 day implementation period described in described in paragraph (f)(3) of this section related to Effective Dates.

- (I) An Excel spreadsheet listing each Unit for which data was obtained to meet the minimum sample size requirement of a Unit Type, the number of bedrooms, bathrooms and square footage for each Unit, the household's move-in date, the utility usage (e.g. actual kilowatt usage for electricity) for each month of the 12 month period for each Unit for which data was obtained, and the Component Charges in place at the time of the submission;
 - (II) All documentation obtained from the Utility Provider (or billing entity for the utility provider) and/or copies of actual utility bills gathered from the residents, including all usage data not needed to meet the minimum sample size requirement and any written correspondence from the utility provider;
 - (III) The rent roll showing occupancy as of the end of the month for the month in which the data was requested from the utility provider; and
 - (IV) Documentation of the current Utility Allowance used by the Development.
- (iii) Upon receipt of the required information, the Department will determine if the Development Owner has provided the minimum information necessary to calculate an allowance using the Actual Use Method. If so, the Department shall calculate the Utility Allowance for each bedroom size using the guidelines described in subclause (I) - (V) of this clause;
- (I) If data is obtained for more than the sample requirement for the Unit Type, all data will be used to calculate the allowance;
 - (II) If more than 12 months of data is provided for any Unit, only the data for the most current twelve 12 will be averaged;
 - (III) The allowance will be calculated by multiplying the average units of measure for the applicable utility (i.e., kilowatts over the last 12 months by the current rate) for all Unit Types within that bedroom size. For example, if sufficient data is supplied for 18 two bedroom/one bath Units, and 12 two bedroom/two bath Units, the data for all 30 Units will be averaged to calculate the allowance for all two bedroom Units;
 - (IV) The allowance will be rounded up to the next whole dollar amount. If allowances are calculated for different utilities, each utility's allowance will be rounded up to the next whole dollar amount and then added together for the total allowance; and
 - (V) If the data submitted indicates zero usage for any month, the data for that Unit will not be used to calculate the Utility Allowance.
- (iv) The Department will complete its evaluation and calculation within forty-five (45) days of receipt of all the information requested in clause (ii) of this subparagraph;
- (d) In accordance with 24 CFR §92.252, for a MFDL in which the Department is the funding source, the Utility Allowance will be established in the following manner:
- (1) For Developments that, as a result of funding, must calculate the Utility Allowance under HUD Multifamily Notice H-2014-4, as revised from time to time, the applicable Utility Allowance for all rent restricted Units in the building is the applicable Utility Allowance calculated under that Notice. No other utility method described in this section can be used.

- (2) Other Buildings. The Utility Allowance may be initiated by the Owner using the methodologies described in subparagraphs (3)(B),(C), (D), or (E) of subsection (c) related to Methods.
- (3) If a request is not received by October 1st , the Department will calculate the Utility Allowance using the HUD Utility Schedule Model. For property specific data, the Department will use:
 - (A) The information submitted in the Annual Owner's Compliance Report;
 - (B) Entrance Interview Questionnaires submitted with prior onsite reviews; or,
 - (C) The owner may be contacted and required to complete the Utility Allowance Questionnaire. In such case, a five day period will be provided to return the completed questionnaire.
 - (D) Utilities will be evaluated in the following manner:
 - (i) For regulated utilities, the Department will contact the Utility Provider directly and apply the Component Charges in effect no later than 60 days before the allowance will be effective.
 - (ii) For deregulated utilities:
 - (I) The Department will use the Power to Choose website and search available Utility Providers by ZIP code;
 - (II) The plan chosen will be the median cost per kWh based on average price per kWh for the average monthly use of 1000 kWh of all available plans; and,
 - (III) The actual Component Charges from the plan chosen in effect no later than 60 days before the allowance will be effective will be entered into the Model.
 - (E) The Department will notify the Owner contact in CMTS of the new allowance and provide the backup for how the allowance was calculated. The owner will be provided a five day period to review the Department's calculation and note any errors. Only errors related to the physical characteristics of the building(s) and utilities paid by the residents will be reconsidered; the utility plan and Utility Provider selected by the Department and Component Charges used in calculating the allowance will not be changed. During this five day period, the owner also has the opportunity to submit documentation and request use of any of the available Green Discounts.
 - (F) The allowance must be implemented for rent due in all program units thirty days after the Department notifies the Owner of the allowance.
- (4) HTC Buildings, in which there are units under a MFDL program, are considered HUD- Regulated buildings and the applicable Utility Allowance for all rent restricted Units in the building is the Utility Allowance calculated under the MFDL program. No other utility method described in this section can be used by HUD-regulated buildings. If the Department is not the awarding jurisdiction, Owners are required to obtain the Utility Allowance established by the awarding jurisdiction, and to document all efforts to obtain such allowance to evidence due diligence in the event that the jurisdiction is nonresponsive. In such an event, provided that sufficient evidence of due diligence is demonstrated, the Department, in its sole discretion, may allow for the use of the methods described in (3)(A), (B), (C), or (D) of subsection (c) related to Methods to calculate and establish its utility allowance.
- (e) Acceptable Documentation. For the Methods where utility specific information is required to calculate the allowance (e.g. base charges, cost per unit of measure, taxes) Owners should obtain documentation directly from the Utility Provider and/or Regulating State Agency. Any Component Charges related to

the utility that are published by the Utility Provider and/or Regulating State Agency must be included. In the case where a utility is billed to the Owner of the building(s) and the Owner is billing residents through a third party billing company, the Component Charges published by the Utility Provider and not the third party billing company will be used.

- (f) Changes in the Utility Allowance. An Owner may not change Utility Allowance methods, start or stop charging residents for a utility without prior written approval from the Department. Example 614(5): A Housing Tax Credit Development has been paying for water and sewer since the beginning of the Compliance Period. In year 8, the Owner decides to require residents to pay for water and sewer. Prior written approval from the Department is required. Any such request must include the Utility Allowance Questionnaire found on the Department's website and supporting documentation.
- (1) The Department will review all requests, with the exception of the methodology prescribed in subparagraphs (3)(E) of subsection (c) related to Methods, within 90 days of the receipt of the request.
 - (2) If the Owner fails to post the notice to the residents and simultaneously submit the request to the Department by the beginning of the 90 day period, the Department's approval or denial will be delayed for up to 90 days after Department notification. Example 614(6): The Owner has chosen to calculate the electric portion of the Utility Allowance using the written local estimate. The annual letter is dated July 5, 2014, and the notice to the residents was posted in the leasing office on July 5, 2014. However, the Owner failed to submit the request to the Department for review until September 15, 2014. Although the Notice to the Residents was dated the date of the letter from the utility provider, the Department was not provided the full 90 days for review. As a result, the allowance cannot be implemented by the owner until approved by the Department.
 - (3) Effective dates. If the Owner uses the methodologies as described in subparagraphs (3)(A) of subsection (c) related to Methods of this section, any changes to the allowance can be implemented immediately, but must be implemented for rent due at least 90 days after the change. For methodologies as described in subparagraphs (3)(B), (C), (D) and (E) of subsection (c) related to Methods, the allowance cannot be implemented until the estimate is submitted to the Department and is made available to the residents by posting in a common area of the leasing office at the Development. This action must be taken by the beginning of the 90 day period in which the Owner intends to implement the Utility Allowance. Nothing in this section prohibits an Owner from reducing a resident's rent prior to the end of the 90 day period when the proposed allowance would result in a gross rent issue.

Figure: 10 TAC §10.614

| Method | Beginning of 90 Day Notification Period |
|----------------------------|--|
| Written Local Estimate | Date of letter from the Utility Provider |
| HUD Utility Schedule Model | Date entered as "Form Date" |
| Energy Consumption Model | 60 days after the end of the last month of the 12 month period for which data was used to compute the estimate |
| Actual Use Method | Date the allowance is approved by the Department |

- (g) Requirements for Annual Review.
- (1) RHS and HUD-Regulated Buildings. Owners must demonstrate that the utility allowance has been reviewed annually and in accordance with the RHS or HUD regulations.
 - (2) Buildings using the PHA Allowance. Owners are responsible for periodically determining if the applicable PHA released an updated schedule to ensure timely implementation. When the allowance changes or a new allowance is made available by the PHA, it can be implemented immediately, but must be implemented for rent due 90 days after the PHA releases an updated scheduled.
 - (3) Written Local Estimate, HUD Utility Model Schedule and Energy Consumption Model. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than October 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review. At the same time the request is submitted to the Department, the Owner must post, at the Development, the Utility Allowance estimate in a common area of the leasing office where such notice is unobstructed and visible in plain sight. The Department will review the request for compliance with all applicable requirements and reasonableness. If, in comparison to other approved Utility Allowances for properties of similar size, construction and population in the same geographic area, the allowance does not appear reasonable or appears understated, the Department may require additional support and/or deny the request.
 - (4) Actual Use Method. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than August 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review.
- (h) For Owners participating in the Department's Section 811 Project Rental Assistance ("PRA") Program, the Utility Allowance is the allowance established in accordance with this section related to the other multifamily program(s) at the Development. Example 614(7) ABC Apartments is an existing HTC Development now participating in the PRA Program. The residents pay for electricity and the Owner is using the PHA method to calculate the Utility Allowance for the HTC Program. The appropriate Utility Allowance for the PRA Program is the PHA method.
- (i) Combining Methods. In general, Owners may combine any methodology described in this section for each utility service type paid directly by the resident and not by or through the Owner of the building (e.g. electric, gas). For example, if residents are responsible for electricity and gas, an Owner may use the appropriate PHA allowance to determine the gas portion of the allowance and use the Actual Use Method to determine the electric portion of the allowance. RHS and certain HUD-Regulated buildings are not allowed to combine methodologies.
- (j) The Owner shall maintain and make available for inspection by the resident all documentation, including, but not limited to, the data, underlying assumptions and methodology that was used to calculate the allowance. Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling Unit of the resident at the convenience of both the Owner and resident.
- (k) Utility Allowances for Applications.
- (1) If the application includes RHS assisted buildings or tenants, the utility allowance is prescribed by the RHS program. No other method is allowed.

- (2) If the application includes HUD-Regulated buildings for HUD programs other than a MFDL program the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method is allowed.
- (3) If the application includes a MFDL where the Department is the Participating Jurisdiction, the Department will establish the initial Utility Allowance in accordance with paragraph (3) subsection (d) of this section. In the event that the application has a MFDL from the Department and another Participating Jurisdiction, the Department will require the use of the allowance calculated by the Department.
- (4) If the application includes a MFDL where the Department is not the Participating Jurisdiction, Applicants are required to request in writing the Utility Allowance from the awarding jurisdiction. If the awarding jurisdiction does not respond or requests the Department to calculate the allowance, the Department will establish the initial Utility Allowance in accordance with paragraph (3) subsection (d) of this section.
- (5) For all other applications, Applicants may calculate the utility allowance in accordance with (3)(A)(B),(C), (D), or (E) of subsection (c) related to Methods.
 - (A) Upon request, the Compliance Division will calculate or review an allowance within 21 days but no earlier than 90 days from when the application is due.
 - (B) Example 614(8) An application for a 9% HTC is due March 1, 2017. The applicant would like Department approval to use an alternative method by February 15, 2017. The request must be submitted to the Compliance Division no later than January 25, 2017, three weeks before February 15, 2017.
 - (C) Example 614(9) An Applicant intends to submit an application for a 4% HTC with Tax Exempt Bonds on August 11, 2017, and would like to use an alternative method. Because approval is needed prior to application submission, the request can be submitted no earlier than May 13, 2017, (90 days prior to August 11, 2017) and no later than July 21, 2017, (21 days prior to August 11, 2017).
- (6) All Utility Allowance requests related to applications of funding must:
 - (A) Be submitted directly to ua_application@tdhca.state.tx.us. Requests not submitted to this email address will not be recognized.
 - (B) Include the "Utility Allowance Questionnaire for Applications" along with all required back up based on the method.
- (7) If the Applicant is successful in obtaining an award, the Utility Allowance may be calculated in accordance with subsection (d) of this section.
- (l) If Owners want to utilize the HUD Utility Schedule Model, the Written Local Estimate or the Energy Consumption Model to establish the initial Utility Allowance for the Development, the Owner must submit Utility Allowance documentation for Department approval, at minimum, 90 days prior to the commencement of leasing activities. This subsection does not preclude an Owner from changing to one of these methods after commencement of leasing.
- (m) The Department reserves the right to outsource to a third party the review and approval of all or any Utility Allowance requests to use the Energy Consumption Model or when review requires the use of

expertise outside the resources of the Department. In accordance with Treasury Regulation §1.42-10(c) any costs associated with the review and approval shall be paid by the Owner.

- (n) All requests described in this subsection must be complete and uploaded directly to the Development's CMTS account using the "Utility Allowance Documents" in the type field and "Utility Allowance" as the TDHCA Contact. The Department will not be able to approve requests that are incomplete and/or are not submitted correctly.

Guide for Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition

The scope of this guide is limited to guidelines for preparing Form 8823 for submission to the IRS. Taxpayers are responsible for evaluating the tax consequences of noncompliance with IRC §42.

Audit Technique Guide

This material was designed specifically for training purposes only. Under no circumstances should the contents be used or cited as authority for setting or sustaining a technical position.



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Chapter 18
Category 11m
Owner Did Not Properly
Calculate Utility Allowance

Definition

This category is used to report noncompliance with the utility allowance requirements outlined in Treas. Reg. §1.42-10. An allowance for the cost of any utilities, other than telephone, cable television, or Internet, paid directly by the tenant(s) and not by or through the owner of the building is included in the computation of gross rent under IRC §42(g)(2)(B). A separate estimate is computed for each utility and different methods can be used to compute the individual utility allowances. The utility allowance is computed on a building-by-building basis. The maximum rent that may be paid by the tenant must be reduced by utility allowance(s) obtained in the following manner.

1. If a building receives assistance from the Rural Housing Service (RHS-assisted building) then the utility allowance is determined using the method prescribed by the Rural Housing Service (RHS) for the building, regardless of whether the building or its tenants also receive other state or federal assistance.
2. If any tenant in a building receives RHS rental assistance payments (RHS tenant assistance), the applicable utility allowance for all rent-restricted units is the applicable RHS utility allowance, including any units occupied by tenants receiving rental assistance payments from the Department of Housing and Urban Development (HUD).
3. If neither a building nor any tenant in the building receives RHS housing assistance, and the building's rents and utility allowances are reviewed by HUD on an annual basis (HUD-regulated building), then the applicable HUD utility allowance is the utility allowance for all rent-restricted units in the building.
4. If a building is neither an RHS-assisted nor HUD-regulated, and no tenant receives RHS tenant assistance, the applicable utility allowance for any rent-restricted unit occupied by tenants receiving HUD rental assistance payments (HUD tenant assistance) is the applicable Public Housing Authority (PHA) utility allowance established for the Section 8 Existing Housing Program.
5. Taxable years beginning before July 29, 2008: If neither the building nor tenants are subject to the rules described in 1-4 above, then the local public housing authority (PHA) allowance is used. However, if an estimate is obtained for any unit from a utility company, that estimate is used as the utility allowance for all similar units in the building.

Taxable years beginning after July 28, 2008: If neither the building nor tenants are subject to the rules described in 1-4 above, then the local public housing authority (PHA) allowance is used. However, if an estimate is obtained for any unit in the building, that estimate is used as the utility allowance for all similar

units in the building. Estimates may be obtained from a local utility company or a state or local housing credit agency, or calculated using HUD's Utility Schedule Model or an energy consumption model.¹

PHA Utility Allowance

Requirements for utility allowances are found in 24 CFR 982.517, Utility Allowance Schedule. The PHA must provide a utility allowance for utilities and services that are necessary in the locality to provide housing that complies with the housing quality standards. The PHA must classify utilities and other housing services according to specific categories and the allowance for each category must be separately stated.

Taxable Years Beginning Before July 29, 2008

State agencies reported that the local PHA utility allowances did not always reflect a fair approximation of actual utility costs for such buildings. Accordingly, until further guidance was provided in Treas. Reg. §1.42-10,² taxpayers were allowed to calculate utility allowances for the rent-restricted units in the building based upon an average of the actual use of similarly constructed and sized units *in the building* using actual utility usage data and rates, provided that the taxpayer had written approval from the state agency.

If an owner computed the utility allowance estimates based on the expected or historical use by the LIHC buildings/units, the estimate must have been calculated in a reasonable manner and *contemporaneously* documented³ to show how the estimate was determined. State agencies were required to review the methodology used to calculate the estimate for reasonableness, and ensure that the estimate is computed accurately.

Paid Directly by the Tenants and not by or through the Owner of the Building – For Taxable Years Beginning after July 28, 2008

Some buildings in qualified low-income housing projects are sub-metered. Sub-metering measures tenants' actual utility consumption, and tenants pay for the utilities they use. A sub-metering system typically includes a master meter, which is owned or controlled by the utility supplying the electricity, gas, or water, with overall utility consumption billed to the building owner. In a sub-metered system, building owners (or their agents) use unit-based meters to measure utility consumption and prepare a bill for each residential unit based on consumption. The building owners (or their agents) retain records of resident utility consumption, and tenants receive documentation of utility costs as specified in the lease.

Notice 2009-44⁴ clarifies that, for purposes of Treas. Reg. §1.42-10(a), utility costs paid by a tenant based on actual consumption in a sub-metered rent-restricted unit are treated as paid directly by the tenant, and not by or through the owner of the building. For RHS-assisted buildings, buildings with RHS tenant assistance, HUD-regulated buildings, and rent-restricted units in other buildings occupied by tenants receiving HUD rental assistance, the applicable RHS or HUD rules apply. For all other tenants in rent-restricted units in other buildings:

¹ The additional options for determining utility allowances apply to buildings subject to TD 9420, which was published on July 29, 2008, in the Federal Register. See reference #3 for additional information.

² See footnote 1 above.

³ IRC §6001 requires all taxpayers to keep adequate records to support the items represented on their tax returns, including utility allowances.

⁴ I.R.B. 2009-21 1037

1. The utility rates charged to tenants in each sub-metered rent-restricted unit must be limited to the utility company rates incurred by the building owners (or their agents).
2. If building owners (or their agents) charge tenants a reasonable fee for the administrative costs of sub-metering, then the fee will not be considered gross rent under IRC §42(g)(2). The fee must not exceed an aggregate amount per unit of \$5 per month unless State law provides otherwise.
3. If the costs for sewerage are based on the tenants' actual water consumption determined with a sub-metering system and the sewerage costs are on a combined water and sewerage bill, then the tenants' sewerage costs are treated as paid directly by the tenants for purposes of the utility allowances regulations.

Notice 2009-44 is effective for utility allowances subject to the effective date in Treas. Reg. §1.42-12(a)(4). Consistent with Treas. Reg. §1.42-12(a)(4), building owners (or their agents) may rely on Notice 2009-44 for any utility allowances effective no earlier than the first day of the building owner's taxable year beginning on or after July 29, 2008.

Utility Company Estimates

Under Treas. Reg. §1.42-10(b)(4)(ii)(B), any interested party (tenant, owner, or state agency) may request a written estimated cost of that utility for a unit of similar size and construction *for the geographic area in which the building is located*. This estimate becomes the appropriate utility allowance for all rent-restricted units of similar size and construction in the building. The local utility estimate is not available to buildings/tenants subject to Rural Housing Service or HUD jurisdiction.

Taxable Years Beginning Before July 29, 2008

Before Treas. Reg. §1.42-10 was revised, the election to use a local utility company estimate was permanent; i.e., the taxpayer could not switch back and forth between the local PHA and utility company estimates. State agencies reported that although utility companies may have been willing to provide interested parties (owner, tenant, state agency) with an initial estimate, utility companies were increasingly unwilling to provide estimates on an on-going basis. Accordingly, until the regulation was revised, the IRS did not challenge the owner's return to using the applicable PHA utility allowance, provided that:

1. The taxpayer has demonstrated to the state agency that the local utility company was unwilling to provide an updated estimate, and
2. The owner had *written* approval from the state agency to use a mutually agreed upon utility allowance.

Taxable Years Beginning After July 28, 2008

If neither the building nor tenants are subject to the rules described in 1-4 *on page 18-1,* then the local public housing authority (PHA) allowance is used. However, if an estimate is obtained for any unit in the building, that estimate is used as the utility allowance for all similar units in the building. Estimates may be obtained from a local

utility company or a state or local housing credit agency, or calculated using HUD's Utility Schedule Model or an energy consumption model.

In the case of deregulated utility services, the interested party is required to obtain an estimate from only one utility company even if multiple companies can provide the same utility service to the unit. However:

1. The utility company must offer utility services to the building in order for that utility company's rates to be used in calculating the utility allowance.
2. The estimate should include all component deregulated charges for providing the utility service.

The utility allowance is "obtained" when the building owner receives, *in writing*, information from the utility company providing the estimated per unit cost of the utility. Receipt of the information from the utility company begins the 90-day period after which the new utility allowance must be used to compute gross rents.

**State or Local
Housing Credit
Agency -
Taxable Years
Beginning After
July 28, 2008**

Under Treas. Reg. §1.42-10(b)(4)(ii)(C),⁵ a building owner may obtain a utility allowance from the state agency that has jurisdiction over the building, provided the state agency agrees to provide the estimate. The building owner may obtain a utility allowance at any time during the building's extended use period⁶ and the associated costs are borne by the building owner.

The utility allowance is "obtained" when the building owner receives, *in writing*, information from the state agency providing the estimated per unit cost of the utility. Receipt of the information from the state agency begins the 90-day period after which the new utility allowance must be used to compute gross rents.

Factors to Consider

The utility allowance must take into account, among other things, (1) local utility rates, (2) property type, (3) climate and degree-day variables by region in the state, (4) taxes and fees on utility charges, (5) building materials, and (6) mechanical systems.

Actual Building Usage

The state agency may use actual utility company usage data and rates of the building for which the utility allowance is requested.

1. The data used to compute the estimate is limited to the building's consumption data for a 12-month period ending no earlier than 60 days prior to the date the utility allowance will change. For newly constructed or renovated buildings with less than 12 months of consumption data, consumption data for the 12-month period for similarly sized and constructed units in the geographical area in which the building is located will be used.

⁵ As amended by TD 9420.

⁶ Under IRC §42(h)(6)(D), the extended use period begins on the first day of the building's 15-year compliance period under IRC §42(i)(1) and ends on the later of the date specified in the agreement or 15 years after the close of the compliance period.

2. The utility rates used to compute the estimates must be the rates in place 60 days prior to the date the utility allowance will change.

Estimates Provided by State Agency's Agent or Private Contractor

A state agency may use an agent or other private contractor to calculate the utility estimates. The agent or contractor must be a properly licensed engineer or a qualified professional. A qualified professional must be (1) approved by the state/local housing credit agency having jurisdiction over the building, and (2) must not be related to the building owner within the meaning of IRC §§ 267(b)⁷ or 707(b).⁸

HUD Utility Schedule Model - Taxable Years Beginning After July 28, 2008

Under Treas. Reg. §1.42-10(b)(4)(ii)(D),⁹ a building owner may calculate a utility allowance using the "HUD Utility Schedule Model" that can be found on HUD's Internet site, the Low-Income Housing Tax Credits page at www.huduser.org/datasets/lihtc.html or successor URL.

Utility rates used for the HUD Utility Schedule Model must be no older than the rates in place 60 days prior to the date the utility allowance will change.

The utility allowance is deemed "obtained" based on the date entered as the "Form Date" on the "Location" spreadsheet of the Utility Schedule Model. This date will also be reflected on the Form 52667, Allowances for Tenant-Furnished Utilities and Other Services. This date begins the 90-day period after which the new utility allowance must be used to compute gross rents.

Energy Consumption Model - Taxable Years Beginning After July 28, 2008

Under Treas. Reg. §1.42-10(b)(4)(ii)(E),¹⁰ a building owner may calculate a utility allowance using an energy and water and sewage consumption analysis model (energy consumption model).

Factors to Consider

The energy consumption model must, at a minimum, take into account specific factors including, but not limited to: (1) unit size, (2) building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location.

Building's Consumption Data and Utility Rates

The data used to compute the estimate is limited to the building's consumption data for a 12-month period ending no earlier than 60 days prior to the date the utility allowance will change. For newly constructed or renovated buildings with less than 12 months of consumption data, consumption data for the 12-month period for similarly sized and constructed units in the geographical area in which the building is located will be used.

The utility rates used for the energy consumption model must be the rates in place 60 days prior to the date the utility allowance will change.

⁷ See note 1 at the end of the chapter.

⁸ See note 2 at the end of the chapter.

⁹ As amended by TD 9420.

¹⁰ As amended by TD 9420.

Estimates Provided by Licensed Engineer or Qualified Professional

The utility allowance must be prepared by a properly licensed engineer or a qualified professional. A qualified professional must be (1) approved by the state/local housing credit agency having jurisdiction over the building, and (2) must not be related to the building owner within the meaning of IRC §§ 267(b) or 707(b).¹¹

Annual Review - Taxable Years Beginning After July 28, 2009

Under Treas. Reg. §1.42-10(c)(2),¹² a building owner *must* review the basis on which utility allowances have been established at least once during each calendar year and must update the allowance if required. Building owners *may* choose to calculate new utility allowances more frequently than once during a calendar year, provided the owner complies with the requirement of Treas. Reg. §1.42-10, including the requirement to notify the state/local housing credit agency and tenants.

First Year of the Credit Period

No review is required until the building has achieved 90 percent occupancy for a period of 90 consecutive days, or by [at] the end of the first year of the credit period, whichever is earlier. If the review is completed at the end of the year, the consumption rates as of December 31st of the first year of the credit period. Consequently, the 90-day period will begin no later March 1 of the year subsequent to the first year of the credit period.

Review Requirements

1. The review must take into account any changes to the building such as any energy conservation measures and affect energy consumption and changes in utility rates.
2. Owners may use different methods for computing the allowances for different utilities.
3. Owners are not prohibited from changing methods used for calculating a utility allowance in order to most accurately estimate the utility allowance.

Updating Utility Allowances – Taxable Years Beginning Before July 29, 2008

If the applicable utility allowance for a unit changes, the new utility allowance must be used to compute gross rents of LIHC units due 90 days after the change. As a practical matter, utility allowances are usually reviewed when HUD updates the Area Median Gross Income (AMGI) for the location (which may change the allowable gross rent). If the applicable utility allowance for a unit changes, the new allowance must be used to compute gross rents due 90 days after the change.

PHA Utility Estimates

As explained in 24 CFR 982.517, Utility Allowance Schedule, paragraph (4)(c)(1), a PHA must review its schedule of utility allowances each year, and must revise its allowance for a utility category if there has been a change of 10 percent or more since the last time the utility allowance was revised. The 90-day implementation period begins when the PHA makes revised utility allowances available.

¹¹ See note 2 at the end of the chapter.

¹² As amended by TD 9420.

Updating Utility Allowances – Taxable Years Beginning After July 28, 2008

If the applicable utility allowance for a unit changes, the new utility allowance must be used to compute gross rents of LIHC units due 90 days after the change (90-day period). However, an owner is not required to implement new utility allowances until the building has achieved 90 percent occupancy for a period of 90 days or by the end of the first year of the credit period, whichever is earlier.

PHA Utility Estimates

As explained in 24 CFR 982.517, Utility Allowance Schedule, paragraph (4)(c)(1), a PHA must review its schedule of utility allowances each year, and must revise its allowance for a utility category if there has been a change of 10 percent or more since the last time the utility allowance was revised. The 90-day implementation period begins when the PHA makes revised utility allowances available.

Utility Company and State/Local Housing Credit Agency Estimates

If an owner obtains a utility estimate from a local utility company or state/local housing credit agency, the 90-day period will begin with the receipt of the information. The date of receipt is determined based on the date of the correspondence.

Example 1: Lower Estimate Obtained from Utility Company

The rent for an LIHC building must be lowered because a local utility company estimate obtained by the owner shows a higher utility cost than the utility allowance currently being used. The utility company's letter is dated August 15, 2008. The lower rent must be in effect for rent due after November 13, 2008.

HUD's Utility Schedule Model

The date entered as the "Form Date" on the "Location" spreadsheet of the Utility Schedule Model and reflected on the Form 52667, Allowances for Tenant-Furnished Utilities and Other Services, begins the 90-day period after which the new utility allowance must be used to compute gross rents.

Energy Consumption Model

The 90-day period will begin 60 days after the end of the last month of the 12-month period for which data was used to compute the estimate.

Notification Requirements

1. If the owner obtained a utility allowance from a state or local housing credit agency, the owner must make the utility estimate available to all tenants in the building at the beginning of the 90-day period.
2. If the owner obtained a utility allowance from a utility company, using the HUD Utility Schedule Model, or calculated using an energy consumption model, the owner must (1) submit copies of the utility estimates to the agency having

jurisdiction over the building and (2) make the utility estimate available to all tenants in the building at the beginning of the 90-day period. An agency may require additional information from the owner during the 90-day period.

**Cost of
Securing Utility
Estimates -
Taxable Years
Beginning After
July 28, 2009**

The building owner must pay all the costs incurred in obtaining the estimates from a utility company or state/local housing credit agency, HUD's Utility Schedule Model, or an energy consumption model. The building owner also bears the costs of notifications to the tenants and state/local agency.

**Record
Retention**

The building owner must retain any consumption estimates and supporting data as part of the *taxpayer's* records for purposes of Treas. Reg. §1.6001-1(a). Under this requirement, taxpayers are required to keep such permanent books of account or records as are sufficient to establish the amount of gross income, deductions, *credits*, or *other matters required to be shown* by such person.

Under Treas. Reg. §1.6001-1, the IRS may require the owner to render such statements or keep such specific records as will enable the IRS to determine whether or not the owner is liable for tax. The books and records shall be kept at all times available for inspection by the IRS and shall be retained so long as the contents thereof may become material in the administration of the Internal Revenue Code.

In Compliance

Low-income housing projects are in compliance when the appropriate utility allowance is used, the utility allowance is properly calculated, rents are reduced for a utility allowance when utilities are paid directly by the tenant, *and the maximum gross rent is not exceeded. (See Chapter 11 for full discussion of Gross Rent.)*

Owners must demonstrate that that the basis on which utility allowances have been established (consumption and rates) have been reviewed at least once during each calendar year. If applicable, the owner must also demonstrate that (1) tenants and the state/local housing credit agency have been timely notified of any changes, and (2) the new utility allowance was used to compute gross rents for LIHC units due after the end of the 90-day period.¹³

Example 1: Utility Allowance Increases

The maximum gross rent is \$500. The owner charged rent of \$450, which reflected a \$50 utility allowance; i.e., \$450 rent + \$50 utility allowance = \$500 gross rent. The annual utility allowance estimate increases to \$75. The owner reduces the rent to \$425 based upon the increased utility allowance of \$75; for a gross rent of \$500 (\$425 + \$75 = \$500).

¹³ The 90-day period applies to taxable years beginning after July 28, 2008 utility allowances.

Example 2: Local Utility Company No Longer Provides Estimates

The owner used estimates of utility use as provided by the local utility company to determine the utility allowance. The owner asked the local utility company for an updated estimate of use by similar units in the local area. The utility company informed the owner that they no longer provide estimates. The owner may select another method for computing the utility allowance.¹⁴

Example 3: First Year of the Credit Period

An owner acquired an existing building and completed substantial rehabilitations. The building has 100 rental units and was placed in service on November 7, 2008. The owner elected to begin the credit period the year after the building was placed in service, on January 1, 2009. All 51 of the in-place tenants were determined to be income-qualified households at that time.

The owner chose to use the energy consumption model and correctly determined the utility allowance using consumption data for similarly sized and constructed units in the geographical area for the period November 1, 2007 through October 31, 2008 and the utility rate on October 31, 2008.

The owner rented the 91st unit in May of 2009 and maintained an occupancy rate of at least 94% through the end of August 2009. Since the owner had achieved 90% occupancy for 90 consecutive days, the owner was required to conduct a utility allowance review. If applicable, the utility allowances should be updated.

Example 4: Increased Utility Allowance Does Not Cause Rent to Exceed Limit

The maximum gross rent limit is \$500, but the owner charged \$415 rent and a \$50 utility allowance for a total of \$465. The utility allowance increases to \$60 the next year. The owner makes no adjustment to the rent. The owner is in compliance. The owner is charging \$415 rent and a \$60 utility allowance for a total of \$475, which continues to be below the gross rent limit of \$500.

Out of Compliance

Low-income housing *units* are considered out of compliance when *gross rent exceeds the maximum gross rent limit. The following examples are errors that may result in noncompliance.*

1. The appropriate utility allowance is not used. *For example, an owner uses a local utility company's estimate for a HUD-regulated building.*

¹⁴ Most of the optional methods are only available for taxable years beginning after July 28, 2008 utility allowances.

2. The utility allowance is not properly calculated. *For example, an owner used a PHA schedule to determine the utility allowance for all-electric units, but failed to include the cost of electric heating. When the cost of electric heating is added to the utility allowance, gross rent exceeds the limit.
3. The owner failed to update rents for a revised utility allowance after the 90-day period.¹⁵

Example 1: Increased Utility Allowance Causes Gross Rent to Exceed Limit

The maximum gross rent limit is \$500, but the owner charged \$445 rent and a \$50 utility allowance for a total of \$495. The utility allowance increased to \$60 on April 1, 2010, but the owner did not adjust the rent. The owner is charging \$445 rent and a \$60 utility allowance for a total of \$505, which exceeds the gross rent limit of \$500. The owner is out of compliance beginning July 1, 2010; i.e., an owner has 60 days to implement new utility allowances.

Low-income buildings are also considered out of compliance if the owner cannot establish that the rent charged tenants does not exceed the gross rent limit. For the three fact patterns below, there is a presumption that the rent charged the tenant plus the utility allowance will exceed the gross rent limit until otherwise established.

1. Rents are not reduced for a utility allowance when utilities are paid directly by the tenant to the utility provider, even if the rent charged to the tenant is less than the maximum gross rent limit. For example, the gross rent limit is \$700. The tenant's rent is \$575 and pays the utilities directly to the provider, but the owner cannot provide documentation of the utility allowance computation. The noncompliance date should be determined based on the facts and circumstances; i.e., when the owner ceased using a utility allowance.
2. The owner did not review the basis on which the utility allowance is established at least once during both the prior and current calendar year; i.e., the utility allowances are not current.¹⁶

Example 2: Owner Failed to Review Utility Allowance Annually

An owner reviewed the utility allowance and determined that the allowance was \$100 effective May 1, 2009. The owner was still relying on the \$100 utility allowance when the state agency reviewed the owner's compliance in April of 2011.

The building is out of compliance because the owner failed to review the utility allowance at least once during calendar year 2010. The noncompliance date is December 31, 2010.

¹⁵ Applies to taxable years beginning after July 28, 2008 utility allowances.

¹⁶ Applies to taxable years beginning after July 28, 2008 utility allowances.

NOTE: State agencies should be reviewing the most current utility allowance computations. In the example above, had the owner recognized the noncompliance issue and reviewed the utility allowances before the state agency contacted them to schedule its review, then the owner would have been in compliance at the time to the review.

3. The owner failed to maintain adequate documentation regarding the computation of utility allowances; without sufficient proof of the amount of the allowance and how it was estimated, there is no way to correctly compute the rent.

Example 3: Insufficient Documentation of Computation

An owner reviewed the utility allowance and determines that the utility allowance was \$65 for 2009. The allowance was computed by a licensed professional approved by the state agency using an energy consumption model. Upon review by the state agency during a compliance review, the owner presented a one-page letter from the professional. While the utility allowance amount was disclosed in the letter, the letter was not signed or dated. Further, the letter did not describe the factors considered or the data used.

The state agency could not reasonably determine that the utility allowance was correct. The noncompliance date is December 31, 2009.

Back in Compliance

Rent Exceeds Limit

A unit is considered back in compliance when the rent charged is reduced and correctly reflects the utility allowance. The date of correction is date that the rents correctly reflect the utility allowance.

Example 1: Noncompliance Corrected

The maximum gross rent is \$500. Beginning on March 1, 2003, the owner charged \$450 rent and a \$75 utility allowance; the total rent is \$525. The rent is \$25 over the ceiling. The error was discovered during a state agency's review on April 13, 2004.

The owner immediately reduces the rent charged to \$425 for rents due beginning on May 1, 2004. The effective date of the new rent, or May 1, 2004, is the date the units are back in compliance.

No Utility Allowance

*When an owner does not apply a utility allowance to reduce rent and account for utility costs paid directly by the tenant, the noncompliance can only be corrected by performing an annual review to determine a utility allowance using current information.

1. If the rent paid plus the new utility allowance does not exceed the current maximum gross rent, then the owner is in compliance with the utility allowance requirements and no further action is required.
2. If the rent paid plus the new utility allowance exceeds the current maximum gross rent, the back in compliance date is the date the rents are reduced to reflect the new utility allowances.*

No Annual Review

*If the owner has applied a utility allowance, but failed to conduct an annual review, then the noncompliance can be corrected in one of three ways.

1. A retroactive annual review can be performed using information applicable to the last date the annual review should have been performed. Assuming the owner can document compliance with the utility allowance that would have been in place and that the rents were restricted, no further action is required. The owner has clarified the noncompliance and, therefore, Form 8823 should not be filed.
2. A new annual review can be performed using current information. Assuming the owner is in compliance with the new utility allowance requirement and the rents are restricted, the owner is currently in compliance. No further action is required. The owner has clarified the noncompliance and, therefore, Form 8823 should not be filed.
3. In the event that either the retroactive annual review under (1) above or the new annual review under (2) above indicates that the utility allowance needs to be increased, the back in compliance date is the date the rents are reduced to reflect the new utility allowances.*

Insufficient Documentation

*When the owner reviewed the utility allowance, but the computation of the utility allowance was not sufficiently documented, the owner should be provided an opportunity to perfect the documentation to the state agency's satisfaction.

1. If the additional documentation is satisfactory and establishes that the owner is in compliance with the utility allowance requirements, then no further action is required since the owner has clarified the noncompliance; i.e., Form 8823 need not be filed.
2. If the owner cannot provide sufficient documentation, then the owner may repeat the annual review for the year in question using the same method and facts as used for the original annual review. If the results indicate that the owner is in compliance with the utility allowance requirement, then no further action is required since the owner has clarified the noncompliance; i.e., Form 8823 need not be filed.*

Reporting Noncompliance

*Noncompliance should be reported whenever the rent paid by the tenant plus the correct utility allowance exceeds the maximum gross rent limit.

Example 1: Increased Utility Allowance Causes Rent to Exceed Limit

The maximum gross rent limit is \$500, but the owner charged \$415 rent and a \$50 utility allowance for a total of \$465. The utility allowance increases to \$95 the next year. The owner should reduce the rent at least \$10; i.e., $\$405 + \$95 = \$500$.

However, the owner does not make the adjustment to the rent and is out of compliance; i.e., the low-income units are not rent restricted. The owner is charging \$415 rent and a \$95 utility allowance for a total of \$410, which is more than gross rent limit of \$500.

Noncompliance should not be reported if;

1. Regardless of the error, correcting the utility allowance does not cause the rent to exceed the gross rent limit, or
2. Noncompliance is corrected before the owner is notified of the state agency's review.

The utility allowance requirement is a building-based rule. If the owner is noncompliant, the noncompliance will likely affect all the low-income units in the building. In which case, consideration should be given to whether the owner met the minimum set-aside under IRC §42(g)(1). See Chapter 10.*

References

1. Notice 89-6, 1989-1 C.B. 625
2. Treas. Reg. §1.42-10
3. TD 9420. Treas. Reg. §1.42-12(a) provides the following effective dates and transitional rules under TD 9420: The first sentence in §1.42-10(a), §1.42-10(b)(1), (2), (3), and (4), the last two sentences in §1.42-10(b)(4)(ii)(A), the third, fourth, and fifth sentences in §1.42-10(b)(4)(ii)(B), §1.42-10(b)(4)(ii)(C), (D), and (E), and §1.42-10(c) and (d) are applicable to a building owner's taxable years beginning on or after July 29, 2008. Taxpayers may rely on these provisions before the beginning of the building owner's taxable year beginning on or after July 29, 2008, provided that any utility allowances calculated under these provisions are effective no earlier than the first day of the building owner's taxable year beginning on or after July 29, 2008. The utility allowances provisions that apply to taxable years beginning before July 29, 2008 are contained in §1.42-10 (see 26 CFR part 1 revised as of April 1, 2008).

Notes

1. IRC §267(b), Relationships.....
 - (1) Members of a family, as defined in subsection (c)(4)¹⁷;
 - (2) An individual and a corporation more than 50 percent in value of the outstanding stock of which is owned, directly or indirectly, by or for such individual;

¹⁷ The family of an individual shall include only his brothers and sisters (whether by the whole or half blood) spouse, ancestors, and lineal descendants.

- (3) Two corporations which are members of the same controlled group (as defined in subsection (f)¹⁸);
 - (4) A grantor and a fiduciary of any trust;
 - (5) A fiduciary of a trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
 - (6) A fiduciary of a trust and a beneficiary of such trust;
 - (7) A fiduciary of a trust and a beneficiary of another trust, if the same person is a grantor of both trusts;
 - (8) A fiduciary of a trust and a corporation more than 50 percent in value of the outstanding stock of which is owned, directly or indirectly, by or for the trust or by or for a person who is a grantor of the trust;
 - (9) A person and an organization to which section 501 (relating to certain educational and charitable organizations which are exempt from tax) applies and which is controlled directly or indirectly by such person or (if such person is an individual) by members of the family of such individual;
 - (10) A corporation and a partnership if the same persons own—
 - (A) more than 50 percent in value of the outstanding stock of the corporation, and
 - (B) more than 50 percent of the capital interest, or the profits interest, in the partnership;
 - (11) An S corporation and another S corporation if the same persons own more than 50 percent in value of the outstanding stock of each corporation;
 - (12) An S corporation and a C corporation, if the same persons own more than 50 percent in value of the outstanding stock of each corporation; or
 - (13) Except in the case of a sale or exchange in satisfaction of a pecuniary bequest, an executor of an estate and a beneficiary of such estate.
2. IRC §707(b)
- (1) --
 - (A) a partnership and a person owning, directly or indirectly, more than 50 percent of the capital interest, or the profits interest, in such partnership, or
 - (B) two partnerships in which the same persons own, directly or indirectly, more than 50 percent of the capital interests or profits interests.
 - (2) –
 - (3) Ownership of a capital or profits interest. For purposes of paragraphs (1) and (2) of this subsection, the ownership of a capital or profits interest in a partnership shall be determined in accordance with the rules for constructive ownership of stock provided in section 267(c) other than paragraph (3) of such section.

¹⁸ IRC §267(f) refers to IRC §1563 to define controlled groups for (1) parent-subsidiary groups, except that “more than 50 percent” is substituted for “at least 80 percent,” (2) brother-sister groups, (3) combinations of parent-subsidiary and brother-sister groups, and (4) certain insurance companies.

SECTION IV DISCLAIMERS / LICENSING / RIGHTS of DISTRIBUTION

IV.A DISCLAIMERS

The following apply to any and all of the information, assumptions, and conclusions presented in this report by Diamond Property Consultants (“DPC”) pursuant to that contract with Alton Plaza, LLC (“Client”) for delivering the enclosed utility company estimate letter and chart breakdown in Section II of this report (“Schedules”) for that multifamily property known as Alton Plaza (“Property”). DPC shall collectively refer to the company itself as well as all officers, employees or sub-contractors thereof.

- A. The final utility company estimate letter was provided by a certain local utility provider, who is either actually serving the subject property or who has the capability and legal right to do so. In this case, the specific local provider responsible for issuing the utility company estimate letter is Southwestern Electric Power Company (SWEPCO), a unit of American Electric Power (“Provider”) as indicated by the enclosed letter. DPC requested the utility company estimate letter for the subject property using the policies and procedures as established by the Provider.

- B. The utility allowance schedules are intended to be estimates only, based on local utility company data which was deemed to be reliable. By providing the utility company estimate letter as set forth herein, neither the Provider or DPC warrants or guarantees that such estimates will cover the cost of utilities for all residents in all units under all circumstances.

- C. By delivering the enclosed utility company estimate letter, DPC does not warrant or guarantee the present or future availability of any prices or performance of the Provider referenced herein.

- D. The enclosed utility company estimate letter from the Provider applies exclusively to the Property and is intended for a specific purpose at that property and is absolutely not intended for use or application to any other properties, circumstances, parties, or purposes.

IV.B LICENSING / RIGHTS of DISTRIBUTION

The report was prepared using the Utility Company Estimate Methodology for comparative analysis of the Property exclusively. The enclosed Schedules are intended for the exclusive use of the Client only. Pursuant to the contractual arrangements between DPC and the Client, DPC hereby grants a license to the Client for the limited use, publication, distribution and reproduction of this report and Schedules as needed with respect to the Property and no other properties. DPC reserves all other proprietary rights in the report and Schedules.

In any situation where the Client, under the limited license to utilize this report and related information, that involves a permitted distribution to a third party, the Client agrees to ensure that DPC’s copyright and proprietary notices are clearly displayed on all reproductions of and excerpts from this report or the schedules. Use of this report or related Schedules by any housing authority, government, public, private entity or individual whatsoever, other than the Client for evaluation purposes only, is strictly forbidden.

ALTON PLAZA
17347
AMENDMENT
ANNUAL OPERATING EXPENSES

ANNUAL OPERATING EXPENSES

| | | | |
|--|------------------------------------|--------------------------|------------|
| General & Administrative Expenses | | | |
| Accounting | \$ | 12,000 | |
| Advertising | \$ | 5,280 | |
| Legal fees | \$ | 3,300 | |
| Leased equipment | \$ | | |
| Postage & office supplies | \$ | 2,640 | |
| Telephone | \$ | 1,980 | |
| Other | \$ | <i>describe</i> | |
| Other | \$ | <i>describe</i> | |
| Total General & Administrative Expenses: | | | \$ 25,200 |
| Management Fee: | Percent of Effective Gross Income: | 6.71% | \$ 24,000 |
| Payroll, Payroll Tax & Employee Benefits | | | |
| Management | \$ | 24,500 | |
| Maintenance | \$ | 18,000 | |
| Other | \$ | <i>benefits/payroll</i> | 11,900 |
| Other | \$ | <i>describe</i> | |
| Total Payroll, Payroll Tax & Employee Benefits: | | | \$ 54,400 |
| Repairs & Maintenance | | | |
| Elevator | \$ | 5,000 | |
| Exterminating | \$ | 750 | |
| Grounds | \$ | 5,000 | |
| Make-ready | \$ | 6,432 | |
| Repairs | \$ | 9,648 | |
| Pool | \$ | | |
| Other | \$ | <i>describe</i> | |
| Other | \$ | <i>describe</i> | |
| Total Repairs & Maintenance: | | | \$ 26,830 |
| Utilities (Enter Only Property Paid Expense) | | | |
| Electric | \$ | <i>portfolio</i> | 4,800 |
| Natural gas | \$ | | |
| Trash | \$ | <i>portfolio</i> | 3,600 |
| Water/Sewer | \$ | <i>portfolio</i> | 14,400 |
| Other | \$ | <i>describe</i> | |
| Other | \$ | <i>describe</i> | |
| Total Utilities: | | | \$ 22,800 |
| Annual Property Insurance: | Rate per net rentable square foot: | \$ 0.40 | \$ 16,320 |
| Property Taxes: | | | |
| Published Capitalization Rate: | 10.50% | Source: | Gregg CAD |
| Annual Property Taxes | \$ | 30,100 | |
| Payments in Lieu of Taxes | \$ | | |
| Total Property Taxes: | | | \$ 30,100 |
| Reserve for Replacements: | Annual reserves per unit: | \$ 375 | \$ 18,000 |
| Other Expenses | | | |
| Cable TV | \$ | | |
| Supportive Services (Staffing/Contracted Services) | \$ | | |
| TDHCA Compliance fees | \$ | 1,320 | |
| TDHCA Bond Administration Fees (TDHCA as Bond Issuer <u>Only</u>) | \$ | | |
| Security | \$ | | |
| Other | \$ | <i>describe</i> | |
| Other | \$ | <i>describe</i> | |
| Total Other Expenses: | | | \$ 1,320 |
| TOTAL ANNUAL EXPENSES | | Expense per unit: \$ | 4562 |
| | | Expense to Income Ratio: | 61.26% |
| NET OPERATING INCOME (before debt service) | | | \$ 138,483 |
| Annual Debt Service | | | |
| | \$ | <i>CBOT</i> | 102,634 |
| | \$ | <i>City of Longview</i> | 10,162 |
| | \$ | | |
| | \$ | | |
| TOTAL ANNUAL DEBT SERVICE | | | \$ 112,796 |
| | | Debt Coverage Ratio: | 1.23 |
| NET CASH FLOW | | | \$ 25,687 |

ALTON PLAZA
17347
AMENDMENT
15 YEAR OPERATING PROFORMA

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

| INCOME | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 10 | YEAR 15 |
|--|------------|------------|------------|------------|------------|------------|------------|
| POTENTIAL GROSS ANNUAL RENTAL INCOME | \$377,796 | \$385,352 | \$393,059 | \$400,920 | \$408,939 | \$451,501 | \$498,494 |
| Secondary Income | \$ 8,640 | \$ 8,813 | \$ 8,989 | \$ 9,169 | \$ 9,352 | \$ 10,326 | \$ 11,400 |
| POTENTIAL GROSS ANNUAL INCOME | \$386,436 | \$394,165 | \$402,048 | \$410,089 | \$418,291 | \$461,827 | \$509,894 |
| Provision for Vacancy & Collection Loss | (\$28,983) | (\$29,562) | (\$30,154) | (\$30,757) | (\$31,372) | (\$34,637) | (\$38,242) |
| Rental Concessions | \$0 | | | | | | |
| EFFECTIVE GROSS ANNUAL INCOME | \$357,453 | \$364,602 | \$371,894 | \$379,332 | \$386,919 | \$427,190 | \$471,652 |
| EXPENSES | | | | | | | |
| General & Administrative Expenses | \$25,200 | \$25,956 | \$26,735 | \$27,537 | \$28,363 | \$32,880 | \$38,117 |
| Management Fee | \$ 24,000 | \$ 24,480 | \$ 24,970 | \$ 25,469 | \$ 25,978 | \$ 28,682 | \$ 31,667 |
| Payroll, Payroll Tax & Employee Benefits | \$ 54,400 | \$ 56,032 | \$ 57,713 | \$ 59,444 | \$ 61,228 | \$ 70,980 | \$ 82,285 |
| Repairs & Maintenance | \$ 26,830 | \$ 27,635 | \$ 28,464 | \$ 29,318 | \$ 30,197 | \$ 35,007 | \$ 40,583 |
| Electric & Gas Utilities | \$ 4,800 | \$ 4,944 | \$ 5,092 | \$ 5,245 | \$ 5,402 | \$ 6,263 | \$ 7,260 |
| Water, Sewer & Trash Utilities | \$ 18,000 | \$ 18,540 | \$ 19,096 | \$ 19,669 | \$ 20,259 | \$ 23,486 | \$ 27,227 |
| Annual Property Insurance Premiums | \$ 16,320 | \$ 16,810 | \$ 17,314 | \$ 17,833 | \$ 18,368 | \$ 21,294 | \$ 24,685 |
| Property Tax | \$ 30,100 | \$ 31,003 | \$ 31,933 | \$ 32,891 | \$ 33,878 | \$ 39,274 | \$ 45,529 |
| Reserve for Replacements | \$ 18,000 | \$ 18,540 | \$ 19,096 | \$ 19,669 | \$ 20,259 | \$ 23,486 | \$ 27,227 |
| Other Expenses | \$ 1,320 | \$ 1,360 | \$ 1,400 | \$ 1,442 | \$ 1,486 | \$ 1,722 | \$ 1,997 |
| TOTAL ANNUAL EXPENSES | \$218,970 | \$225,299 | \$231,813 | \$238,518 | \$245,419 | \$283,074 | \$326,577 |
| NET OPERATING INCOME | \$138,483 | \$139,303 | \$140,081 | \$140,814 | \$141,500 | \$144,116 | \$145,075 |
| DEBT SERVICE | | | | | | | |
| First Deed of Trust Annual Loan Payment | \$102,634 | \$102,634 | \$102,634 | \$102,634 | \$102,634 | \$102,634 | \$102,634 |
| Second Deed of Trust Annual Loan Payment | 10,162 | 10,162 | 10,162 | 10,162 | 10,162 | 10,162 | 10,162 |
| Third Deed of Trust Annual Loan Payment | | | | | | | |
| Other Annual Required Payment | | | | | | | |
| Other Annual Required Payment | | | | | | | |
| ANNUAL NET CASH FLOW | \$25,687 | \$26,507 | \$27,285 | \$28,018 | \$28,704 | \$31,320 | \$32,278 |
| CUMULATIVE NET CASH FLOW | \$25,687 | \$52,194 | \$79,478 | \$107,496 | \$136,200 | \$286,258 | \$445,253 |
| Debt Coverage Ratio | 1.23 | 1.23 | 1.24 | 1.25 | 1.25 | 1.28 | 1.29 |
| Other (Describe) | | | | | | | |
| Other (Describe) | | | | | | | |

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under \$11.9(e)(1) relating to Financial Feasibility)

Phone: _____

Email: _____

Signature, Authorized Representative, Construction or Permanent Lender

Printed Name

Date

ALTON PLAZA
17347
AMENDMENT
DEVELOPMENT COST SCHEDULE

| | | | |
|---------------------------------|---------|--|---------|
| Thermal and Moisture Protection | 90,000 | | 90,000 |
| Roof Covering | 179,000 | | 179,000 |
| Doors and Windows | 66,000 | | 66,000 |
| Finishes | 809,000 | | 809,000 |
| Specialties | 42,500 | | 42,500 |
| Equipment | 84,000 | | 84,000 |
| Furnishings | | | 0 |
| Special Construction | 159,000 | | 159,000 |
| Conveying Systems (Elevators) | 229,000 | | 229,000 |
| Mechanical (HVAC; Plumbing) | 597,000 | | 597,000 |
| Electrical | 326,000 | | 326,000 |

Individually itemize costs below:

| | | | |
|--|--------------------|------------|--------------------|
| Detached Community Facilities/Building | | | |
| Carports and/or Garages | | | |
| Lead-Based Paint Abatement | | | |
| Asbestos Abatement (Rehabilitation Only) | 8,500 | | |
| Structured Parking | | | |
| Commercial Space Costs | | | |
| demolition of building structure | 100,000 | | |
| Subtotal Building Costs Before 11.9(e)(2) | \$3,581,500 | \$0 | \$3,473,000 |

Voluntary Eligible Building Costs (After 11.9(e)(2))
Enter amount to be used to achieve desired score. \$0.00 psf

*Enter score for Building **OR** Hard Costs at end of form

TOTAL BUILDING COSTS & SITE WORK
(including site amenities) \$3,761,500 \$0 \$3,503,000

| | | | |
|-------------|-------|-----------|---------|
| Contingency | 9.60% | \$360,950 | 350,300 |
|-------------|-------|-----------|---------|

TOTAL HARD COSTS \$4,122,450 \$0 \$3,853,300

| OTHER CONSTRUCTION COSTS | %THC | | | %EHC |
|-------------------------------------|-------------|---------|---------|-------------|
| General requirements (<6%) | 5.78% | 238,227 | 231,198 | 6.00% |
| Field supervision (within GR limit) | | | | |
| Contractor overhead (<2%) | 1.93% | 79,409 | 77,066 | 2.00% |
| G & A Field (within overhead limit) | | | | |
| Contractor profit (<6%) | 5.78% | 238,227 | 231,198 | 6.00% |

TOTAL CONTRACTOR FEES \$555,863 \$0 \$539,462

TOTAL CONSTRUCTION CONTRACT \$4,678,313 \$0 \$4,392,762

Voluntary Eligible "Hard Costs" (After 11.9(e)(2))
Enter amount to be used to achieve desired score. \$102.67 psf \$4,200,273

*Enter score for Building **OR** Hard Costs at end of form

SOFT COSTS³

| | | | |
|---------------------------------------|---------|--|---------|
| Architectural - Design fees | 192,000 | | 192,000 |
| Architectural - Supervision fees | 48,000 | | 48,000 |
| Engineering fees | 105,000 | | 105,000 |
| Real estate attorney/other legal fees | 200,000 | | 160,000 |
| Accounting fees | 75,000 | | 75,000 |
| Impact Fees | 0 | | 0 |
| Building permits & related costs | 86,065 | | 86,065 |
| Appraisal | 7,500 | | 7,500 |
| Market analysis | 7,500 | | 7,500 |
| Environmental assessment | 11,550 | | 11,550 |
| Soils report | 11,550 | | 11,550 |
| Survey | 11,900 | | 11,900 |
| Marketing | 75,000 | | |
| Hazard & liability insurance | 40,800 | | |

\$10 Local Contribution in the form of Fee Waivers is being applied to permit fees and related costs.

| | | | | | | |
|--------------------------------|--------|-------------|-----|-------------|--------|--|
| Subtotal Developer Fees | 19.41% | \$1,188,974 | \$0 | \$1,170,974 | 20.67% | |
|--------------------------------|--------|-------------|-----|-------------|--------|--|

RESERVES

| | | | |
|--------------------------|-----------|-----|-----|
| Rent-up | 74,237 | | |
| Operating | 107,201 | | |
| Replacement | | | |
| Escrows | | | |
| Subtotal Reserves | \$181,438 | \$0 | \$0 |

| | | | |
|--|-------------|-----|-------------|
| TOTAL HOUSING DEVELOPMENT COSTS⁵ | \$8,304,071 | \$0 | \$6,834,802 |
|--|-------------|-----|-------------|

The following calculations are for HTC Applications only.

Deduct From Basis:

| | | |
|---|-------------|-------------|
| Federal grants used to finance costs in Eligible Basis | | |
| Non-qualified non-recourse financing | | |
| Non-qualified portion of higher quality units §42(d)(5) | | |
| Historic Credits (residential portion only) | | 821,634 |
| Total Eligible Basis | \$0 | \$6,013,168 |
| **High Cost Area Adjustment (100% or 130%) | | 130% |
| Total Adjusted Basis | \$0 | \$7,817,118 |
| Applicable Fraction | | 67% |
| Total Qualified Basis | \$5,259,435 | \$5,259,435 |
| Applicable Percentage ⁶ | | 9.00% |
| Credits Supported by Eligible Basis | \$473,349 | \$473,349 |

(May be greater than actual request)

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

Requested Score for 11.9(e)(2)

12

Name of contact for Cost Estimate: Lisa Stephens

Phone Number for Contact: 352-213-8700

Footnotes:

- ¹ An itemized description of all "other" costs must be included at the end of this exhibit.
- ² All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.
- ³ (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.
- ⁴ (HTC Only) Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.
- ⁵ (HTC Only) Provide **all** costs & Eligible Basis associated with the Development.
- ⁶ (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Multifamily Rules.

ALTON PLAZA
17347
AMENDMENT
FINANCING NARRATIVE

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

| Financing Participants | Funding Description | Construction Period | | | Lien Position | Permanent Period | | | | | Lien Position |
|-------------------------------|--|---------------------|-------------------|-----|---------------|--------------------|-------------------|--------------|------------|------------------|---------------|
| | | Loan/Equity Amount | Interest Rate (%) | | | Loan/Equity Amount | Interest Rate (%) | Amortization | Term (Yrs) | Syndication Rate | |
| Debt | | | | | | | | | | | |
| TDHCA | Multifamily Direct Loan (Repayable) | \$0 | 0.00% | | | \$ - | 0.00% | 30 | 0 | | |
| TDHCA | Multifamily Direct Loan (Soft Repayment) | \$0 | 0.00% | | | \$ - | 0.00% | 0 | 0 | | |
| TDHCA | Mortgage Revenue Bond | \$0 | 0.00% | | | \$ - | 0.00% | 0 | 0 | | |
| CBOT | Conventional Loan | \$5,700,000 | 5.75% | 1st | | \$ 1,500,000 | 6.00% | 35 | 18 | | 1st |
| City of Longview | Local Government Loan | \$300,000 | 1.00% | 2nd | | \$ 300,000 | 1.00% | 35 | 18 | | 2nd |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Third Party Equity | | | | | | | | | | | |
| Wells Fargo | HTC | \$ 420,000 | \$ 1,322,868 | | | \$ 3,779,622 | | | | 0.9 | |
| | | | | | | | | | | | |
| Grant | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Deferred Developer Fee | | | | | | | | | | | |
| Sagebrook Development | | \$ 1,038,973 | | | | \$ 352,376 | | | | | |
| | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| | Direct Loan Match | | | | | | | | | | |
| Red Stone | Federal Historic Credits | | | | | \$ 1,027,809 | | | | 0.9 | |
| Commerce Bank | State Historic Credits | | | | | \$ 1,344,264 | | | | 0.915 | |
| | | | | | | | | | | | |
| | Total Sources of Funds | \$ 8,361,841 | | | | \$ 8,304,071 | | | | | |
| | Total Uses of Funds | | | | | \$ 8,304,071 | | | | | |

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments)

Construction financing will be provided by Community Bank of Texas in the form of a Construction loan in the amount of \$5,700,000. The Construction loan will be underwritten at an interest rate of 5.75%. Permanent financing will also be provided by Community Bank of Texas in the form of a conventional loan in the amount of \$1,500,000. The perm loan will carry an interest rate of 6.00% and amortize over 35 years with a 18 year term. Red Stone will be providing the equity based on an estimated Housing Tax Credit allocation of \$420,000 per anum. Red Stone is proposing pricing of \$0.90 per LIHTC to purchase a 99.99% interest in the LLC that will own and operate the development, which amounts to total capital contributions of \$3,779,622. Red Stone will provide 35% of the total equity during construction, or \$1,322,868. Red Stone is also providing the Federal Historic Tax Credit equity which is based off of an equity rate of

Describe the replacement reserves:

Replacement Reserves are currently estimated at \$375 per unit per year. The total Replacement Reserves are sufficient to account for the projected 30 year replacement cost.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.:

The project will not have any operating subsidies, rental assistance or project based vouchers.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender _____ Printed Name _____ Date _____
 Telephone: _____
 Email address: _____

ALTON PLAZA
17347
AMENDMENT
BUILDING/UNIT TYPE CONFIGURATION

ALTON PLAZA
17347
AMENDMENT
COMMITMENT LETTERS

REDSTONE™

EQUITY PARTNERS

March 6, 2018

May 4, 2018

Ms. Lisa Stephens
Saigebrook Development, LLC
421 West 3rd Street, Ste. 1504
Austin, TX 78701

Re: Alton Plaza
Longview, TX

Dear Lisa,

Red Stone Equity Partners, LLC (“Red Stone”) is pleased to be given an opportunity to submit a proposal on the Alton Plaza Apartments (“Project”) located in Longview, Texas. This letter serves as an outline of the business terms regarding the acquisition of limited partnership interests in a to-be-formed Limited Partnership, (the “Partnership”) that will own the Project. Red Stone or its designee (the “Limited Partner”) will acquire a 99.99% limited partner interest (the “LP Interest”) and a 0.001% special limited partner interest (the “SLP Interest”) in the Partnership. The terms of this proposal are subject to ratification and countersignature by Red Stone’s investment committee as described below. Furthermore, this proposal is neither an expressed nor implied commitment by Red Stone or any of its affiliates to provide equity financing to the Project. Any such commitment shall only be as set forth in a to-be-negotiated operating agreement and will be subject to, among other things, (i) satisfactory transaction structure and documentation, (ii) satisfactory due diligence, including third party reports and (iii) other standard conditions for transactions of this type as described more fully in Paragraphs 13 and 14 below.

1. **Project Information.** The Partnership has been formed to acquire, own, develop and operate the Project, which is anticipated to be eligible to claim Low Income Housing Tax Credits (“Housing Credits”) under Section 42 of the Internal Revenue Code. The Project will consist of 48 residential units for rent to low-income families. The Project will consist of 1 residential building located at 202 Whaley Street located in the City of Longview, Gregg County, within the State of Texas. Within the Project, 33 of the units are expected to be Housing Credit compliant, with no additional units being designated as management units. The residential units mix shall reflect the detail below and shall conform to any other set-asides as required by the Texas Department of Housing and Community Affairs. The means for such conformance shall be reviewed by and be acceptable to Red Stone.

805 Third Avenue, 15th Floor, New York, NY 10022

TEL: 646-690-6110 WEB: www.rsequity.com

Boston ■ Charlotte ■ Chicago ■ Cleveland ■ Los Angeles ■ New York ■ San Diego

| Unit Type | Number of Units | Income Restrictions |
|-------------|-----------------|---------------------|
| 1 BR / 1 BA | 1 | 30% AMI |
| 1 BR / 1 BA | 2 | 50% AMI |
| 1 BR / 1 BA | 8 | 60% AMI |
| 2 BR / 2 BA | 2 | 30% AMI |
| 2 BR / 2 BA | 4 | 50% AMI |
| 2 BR / 2 BA | 12 | 60% AMI |
| 0 BR / 1 BA | 1 | 30% AMI |
| 0 BR / 1 BA | 1 | 50% AMI |
| 0 BR / 1 BA | 2 | 60% AMI |
| 1 BR / 1 BA | 4 | MKT |
| 2 BR / 2 BA | 7 | MKT |
| 0 BR / 1 BA | 4 | MKT |

The construction and lease-up schedule expected for the Project, and upon which the credit pricing and deal terms are contemplated herein, are as follows:

| | |
|-----------------------|-------------------|
| Closing Date | July 1, 2018 |
| Completion Date | July 1, 2019 |
| First Unit Leased | August 1, 2019 |
| Last Unit Leased | December 31, 2019 |
| Stabilized Operations | April 1, 2020 |

2. **Project Ownership.** Saigebrook Alton, LLC (the “General Partner”) will be a taxable, single purpose, bankruptcy remote entity with a 0.009% ownership interest in the Partnership. Any change in the ownership of the General Partner shall be subject to Red Stone’s consent. The anticipated ownership structure and other key Project participants are set forth below.

| Entity | Name | Ownership Interest |
|-------------------------|---|--------------------|
| General Partner | Saigebrook Alton, LLC | 0.009% |
| Limited Partner | RSEP Holding , LLC, or its designee | 99.99% |
| Special Limited Partner | Red Stone Equity Manager, LLC, or its designee | 0.001% |
| Developer | Saigebrook Development, LLC (90%) and O-SDA Industries, LLC (10%) | |
| Guarantors ¹ | Saigebrook Development, LLC and/or other entities acceptable to Red Stone | |
| General Contractor | TBD | |

¹ The Guarantors will guarantee certain of the General Partner’s obligations set forth in Paragraph 7 herein, will do so on a joint and several basis, and will be subject to the review and approval of Red Stone.

| | | |
|------------------|------------------------------|--|
| Property Manager | Accolade Property Management | |
|------------------|------------------------------|--|

3. **Tax Credits.** The Project has received an allocation of 9% Housing Credits from the Texas Department of Housing and Community Affairs (the “Agency”) for the year 2017 in an annual amount of \$420,000. The total Housing Credits anticipated to be delivered to the Partnership is \$4,200,000 (the “Projected Federal LIHTC”). The Project will be listed as a historic building in the National Register of Historic Places prior to closing, or is located in a registered historic district and is certified as being of historic significance to the district and expects to undertake a certified rehabilitation that will enable the Partnership to claim federal historic rehabilitation credits (the “Historic Credits”) of \$1,142,124 (the “Projected Federal HTC”), which is based on the Project incurring qualified rehabilitation expenditures of \$5,710,620 with respect to such building(s).

The following schedule sets forth the assumed delivery of the Projected Federal LIHTC and Projected Federal HTC.

| Year | Housing Credits | Historic Credits |
|------|-----------------|------------------|
| 2019 | \$128,519 | \$1,142,124 |
| 2020 | \$420,000 | |
| 2021 | \$420,000 | |
| 2022 | \$420,000 | |
| 2023 | \$420,000 | |
| 2024 | \$420,000 | |
| 2025 | \$420,000 | |
| 2026 | \$420,000 | |
| 2027 | \$420,000 | |
| 2028 | \$420,000 | |
| 2029 | \$291,481 | |

Any decision to delay the commencement date of the Housing Credit period beyond 2019 is subject to Red Stone's consent. In addition, any decision to commence the Housing Credit period prior to January, 2019, is subject to Red Stone’s consent.

4. **Capital Contribution.** Red Stone will acquire its Limited Partner Interest in the Partnership for a total capital contribution of \$4,807,431, subject to adjustment in Paragraph 5 below. This capital contribution is based on the following pricing:

| Credit Type | Total amount | LP amount | Pricing Factor | Equity |
|-------------------------|--------------|-------------|----------------|-------------|
| Projected Federal LIHTC | \$4,200,000 | \$4,199,580 | \$0.90 | \$3,779,622 |
| Projected Federal HTC | \$1,142,124 | \$1,142,010 | \$0.90 | \$1,027,809 |
| | | | Total | \$4,807,431 |

The above pricing assumes 100% of residential depreciation being taken over 30 years; 100% of depreciation on site improvements being taken over 15 years; and 100% of depreciation on personal property being taken over 5 years. The allocation of the depreciable line items is subject to Red Stone's review and approval. ²

Red Stone will fund its capital contribution pursuant to the following schedule:

- A. 15% (\$721,115) shall be paid upon the later of (a) the execution of the Partnership Agreement, (b) receipt and approval of all due diligence items on Red Stone's due diligence checklist, (c) receipt by the Partnership of commitment for a non-recourse permanent loan acceptable to Red Stone, (d) receipt of commitments of the additional financing sources described in Paragraph 11, and (e) closing and initial funding of the construction loan.
- B. 20% (\$961,486) upon the later of (a) satisfaction of the funding conditions described in (A) above, (b) completion of 50% of construction as determined by the project architect, and (c) January 1, 2019.
- B. 15% (\$721,115) upon the later of (a) satisfaction of the funding conditions described in (B) above, (b) receipt of temporary certificates of occupancy, (c) AIA form G704, receipt of an architect's certificate of lien-free substantial completion, and (d) July 1, 2019.
- C. 45% (\$2,163,344) upon the later of (a) satisfaction of the funding conditions described in (B) above, (b) receipt of permanent certificates of occupancy, (c) receipt of the final cost certification from an independent certified public accountant, (d) repayment of the construction loan and funding of the Project's permanent mortgage (or such condition will be met concurrently with the payment of this installment), (e) satisfaction of all funding conditions required for the permanent mortgage, including without limitation, three consecutive months of a 1.15 to 1.00 Debt Service Coverage ratio ("DSC") and 90 days of 90% occupancy, (f) achievement of 100% qualified occupancy, (g) calculations of the preliminary adjusters have been prepared, (h)

² Bonus Depreciation. The amount of the capital contributions set forth above are based upon the assumption that the Company will elect to be treated as an Electing Real Property Trade or Business, and will have an initial basis of not less than \$6,142,803 with respect to residential rental property with a recovery period of 30 years. Additionally, it is assumed that the Company will be entitled to claim depreciation deductions with respect to site improvements of not less than \$56,000 with a 15-year recovery period and personal property of not less than \$450,000 with a 5-year recovery period. The Managing Member may not elect out of bonus depreciation with respect to the 15- and 5-year life assets in accordance with Section 168(k)(2) of the Internal Revenue Code without the consent of Red Stone. As a result of the 100% accelerated depreciation, the Company will claim accelerated depreciation deductions of \$56,000 with respect to site improvements and \$450,000 with respect to personal property in 2019.

receipt of Part III Historic Certification from the U.S. Department of Interior and (i) April 1, 2020.

- C. 5% (\$240,372) upon the later of (a) satisfaction of the funding conditions described in (C) above, (b) achievement of Stabilized Operations, (c) receipt of IRS Form 8609s and a recorded extended use agreement, (d) receipt and review of an acceptable initial tenant file audit, (e) calculations of final adjusters have been prepared, and (f) April 1, 2020.

5. **Adjusters.**

- A. Increase or Decrease in Housing Credits. In the event that actual Housing Credits as determined by the cost certification and 8609s exceeds Projected Federal LIHTC, Red Stone will pay an additional capital contribution equal to the product of (i) \$0.90 multiplied by (ii) the difference between the actual Federal LIHTC and the Projected Federal LIHTC. In the event that actual Housing Credits as determined by the cost certification and 8609s are less than Projected Federal LIHTC, Red Stone's capital contribution will be reduced by an amount equal to the product of (i) \$0.90 multiplied by (ii) the difference between the Projected Federal LIHTC and the actual Federal LIHTC ("Adjustment Amount"). If the Adjustment Amount exceeds the total of all unfunded capital contributions, then the General Partner will make a payment (which payment shall be guaranteed by the Guarantors) to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to Red Stone as a return of its capital contribution.
- B. Timing of Housing Credit Delivery. In addition to the Adjustment Amount, Red Stone's capital contribution will be similarly reduced in the event that the actual delivery of Housing Credits is slower than the anticipated schedule set forth in Paragraph 3. The amount (the "Late Delivery Adjustment") of this reduction will equal the product of (i) \$0.55 multiplied by (ii) the difference in the Projected Federal LIHTC and actual Housing Credits for such years are less than the amounts shown in Paragraph 3. Conversely, in the event that the actual delivery of Housing Credits exceeds the anticipated schedule set forth in Paragraph 3, Red Stone will pay an additional capital contribution (the "Early Delivery Adjustment") equal to the product of (i) \$0.55 multiplied by (ii) the difference between actual Housing Credits and the Projected Federal LIHTC. Red Stone will pay such additional capital contribution at the funding of its final capital contribution installment.
- C. Increase or Decrease in Historic Credits. In the event that actual Historic Credits exceeds Projected Federal HTC, Red Stone will pay an additional capital contribution equal to the product of (i) \$0.90 multiplied by (ii) the difference between the actual Federal HTC and the Projected Federal HTC. In the event that actual Historic Credits are less than Projected Federal HTC, Red Stone's capital contribution will be reduced by an amount equal to the product of (i) \$0.90 multiplied by (ii) the difference between the Projected Federal HTC and the actual Federal HTC ("Adjustment

Amount”). If the Adjustment Amount exceeds the total of all unfunded capital contributions, then the General Partner will make a payment (which payment shall be guaranteed by the Guarantors) to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to Red Stone as a return of its capital contribution.

- D. Timing of Historic Credit Delivery. If any portion of the Historic Credits are deferred to a subsequent year than set forth in Paragraph 3 (“Delayed Historic Tax Credits”), the capital contribution shall be reduced by an amount equal to 15% of the Delayed Historic Tax Credits for each year between the year in which the Delayed Historic Tax Credits are received and anticipated year.

- E. Bonus Depreciation: The amount of the capital contributions set forth above are also based upon the assumption that the Company will elect to be treated as an Electing Real Property Trade or Business, and will have an initial basis of not less than \$6,142,803 with respect to residential rental property with a recovery period of 30 years. Additionally, it is assumed that the Company will be entitled to claim depreciation deductions with respect to site improvements of not less than \$56,000 per unit with a 15-year recovery period and personal property of not less than \$450,000 per unit with a 5-year recovery period. The Managing Member may not elect out of bonus depreciation with respect to the 15- and 5-year life assets in accordance with Section 168(k)(2) of the Internal Revenue Code without the consent of Red Stone. As a result of the 100% accelerated depreciation, the Company will claim accelerated depreciation deductions of \$56,000 with respect to site improvements and \$450,000 with respect to personal property in 2019.

Notwithstanding the above, in no event will the net additional Capital Contribution to be paid by Red Stone exceed 5% of the total original Capital Contribution amount, and Red Stone will pay such additional Capital Contribution at the funding of its final capital contribution. Such additional Capital Contribution will be used to pay any outstanding fees owed to Red Stone and then will be distributed in accordance with the provisions of Paragraph 10(B), below.

- 6. Reserves. The Partnership will fund the following reserves:
 - A. Operating Reserve. The Partnership will fund and maintain an Operating Reserve to be funded from the fourth Capital Contribution in an amount of \$107,201. Any release of funds from the Operating Reserve will be subject to Red Stone’s consent. Pursuant to Paragraph 10(B), the Operating Reserve will be replenished up to \$107,201 (the “Minimum Balance”) from cash flow to the extent withdrawals are made. The General Partner may draw up to 50% of the initial operating reserve balance prior to funding any obligation under the ODG. No further withdrawals may be made from the Operating Reserve until the Maximum ODG Amount (as defined in Paragraph 7(B) below) is funded by the General Partner, as required pursuant to Paragraph 7(B)(ii) below. To the extent the balance of the Operating Reserve is less than the Minimum

Balance at the expiration of the ODG Period as described in Paragraph 7(B)(ii) below, the General Partner shall cause the Operating Reserve to be replenished back to the Minimum Balance and the ODG Period shall be extended until such Operating Reserve has been replenished. The Operating Reserve shall remain an asset of the Partnership and shall be subject to distribution in accordance with Paragraph 10(C) below, subject to the approval of any project lenders.

- B. Replacement Reserve. The Project operating expenses will include the funding of a Replacement Reserve in the amount of \$375 per unit or such other amount specified by the project lenders increasing by 3% per annum. Any release of funds from the Replacement Reserve will be subject to Red Stone's consent.

7. **Guarantees**. The Guarantors will guarantee the following obligations of the General Partner:

- A. Construction Completion Guarantee. The Guarantors shall guarantee the General Partner's obligation of lien-free completion of the Project in accordance with the plans and specifications approved by Red Stone for the amount set forth in the approved project development budget. The Construction Completion Guarantee will provide that the Guarantors shall pay any amount in excess of the approved project development budget as well as any Project deficiency arising prior to Stabilized Operations (as defined in Paragraph 7(B) below). Payments made under this guaranty will not constitute loans to the Partnership or capital contributions and no Guarantors will have any right to receive any repayment on account of such payments.

- B. Operating Deficit Guarantee. The Guarantors will agree to advance to the Partnership any amounts required to fund operating deficits arising after the expiration of the Construction Completion Guarantee, if needed, as follows:

- (i) The guarantee shall be unlimited until the Project achieves "Stabilized Operations". Stabilized Operations is to be defined as the later to occur of (i) construction loan payoff and conversion to approved non-recourse permanent financing; and (ii) rental income generated from the Project is sufficient to pay all operating expenses of the Project, including, without limitation, all actual or anticipated mandatory debt service; real estate taxes; insurance premiums; management fees; and replacement and operating reserve deposits and maintain a debt service coverage ratio of not less than 1.15 to 1.00 for 3 consecutive months after funding and commencement of amortization of the Project's permanent loan. To the extent applicable, if Project income is insufficient to enable the Project to attain the required debt service coverage necessary for the closing or conversion of all permanent loans, the Guarantors will agree to pay down the construction loan in an amount necessary to allow the Project to cause the closing or conversion of all permanent loans by the conversion date required by the lender(s). Payments made under this guarantee will not constitute loans to the Partnership or capital contributions and no Guarantors will have any right to receive any repayment on account of such payments.

- (ii) Following (i) above, for a period of 60 months following the achievement of Stabilized Operations (the “ODG Period”), the amount shall be limited to \$159,397 (the “Maximum ODG Amount”), and will be released provided the Project maintains a minimum of 1.15 to 1.0 debt service coverage ratio over each of the last consecutive 12 months of the ODG Period.. Any amounts so advanced will constitute interest-free loans (“Operating Deficit Loan”) repayable out of future available cash flow or out of available proceeds of a sale or refinancing described in Paragraph 10.
- C. Repurchase Guarantee. The Guarantors will repurchase Red Stone’s interest upon the occurrence of certain events described in the Partnership Agreement.
- D. Housing Credit Shortfall and Recapture Guarantee. In addition to the Housing Credit and Timing Adjusters set forth in Paragraph 5, if the actual amount of Housing Credits for any year is less than Projected Federal LIHTC set forth in Paragraph 3, as adjusted by Paragraph 5, the Guarantors will guarantee payment to the Limited Partner of an amount equal to the shortfall, or recapture amount, plus all applicable fees, penalties or other costs incurred by the Partnership and/or Red Stone as a result of such shortfall or recapture. The Guarantors will pay, on an after-tax basis, the Limited Partner \$1.00 for each dollar of Housing Credits lost, plus any related interest or penalties. Notwithstanding the foregoing, the Guarantors shall not be responsible for loss or recapture of Housing Credits attributable to changes to the Code after the achievement of Stabilized Operations or that may be directly attributable to the transfer of the LP interest.
- E. Historic Credit Shortfall and Recapture Guarantee. In addition to the Historic Credit and Timing Adjusters set forth in Paragraph 5, if the actual amount of Historic Credits for any year is less than Projected Federal HTC set forth in Paragraph 3, as adjusted by Paragraph 5, the Guarantors will guarantee payment to the Limited Partner of an amount equal to the shortfall, or recapture amount, plus all applicable fees, penalties or other costs incurred by the Partnership and/or Red Stone as a result of such shortfall or recapture. The Guarantors will pay, on an after-tax basis, the Limited Partner \$1.00 for each dollar of Historic Credits lost, plus any related interest or penalties. Notwithstanding the foregoing, the Guarantors shall not be responsible for loss or recapture of Historic Credits attributable to changes to the Code after the achievement of Stabilized Operations or that may be directly attributable to the transfer of the LP interest. .
- F. Environmental Indemnification. The Partnership and the Guarantors, jointly and severally, shall indemnify and hold harmless the Limited Partner from and against all claims, actions, causes of action, damages, costs, liability and expense incurred or suffered based upon a violation of environmental laws, or respecting the presence of environmental hazards.

- G. **Guarantors.** The Guarantors will guarantee all of the General Partner’s obligations including those set forth above. The Guarantors will maintain an aggregate minimum liquidity of \$1,000,000 and a minimum net worth of \$5,000,000. The Guarantors will provide Red Stone with annual financial statements evidencing compliance with the liquidity and net worth covenants above.
8. **Construction.** The General Partner will arrange for a fixed or guaranteed maximum price construction contract in the anticipated amount of \$4,317,363. The General Partner shall cause lien-free completion to occur and shall provide either a payment and performance bond or letter of credit to secure the contractor’s obligations. Red Stone may, in its sole discretion, engage a construction consultant to review plans and specifications and evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant shall be borne by the Partnership.
9. **Fees.** The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.
- A. **Developer Fee.** The Developer will earn a developer fee of \$1,038,974. The portion of the developer fee that will not be paid out of the Capital Contributions will be deferred and payable by the Partnership to the Developer as a distribution of net cash flow in accordance with Paragraph 10(B). The deferred amount is projected to be \$352,376 and will accrue interest at the rate of 5% per annum, or such other interest rate acceptable to tax counsel, in effect as of the placed-in-service date of the project. The balance of the developer fee that is not projected to be permanently deferred is projected to be \$586,962 (“Cash Development Fee”) will be paid out of the Capital Contributions in amounts not to exceed the following (each stated as a percentage of Cash Development Fee):

| Capital Contribution # | Cash Development Fee Amount or % |
|---------------------------------------|----------------------------------|
| First Capital Contribution | 25% |
| Third Capital Contribution | 25% |
| Fourth and Fifth Capital Contribution | 50% |

The deferred amount will be payable out of available cash flow and will mature on the 15th anniversary of the placed-in-service date (“Maturity Date”). If the deferred portion of the developer fee has not been repaid upon the Maturity Date, the General Partner will be required to advance the Partnership the amount equal to the unpaid balance of the deferred amount.

- B. **Property Management Fee.** The property management fee will be the greater of \$2,000/month or 5% of gross collected rents. The appointment of, and terms of the property management agreement, are subject to the prior approval of Red Stone.

- C. Asset Management Fee. The Partnership will pay Red Stone an annual asset management fee in an amount equal to \$5,000 per annum. The asset management fee will be paid annually and such fee shall accrue beginning on January 1, 2019, with the first payment due and payable on or before March 1, 2020, and each anniversary thereafter. The asset management fee will increase annually by 3%.

Incentive Management Fee. An incentive management fee may be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow and not to exceed \$15,000 per year.

10. **Distribution of Tax and Cash Benefits.**

- A. Tax Benefits. Tax profits, tax losses, and tax credits arising prior to the sale or other disposition of the Project will be allocated 99.99% to the Limited Partner, .001% to the Special Limited Partner and .009% to the General Partner. The Limited Partner will have the right in its sole discretion to undertake a limited deficit restoration obligation at any time during the term of the Partnership.
- B. Net Cash Flow Distributions. Distributions of net cash flow, as defined in the Partnership Agreement, but generally all cash receipts less cash expenditures (e.g., payment of debt service and property management fee), will be made as follows:
- (i) to the Limited Partner in proportion to any tax liability incurred by such partner;
 - (ii) to the Limited Partner, to make any payment of any unpaid tax credit adjuster or any tax credit shortfall or other debts owed to the Limited Partner;
 - (iii) to the Limited Partner as payment of any unpaid Asset Management Fee;
 - (iv) to the payment of any unpaid developer fee, until such fee has been paid in full;
 - (v) to replenish the Operating Reserve account to the Minimum Balance;
 - (vi) to the payment of any debts owed to the General Partner;
 - (vii) \$15k to the payment of any incentive management fee, or such other amount as determined by and acceptable to tax counsel; and
 - (viii) the balance, 90% to the General Partner, .001% to the Special Limited Partner, and 9.99% to the Limited Partner, or such other amount determined by and acceptable to tax counsel.

C. Distributions upon Sale or Refinance. Net proceeds resulting from any sale or refinance will be distributed as follows:

- (i) in accordance with subparagraphs 10B(i) through (iii) above;
- (ii) in accordance with subparagraphs 10B(v) through (vi) above;
- (iii) to the Limited Partner in an amount equal to any projected exit taxes;
- (iv) the balance, 90% to the General Partner, 9.999% to the Limited Partner, and 0.001% to the Special Limited Partner, or such other amount as determined by and acceptable to tax counsel.

11. **Debt Financing.** As a condition to funding the capital contribution described in Paragraph 4, the General Partner will deliver the loan commitments described below. The terms of these loans and/or financing sources are subject to Red Stone's consent and all loans will be made directly from the lenders to the Partnership.

A. Permanent Loan. The Partnership expects to receive non-recourse permanent loan commitments in the maximum amounts, and with the terms set forth below:

| Name | Hard / Soft Debt | Interest Rate | Term (mos.) | Amort. (mos.) | % of cash flow |
|------------------------------|------------------|---------------|-------------|---------------|----------------|
| Perm Lender - \$1,500,000 | Hard | 6.00% | 216 | 420 | 100% |
| City of Longview - \$300,000 | Soft | 1.0% | 216 | TBD | TBD |
| State LIHTC - \$1,344,264 | Soft | 2.5% | 216 | N/A | N/A |

B. Construction Loan. In addition to the permanent financing sources described above, it is expected that the project will be financed with a first-lien position construction loan in the maximum amount of \$5,700,000 with an approximate interest rate of 5.75% and a term of no less than 24 months.

C. Predevelopment Loan. Red Stone will provide a predevelopment loan in the amount of \$400,000, \$175,000 which will be funded up execution of the loan documents and \$225,000 to be funded on April 1, 2018, or a later date if requested by the borrower. The loan will carry a 100 basis point origination fee (\$4,000), with an interest rate of 7%, and will be repayable at the earlier of Closing or 9 months from the funding date.

12. **Due Diligence, Opinions and Financial Projections.** The General Partner will satisfy all of Red Stone's due diligence requirements, including an acceptable local law opinion. The Limited Partner's tax counsel will provide the tax opinion. The Partnership will reimburse the Limited

Partner an amount equal to \$50,000 toward the costs incurred by the Limited Partner in conducting its due diligence review and for the costs and expenses of Red Stone's counsel and in connection with the preparation of the tax opinion, and for the costs of Red Stone's other third party reports. Red Stone may deduct this amount from its first Capital Contribution. The financial projections to be attached to the Partnership Agreement and that support the tax opinion will be prepared by Red Stone based on financial projections provided by the General Partner. The General Partner financial projections will include eligible basis calculations, sources and uses, and cash flow statements.

13. **Partnership Closing.** Final Partnership closing will be contingent upon Red Stone's receipt, review and approval in its sole discretion of all due diligence including the items set forth on its due diligence checklist to be delivered to the General Partner. Final Partnership closing also is contingent upon (i) a satisfactory site visit conducted by Red Stone to determine overall market feasibility, including an analysis of proforma rents and expenses, (ii) Red Stone's review and approval of all third party reports, and (iii) final approval of Red Stone's investor. Red Stone's agreement to acquire the LP Interest on the pricing, terms and conditions contained in this letter are further based on the assumption that the Partnership closing will occur on or before the Closing Date set forth in Paragraph 1. Terms and credit pricing herein shall be valid until the Closing Date.
14. **Exclusivity.** Upon the execution of this Letter of Intent, the General Partner agrees to cease its efforts to obtain financing from other sources. This exclusive arrangement shall terminate should Red Stone notify the General Partner in writing that it does not intend to proceed with this investment any time prior to ratification by the Red Stone investment committee. This exclusive right shall terminate 45 days from the execution of the letter by the General Partner and Guarantor.

[Remainder of page left intentionally blank]

Please confirm your acceptance of the terms described in this letter by signing the enclosed counterpart and returning to us at the address set forth on the first page of this letter. The terms of this letter are not binding until countersigned and accepted by an authorized officer of Red Stone.

Sincerely,



By: _____
Name: Andrew J. Foster
Title: Director

The undersigned approves and accepts the terms of this letter agreement and agrees to work with Red Stone.

GENERAL PARTNER:

By: _____
Its: _____
Date: _____

GENERAL PARTNER:

By: _____
Its: _____
Date: _____

GUARANTOR:

By: _____
Its: _____
Date: _____

GUARANTOR:

By: _____
Its: _____
Date: _____

Red Stone acknowledges and accepts the above signature of the General Partner within the terms of this commitment letter. This letter of intent was countersigned by Red Stone on the _____ day of _____, 2017.

By: _____
Title: _____
Date: _____



8000 Forsyth Boulevard
St. Louis, Missouri 63105-1797
(314) 726-2255
commercebank.com

February 26, 2018

Lisa Stephens

Saigebrook Development
421 W 3rd Street, Suite 1504
Austin, TX 78701

Version 2.0

Re: Acquisition of Texas Historic Rehabilitation Tax Credits

Dear Lisa:

This letter sets forth the commitment of Commerce Bancshares, Inc. (“Commerce”) to purchase, and the commitment of **Saigebrook Development (or its assigns)** (“Owner”) to sell, certain Texas historic rehabilitation tax credits issued by the Texas Comptroller of Public Accounts pursuant to Tex. Tax Code § 171.901 *et seq.* (“Tax Credits”).

1. Description of Project -- The project is renovation of the **former Petroleum Building located at 202 E. Whaley Street located in Longview, Texas**, to be known as Alton Plaza, which is a certified historic structure or a structure in a certified historic district that satisfies the requirements of Tex. Tax Code § 171.901 (or nomination pending/under consideration).

2. Amount of Tax Credit -- Pursuant to Tex. Tax Code § 171.905, the amount of available Tax Credits is 25% of the total eligible costs and expenses of qualified rehabilitation. The *anticipated* amount of the total eligible costs and expenses of qualified rehabilitation of this project is **\$5,200,000 with** anticipated Tax Credits of approximately **\$1,300,000** (25% x \$5,200,000).

3. Purchase Price -- Commerce will pay to Owner the amount of **\$0.915 per \$1.00** of Tax Credits actually delivered to Commerce (“Purchase Price”), provided that the Tax Credits are delivered to Commerce on or before the expiration date set forth in Section 5 below. Notwithstanding anything herein to the contrary, Commerce is not obligated to pay the Purchase Price until the tax credit certificate has been issued in Commerce’s name.

4. Delivery Date -- The Tax Credits are anticipated, but not required, to be available in calendar year 2019.

7199050.1

5. Expiration -- Commerce's obligation to acquire the Tax Credits **shall expire on December 31, 2022**. Commerce shall send written notice to Owner if Commerce elects to terminate this commitment on or after such date. Termination shall be effective on the date notice of said election is deposited in the U.S. mail, postage prepaid, to the address stated above. In no event shall Commerce's obligation to acquire the Tax Credits extend beyond the useable date for the Tax Credits. In addition, Commerce may terminate this commitment, and Commerce shall have no obligation under this commitment, if any of the following shall occur: (a) Owner shall become subject to any bankruptcy, reorganization or insolvency proceeding, (b) any default has occurred in the performance of any of Owner's obligations with respect to the Tax Credits or with respect to this commitment, (c) any material adverse change occurs in the financial condition of Owner or the State of Texas, or (d) the Texas legislature, the Texas Comptroller of Public Accounts, the Texas Historical Commission, the Texas Department of Revenue or any other agency or department, changes the statutes, regulations, interpretations or procedures with respect to any aspect of Texas historic rehabilitation tax credits in general or the Tax Credits specifically.

6. Exclusivity -- Owner grants Commerce the exclusive right to purchase the Tax Credits from Owner pursuant to the terms and conditions hereof. Owner shall not negotiate with any other party during the term of this commitment with respect to the Tax Credits. Owner agrees that it will cause the Tax Credits to be sold to Commerce, whether the Tax Credits are owned by Owner or any affiliate.

7. Owner Authority -- Owner represents and warrants to Commerce as follows:

- a) Owner will diligently pursue the applicable approval of the Texas Historical Commission, the Texas Comptroller of Public Accounts and any other appropriate agency or department for the Tax Credits, including but not limited to, making all the appropriate filings in a timely manner. Owner will diligently prosecute such application and do and perform all acts necessary to obtain the applicable approval and necessary documents to transfer the Tax Credits to Commerce. Owner will provide Commerce with a copy of all such applications and correspondence within five days of filing or receipt. The applications submitted by Owner will be true and correct in all material respects, including without limitation, the computation of qualified rehabilitation expenditures and basis for the project.
- b) Owner has the authority to enter into this commitment and to consummate the transactions contemplated hereby. This commitment shall be binding upon Owner and its successors and assigns.
- c) Upon receipt of approval by the Texas Comptroller of Public Accounts of the Tax Credits, Owner will execute Commerce's standard Tax Credit Purchase Agreement which includes Owner's indemnity of Commerce and its assigns in the event of a recapture or reduction in the amount of Tax Credits or in the event that the timing of the use of the Tax Credits is subsequently restricted. Owner will execute such other documents and will take such other action, as may be reasonably requested by Commerce.

- d) Owner is (or will be) the rightful owner of the Tax Credits, the Tax Credits when issued are assignable, the Tax Credits can be used by Commerce or its successors and assigns to offset their tax liability in the year in which the Tax Credits are issued and the Tax Credits may be carried forward to any of the succeeding five years, and Owner shall transfer the Tax Credits to Commerce or its successors and assigns. Commerce may assign its right to purchase the Tax Credits to a third party, provided that such assignment shall not relieve Commerce of its obligations to Owner hereunder.
- e) Owner has disclosed to Commerce all material facts concerning the Tax Credits. Owner will provide Commerce with such other information as Commerce shall reasonably request from time to time.
- f) Owner will develop, rehabilitate, construct, operate, use and manage the project in such manner so as to not cause the revocation, cancellation, termination or disallowance of the Tax Credits, or otherwise prevent Commerce from receiving the Tax Credits.

8. Commerce Authority -- Commerce represents and warrants to Owner as follows:

- a) Commerce has the authority to enter into this commitment and to consummate the transactions contemplated hereby.
- b) This commitment shall be binding upon Commerce and its successors and assigns.

9. No Tax Advice -- Each party acknowledges that it has relied upon its own tax and legal consultants. Each party must rely on its own tax advisors with respect to the methods of structuring the Tax Credits and any benefits that may result therefrom. Owner cannot rely upon any documents, summaries, projections or other information that may have been directly or indirectly provided by Commerce regarding the tax implications of tax credit transactions in general or the Tax Credits specifically. Each party is responsible for paying its own costs and expenses associated with the establishment and transfer of the Tax Credits.

10. Governing Law -- This commitment shall be governed by and construed in accordance with the laws of the State of Texas.

11. Final Agreement -- All prior representations and agreements between the parties with respect to the Tax Credits are merged into this commitment. This commitment can be changed only by a writing signed by the parties hereto. This commitment shall automatically become superseded upon the parties' execution of a Tax Credit Purchase Agreement with respect to the purchase and sale of the Tax Credits as contemplated hereunder.

12. Fees -- Owner shall pay any and all fees charged by the State of Texas, the Texas Comptroller of Public Accounts, the Texas Historical Commission or any other agency, to process the tax credit application and to transfer the Tax Credits to Commerce. If Owner does not pay such fees, Commerce has the right but not the obligation, to pay such fees on behalf of Owner and, if


Commerce pays such fees, to reduce the amount of the Purchase Price by the amount of such fees paid by Commerce.

If this commitment is acceptable to you, please sign a copy of this letter and return it to Commerce Bank (via e-mail) by March 30, 2018. If Commerce does not receive your executed copy of this letter by such date, this commitment will expire unless Commerce extends this commitment by signing a written extension agreement.

We are pleased to have the opportunity to work with you.

Yours very truly,

COMMERCE BANK

By: 

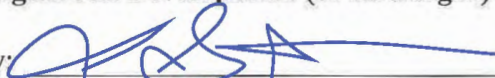
Printed Name: Stacy B. Rubenstein

Title: Tax Credit Specialist

**STACY B. RUBENSTEIN
Tax Credit Specialist
Commerce Bank**

The undersigned on behalf of **Saigebrook Development** (or its assigns) by his/her signature hereto agrees to the terms and conditions contained in this letter.

Saigebrook Development (or its assigns)

By: 

Printed Name: Lisa Stephens

Title: President

Date: 3-9-18



May 2, 2018

Alton Plaza, LLC
Ms. Lisa Stephens
421 W. 3rd Street, Suite 1504
Austin, Texas 78701

Re: Alton Plaza

Dear Ms. Stephens,

CommunityBank of Texas (the "Bank") is pleased to provide the following term sheet for construction and permanent financing to Alton Plaza, LLC ("Borrower") for the development of Alton Plaza, a 48-unit LIHTC family development to be built in Longview, Texas. The proposed terms and conditions are as follows:

Summary of Terms

Borrower: Alton Plaza, LLC

Guaranty: Construction loan will be guaranteed by Lisa Stephens and Sarah Anderson. The General Contractor will provide one (1) of the following to support construction of the project:

- 1) Full project payment and performance bond;
- 2) Project Completion Guaranty provided along with bonding of all major subcontractors, including plumbing, electrical, site work, structural and mechanical/HVAC, in form and substance reasonably satisfactory to Investor Limited Partner and Bank.

Permanent loan will be non-recourse except as to normal "bad boy" carve outs.

Project: Alton Plaza

Credit Facilities:

- A) Construction loan of approximately \$5,700,000
 - Priced at a variable rate of Prime – 0.25%, floating subject to a minimum all-in rate of 4.25% (floor of 4.25%). Bank will use 5.75% rate for underwriting.
 - 30-month construction loan term
 - one 6-month extension subject to 1) completion of project, 2) project sources and uses being balanced, 3) receipt of required tax credit equity payments, 4) No event of default has occurred or potential for default to occur, 5) 85% occupancy and 6) No material adverse change in the financial condition of the Project, Borrower and Guarantor(s).
 - Interest only due monthly during construction period
 - Total construction loan period including extension is 36-months

B) Permanent loan of up to approximately \$1,500,000 (amount also subject to investor approval) at an assumed underwriting rate of interest of 6.00%:

- Subject to final approval, the permanent loan rate will be locked at 6.00% fixed on a 35-year amortization through a closing date on or before October 31, 2018.
- 18-year term upon conversion to permanent status based on 90% occupancy for 90 days and a 1.15:1 debt service coverage.
- No pre-payment penalty – You may pay off the loan at anytime without penalty.
- Principal and interest due monthly during permanent period based on a 35-year amortization; balloon payment due at maturity.
- Replacement reserves to be \$250 per unit per year with agreed upon increases for future years.
- Operating deficit and other reserve requirements subject to Bank review and approval. It is expected that these reserve requirements will mirror the equity LOI, but that all reserves noted above will be held at CommunityBank of Texas. It is expected that any release provisions of operating reserve funds (aside from normal usage) will be subject to review and approval by Bank.

Note: Construction draws will be processed through the Bank, Title Company, and with approval of a 3rd party construction engineering firm hired by or acceptable to the Bank.

Loan-to-value: 1) Construction loan amount will be based on LTV not to exceed 80% based on rent-restricted value plus value of the tax credits; 2) Permanent period LTV not to exceed 80% based on the appraisal's identified decontrol value. Please note that the decontrol value determines the value of the property on a market rate basis (non-restricted) but adjusting the valuation for the mandated 3-year decontrol period if the property is taken back through foreclosure. The 3-year decontrol period is mandated by Section 42 requirements that tenants be given a maximum 3-year period to transition out of the property if it is converting to market rate due to the LURA being removed by Bank foreclosure. Appraisal report will be in form and substance acceptable to the Bank.

Collateral:

- 1st lien deed of trust and assignment of leases and rents on the subject property
- UCC filing on furniture, fixtures, and equipment
- Assignment of Tax Credits
- Security interest in operating and replacement reserve funds
- Assignment and subordination of deferred developer fee and other management fees collected by general partner or a related entity.
- Assignment and subordination of management, construction, architectural contracts, etc.

Fees: An origination fee of 1.00% for the construction loan and 1.00% for the permanent loan will both be payable at construction loan closing. An extension fee of 0.25% (of the outstanding loan balance) will be charged upon exercise of the 6-month construction loan extension.

Borrower will also pay for all reasonable costs incurred by the Bank in connection with the loans including, but not limited to, legal fees and expenses, appraisal/survey fees, title insurance premiums and search fees, UCC searches, environmental assessment fees, and inspecting architect fees, whether or not the facilities contemplated herein are funded. This obligation will survive whether or not the loans are approved.

The following are estimates for the Bank's costs aside from origination fees noted above:

- 1) Legal - \$35,000 - \$40,000
- 2) Appraisal – up to \$6,000
- 3) Plan and Cost Review – up to \$6,500
- 4) Appraisal Review, Environmental and Insurance Review - \$2,515

Reporting Requirements: Include but are not limited to:

- Annual audited financial statements of Borrower
- Annual financial statements of Guarantors
- Annual evidence of tax credit compliance
- Monthly operating statements on the property once construction is complete (leading up to conversion).
- Quarterly operating statements on the property during the permanent loan period

Summary of Conditions

This proposal is subject to all of the following conditions being met prior to construction closing:

- Tax Credit Allocation:** Receipt of an annual allocation of Low-Income Housing Tax Credits from the Texas Department of Housing & Community Affairs (TDHCA) in a minimum amount of \$420,000.
- Other Funds:** The Bank acknowledges amount and term of other anticipated project financing sources are to include the following estimated amounts:
- Equity - \$3,779,622
 - Historic Tax Credits - \$1,027,809
 - State Historic Tax Credits - \$1,344,264
 - Deferred Developer Fee - \$352,376
- Tax Credit Equity:** Tax credit investor and equity terms (including price and pay-in schedule) subject to Bank approval.
- Developer Fee:** Timing of payment of developer profit to be mutually agreed upon between Bank and Borrower. It is expected that the developer fee payment will mirror the developer fee payment schedule negotiated in the equity LOI.
- Project Budget:** The Bank's current understanding of the project budget is based on information provided by Borrower via email on April 26, 2018. The Bank acknowledges that this project budget is subject to change. However, significant changes to the budget that materially affect the project may result in changes to the terms and conditions proposed herein.
- Other Conditions:** Receipt and approval of those items listed in the Due Diligence Checklist.

This discussion letter does not represent a commitment by the Bank for the proposed financing, nor does it define all the terms and conditions of loan documents, but is a framework upon which a loan request may be submitted and considered. Issuance of a commitment by the Bank is subject to the approval of the loan request under the Bank's internal approval process, which includes, but is not limited to, a review of the Borrower's then current financial condition and review and approval of all third-party reports, in addition to completion of loan documents in form and substance acceptable to the Bank.

If you should have any questions concerning these terms and conditions, please feel free to call me at (713) 308-5754. Lisa, thank you for giving us the opportunity to consider financing for this project.

Sincerely,

CommunityBank of Texas, N.A.

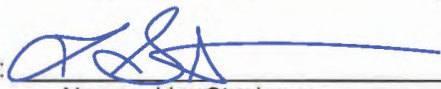
By: 

Stephen W. Rose
Executive Vice President

Agreed to:

By: Alton Plaza, LLC

By: Saigebrook Alton, LLC as its Managing Member

By: 

Name: Lisa Stephens
Title: President

Date: 5-3-18

From: Michael Shirley
To: [Lisa Stephens](#)
Cc: [nathan henry](#)
Subject: Re: Alton Place - soft financing
Date: Tuesday, April 17, 2018 3:27:14 PM

Lisa,

You are correct. We anticipate that City Council will consider the request in May for a loan with the terms mentioned below.

On Tue, Apr 17, 2018 at 1:43 PM, Lisa Stephens <lisa@saigebrook.com> wrote:

Michael, we need to provide an update on Alton Place to TDHCA. Could you please confirm by responding to this email that Alton Place has applied to the City for a loan with the following terms and that the City Council is expected to hear and vote on this loan in May 2018:

\$300,000 construction/permanent financing, 18 yr term, 35 yr amortization, 0% interest during construction, 1% interest during perm period, payment subject to cash flow availability.

Thanks so much for your help.

Lisa

--

Michael R. Shirley, AICP
Director of Development Services
City of Longview
Office- 903-237-1059
Cell- 903-746-3730
Fax- 903-237-1337

mshirley@LongviewTexas.gov
www.LongviewTexas.gov

ALTON PLAZA
17347
AMENDMENT
ARCHITECT'S SUMMARY

REES

rees.com

April 5, 2018

Mr. Kent Bedell
Asset Manager
Texas Dept. of Housing and Community Affairs
221 East 11th Street, Austin, Texas 78701-3941
email address: info@tdhca.state.tx.us

RE: Alton Plaza at The Petroleum Building – Longview, Texas

Dear Mr. Bedell:

Our client, Saigebrook Development, has asked me to provide this letter describing why our current design for this project is one dwelling unit short of the previously approved total of 49.

After the State Historic Preservation Officer (SHPO) reviewed our completed plans with the National Park Service (NPS), the NPS mandated a major recess of 10' for the window-wall façade on E. Whaley St., and a minor recess of 2' for the window-wall facade on N. Fredonia St. These façade recesses are only on the 2nd floor and they were required by the NPS as a way of resembling the (open façade) parking garage that existed on this floor over 50 years ago. We had already designed these window-walls with dark-tinted glass in black frames in order to appear as a deep recess. See rendering below.



This resulting reduction of useable area on the 2nd floor required the design team to redesign the dwelling units, and with their required (individual) unit areas, we had no other choice but to eliminate one unit.

The SHPO also required that we restore two existing (green-tiled) corridors on the 4th and 5th floors. This decision was also made after our initial meeting and after the floor plans had been completed. But in this case we were able to redesign the units on those two floors without affecting our unit count. It did however change the net rentable areas of these units significantly.

Please let me know if you need any further information regarding this project's requirements from the state and federal historical tax credit programs.

If you have any questions, please do not hesitate to contact me.

Sincerely,
REES ASSOCIATES, INC.

A handwritten signature in blue ink, appearing to read "Gary Pitts". The signature is fluid and cursive, with the first name "Gary" written in a larger, more prominent script than the last name "Pitts".

Gary Pitts, AIA
Senior Associate

From: Valerie Magolan Valerie.Magolan@thc.texas.gov 
Subject: RE: Historic Corridor Walls of Petroleum Building
Date: December 14, 2017 at 5:15 PM
To: Pitts, Gary D. GPitts@rees.com
Cc: Nathan Henry (nathan@saigebrook.com) nathan@saigebrook.com, lisa@saigebrook.com, Megan Lasch megan@o-sda.com, Macon, Kendall kmacon@rees.com

VM

Hello Gary,

Thank you for sending over this additional information, and for your attention to my previous comments and concerns from our meeting.

I understand that many of the corridor walls were previously demolished, and that the remaining walls have been damaged and need to be repaired. I understand, too, that much of the tile has been tagged with spray paint and there are some limited areas where the tile has been broken.

However, these corridors are primary spaces of the building, in addition to having character-defining finishes (historic tile). This means that they must be retained.

If that means that the tile must be removed, the walls rebuilt in the same locations, and the tile reinstalled, then that is what would need to happen. There is some flexibility in terms of openings (new openings can be created in the hallways), and potentially hallways could be slightly truncated if necessary, but they would need to appear generally the way they currently do, and in the same locations. Corridors that were previously demolished do not need to be reconstructed.

Regarding tiles: it is perfectly acceptable to salvage whole tiles from unobtrusive locations to replace tiles that have been damaged. If a match can be found for the tile, then you could replace in kind (although I doubt it would be easy to match this tile exactly). You did not mention which types of compounds and methods have been tested for removing the spray paint from the tile, but I would anticipate that the spray paint is indeed removable. If multiple methods have been tested unsuccessfully, we would want to know which methods they were, and then we can reassess the next step together.

Regarding your proposal to relocate historic tile onto new walls in new locations, this would not be a recommended treatment, as we would want to see a distinction between historic vs. non-historic walls. The tiles, of course, also must be retained on the walls on the opposite side adjacent to the elevator.

I understand this might not be what you'd like to hear, but since these tiled corridors are so unique and so visually and spatially significant to the interior of this building, they would be one of our first priority areas for our review, and one of the most important areas to prioritize retention of historic fabric.

Please let me know if you have any questions about these comments, or if you would like further specifics.

Thank you,
Valerie

Valerie Magolan
Tax Credit Program Specialist
Architecture Division
Texas Historical Commission

P.O. Box 12276
Austin, TX 78711-2276
512.463.3857
www.thc.texas.gov



TEXAS HISTORICAL COMMISSION
real places telling real stories

From: Pitts, Gary D. [<mailto:GPitts@rees.com>]
Sent: Monday, December 11, 2017 1:00 PM
To: Valerie Magolan <Valerie.Magolan@thc.texas.gov>
Cc: Nathan Henry (nathan@saigebrook.com) <nathan@saigebrook.com>;
'lisa@saigebrook.com' <lisa@saigebrook.com>; Megan Lasch <megan@o-sda.com>; Macon,
Kendall <kmacon@rees.com>
Subject: Historic Corridor Walls of Petroleum Building

Valerie,

Good morning. When we met to discuss the Petroleum Building on November 17th, we discussed the historic corridors and THC's request to save them as-is (see item #12 below, and that meeting report attached).

12. The Petroleum Building has been the victim of decades of vacancy, neglect, water intrusion and vandalism. Many areas of the office portion (top 3 floors) are completely destroyed, yet a few areas of original (tile-clad) corridors remain. It was the design team's intent to save all of the tile possible, before removing these partitions, then re-using the tile in important locations in the common areas of the new floor plans. THC would like the remaining portions of the original corridor system to be saved. REES will study this.

We have surveyed the existing condition of these corridors on all floors. Please refer to the attached 21727 Petroleum Building Existing Conditions Report.

There is not much remaining of these corridors unfortunately. They were constructed on the upper 3 floors as a component to the re-purposed office function, but the western-half of floors 3 through 5 have been completely demo'ed, including the green-tiled corridors. And the eastern-half of the 3rd floor has also been demolished.

Looking back through documents provided to us from Saigebrook, it appears that this demo work occurred before 2001 (see Structural Evaluation Report August 31, 2001, attached).

The corridors on the eastern-half of floors 4 and 5 are partially demolished and vandalized with graffiti. The spray paint will not come off without damaging the glazed surface of the tile, and the structural integrity of the steel framing has been

compromised with decades of exposure to rain water as a result of the many roof leaks.

With your approval, we will carefully remove all the green tile that has not been damaged or vandalized, and place that tile on new wall framing in specific locations as allowed by THC. If you wish, we can build these tile-clad walls in portions of the original corridor locations, or in important public areas of the new build-out.

Please let us know the direction that you would like the design team to take on this issue.

Thank you, and please feel free to call or email with questions.

Gary Pitts AIA
Senior Associate

REES

Architecture Planning Interior Design
1025 N. Stemmons Freeway, Suite 737 | Dallas, TX 75207
o 214 580 7190 | rees.com

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From: Pitts, Gary D. GPitts@rees.com
Subject: NPS requiring facades on 2nd floor to be pushed back
Date: March 26, 2018 at 10:56 AM
To: Nathan Henry (nathan@saigebrook.com) nathan@saigebrook.com
Cc: Macon, Kendall kmacon@rees.com

GP

See the 2nd bullet item

Gary Pitts AIA
Senior Associate

REES

Architecture Planning Interior Design
1025 N. Stemmons Freeway, Suite 737 | Dallas, TX 75207
o 214 580 7190 | rees.com

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From: Valerie Magolan [mailto:Valerie.Magolan@thc.texas.gov]
Sent: Friday, February 09, 2018 7:29 PM
To: Pitts, Gary D. <GPitts@rees.com>
Subject: RE: preliminary review package on our Petroleum Building in Longview

Hello Gary,

I've spoken with Gary Sachau at the National Park Service about your project as of earlier today. For your reference, here is a summary of our conversation and his primary comments – please let me know if you'd like to work through any of these items, and feel free to follow up with a call next week.

- He is fine with the removal of the turquoise slats that currently cover the garage. He believes that the building should be listed only under C for Architecture (and not A for History/Commerce), which would limit its period of significance and allow for removal of these non-historic slats. That was news to me that the area of significance had changed, and I think this will make things a bit easier for you.
- With that said, if the slats are removed and the 2nd floor is infilled with housing units, he said he cannot allow the enclosure to extend all the way to the perimeter or front plane of the building regardless of its color/material – the new wall must be set back to leave the sense of openness associated with the open garage. He recommends a preliminary setback of 10 ft on the long elevation with the blade sign, and on the short elevation with the balconies, he recommends a setback at least deep enough to leave the structural columns free and exposed.
- He is fine with the truncation of the green tile corridors. He recommends submitting additional information (if available) about the condition of the structure of the walls if they need to be reconstructed – I already forwarded him more than what you sent me just now, including the “Existing Conditions” documents you sent a while ago.
- As I mentioned before and he'd like to reiterate. the existing doorways on the corridor

the mentioned doors and windows to regenerate, and existing doorways on the corridor must be respected and retained. Any disused doors should be fixed in place and remain visible on the hallway side. New doorways may be incorporated into the design either by reusing old doorways, slightly shifting over old doorways, or adding additional openings. This should be judiciously done, as I'm sure neither of us want to have so many openings that the corridors are like swiss cheese.

- Bonus item: He and I also discussed the proposed balconies on the alley side. We noticed that the elevations given to him and the plans given to me previously don't match up, but we are conceptually fine with the addition of balconies on this side as long as their design is compatible, and as long as they don't come too far forward to the street face. There were some depicted in the previous plans (on the 5th floor) that were quite far to the front. We recommend any balconies on this elevation be kept as far back as the existing fire escape balcony on that side (which you are also not required to keep, just a rule of thumb).

Thank you,
Valerie

From: Pitts, Gary D. [<mailto:GPitts@rees.com>]
Sent: Wednesday, January 31, 2018 6:21 PM
To: Valerie Magolan <Valerie.Magolan@thc.texas.gov>
Subject: preliminary review package on our Petroleum Building in Longview

Valerie,

Attached, please find the preliminary review package on our Petroleum Building in Longview. If you see anything that I missed in terms of photos needed or more detail on the plans, please let me know.

I would also ask you to send these up to the NPS as soon as possible as we have a fuse lit on this one. I would also like to talk to you and catch up on the changes to the Historic Tax Credits program, so if you don't mind I would like to call you tomorrow to discuss that.

Thank you.

Gary Pitts AIA
Senior Associate

REES

Architecture Planning Interior Design
1025 N. Stemmons Freeway, Suite 737 | Dallas, TX 75207
o 214 580 7190 | rees.com

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ALTON PLAZA
17347
AMENDMENT
UPDATED ARCHITECTURAL PLANS



ALTON PLAZA AT THE PETROLEUM BUILDING

LONGVIEW, TEXAS
04/20/18

COVERSHEET

REES

Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

**Mechanical, Electrical,
Plumbing Engineer**

WSP USA Building Systems

3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**
LONGVIEW, TEXAS

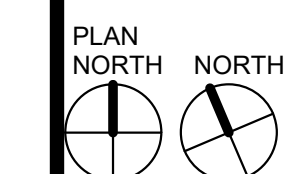
No. _____ Date _____

Revisions

| | |
|-------------------------|--|
| Project No. 21727.00 | These documents have been prepared under the direct supervision of Robert W. Genter, TX Registration No. 22105 and are NOT intended for regulatory approval, bidding, permitting or construction purposes. |
| Drawn | |

Checked _____ Approved _____

Key:



CONSTRUCTION DOCUMENTS

Title:
**ARCHITECTURAL
SITE PLAN**

Scale: As indicated

Drawing No.

A-100

Issue Date

APRIL 20, 2018

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EAST WHALEY STREET

NORTH FREDONIA STREET

SITE NOTES:

1. SITE AREA : 0.298 ACRES (13,000 SF)
2. PROPERTY IS IN FLOOD ZONE X.
3. ZONING ORDINANCE ARTICLE 10-104 A: NO OFF STREET PARKING REQUIRE
4. CONSTRUCTION INCLUDES REHAB OF AN EXISTING BUILDING.
5. MINIMUM 7'-4" CEILING HEIGHT

UNIT MIX PER FLOOR

| | AE | ME | AB1 | MB1 | AB2 | MB2 | TOTAL |
|---------|----|----|-----|-----|-----|-----|-------|
| LEVEL 1 | 0 | 0 | 0 | 0 | 1 | 2 | 3 |
| LEVEL 2 | 2 | 0 | 3 | 0 | 6 | 0 | 11 |
| LEVEL 3 | 2 | 0 | 4 | 0 | 6 | 0 | 12 |
| LEVEL 4 | 0 | 2 | 3 | 1 | 3 | 2 | 11 |
| LEVEL 5 | 0 | 2 | 1 | 3 | 2 | 3 | 11 |
| | 4 | 4 | 11 | 4 | 18 | 7 | 48 |

| UNIT | TOTAL | AREA | TOTAL N.R.A. |
|----------|-------|-------|--------------|
| AE | 2 | 581 | 1,162 |
| AE.1 | 2 | 522 | 1,104 |
| AB1.1 | 6 | 654 | 3,924 |
| AB1.2 | 1 | 715 | 715 |
| AB1.2.1 | 1 | 697 | 697 |
| AB1.3 | 3 | 692 | 2,076 |
| AB2.1 | 3 | 874 | 2,622 |
| AB2.2 | 3 | 939 | 2,817 |
| AB2.3 | 3 | 944 | 2,832 |
| AB2.3.1 | 1 | 953 | 953 |
| AB2.4 | 1 | 1,043 | 1,043 |
| AB2.4.1 | 1 | 967 | 967 |
| AB2.5 | 1 | 879 | 879 |
| AB2.6 | 1 | 1,007 | 1,007 |
| AB2.10 | 1 | 1,119 | 1,119 |
| AB2.12 | 1 | 1,254 | 1,254 |
| AB2.12.1 | 1 | 1,225 | 1,225 |
| AB2.15 | 1 | 1,154 | 1,154 |
| | 33 | | 27,520 |
| ME | 4 | 581 | 2,324 |
| MB1.1 | 2 | 654 | 1,308 |
| MB1.2 | 2 | 715 | 1,430 |
| MB2.7 | 1 | 1,046 | 1,046 |
| MB2.8 | 1 | 1,085 | 1,085 |
| MB2.9 | 1 | 1,109 | 1,109 |
| MB2.11 | 1 | 1,240 | 1,240 |
| MB2.12 | 1 | 1,254 | 1,254 |
| MB2.13 | 1 | 1,214 | 1,214 |
| MB2.14 | 1 | 1,376 | 1,376 |
| | 15 | | 13,386 |
| | 48 | | 40,906 |

BUILDING AREA
G.S.F. PER FLOOR

| LEVEL | G.S.F. PER FLOOR | TOTAL |
|---------|------------------|--------|
| LEVEL 1 | | 6,247 |
| LEVEL 2 | PARKING GARAGE | 11,540 |
| LEVEL 3 | MOTOR COURT | 12,391 |
| LEVEL 4 | | 12,391 |
| LEVEL 5 | | 12,391 |
| TOTAL | | 54,960 |

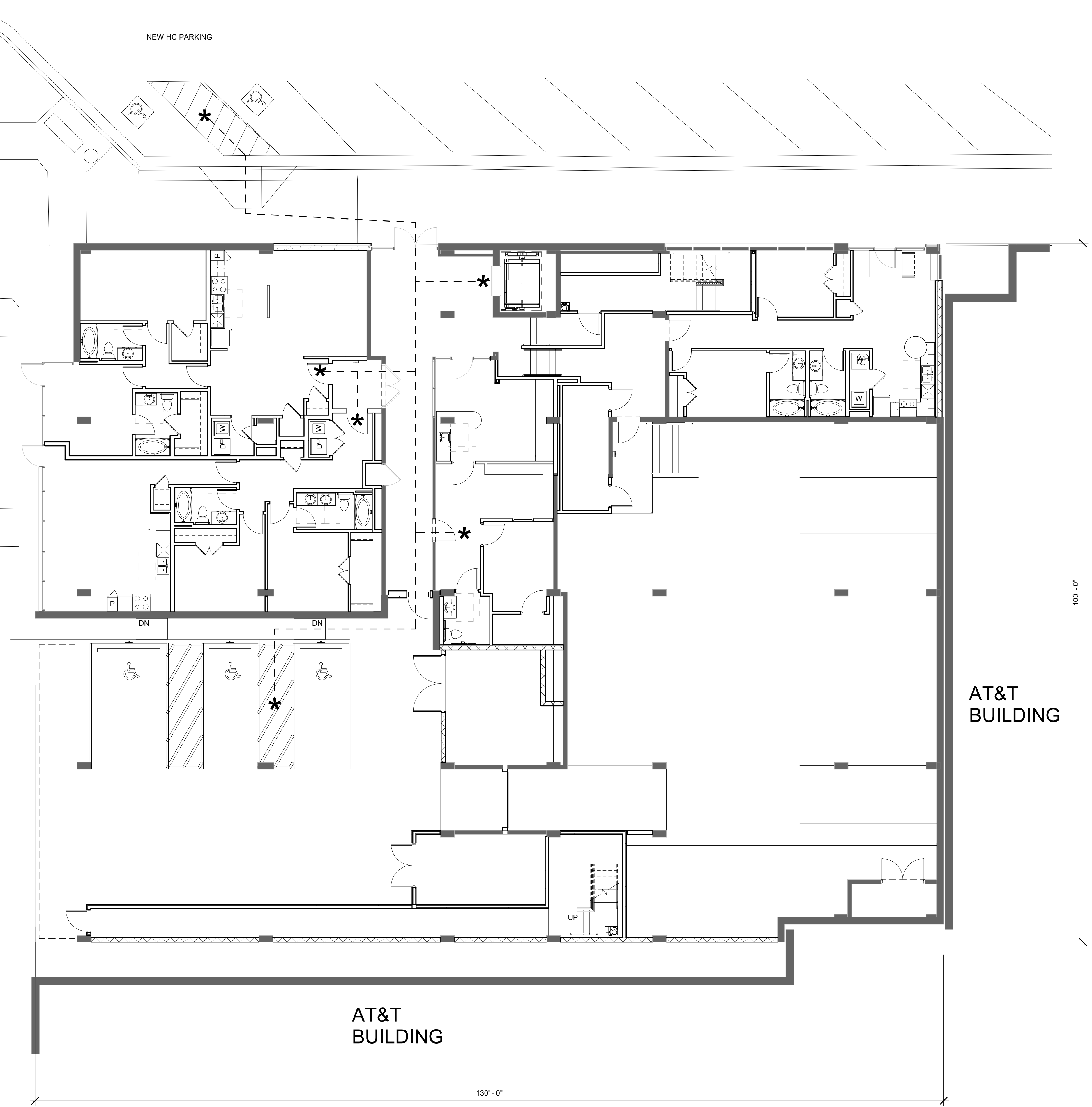
N.R.A. - NET RENTABLE AREA (TDHCA)
UNIT SPACE AVAILABLE EXCLUSIVELY TO THE TENANT

- HEATED AND COOLED BY A MECHANICAL HVAC SYSTEM
- MEASURED TO OUTSIDE OF STUDS OF A UNIT OR TO MIDDLE OF WALLS IN COMMON WITH OTHER UNITS
- DOES NOT INCLUDE: COMMON HALLWAYS, STAIRWELLS, ELEVATOR SHAFTS, JANITOR CLOSETS, ELECTRICAL CLOSETS, BALCONIES, PORCHES, PATIOS OR OTHER AREAS NOT ACTUALLY AVAILABLE FOR THEIR FURNISHINGS

ACCESSIBLE ROUTE

BUILDING AREA
DEFINED IN SECTION 502.1 IBC AS:
THE AREA INCLUDED WITHIN THE SURROUNDING EXTERIOR WALLS EXCLUSIVE OF VENT SHAFTS AND COURTS.

1 SITE PLAN
1/8" = 1'-0"



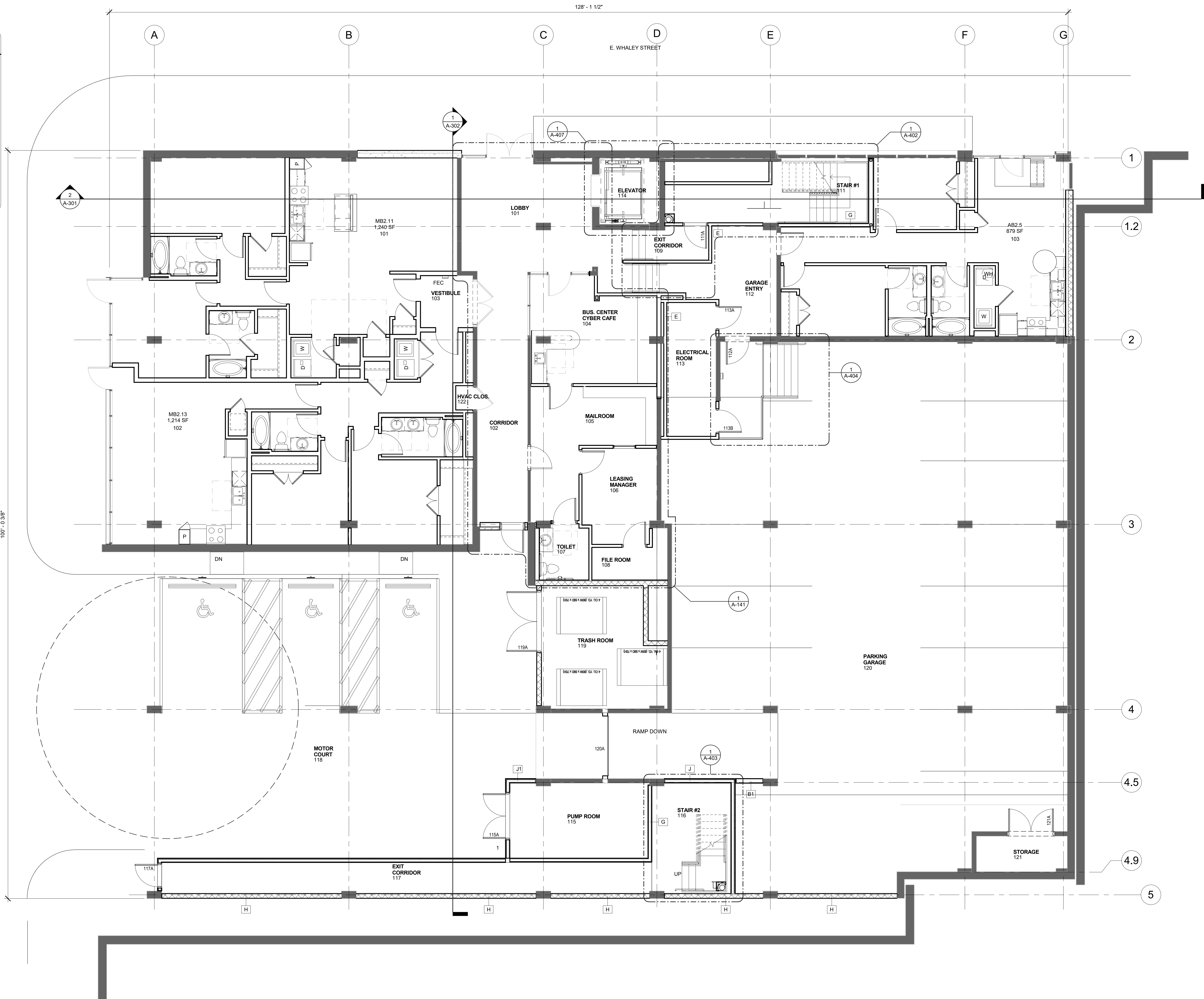
GENERAL BLDG. PLAN NOTES

- NOTE: THESE GENERAL NOTES APPLY TO ALL ARCHITECTURAL FLOOR PLANS.
1. ALL DIMENSIONS ARE FROM FACE OF GYP BOARD TO FACE OF GYP BOARD, UNLESS OTHERWISE NOTED.
 2. REFER TO SHEET G-005 FOR PARTITION TYPES.
 3. REFER TO SHEET A-400 SERIES FOR ENLARGED PLANS AND ACCESSORY SCHEDULES.
 4. REFER TO SHEETS A-500 SERIES FOR WINDOW AND BORROWED LIGHT ELEVATIONS.
 5. REFER TO SHEET A-600 SERIES FOR THE DOOR SCHEDULE.
 6. ALL EQUIPMENT, FINISHES AND TOILET ACCESSORIES TO BE INSTALLED ARE TO COMPLY WITH 2009 ICC-ANSI 117.1, AMERICANS WITH DISABILITIES ACT AND OTHER SPECIFIC STANDARDS, CODES AND REGULATIONS ESTABLISHED BY LOCAL AUTHORITIES HAVING JURISDICTION.
 7. EQUIPMENT ROOMS ARE DESIGNED TO BE USED FOR STORAGE OF EQUIPMENT AND ARE NOT TO BE USED FOR STORAGE OF ANY COMBUSTIBLE MATERIALS.
 8. PROVIDE SOLID BLOCKING AT ALL WALLS THAT CONTAIN GRAB BARS, HANDRAILS, TOWEL BARS AND TOILET PAPER DISPENSERS TO RESIST 200 LB. TENSION & SHEAR.
 9. ALL WALL CONTROLS, SWITCHES AND THERMOSTATS TO BE MOUNTED WITH TOP OF J BOX AT 48" A.F.F. ALL ABOVE COUNTER CONTROLS & SWITCHES TO BE MOUNTED WITH HORIZONTAL ORIENTATION WITH TOP OF J BOX AT 44" A.F.F.

| BUILDING AREA | | |
|------------------|----------------|--------|
| G.S.F. PER FLOOR | | |
| LEVEL 1 | PARKING GARAGE | 3,779 |
| | MOTOR COURT | 2,471 |
| LEVEL 2 | | 11,540 |
| LEVEL 3 | | 12,391 |
| LEVEL 4 | | 12,391 |
| LEVEL 5 | | 12,391 |
| TOTAL | | 54,960 |

BUILDING LEVEL NOTES

1. NET RENTABLE AREA: 3,333 SF
2. COMMON SPACE: 2,166 SF
3. CLUBHOUSE: 746 SF
3. MINIMUM 7'-6" CEILING HEIGHT
4. ROOF SLOPE 1/4" PER FOOT



1 FIRST FLOOR PLAN
3/16" = 1'-0"

Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

Mechanical, Electrical, Plumbing Engineer

WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

ALTON PLAZA AT THE PETROLEUM BUILDING

ALTON
PLAZA
LONGVIEW, TEXAS

No. _____ Date _____

Revisions

Project No. 21727.00

Drawn _____
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Checked _____ Approved _____

Key:

PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title: **FIRST FLOOR PLAN**

Scale: As indicated

Drawing No.

A-121

Issue Date

APRIL 20, 2018

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Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

**Mechanical, Electrical,
Plumbing Engineer**

WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**
LONGVIEW, TEXAS

No. _____ Date _____

Revisions

Project No. 21727.00
Drawn _____
Checked _____
Approved _____
Seal _____

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Key:

PLAN NORTH
NORTH

CONSTRUCTION DOCUMENTS

Title: **SECOND FLOOR PLAN**

Scale: As indicated

Drawing No. **A-122**

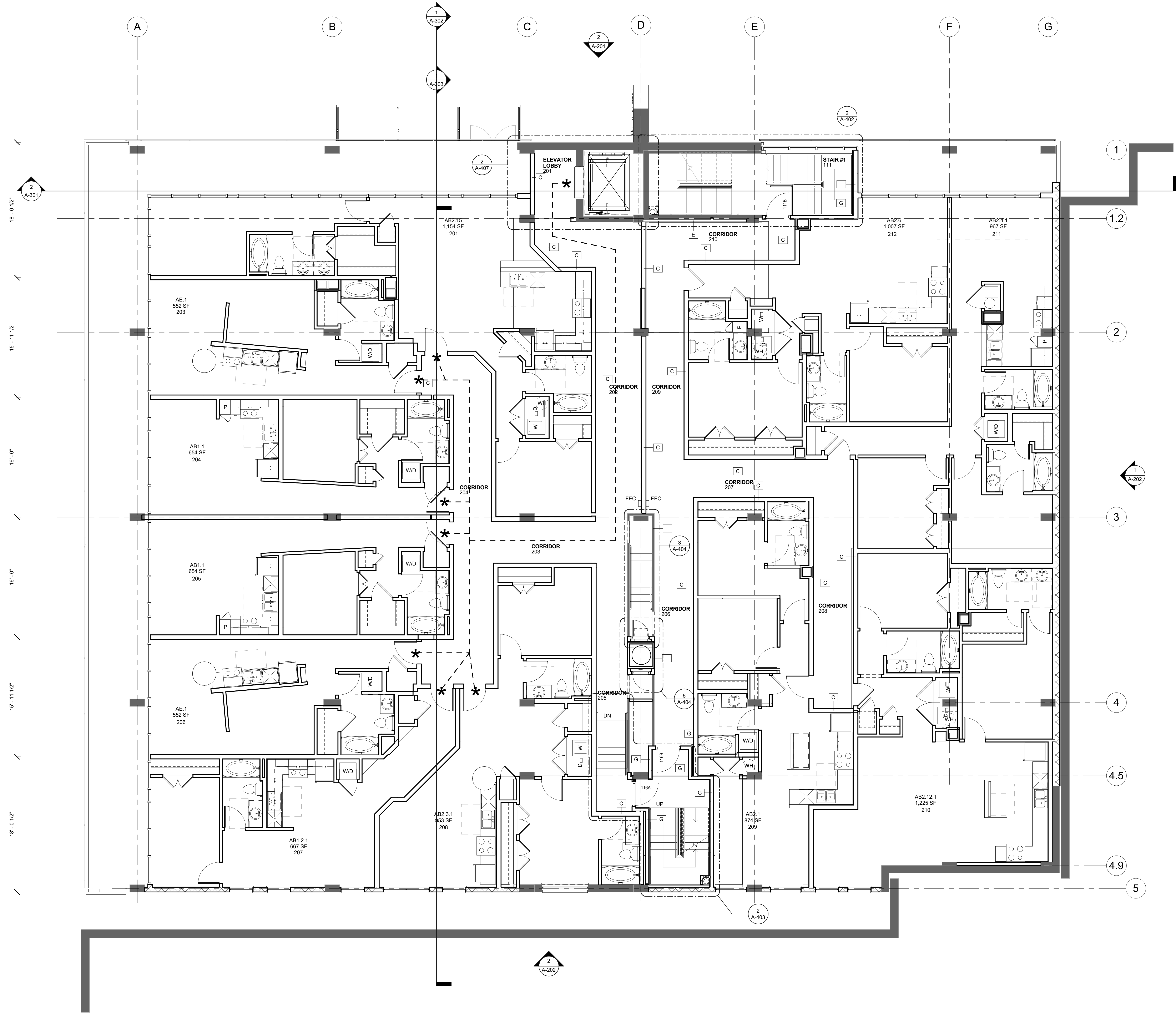
Issue Date **APRIL 20, 2018**

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| BUILDING AREA | | |
|------------------|----------------|--------|
| G.S.F. PER FLOOR | | |
| LEVEL 1 | PARKING GARAGE | 3,779 |
| | MOTOR COURT | 2,471 |
| LEVEL 2 | | 11,540 |
| LEVEL 3 | | 12,391 |
| LEVEL 4 | | 12,391 |
| LEVEL 5 | | 12,391 |
| TOTAL | | 54,960 |

- BUILDING LEVEL NOTES**
1. NET RENTABLE AREA: 9,259 SF
 2. COMMON SPACE: 2,281 SF
 3. MINIMUM 7'-6" CEILING HEIGHT
 4. ROOF SLOPE 1/4" PER FOOT

ACCESSIBLE ROUTE



1 SECOND FLOOR PLAN
3/16" = 1'-0"

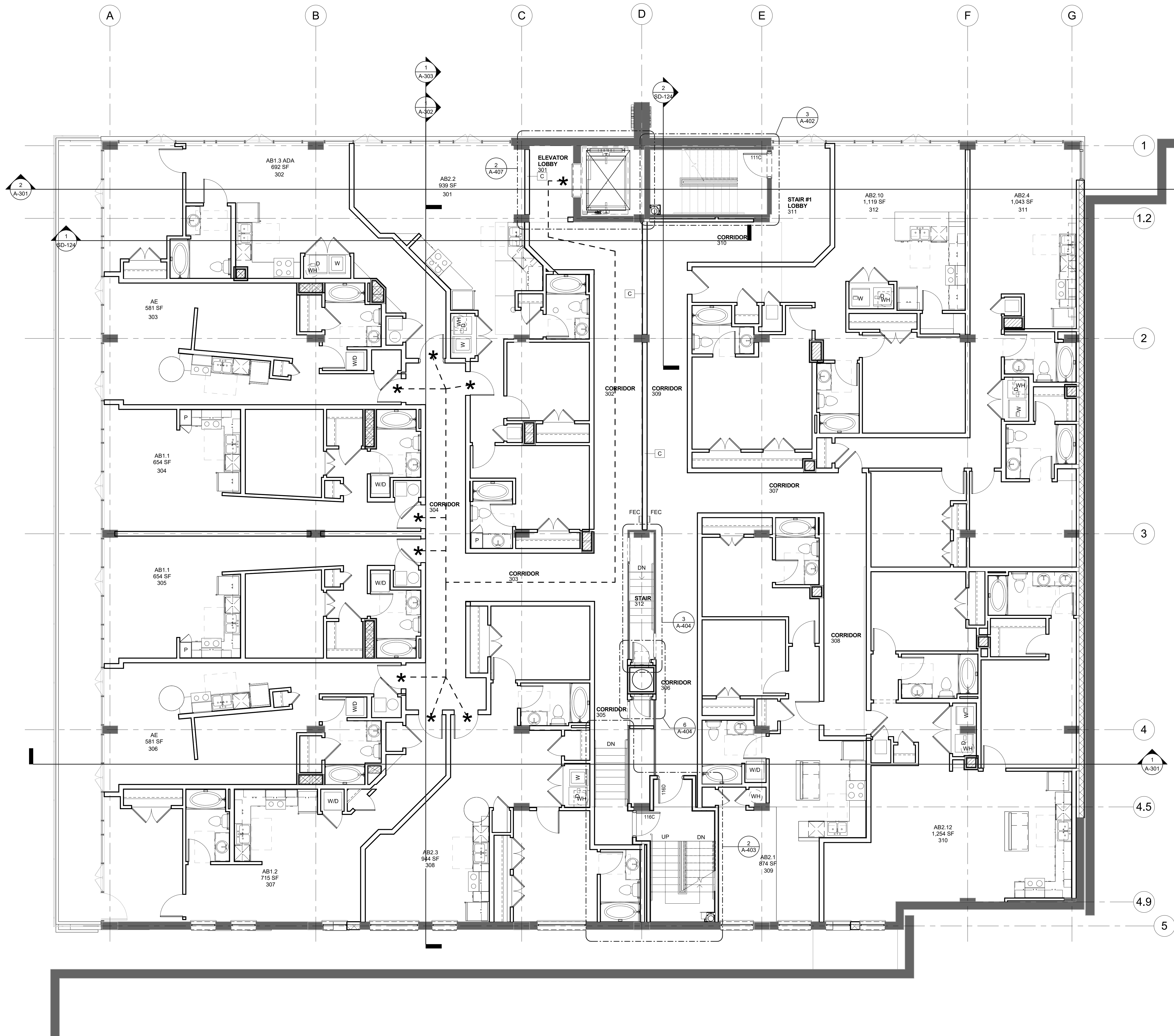
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 - EQUIPMENT ROOMS ARE DESIGNED TO BE USED FOR STORAGE OF EQUIPMENT AND ARE NOT TO BE USED FOR STORAGE OF ANY COMBUSTIBLE MATERIALS.
 - PROVIDE SOLID BLOCKING AT ALL WALLS THAT CONTAIN GRAB BARS, HANDRAILS, TOWEL BARS AND TOILET PAPER DISPENSERS TO RESIST 200 LB. TENSION & SHEAR.
 - ALL WALL CONTROLS, SWITCHES AND THERMOSTATS TO BE MOUNTED WITH TOP OF J-BOX AT 48" A.F.F. ALL ABOVE COUNTER CONTROLS & SWITCHES TO BE MOUNTED WITH HORIZONTAL ORIENTATION WITH TOP OF J-BOX AT 44" AFF.

| BUILDING AREA | | | |
|------------------|----------------|-------|--------|
| G.S.F. PER FLOOR | | | |
| LEVEL 1 | | | |
| | PARKING GARAGE | 3,779 | 6,247 |
| | MOTOR COURT | 2,471 | |
| LEVEL 2 | | | 11,540 |
| LEVEL 3 | | | 12,391 |
| LEVEL 4 | | | 12,391 |
| LEVEL 5 | | | 12,391 |
| TOTAL | | | 54,960 |

- BUILDING LEVEL NOTES**
- NET RENTABLE AREA: 10,050 SF
 - COMMON SPACE: 2,341 SF
 - MINIMUM 7'-6" CEILING HEIGHT
 - ROOF SLOPE 1/4" PER FOOT

ACCESSIBLE ROUTE



1 THIRD FLOOR PLAN
3/16" = 1'-0"

Structural Engineer
RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

**Mechanical, Electrical,
Plumbing Engineer**
WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

ALTON PLAZA AT THE
PETROLEUM BUILDING

ALTON
PLAZA

LONGVIEW, TEXAS

| | |
|-------------------------|--|
| No. | Date |
| Revisions | |
| Project No. 21727.00 | These documents have been prepared under the direct supervision of Robert W. Genter, TX Registration No. 22105 and are NOT intended for regulatory approval, bidding, permitting or construction purposes. |
| Drawn | |
| Checked | Approved |

PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title:
THIRD FLOOR PLAN

Scale: As indicated
Drawing No.

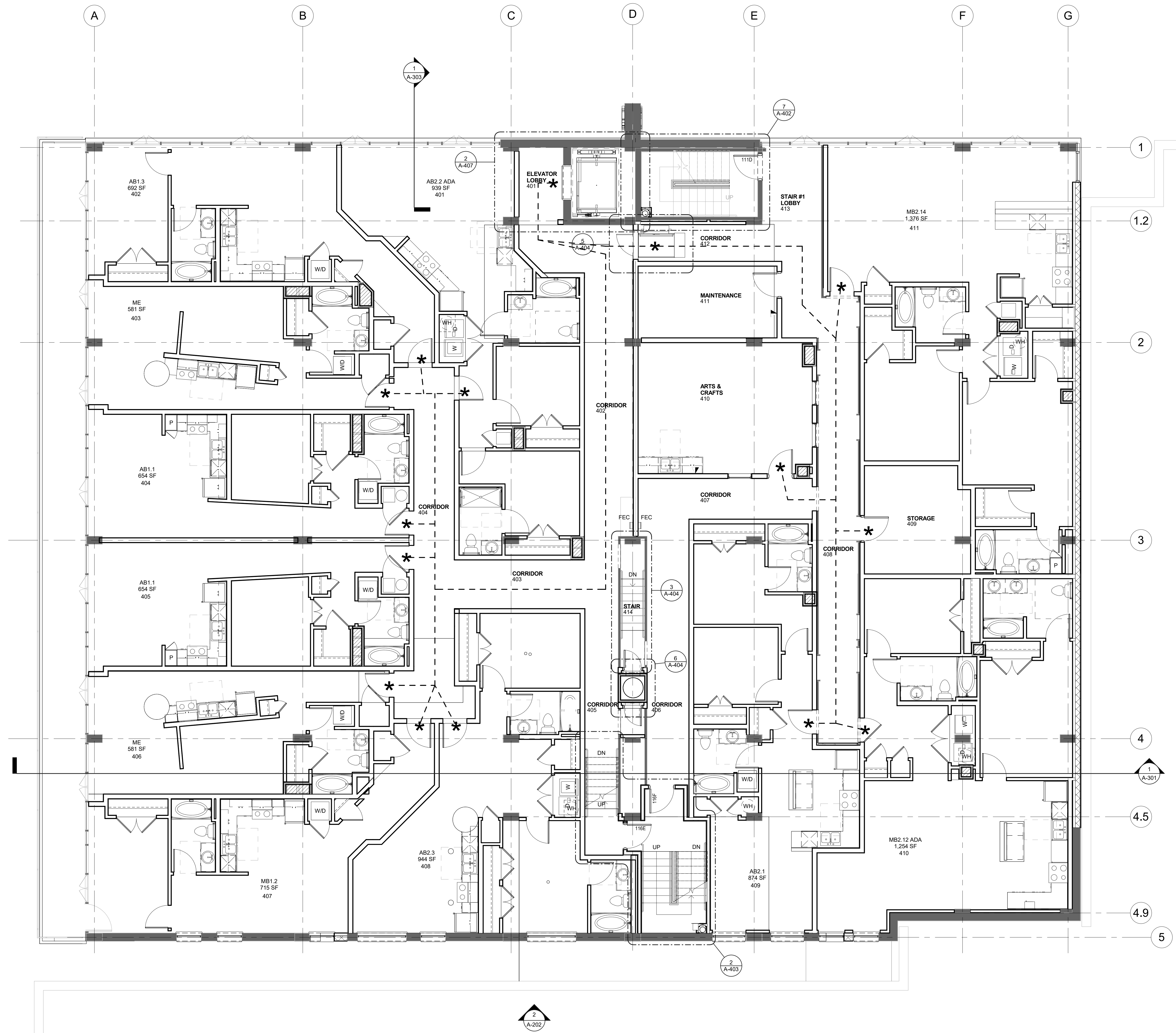
A-123

Issue Date
APRIL 20, 2018

| BUILDING AREA | | |
|------------------|----------------|--------|
| G.S.F. PER FLOOR | | |
| LEVEL 1 | PARKING GARAGE | 3,779 |
| | MOTOR COURT | 2,471 |
| LEVEL 2 | | 11,540 |
| LEVEL 3 | | 12,391 |
| LEVEL 4 | | 12,391 |
| LEVEL 5 | | 12,391 |
| TOTAL | | 54,960 |

- BUILDING LEVEL NOTES**
1. NET RENTABLE AREA: 9,264 SF
 2. COMMON SPACE: 2,734 SF
 3. AMENITY: 393 SF
 4. MINIMUM 7'-6" CEILING HEIGHT
 5. ROOF SLOPE 1/4" PER FOOT

ACCESSIBLE ROUTE



1 FOURTH FLOOR PLAN
3/16" = 1'-0"

Structural Engineer

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Rockwall, TX 75087

**Mechanical, Electrical,
Plumbing Engineer**

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3102 Oak Lawn Ave.
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**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**
LONGVIEW, TEXAS

No. _____ Date _____

Revisions

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Key:

PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title:
FOURTH FLOOR PLAN

Scale: As indicated

Drawing No.

A-124

Issue Date

APRIL 20, 2018

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Structural Engineer

RTP Structural
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**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**

LONGVIEW, TEXAS

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Project No. 21727.00

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Checked _____ Approved _____

Key: _____

PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title: **FIFTH FLOOR PLAN**

Scale: As indicated

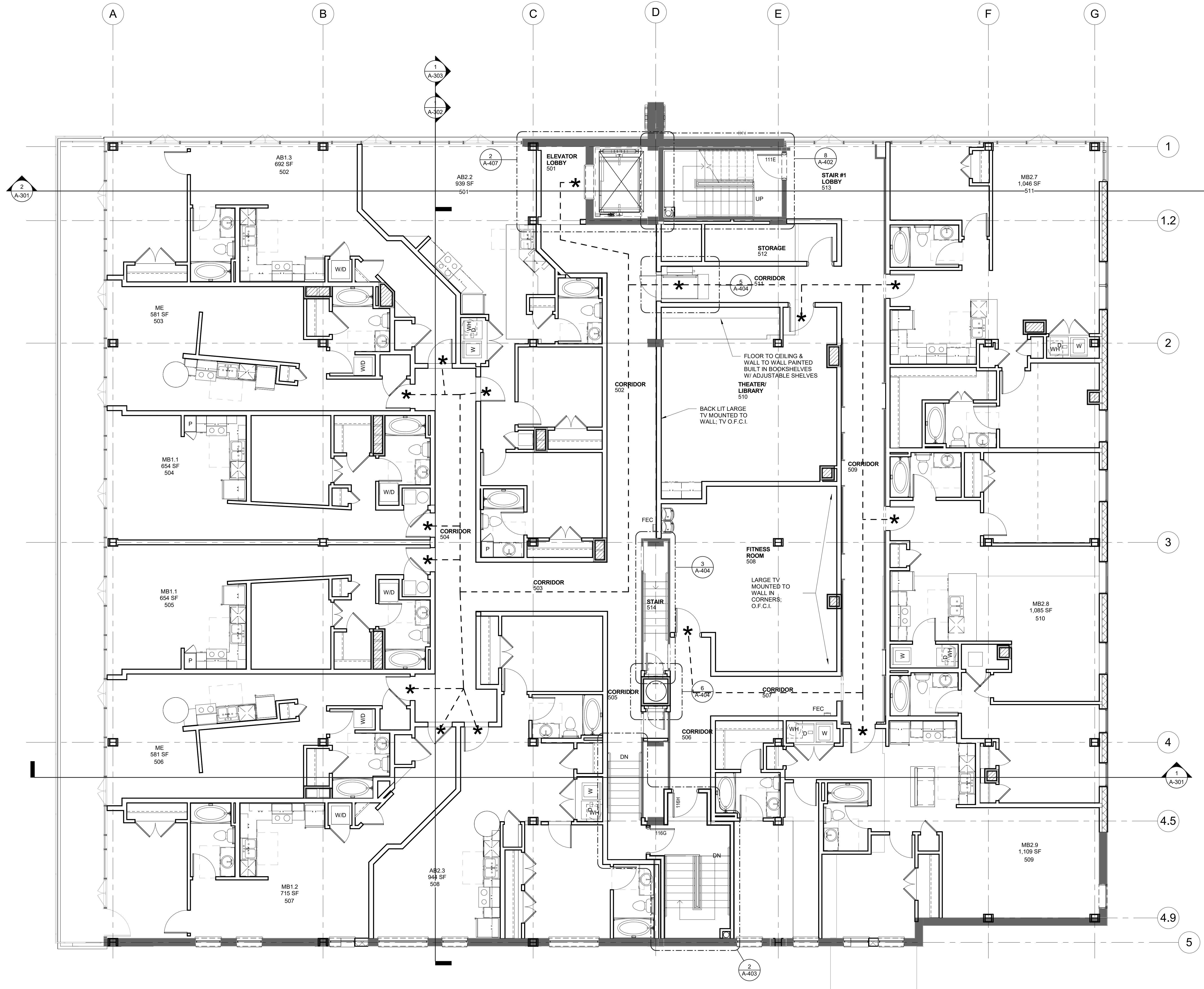
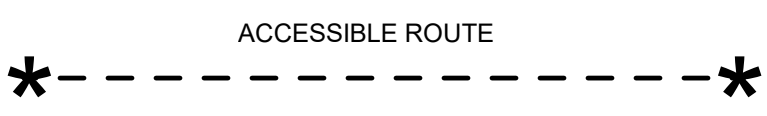
Drawing No. **A-125**

Issue Date **APRIL 20, 2018**

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| BUILDING AREA | | | |
|------------------|----------------|-------|--------|
| G.S.F. PER FLOOR | | | |
| LEVEL 1 | PARKING GARAGE | 3,779 | 6,247 |
| | MOTOR COURT | 2,471 | |
| LEVEL 2 | | | 11,540 |
| LEVEL 3 | | | 12,391 |
| LEVEL 4 | | | 12,391 |
| LEVEL 5 | | | 12,391 |
| TOTAL | | | 54,960 |

- BUILDING LEVEL NOTES**
1. NET RENTABLE AREA: 9,000 SF
 2. COMMON SPACE: 2,388 SF
 3. AMENITY: 1,003 SF
 4. MINIMUM 7'-6" CEILING HEIGHT
 5. ROOF SLOPE 1/4" PER FOOT



1 FIFTH FLOOR PLAN
3/16" = 1'-0"

REFLECTED CEILING NOTES

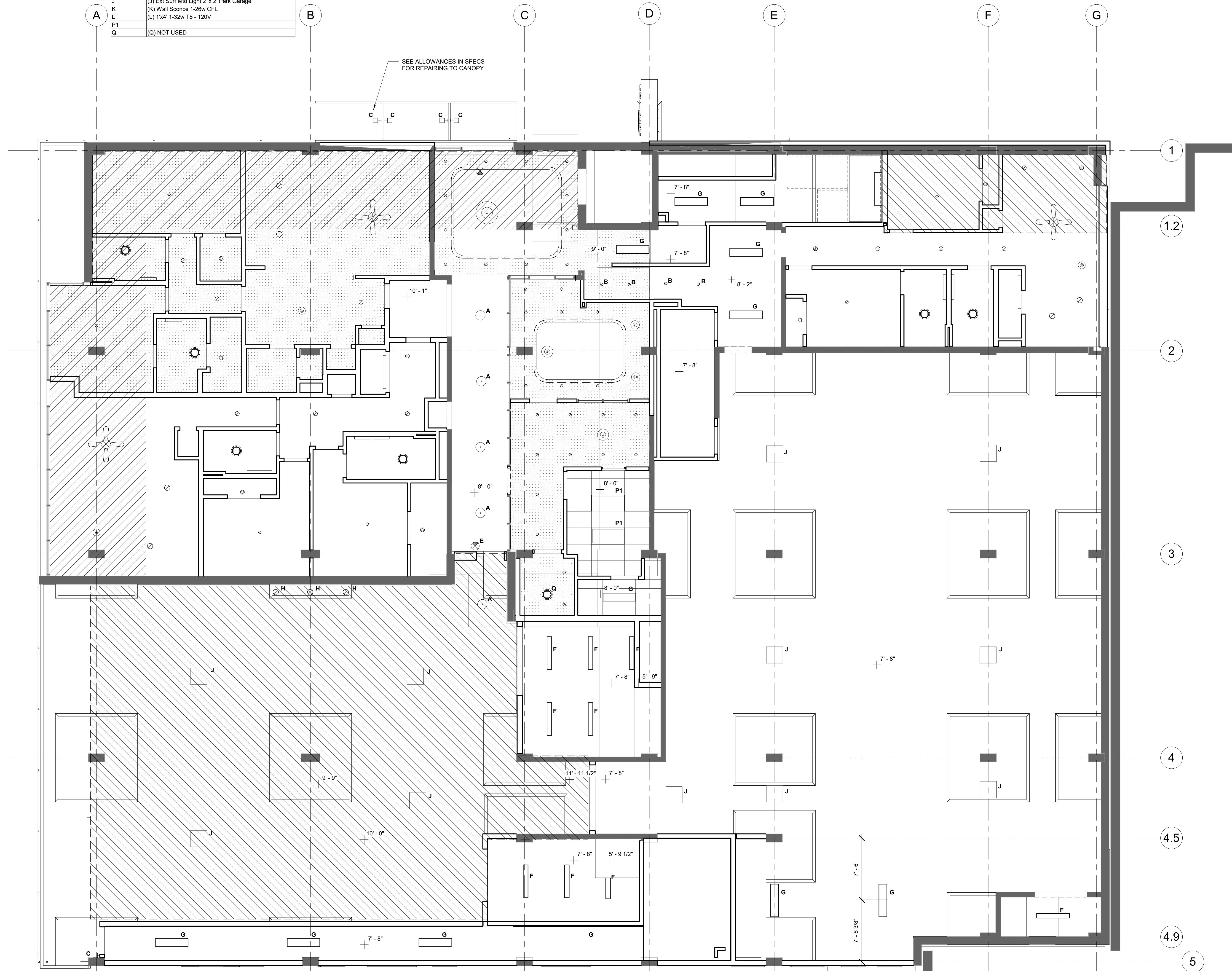
- NOT ALL SYMBOLS SHOWN ON LEGEND MAY BE USED.
- REFER TO A-400 SERIES ENLARGE RCPS FOR BALANCE OF RCP HEIGHTS.
- CONTRACTOR TO VERIFY THAT EMERGENCY LIGHTING REQUIREMENTS AND SYSTEMS ARE IN COMPLIANCE WITH LIGHTING REGULATIONS, AND ARE IN COMPLIANCE WITH ALL REGULATORY AGENCIES AND CODES.
- REFER TO MECHANICAL, ELECTRICAL AND PLUMBING DRAWINGS FOR ADDITIONAL NOTES AND WORK THAT MAY NOT BE INDICATED ON THE DRAWINGS. REFER TO ELECTRICAL DRAWINGS FOR LIGHTING FIXTURE SCHEDULE.
- DISCREPANCIES BETWEEN THE REFLECTED CEILING PLAN AND THE MECHANICAL, ELECTRICAL AND PLUMBING PLANS SHALL BE REPORTED TO THE ARCHITECT AT ONCE. ALL WORK IN SAID QUESTIONED AREA SHALL BE HALTED UNTIL THE ARCHITECT RESPONDS TO REPORT.
- SPRINKLER HEADS TO BE LOCATED IN CENTER OF CEILING TILES. WHEN OBSTRUCTIONS PREVENT LOCATION IN CENTER OF TILE, SPRINKLER HEAD LOCATIONS TO BE COORDINATED WITH CEILING GRID. LIGHTS, REGISTERS, CURTAIN TRACK AND OTHER CEILING DEVICES TO PROVIDE NO LESS THAN 6" CLEARANCE BETWEEN HEADS AND DEVICES. SUBMIT SPRINKLER HEAD LAYOUT FOR REVIEW AND APPROVAL. LOCATIONS ARE SUBJECT TO REARRANGEMENT.
- EXCEPT FOR RESIDENT UNITS & U.N.O., RCP PLANS ON SHEET A-107 TYPICALLY REFLECT FINISHED UNRAISED CEILING FURROUNDS BUILT OF NONCOMBUSTIBLE METAL CONSTRUCTION ALONG CORRIDORS, SERVICE SPACES AND PUBLIC SPACES WITH RATED ROOF-CEILING ASSEMBLIES ABOVE NOTED ON SHEET A-108.
- ALL WALL CABINETS WITHIN 48" OR LESS OF FINISHED CEILING ARE TO RECEIVE NON-COMBUSTIBLE FURROUNDS TO THE TOPS OF THE WALL CABINETS IN COMPLIANCE WITH NFPA-13 SPRINKLERS SECTION 8.5.6.1
- ALL STORAGE ROOM AND RESIDENT CLOSETS TO HAVE PERMANENT DEMARKATION & SIGNAGE WITH PAINTED DASHED LINE 20 INCHES FROM FINISHED CEILING INDICATING "NO STORAGE ABOVE THIS LINE".
- ALL EXTERIOR WALL PACK FIXTURES TO BE TILTED TO COVER THE ADJACENT SIDEWALK FOR EGRESS DISCHARGE PATHS.
- RUN EXPOSED CONDUIT PARALLEL AND PERPENDICULAR TO BUILDING GRIDS. EXPOSED CONDUIT TO BE ROUTED NO LOWER THAN BOTTOM CHORD OF STEEL JOISTS.
- RUN EXPOSED LOW VOLTAGE WIRE IN FLUTES OF STEEL DECK WHEN PERPENDICULAR TO JOISTS AND TIGHT TO STEEL DECK WHEN PARALLEL TO JOISTS.

| Type Mark | Type |
|-----------|--|
| (C) | JELLY JAR FIXTURE |
| A | (A) 14" SURF MID FLAT ROUND |
| B | (B) 4" FLAT ROUND |
| C | (C) WALL SCONCE Jelly Jar 1-26wCFL - Ext |
| D1 | (D1) LOBBY PENDANT (\$1500 ALLOWANCE) |
| D2 | (D2) CYBER CAFE PENDANT |
| D3 | (D3) CYBER CAFE COMPUTER DESK PENDANT |
| E | (E) Exit Light - Edge Lit |
| F | (F) SURF MTD 4" 1-32w T8 - 120V Bare Bulb |
| G | (G) SURF MTD 1x4" 2-32w T8 - 120v |
| H | (H) METALLIC LAMP HOLDER (1 - HEAD) |
| HFL | (HFL) 52" HUGGER FAN |
| J | (J) Ext Surf Mid Light 2' x 2' Park Garage |
| K | (K) Wall Sconce 1-26w CFL |
| L | (L) 1x4" 1-32w T8 - 120V |
| P1 | (P1) NOT USED |
| Q | (Q) NOT USED |

SEE ALLOWANCES IN SPECS FOR REPAIRING TO CANOPY

REFLECTED CEILING LEGEND

| | | | |
|--|----------------------------------|--|--------------------------------|
| | SUPPLY AIR GRILL | | FLUSH MOUNTED DOME |
| | RETURN AIR GRILL | | FLUSH MOUNTED DOME (LG) |
| | ACCESS DOOR | | CEILING FIXTURE |
| | LIGHT STRIP | | PENDANT LIGHT |
| | DOWN/CAN LIGHT | | PENDANT TRACK |
| | LIGHTED EXIT SIGN | | STEP LIGHT |
| | 2 X 2 FLUORESCENT LIGHT | | GYP. BD. CEILING |
| | 2 X 4 FLUORESCENT LIGHT | | PLASTER SOFFIT |
| | 1 X 4 FLUORESCENT LIGHT | | 2 X 2 LAY-IN CEILING |
| | VANITY LIGHT | | 2 X 4 LAY-IN CEILING |
| | RECESSED EMERGENCY LIGHT FIXTURE | | E.J. EXPOSED STRUCTURE |
| | TRACK LIGHTS | | E.S. EXPANSION JOINT |
| | WALL SCONCE | | GYP. GYPSUM BOARD |
| | EXTERIOR WALL SCONCE | | X'X" FINISHED CEILING HEIGHT |
| | WALL PACK FIXTURE | | BATT. INSULATION ABOVE CEILING |
| | EXTERIOR WALL SCONCE | | 1.5\"/> |
| | WALL MOUNTED FLUORESCENT FIXTURE | | |



1 FIRST FLOOR REFLECTED CEILING PLAN

3/16" = 1'-0"

Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

Mechanical, Electrical, Plumbing Engineer

WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

ALTON PLAZA AT THE PETROLEUM BUILDING

ALTON
PLAZA
LONGVIEW, TEXAS

No. _____ Date _____

Revisions

Project No. 21727.00

Drawn

Checked

Approved

Key:

PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title: FIRST FLOOR REFLECTED CEILING PLAN

Scale: As indicated

Drawing No.

A-131

Issue Date

APRIL 20, 2018

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Structural Engineer

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Plumbing Engineer**

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Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**
LONGVIEW, TEXAS

No. _____ Date _____

Revisions

Project No. 21727.00
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Key: _____

PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title: **SECOND FLOOR REFLECTED CEILING PLAN**

Scale: As indicated

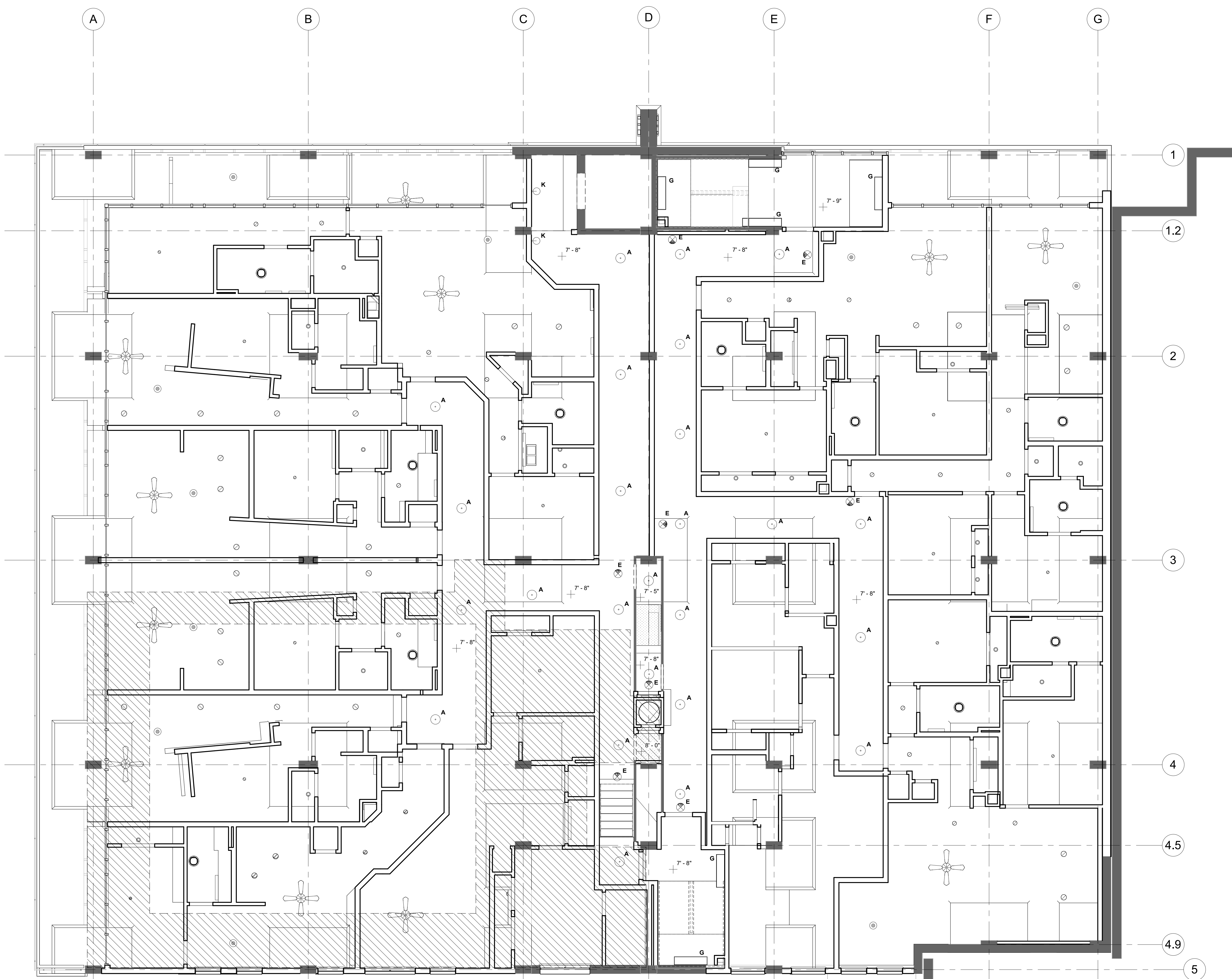
Drawing No. **A-132**

Issue Date **APRIL 20, 2018**

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| Type Mark | Type |
|-----------|--|
| (C) | JELLY JAR FIXTURE |
| (A) | 14" SURF MTD FLAT ROUND |
| (B) | 4" FLAT ROUND |
| (C) | Wall Sconce Jelly Jar 1-26wCFL - Ext |
| (D1) | LOBBY PENDANT (\$1500 ALLOWANCE) |
| (D2) | CYBER CAFE PENDANT |
| (D3) | CYBER CAFE COMPUTER DESK PENDANT |
| (E) | Exit Light - Edge Lit |
| (F) | SURF MTD 4' 1-32w T8 - 120V Bare Bulb |
| (G) | SURF MTD 1x4' 2-32w T8 - 120V |
| (H) | METALIC LAMP HOLDER (1 - HEAD) |
| (HFL) | 52" HUGGER FAN |
| (J) | Ext Surf Mtd Light 2' x 2' Park Garage |
| (K) | Wall Sconce 1-26w CFL |
| (L) | 1x4' 1-32w T8 - 120V |
| (P1) | |
| (Q) | NOT USED |

| REFLECTED CEILING LEGEND | |
|--------------------------|---------------------------------------|
| | SUPPLY AIR GRILL |
| | RETURN AIR GRILL |
| | ACCESS DOOR |
| | LIGHT STRIP |
| | DOWN/CAN LIGHT |
| | LIGHTED EXIT SIGN |
| | 2 X 2 FLUORESCENT LIGHT |
| | 2 X 4 FLUORESCENT LIGHT |
| | 1 X 4 FLUORESCENT LIGHT |
| | VANITY LIGHT |
| | RECESSED EMERGENCY LIGHT FIXTURE |
| | TRACK LIGHTS |
| | WALL SCONCE |
| | EXTERIOR WALL SCONCE |
| | WALL PACK FIXTURE |
| | EXTERIOR WALL SCONCE |
| | WALL MOUNTED FLUORESCENT FIXTURE |
| | FLUSH MOUNTED DOME |
| | FLUSH MOUNTED DOME (L.G.) |
| | CEILING FIXTURE |
| | PENDANT LIGHT |
| | PENDANT TRACK |
| | STEP LIGHT |
| | GYP. BD. CEILING |
| | PLASTER SOFFIT |
| | 2 X 2 LAY-IN CEILING |
| | 2 X 4 LAY-IN CEILING |
| | E.J. EXPOSED STRUCTURE |
| | E.S. EXPANSION JOINT |
| | GYP. GYPSUM BOARD |
| | X'X" FINISHED CEILING HEIGHT |
| | BATT. INSULATION ABOVE CEILING |
| | 156' POLYO ATTACHED TO BOTTOM OF SLAB |



1 SECOND FLOOR REFLECTED CEILING PLAN

3/16" = 1'-0"

Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

**Mechanical, Electrical,
Plumbing Engineer**

WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**
LONGVIEW, TEXAS

No. _____ Date _____

Revisions

Project No. 21727.00

Drawn _____
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Key:



CONSTRUCTION DOCUMENTS

Title: **THIRD FLOOR REFLECTED CEILING PLAN**

Scale: As indicated

Drawing No.

A-133

Issue Date

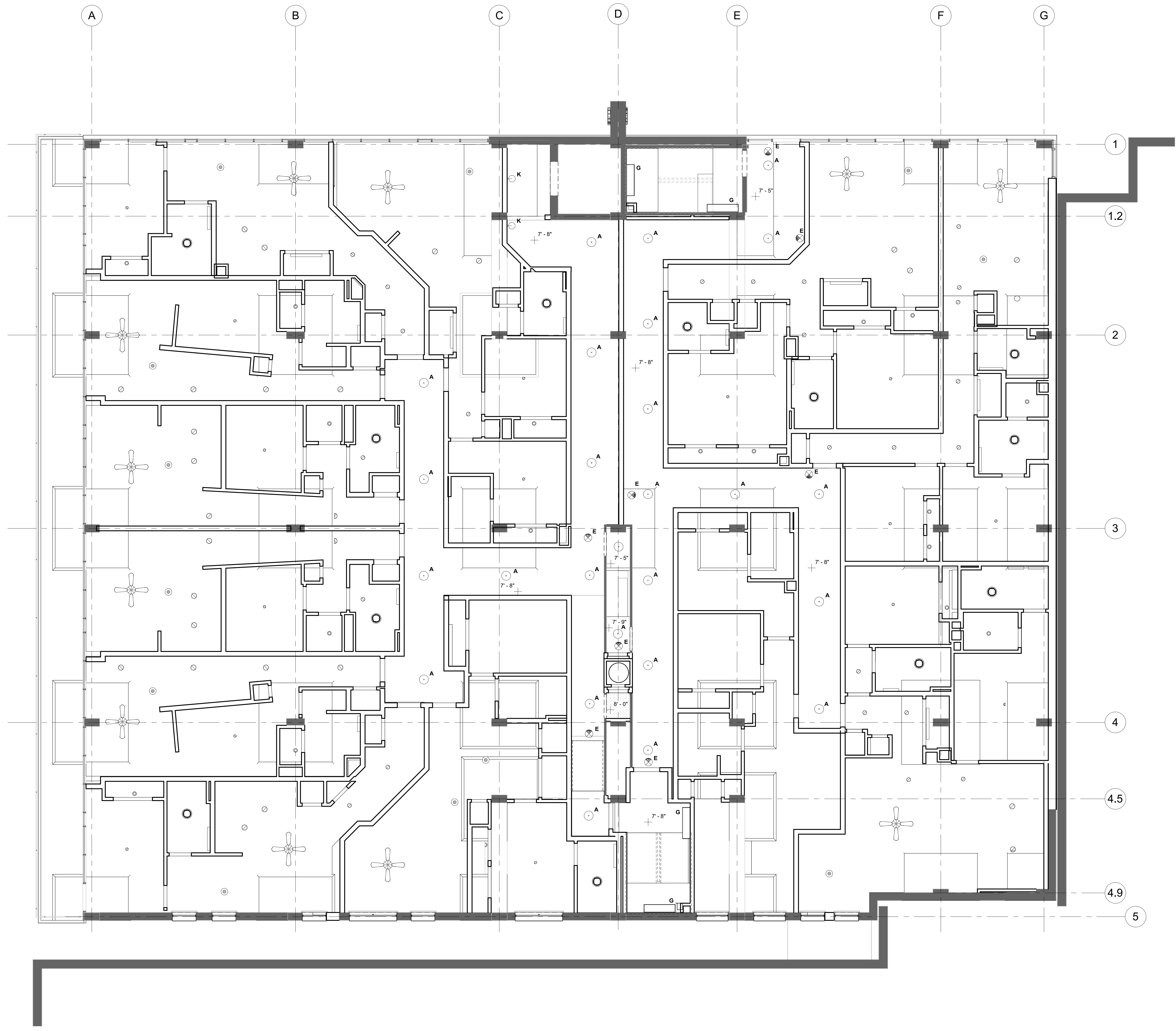
APRIL 20, 2018

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| Lighting Fixture Schedule | |
|---------------------------|---|
| Type Mark | Type |
| (C) | JELLY JAR FIXTURE |
| A | (A) 14" Surf Mid Flat Round |
| B | (B) 4" FLAT ROUND |
| C | (C) Wall Sconce Jelly Jar 1-26wCFL - Ext |
| D1 | (D1) LOBBY PENDANT (\$1500 ALLOWANCE) |
| D2 | (D2) CYBER CAFE PENDANT |
| D3 | (D3) CYBER CAFE COMPUTER DESK PENDANT |
| E | (E) Exit Light - Edge Lit |
| F | (F) SURF MTD 4' 1-32w T8 - 120v Bare Bulb |
| G | (G) SURF MTD 1'x4' 2-32w T8 - 120v |
| H | (H) METALIC LAMP HOLDER (1 - HEAD) |
| HFL | (HFL) 52" HUGGER FAN |
| J | (J) Exit Surf Mid Light 2' x 2' Park Garage |
| K | (K) Wall Sconce 1-26w CFL |
| L | (L) 1'x4' 1-32w T8 - 120V |
| P1 | |
| Q | (Q) NOT USED |

REFLECTED CEILING LEGEND

| | | | |
|--|----------------------------------|--|--------------------------------|
| | SUPPLY AIR GRILL | | FLUSH MOUNTED DOME |
| | RETURN AIR GRILL | | FLUSH MOUNTED DOME (LG) |
| | ACCESS DOOR | | CEILING FIXTURE |
| | LIGHT STRIP | | PENDANT LIGHT |
| | DOWNLIGHT | | PENDANT TRACK |
| | LIGHTED EXIT SIGN | | STEP LIGHT |
| | 2 X 2 FLUORESCENT LIGHT | | GYP. BD. CEILING |
| | 2 X 4 FLUORESCENT LIGHT | | PLASTER SOFFIT |
| | 1 X 4 FLUORESCENT LIGHT | | 2 X 2 LAY-IN CEILING |
| | VANITY LIGHT | | 2 X 4 LAY-IN CEILING |
| | RECESSED EMERGENCY LIGHT FIXTURE | | E.J. EXPOSED STRUCTURE |
| | TRACK LIGHTS | | E.S. EXPANSION JOINT |
| | WALL SCONCE | | GYP. GYPSUM BOARD |
| | EXTERIOR WALL SCONCE | | X'X" FINISHED CEILING HEIGHT |
| | WALL PACK FIXTURE | | BATT. INSULATION ABOVE CEILING |
| | EXTERIOR WALL SCONCE | | 1.5\"/> |
| | WALL MOUNTED FLUORESCENT FIXTURE | | |



1 THIRD FLOOR REFLECTED CEILING PLAN
3/16" = 1'-0"

Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

**Mechanical, Electrical,
Plumbing Engineer**

WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

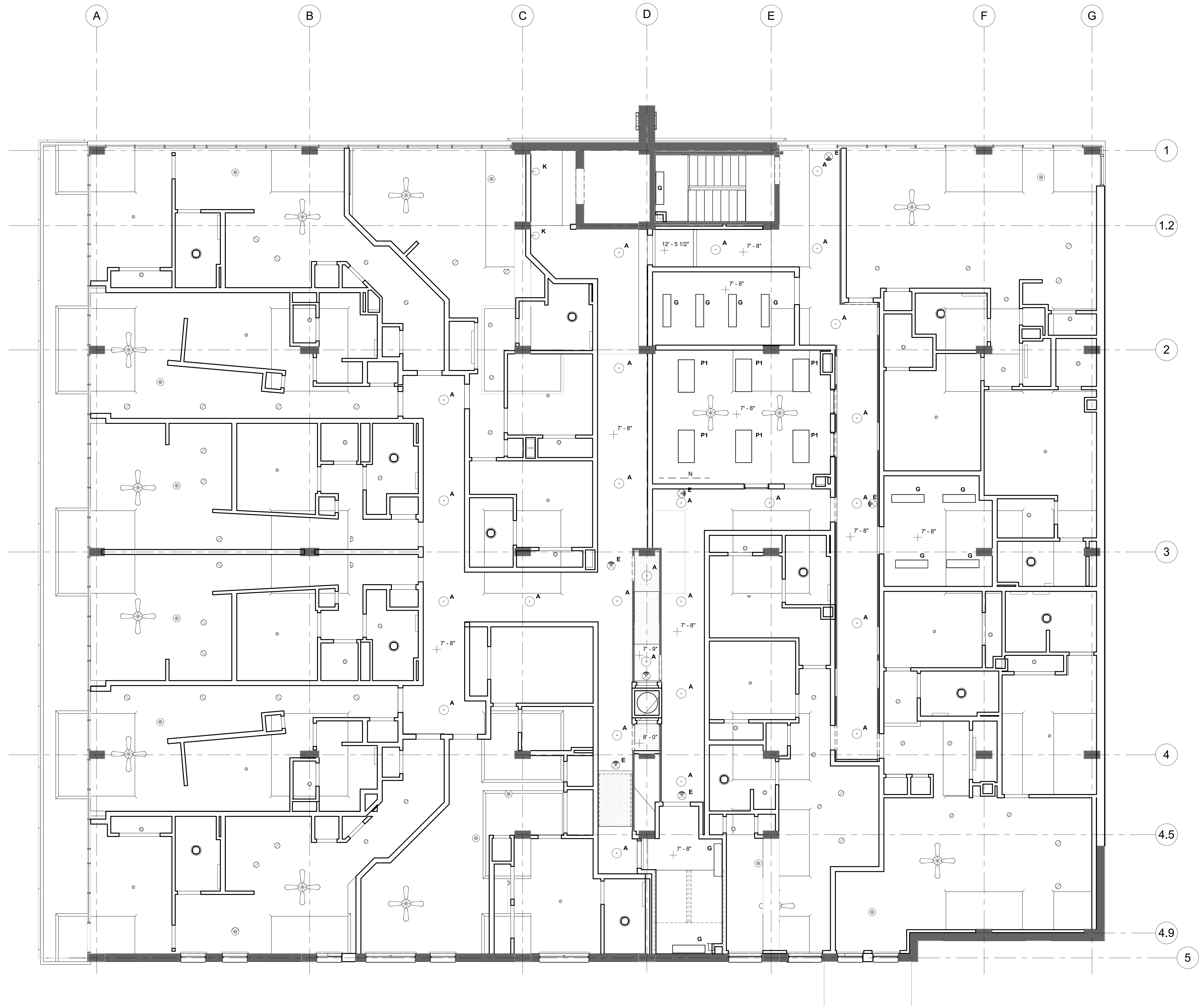
**ALTON PLAZA AT THE
PETROLEUM BUILDING**

ALTON
PLAZA
LONGVIEW, TEXAS

| Type Mark | Type |
|-----------|--|
| (C) | JELLY JAR FIXTURE |
| A | (A) 14" Surf Mid Flat Round |
| B | (B) 4" FLAT ROUND |
| C | (C) Wall Sconce Jelly Jar 1-26wCFL - Ext |
| D1 | (D1) LOBBY PENDANT (\$1500 ALLOWANCE) |
| D2 | (D2) CYBER CAFE PENDANT |
| D3 | (D3) CYBER CAFE COMPUTER DESK PENDANT |
| E | (E) Exit Light - Edge Lit |
| F | (F) SURF MTD 4" 1-32w T8 - 120V Bare Bulb |
| G | (G) SURF MTD 1'x4" 2-32w T8 - 120v |
| H | (H) METALLIC LAMP HOLDER (1 - HEAD) |
| HFL | (HFL) 52" HUGGER FAN |
| J | (J) Ext Surf Mid Light 2' x 2' Park Garage |
| K | (K) Wall Sconce 1-26w CFL |
| L | (L) 1'x4" 1-32w T8 - 120V |
| P1 | |
| Q | (Q) NOT USED |

REFLECTED CEILING LEGEND

| | | | |
|--|----------------------------------|--|--|
| | SUPPLY AIR GRILL | | FLUSH MOUNTED DOME |
| | RETURN AIR GRILL | | FLUSH MOUNTED DOME (L.G.) |
| | ACCESS DOOR | | CEILING FIXTURE |
| | LIGHT STRIP | | PENDANT LIGHT |
| | DOWN/CAN LIGHT | | PENDANT TRACK |
| | LIGHTED EXIT SIGN | | STEP LIGHT |
| | 2 X 2 FLUORESCENT LIGHT | | GYP. BD. CEILING |
| | 2 X 4 FLUORESCENT LIGHT | | PLASTER SOFFIT |
| | 1 X 4 FLUORESCENT LIGHT | | 2 X 2 LAY-IN CEILING |
| | VANITY LIGHT | | 2 X 4 LAY-IN CEILING |
| | RECESSED EMERGENCY LIGHT FIXTURE | | E.J. EXPOSED STRUCTURE |
| | TRACK LIGHTS | | E.S. EXPANSION JOINT |
| | WALL SCONCE | | GYP. GYPSUM BOARD |
| | EXTERIOR WALL SCONCE | | FINISHED CEILING HEIGHT |
| | WALL PACK FIXTURE | | BATT. INSULATION ABOVE CEILING |
| | EXTERIOR WALL SCONCE | | 1.55" POLYSTYRENE ATTACHED TO BOTTOM OF SLAB |
| | WALL MOUNTED FLUORESCENT FIXTURE | | |



1 FOURTH FLOOR REFLECTED CEILING PLAN
3/16" = 1'-0"

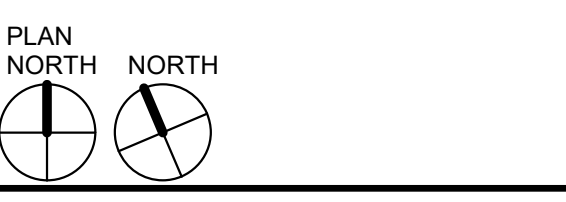
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Project No. 21727.00
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Key:



CONSTRUCTION DOCUMENTS

Title: **FOURTH FLOOR REFLECTED CEILING PLAN**

Scale: As indicated

Drawing No.

A-134

Issue Date

APRIL 20, 2018

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Structural Engineer

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Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

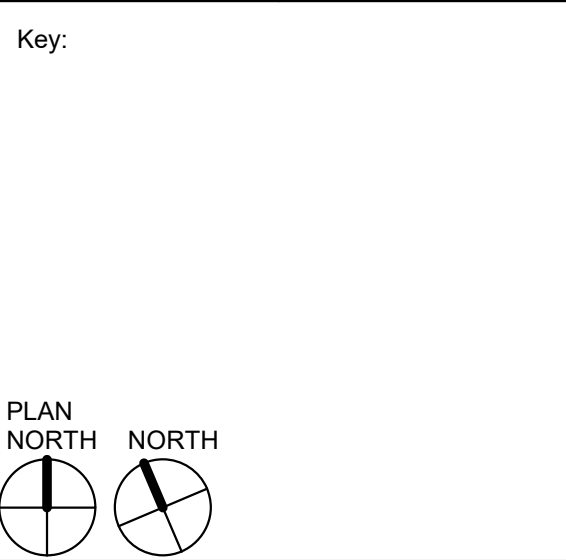
**ALTON
PLAZA**
LONGVIEW, TEXAS

No. _____ Date _____

Revisions

| | |
|-------------------------|--|
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| Drawn | |
| Checked | Approved |

Key:



CONSTRUCTION DOCUMENTS

Title:
FIFTH FLOOR REFLECTED CEILING PLAN

Scale: As indicated

Drawing No.

A-135

Issue Date

APRIL 20, 2018

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| Type Mark | Type |
|-----------|--|
| (C) | JELLY JAR FIXTURE |
| (A) | 14" Surf Mtd Flat Round |
| (B) | 4" FLAT ROUND |
| (C) | Wall Sconce Jelly Jar 1-26wCFL - Ext |
| (D1) | LOBBY PENDANT (\$1500 ALLOWANCE) |
| (D2) | CYBER CAFE PENDANT |
| (D3) | CYBER CAFE COMPUTER DESK PENDANT |
| (E) | Exit Light - Edge Lit |
| (F) | SURF MTD 4' 1-32w T8 - 120V Bare Bulb |
| (G) | SURF MTD 1'x4' 2-32w T8 - 120v |
| (H) | METALIC LAMP HOLDER (1 - HEAD) |
| (HFL) | 52" HUGGER FAN |
| (J) | Ext Surf Mtd Light 2' x 2' Park Garage |
| (K) | Wall Sconce 1-26w CFL |
| (L) | 1'x4' 1-32w T8 - 120V |
| (P1) | |
| (Q) | NOT USED |

| REFLECTED CEILING LEGEND | |
|--------------------------|----------------------------------|
| | SUPPLY AIR GRILL |
| | RETURN AIR GRILL |
| | ACCESS DOOR |
| | LIGHT STRIP |
| | DOWN/CAN LIGHT |
| | DOWN/CAN LIGHT |
| | LIGHTED EXIT SIGN |
| | 2 X 2 FLUORESCENT LIGHT |
| | 2 X 4 FLUORESCENT LIGHT |
| | 1 X 4 FLUORESCENT LIGHT |
| | VANITY LIGHT |
| | RECESSED EMERGENCY LIGHT FIXTURE |
| | TRACK LIGHTS |
| | WALL SCOSNCE |
| | EXTERIOR WALL SCOSNCE |
| | WALL PACK FIXTURE |
| | EXTERIOR WALL SCOSNCE |
| | WALL MOUNTED FLUORESCENT FIXTURE |
| | FLUSH MOUNTED DOME |
| | FLUSH MOUNTED DOME (L,G) |
| | CEILING FIXTURE |
| | PENDANT LIGHT |
| | PENDENT TRACK |
| | STEP LIGHT |
| | GYP. BD. CEILING |
| | PLASTER SOFFIT |
| | 2 X 2 LAY-IN CEILING |
| | 2 X 4 LAY-IN CEILING |
| | E.J. EXPOSED STRUCTURE |
| | E.S. EXPANSION JOINT |
| | GYP. GYPSUM BOARD |
| | X-X' FINISHED CEILING HEIGHT |
| | BATT. INSULATION ABOVE CEILING |
| | 1.5\"/> |



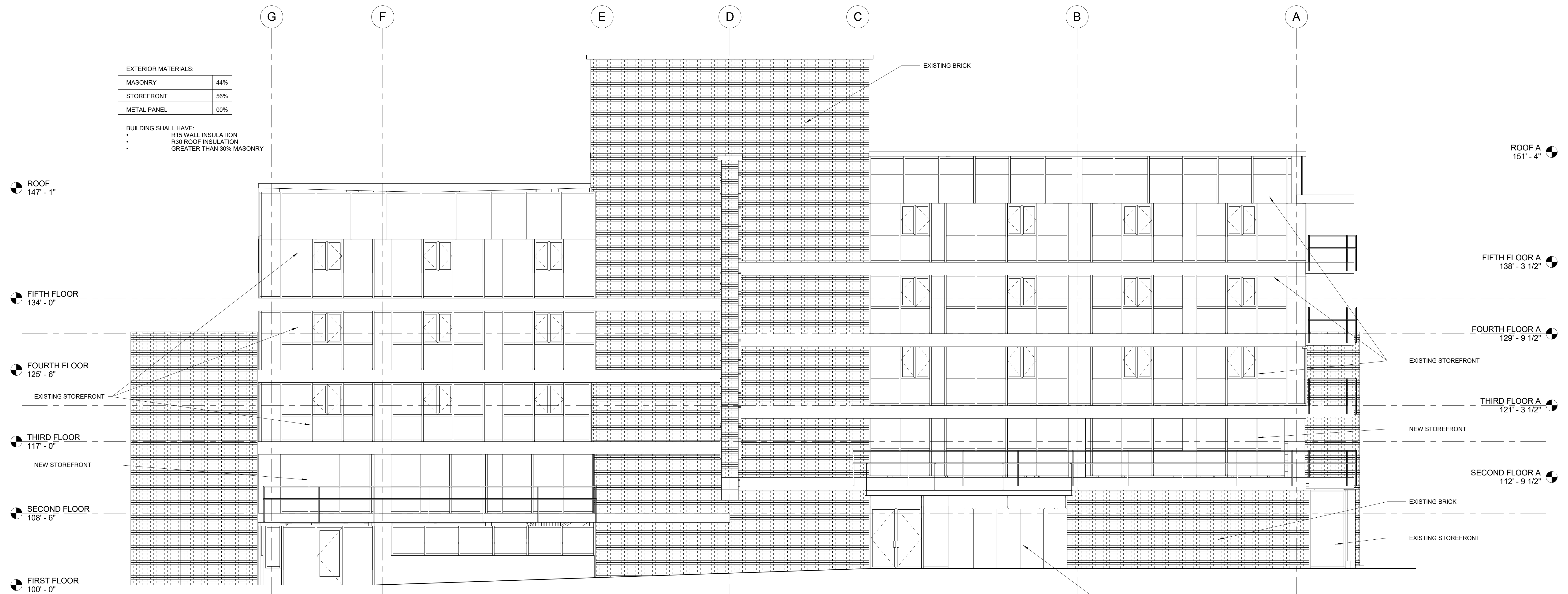
1 FIFTH FLOOR REFLECTED CEILING PLAN
3/16" = 1'-0"

4/30/2018 1:31:26 PM

ALTON PLAZA AT THE PETROLEUM BUILDING

| EXTERIOR MATERIALS: | |
|---------------------|-----|
| MASONRY | 44% |
| STOREFRONT | 56% |
| METAL PANEL | 00% |

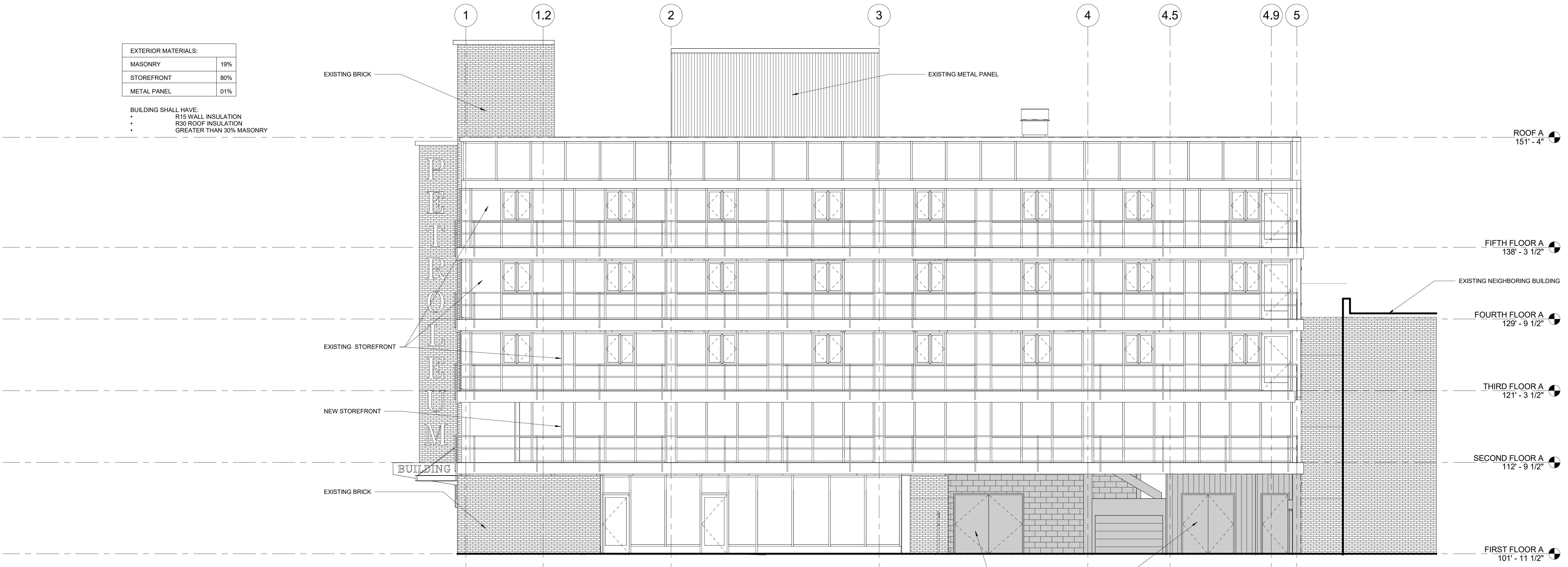
BUILDING SHALL HAVE:
 • R15 WALL INSULATION
 • R30 ROOF INSULATION
 • GREATER THAN 30% MASONRY



2 NORTH EXTERIOR ELEVATION
3/16" = 1'-0"

| EXTERIOR MATERIALS: | |
|---------------------|-----|
| MASONRY | 19% |
| STOREFRONT | 80% |
| METAL PANEL | 01% |

BUILDING SHALL HAVE:
 • R15 WALL INSULATION
 • R30 ROOF INSULATION
 • GREATER THAN 30% MASONRY



1 WEST EXTERIOR ELEVATION
3/16" = 1'-0"

Structural Engineer

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Plumbing Engineer**

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Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**



LONGVIEW, TEXAS

No. _____ Date _____

Revisions

Project No.
21727.00

Drawn

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Key:

PLAN

NORTH

NORTH

CONSTRUCTION DOCUMENTS

Title:

BUILDING ELEVATIONS

Scale: 3/16" = 1'-0"

Drawing No.

A-201

Issue Date

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4/30/2018 1:31:32 PM

ALTON PLAZA AT THE PETROLEUM BUILDING

| EXTERIOR MATERIALS | |
|--------------------|-----|
| MASONRY | 86% |
| STOREFRONT | 09% |
| METAL PANEL | 05% |

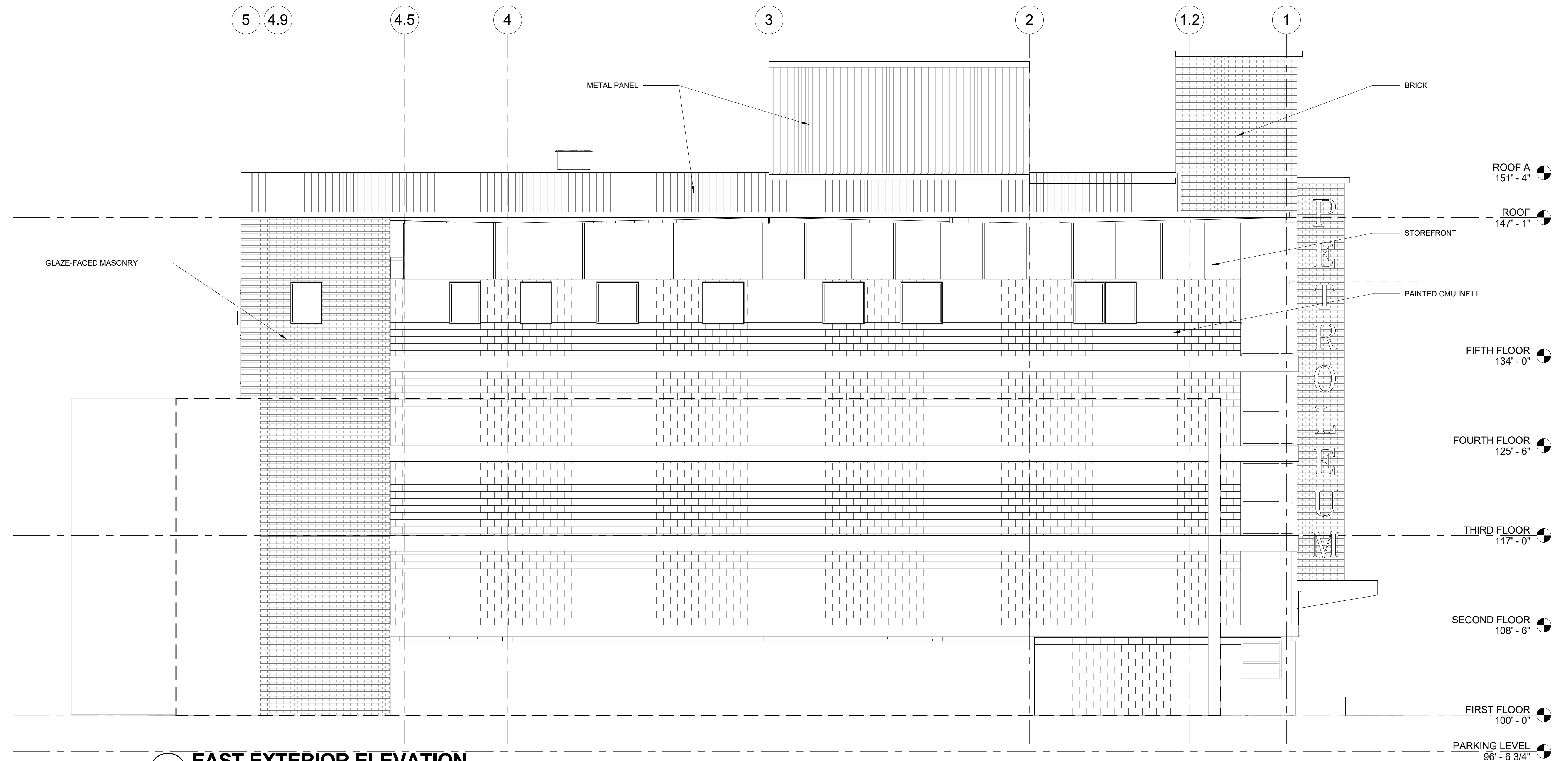
- BUILDING SHALL HAVE:
- R15 WALL INSULATION
 - R30 ROOF INSULATION
 - GREATER THAN 30% MASONRY



2 SOUTH EXTERIOR ELEVATION (ALLEY)
3/16" = 1'-0"

| EXTERIOR MATERIALS | |
|--------------------|-----|
| MASONRY | 75% |
| STOREFRONT | 14% |
| METAL PANELS | 11% |

- BUILDING SHALL HAVE:
- R15 WALL INSULATION
 - R30 ROOF INSULATION
 - GREATER THAN 30% MASONRY



1 EAST EXTERIOR ELEVATION
3/16" = 1'-0"

Structural Engineer

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Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**



No. _____ Date _____

Revisions

Project No. 21727.00

Drawn _____

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Seal _____

Key:

PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title: BUILDING ELEVATIONS

Scale: 3/16" = 1'-0"

Drawing No.

A-202

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Structural Engineer

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Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**



LONGVIEW, TEXAS

No. _____ Date _____

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Key:



CONSTRUCTION DOCUMENTS

Title:
BUILDING SECTIONS

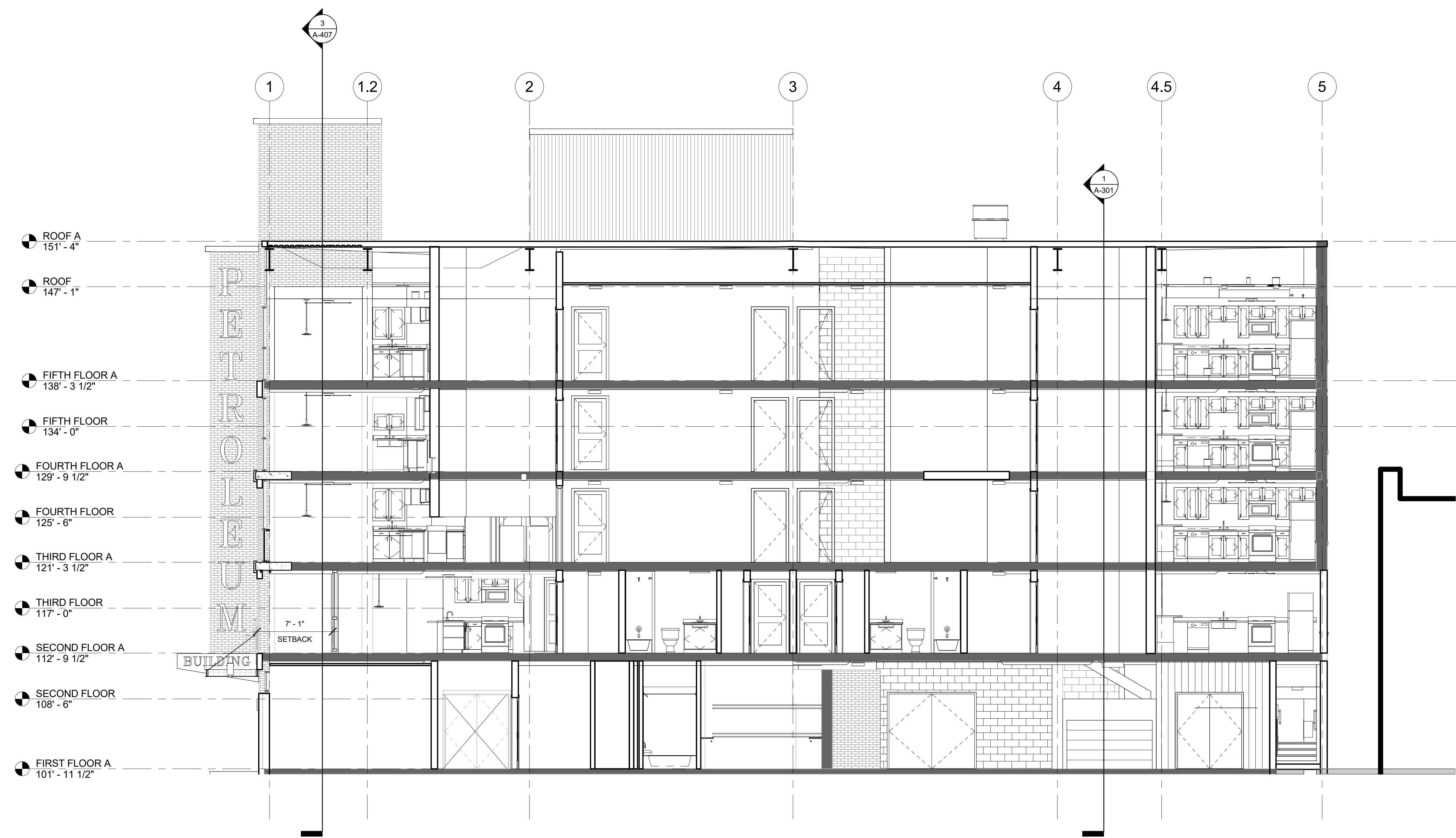
Scale: 3/16" = 1'-0"

Drawing No.

A-302

Issue Date

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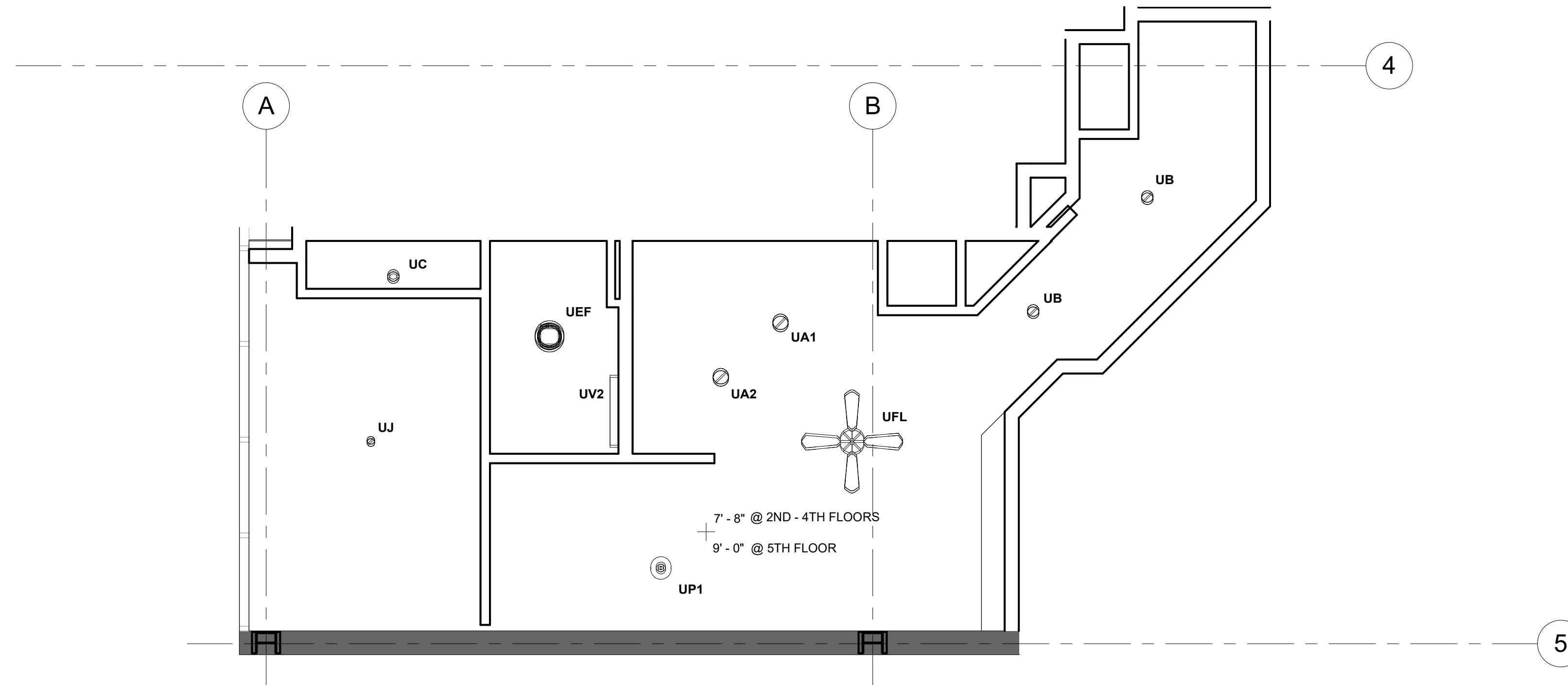


1 BUILDING SECTION
3/16" = 1'-0"

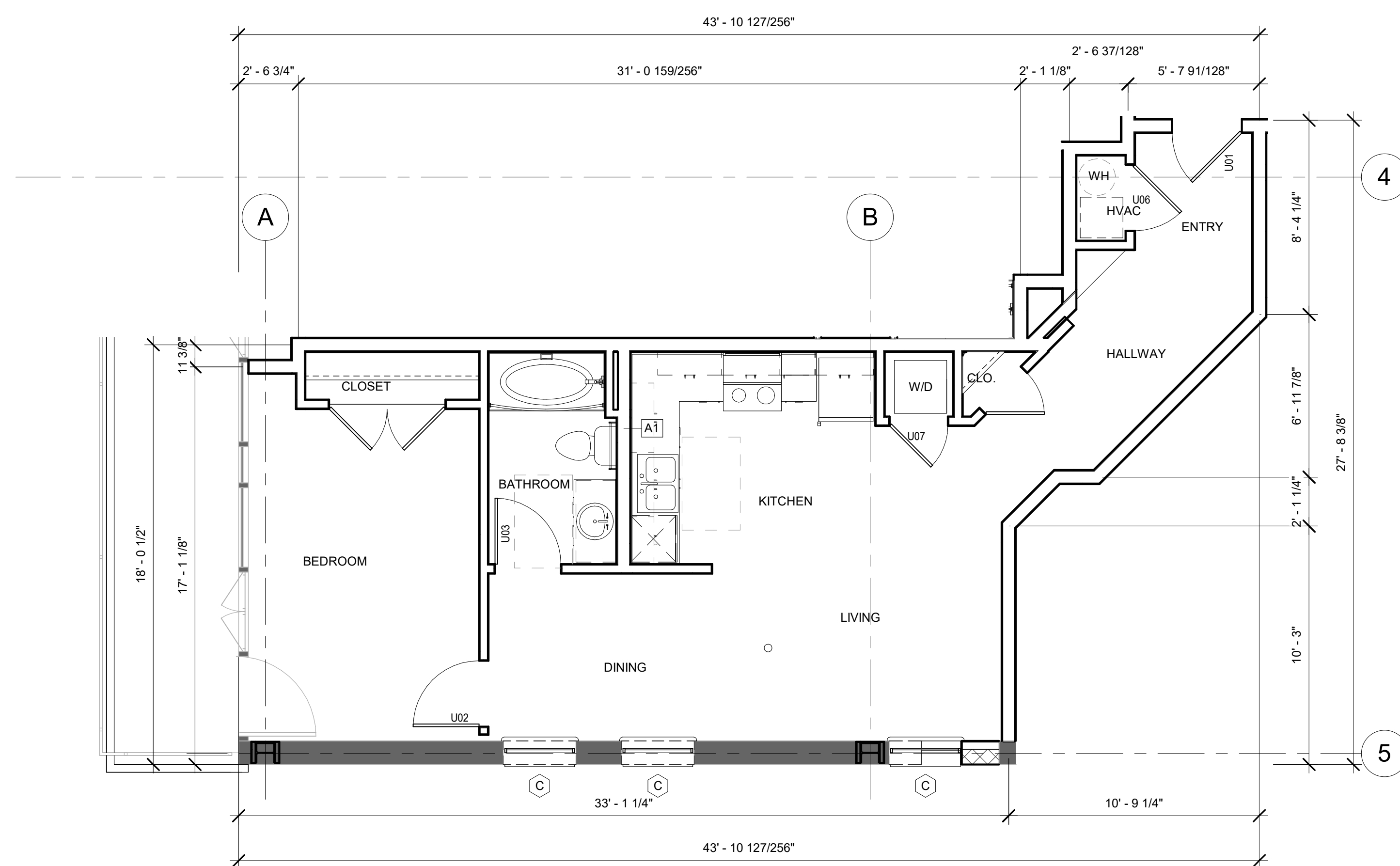
| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH1 | (UH1) 4"x48" LED HORIZ ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$30 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |

UNIT REFLECTED CEILING LEGEND

| | | | |
|--|----------------------------------|--|-------------------------|
| | SUPPLY AIR GRILL | | FLUSH MOUNTED DOME |
| | RETURN AIR GRILL | | FLUSH MOUNTED DOME (LG) |
| | EXHAUST AIR GRILL | | CEILING FIXTURE |
| | ACCESS DOOR | | PENDANT LIGHT |
| | LIGHT STRIP | | PENDANT TRACK |
| | DOWN/CAN LIGHT | | STEP LIGHT |
| | DOWN/CAN LIGHT | | GYP. BD CEILING |
| | LIGHTED EXIT SIGN | | PLASTER SOFFIT |
| | VANITY LIGHT | | E.S. EXPOSED STRUCTURE |
| | RECESSED EMERGENCY LIGHT FIXTURE | | E.J. EXPANSION JOINT |
| | TRACK LIGHTS | | GYP. GYPSUM BOARD |
| | WALL SCONCE | | FINISHED CEILING HEIGHT |
| | WALL PACK FIXTURE | | |
| | WALL MOUNTED FLUORESCENT FIXTURE | | |



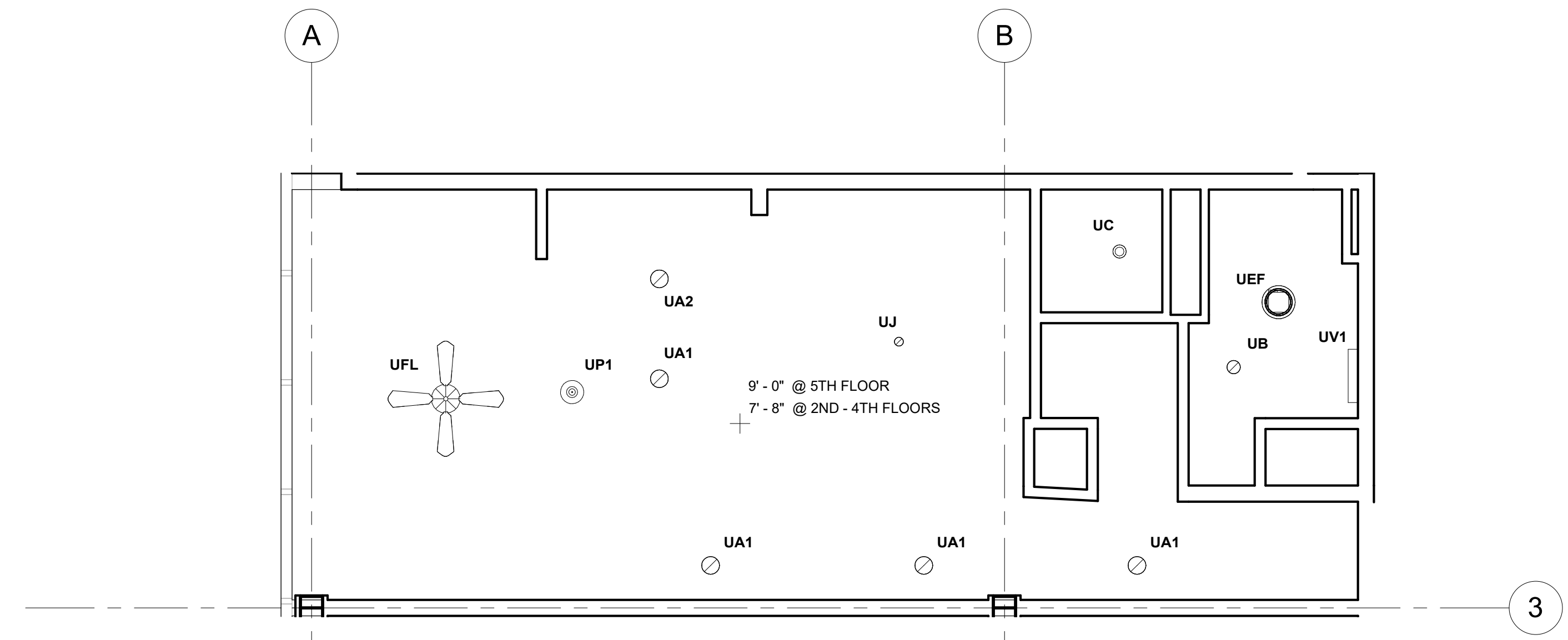
6 UNIT B1.2 RCP
1/4" = 1'-0"



5 UNIT B1.2
1/4" = 1'-0"

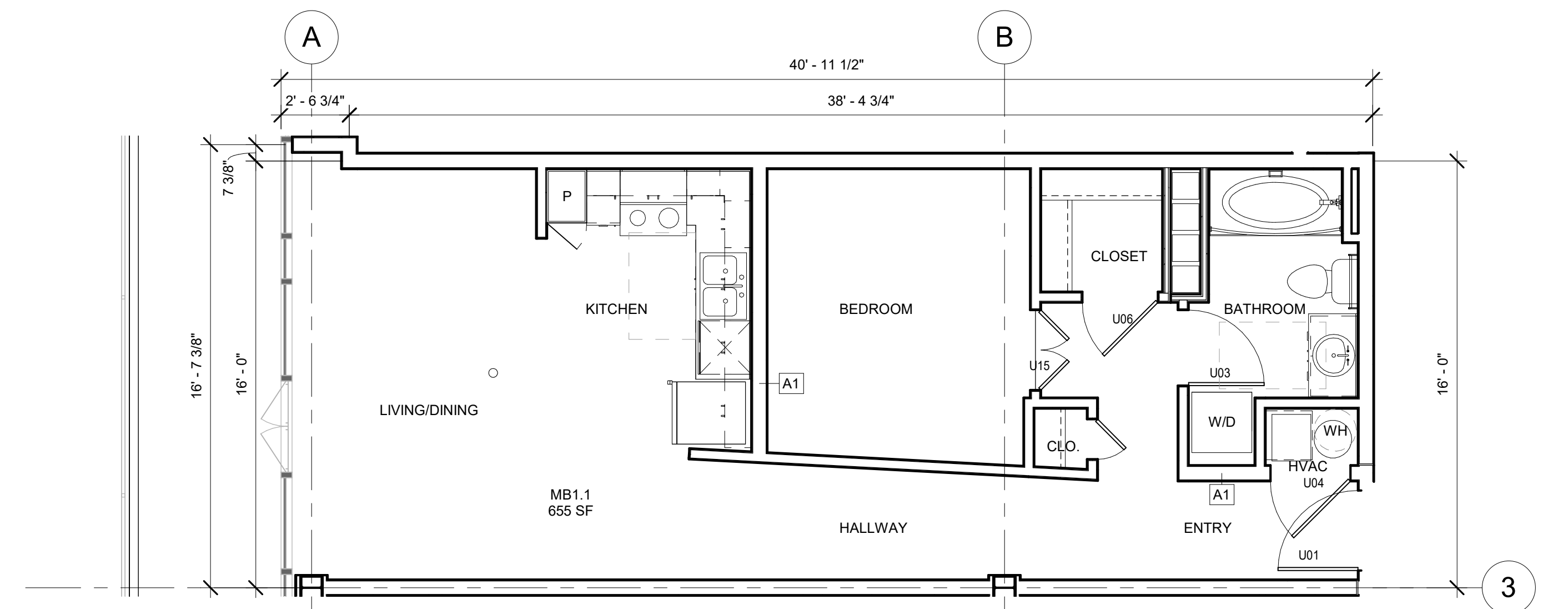
UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS

| | |
|---|------------------|
| AFFORDABLE UNITS | 3 |
| MARKET UNITS | 1 |
| TOTAL UNITS | 4 |
| UNIT SQUARE FOOTAGE: B1.2.1 (2ND FLOOR) | 715 SF 667 SF |



4 UNIT B1.1 RCP
1/4" = 1'-0"

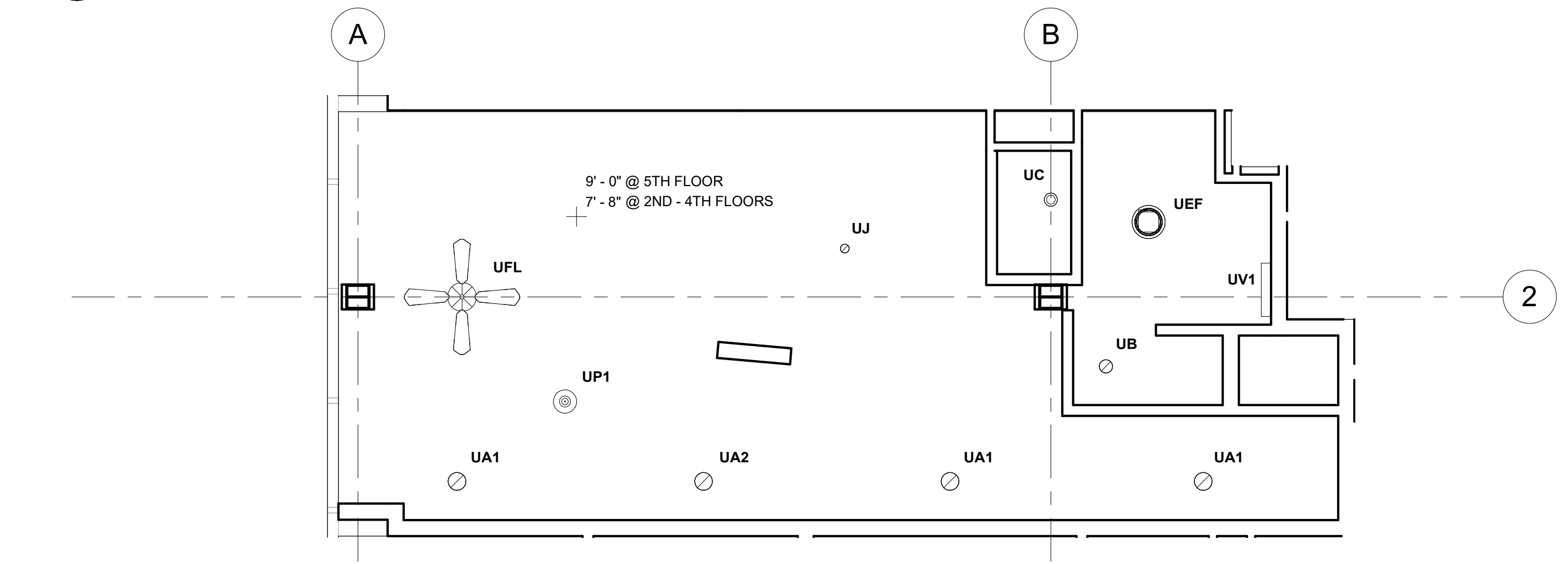
ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT



3 UNIT B1.1
1/4" = 1'-0"

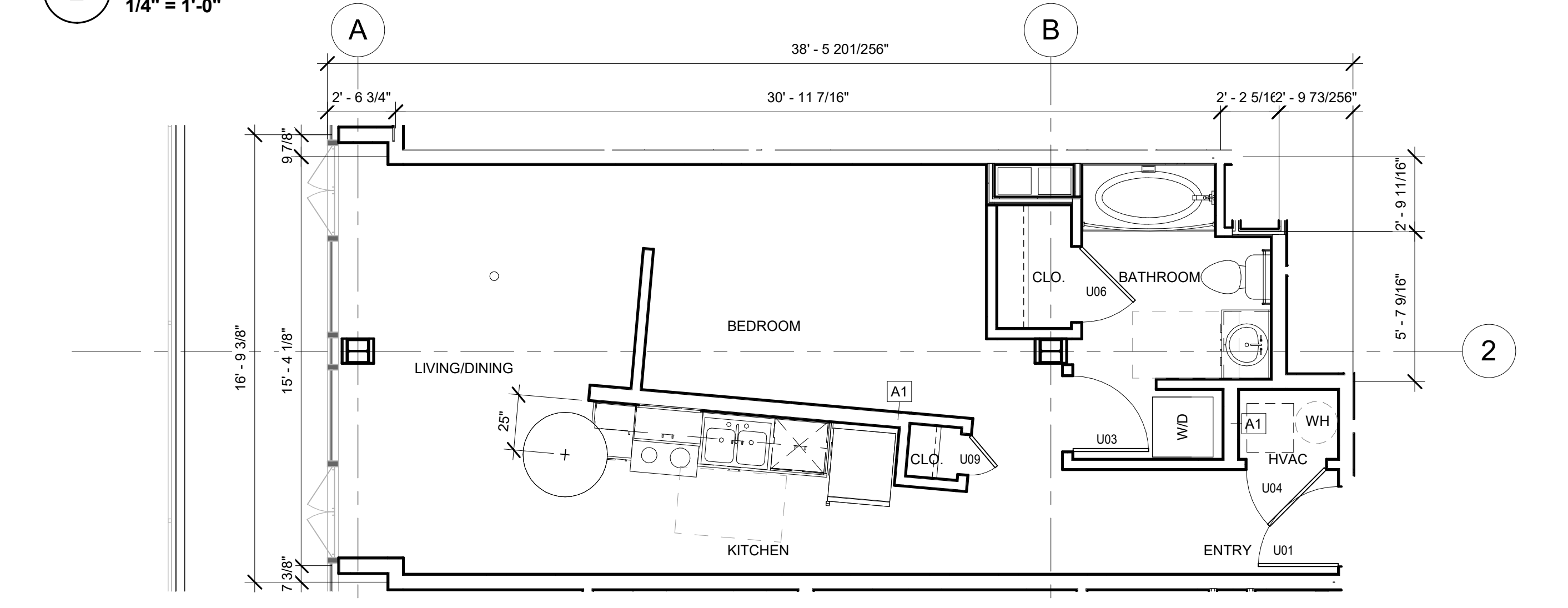
UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS

| | |
|----------------------|--------|
| AFFORDABLE UNITS | 6 |
| MARKET UNITS | 2 |
| TOTAL UNITS | 8 |
| UNIT SQUARE FOOTAGE: | 654 SF |



2 UNIT E RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT



1 UNIT E
1/4" = 1'-0"

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS

| | |
|----------------------|--------|
| AFFORDABLE UNITS | 4 |
| MARKET UNITS | 4 |
| TOTAL UNITS | 8 |
| UNIT SQUARE FOOTAGE: | 581 SF |

Structural Engineer

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ALTON PLAZA AT THE PETROLEUM BUILDING

ALTON
PLAZA
LONGVIEW, TEXAS

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Key:

PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title: ENLARGED UNIT PLANS

Scale: As indicated

Drawing No.

A-415

Issue Date

APRIL 20, 2018

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**ALTON PLAZA AT THE
PETROLEUM BUILDING**



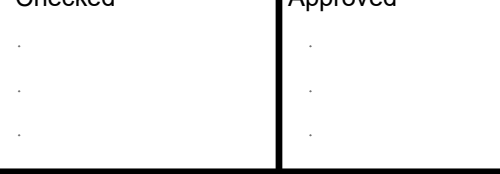
LONGVIEW, TEXAS

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| Key: | |

PLAN NORTH NORTH



CONSTRUCTION DOCUMENTS

ENLARGED UNIT PLANS

Title: ENLARGED UNIT PLANS

Scale: 1/4" = 1'-0"

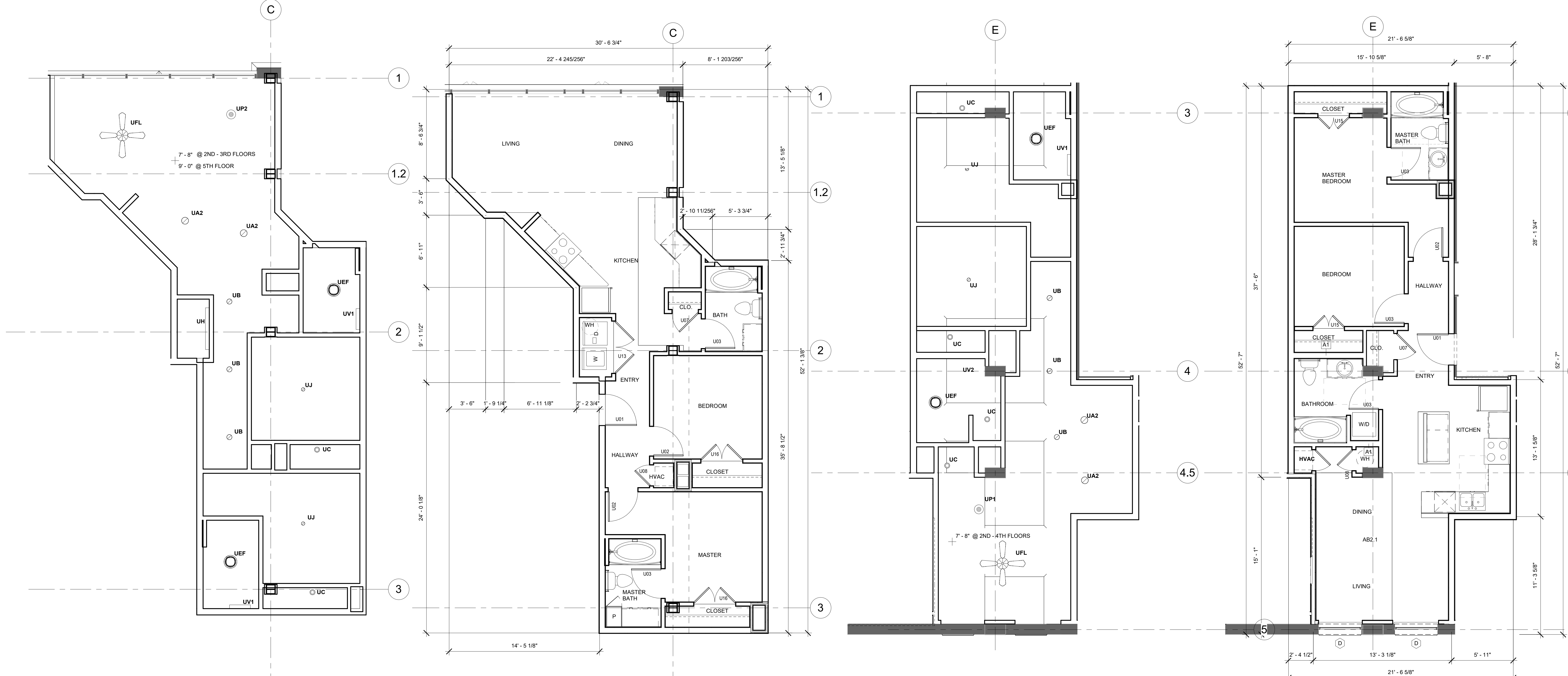
Drawing No.

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Issue Date

APRIL 20, 2018

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6 UNIT B2.2 RCP
1/4" = 1'-0"

- ALL UNITS SHALL HAVE:
- SELF-CLEANING OVEN
 - 14 SEER HVAC
 - 7'-6" MINIMUM CEILING HEIGHT

5 UNIT B2.2
1/4" = 1'-0"

| | |
|----------------------|--------|
| AFFORDABLE UNITS | 2 |
| MARKET UNITS | 0 |
| TOTAL UNITS | 2 |
| UNIT SQUARE FOOTAGE: | 939 SF |

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS

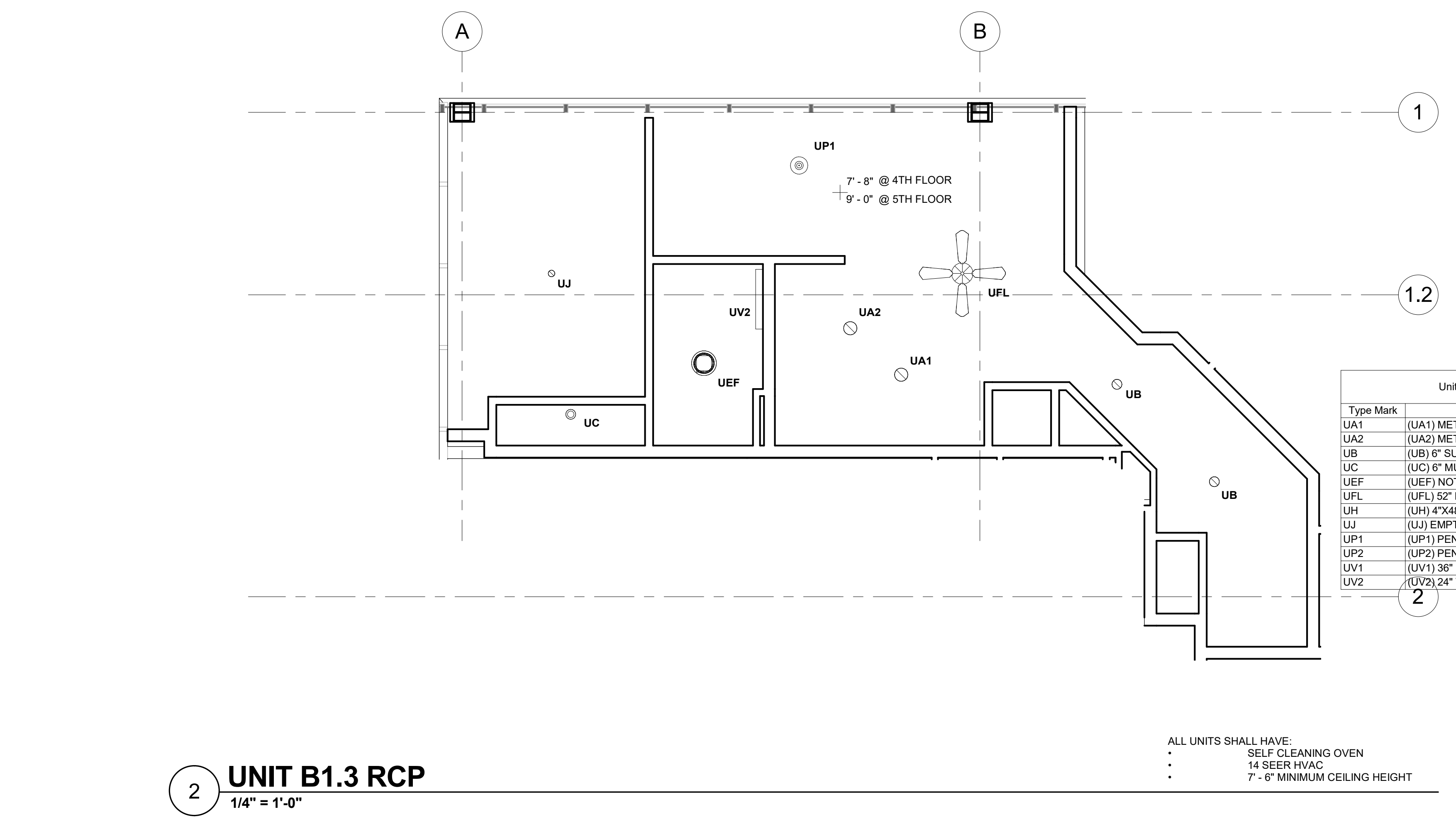
4 UNIT B2.1 RCP
1/4" = 1'-0"

- ALL UNITS SHALL HAVE:
- SELF-CLEANING OVEN
 - 14 SEER HVAC
 - 7'-6" MINIMUM CEILING HEIGHT

3 UNIT B2.1
1/4" = 1'-0"

| | |
|----------------------|--------|
| AFFORDABLE UNITS | 3 |
| MARKET UNITS | 0 |
| TOTAL UNITS | 3 |
| UNIT SQUARE FOOTAGE: | 874 SF |

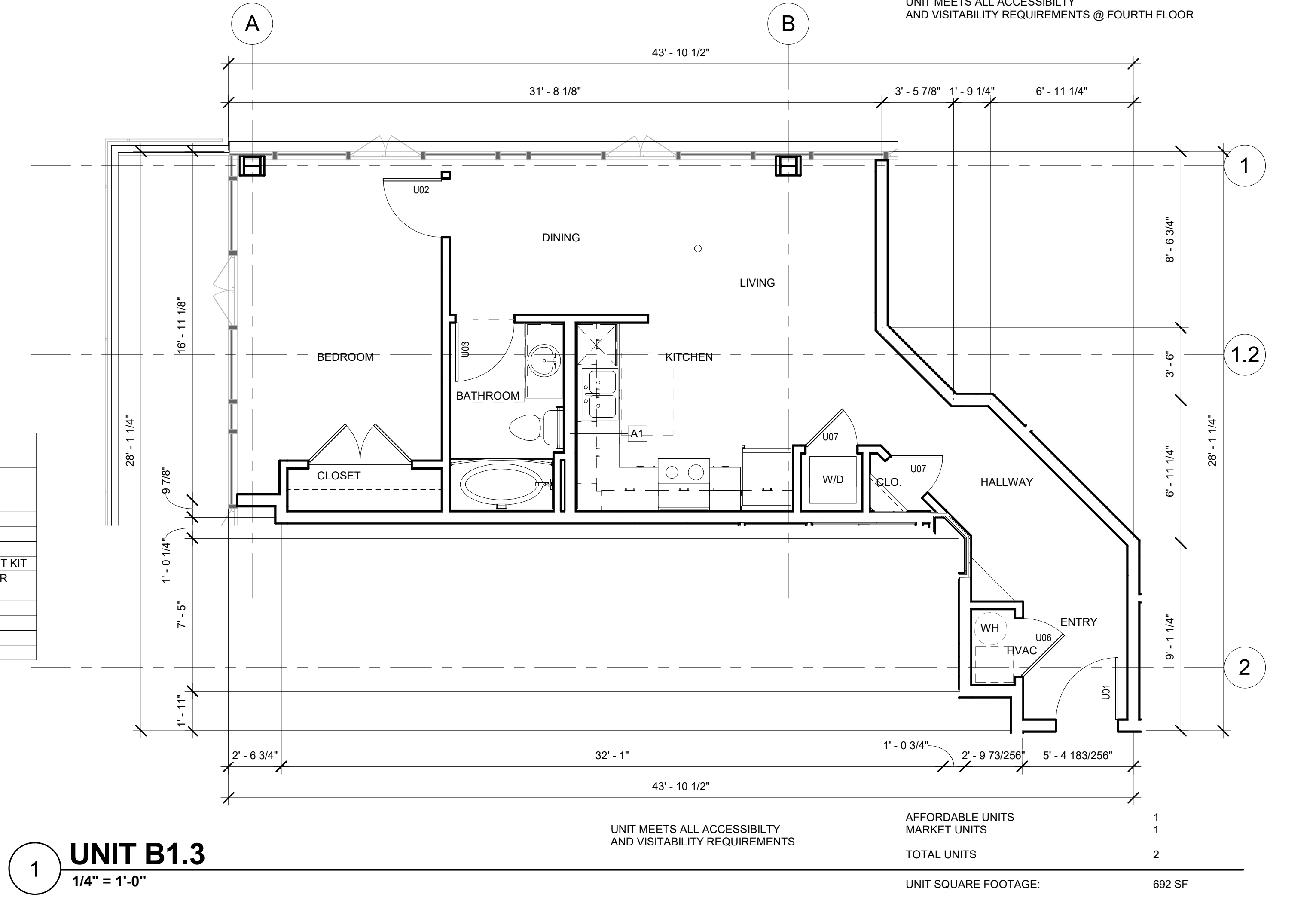
UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS @ FOURTH FLOOR



| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALLIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALLIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH | (UH) 4"x6" LED HORIZ. ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$30 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |

2 UNIT B1.3 RCP
1/4" = 1'-0"

- ALL UNITS SHALL HAVE:
- SELF-CLEANING OVEN
 - 14 SEER HVAC
 - 7'-6" MINIMUM CEILING HEIGHT



1 UNIT B1.3
1/4" = 1'-0"

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS

| | |
|----------------------|--------|
| AFFORDABLE UNITS | 1 |
| MARKET UNITS | 1 |
| TOTAL UNITS | 2 |
| UNIT SQUARE FOOTAGE: | 692 SF |

Structural Engineer

RTP Structural
107 N. Goliad Street
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**Mechanical, Electrical,
Plumbing Engineer**

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3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**

LONGVIEW, TEXAS

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PLAN NORTH NORTH

CONSTRUCTION DOCUMENTS

Title: **ENLARGED UNIT PLANS**

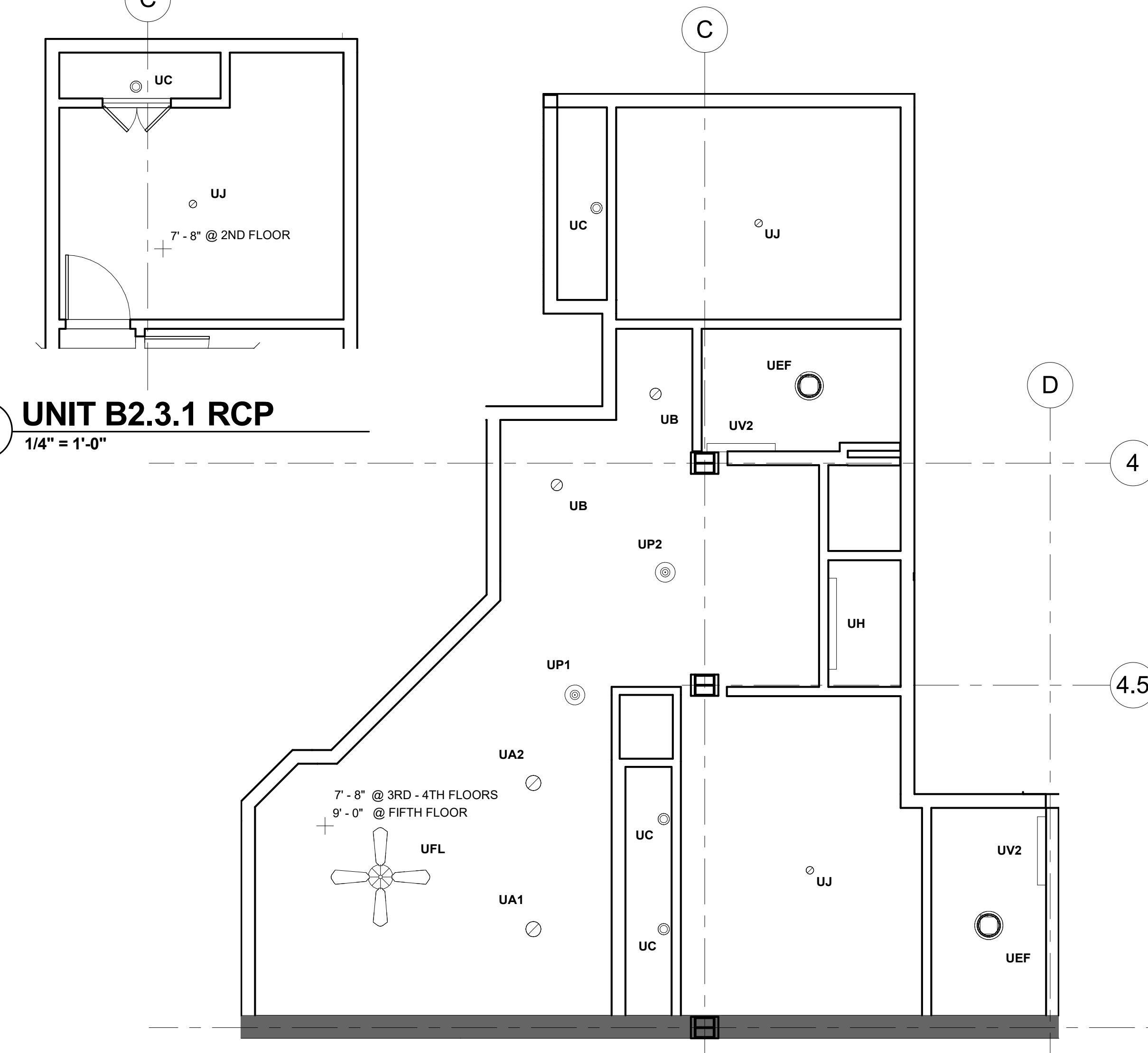
Scale: 1/4" = 1'-0"

Drawing No. **A-417**

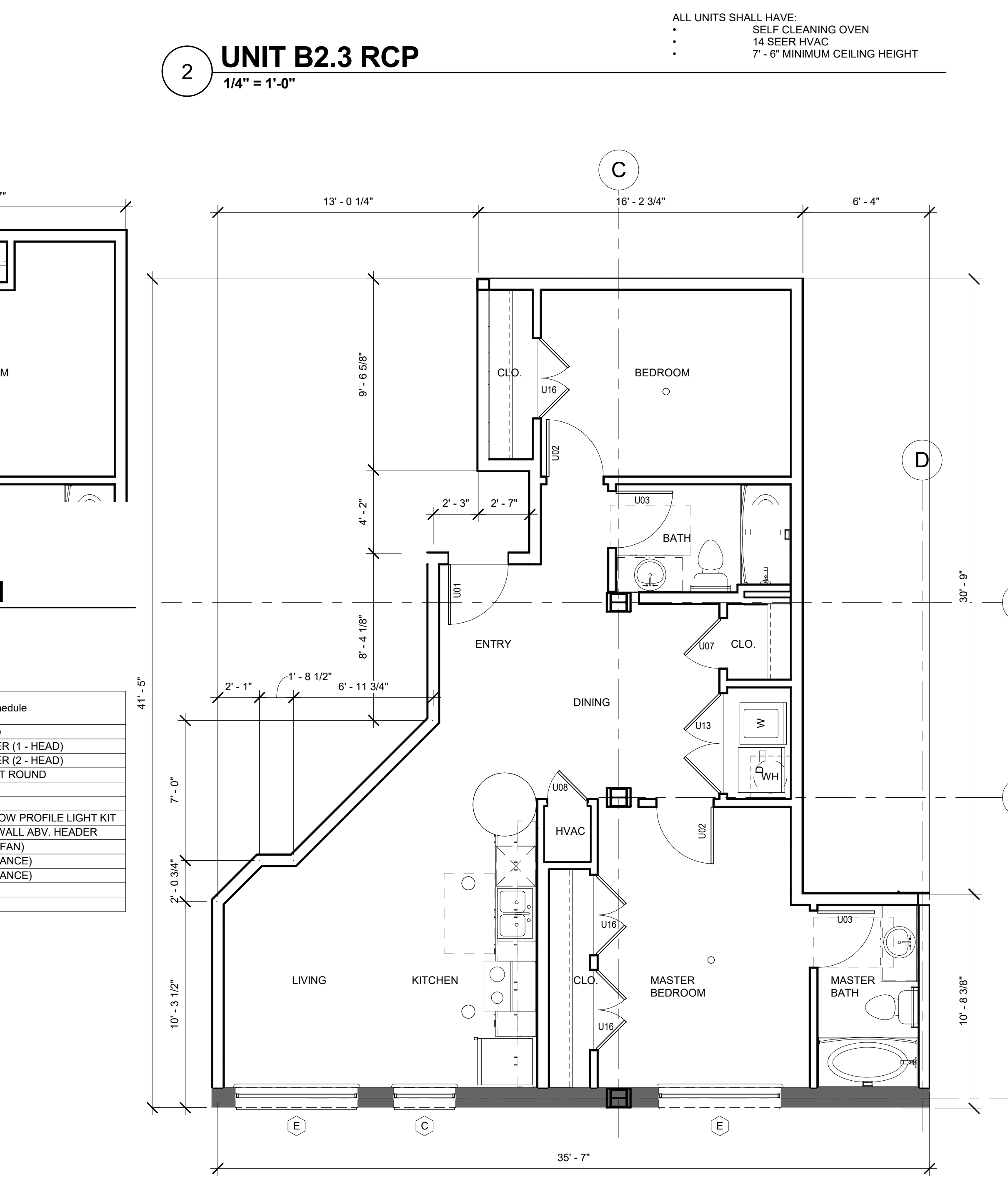
Issue Date

APRIL 20, 2018

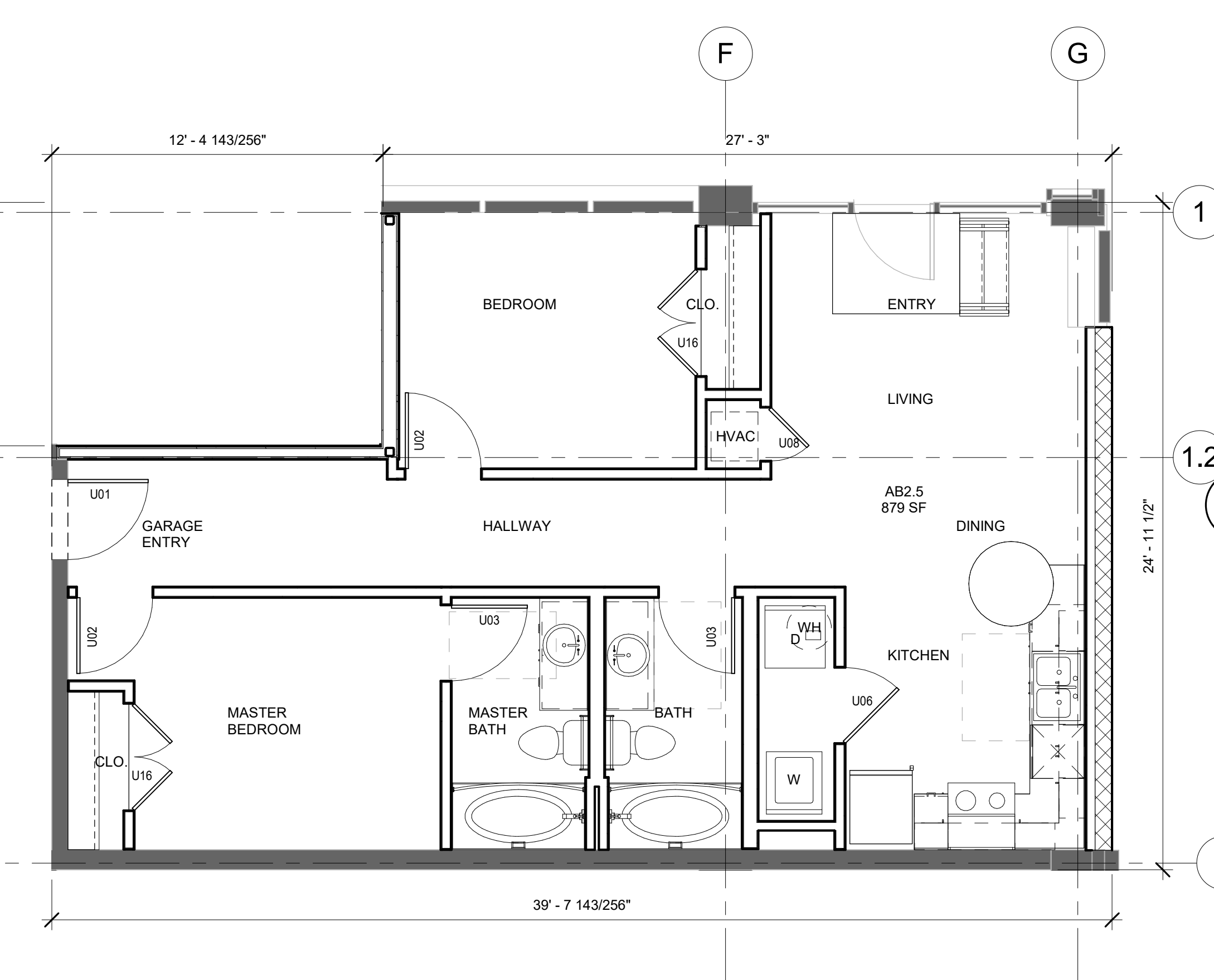
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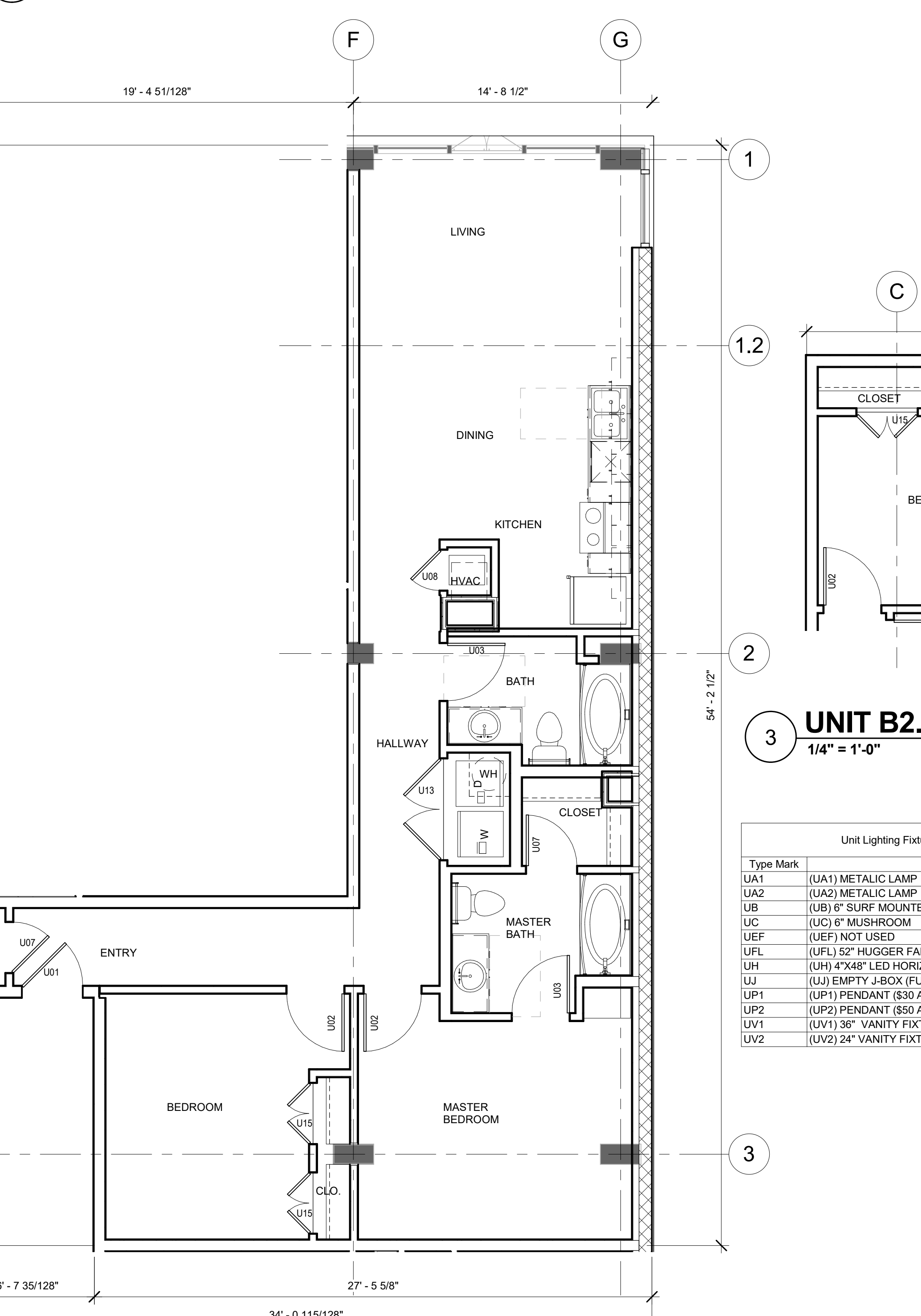
UNIT B2.3.1 RCP
1/4" = 1'-0"



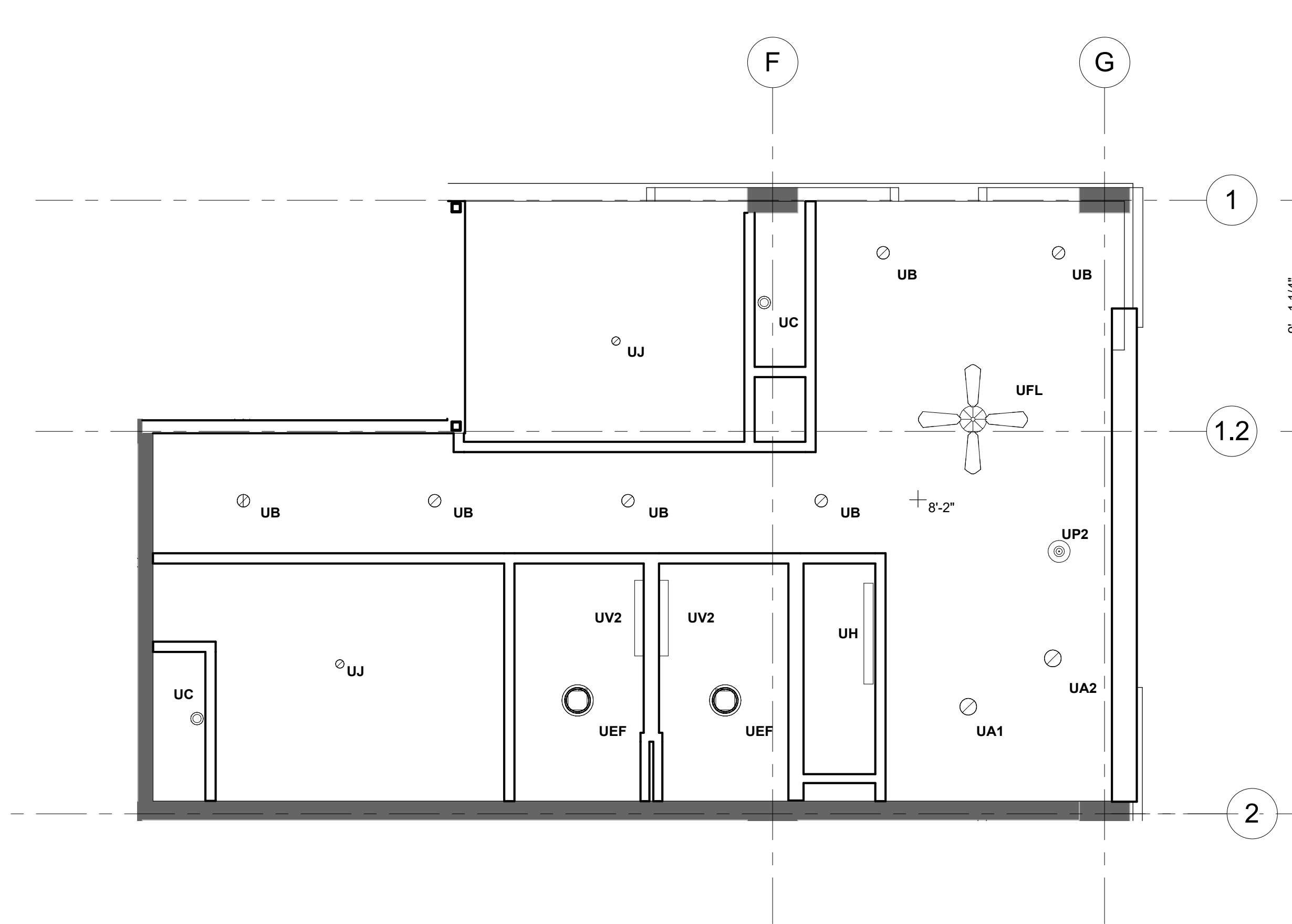
UNIT B2.3 RCP
1/4" = 1'-0"



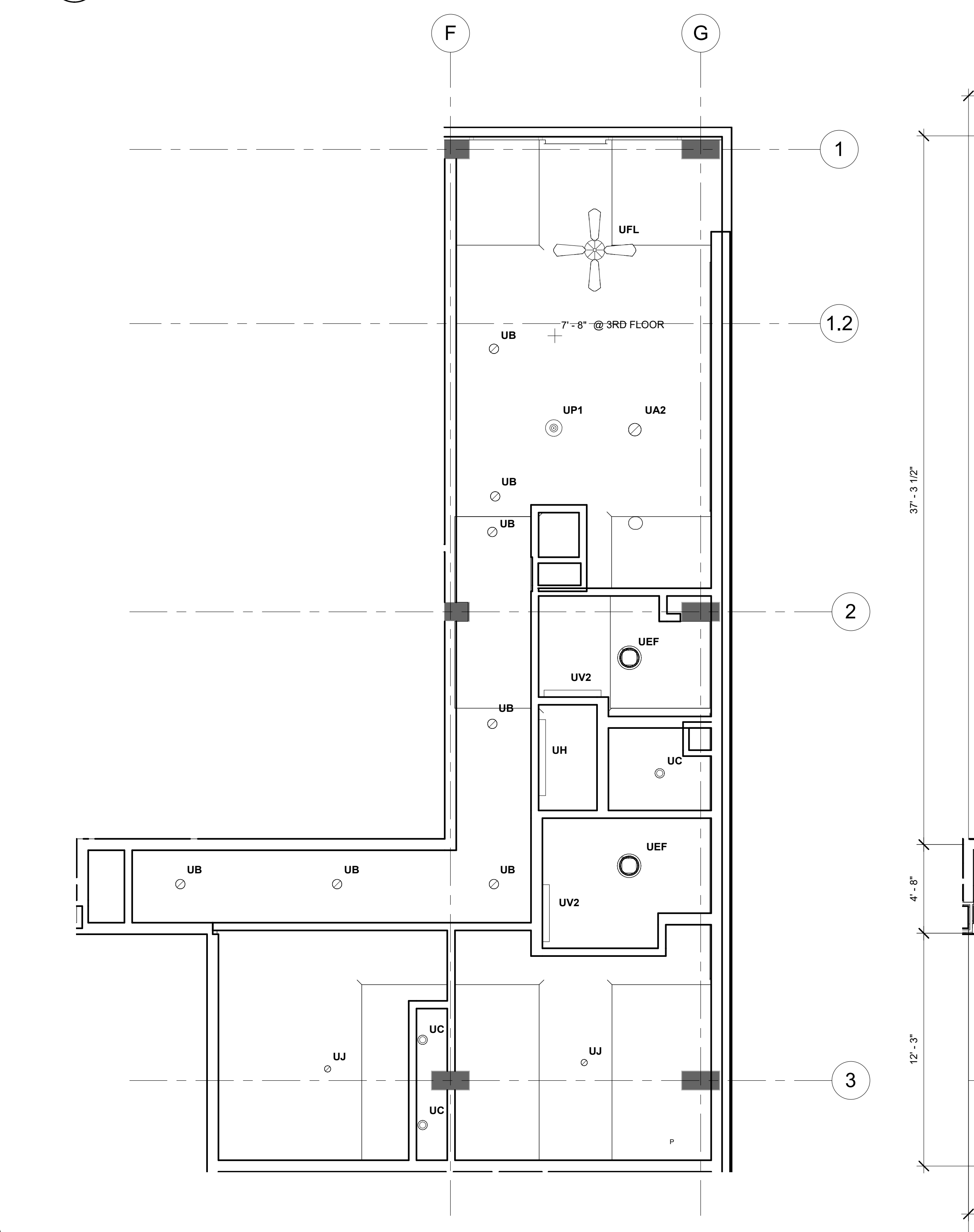
UNIT B2.5
1/4" = 1'-0"



UNIT B2.4
1/4" = 1'-0"



UNIT B2.5 RCP
1/4" = 1'-0"



UNIT B2.4 RCP
1/4" = 1'-0"

| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH | (UH) 4"x48" LED HORIZ. ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$50 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |

ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT

AFFORDABLE UNITS 1
MARKET UNITS 0
TOTAL UNITS 1
UNIT SQUARE FOOTAGE: 879 SF

ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS

AFFORDABLE UNITS 4
MARKET UNITS 0
TOTAL UNITS 4
UNIT SQUARE FOOTAGE: (3) 944 SF
AB2.3.1 (1) 953 SF

4/30/2018 1:31:57 PM

ALTON PLAZA AT THE PETROLEUM BUILDING

Structural Engineer

RTP Structural
107 N. Goliad Street
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**Mechanical, Electrical,
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Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

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CONSTRUCTION DOCUMENTS

Title: **ENLARGED UNIT PLANS**

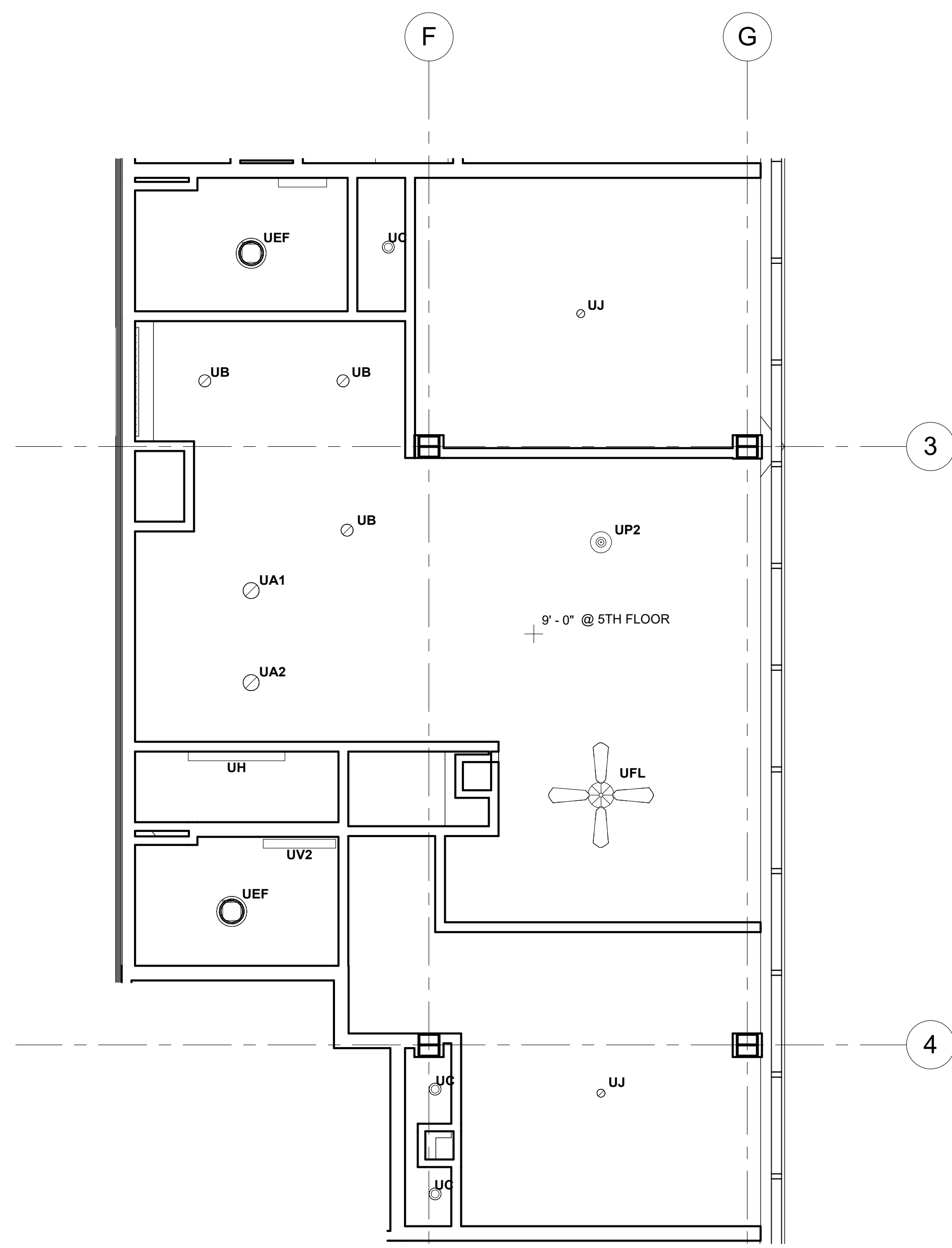
Scale: 1/4" = 1'-0"

Drawing No.

A-418

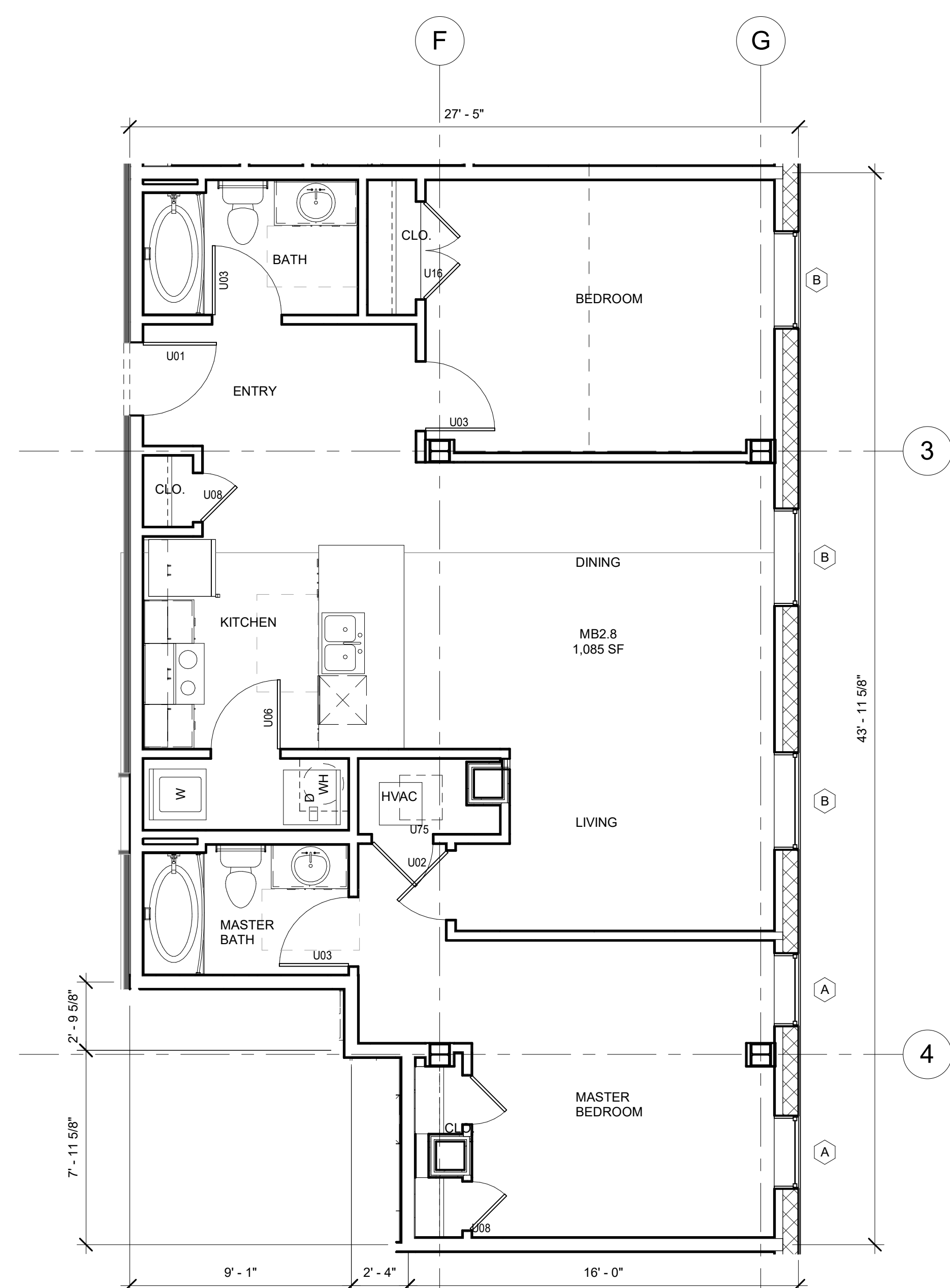
Issue Date

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6 UNIT B2.8 RCP
1/4" = 1'-0"

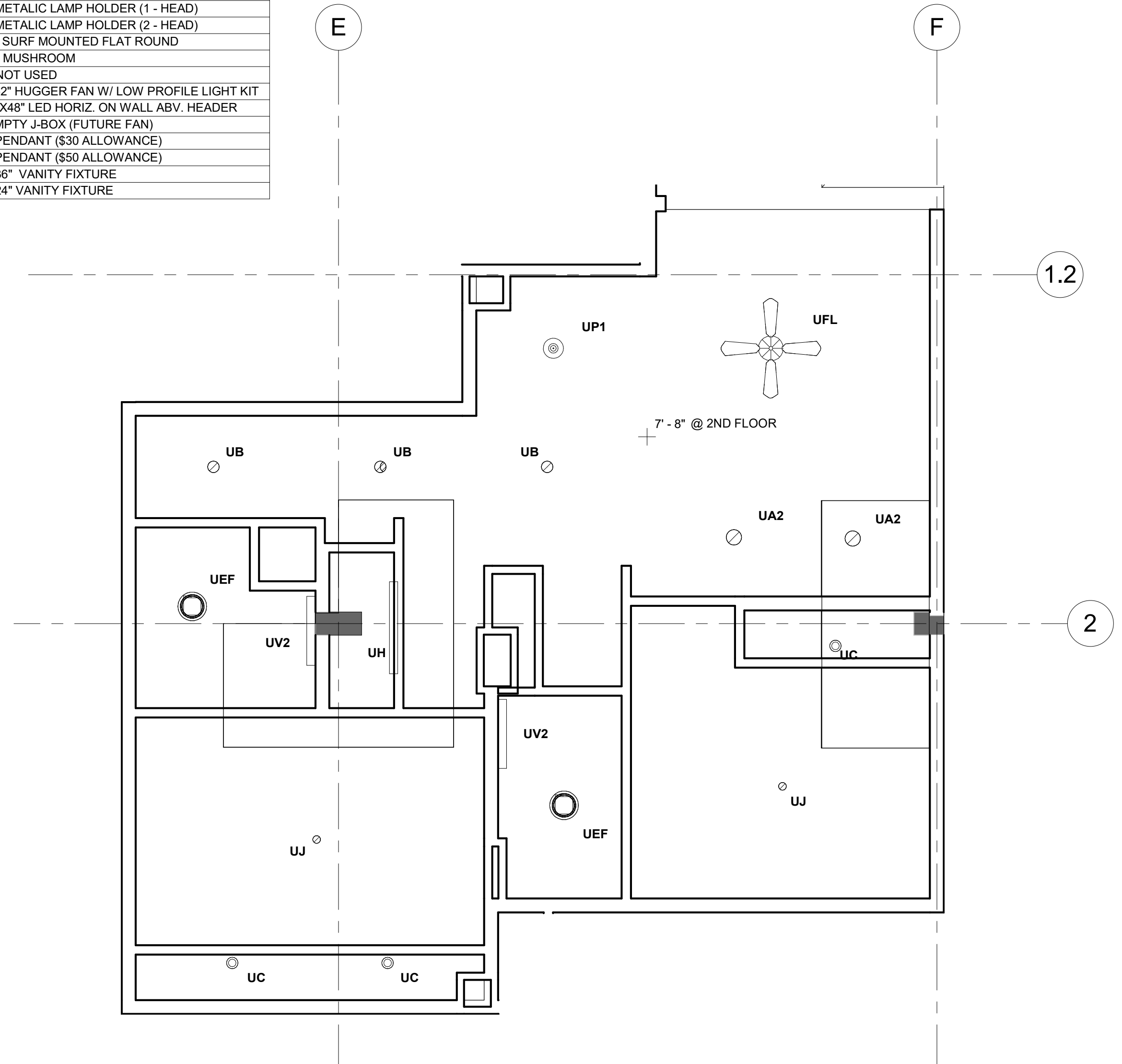
ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT



5 UNIT B2.8
1/4" = 1'-0"

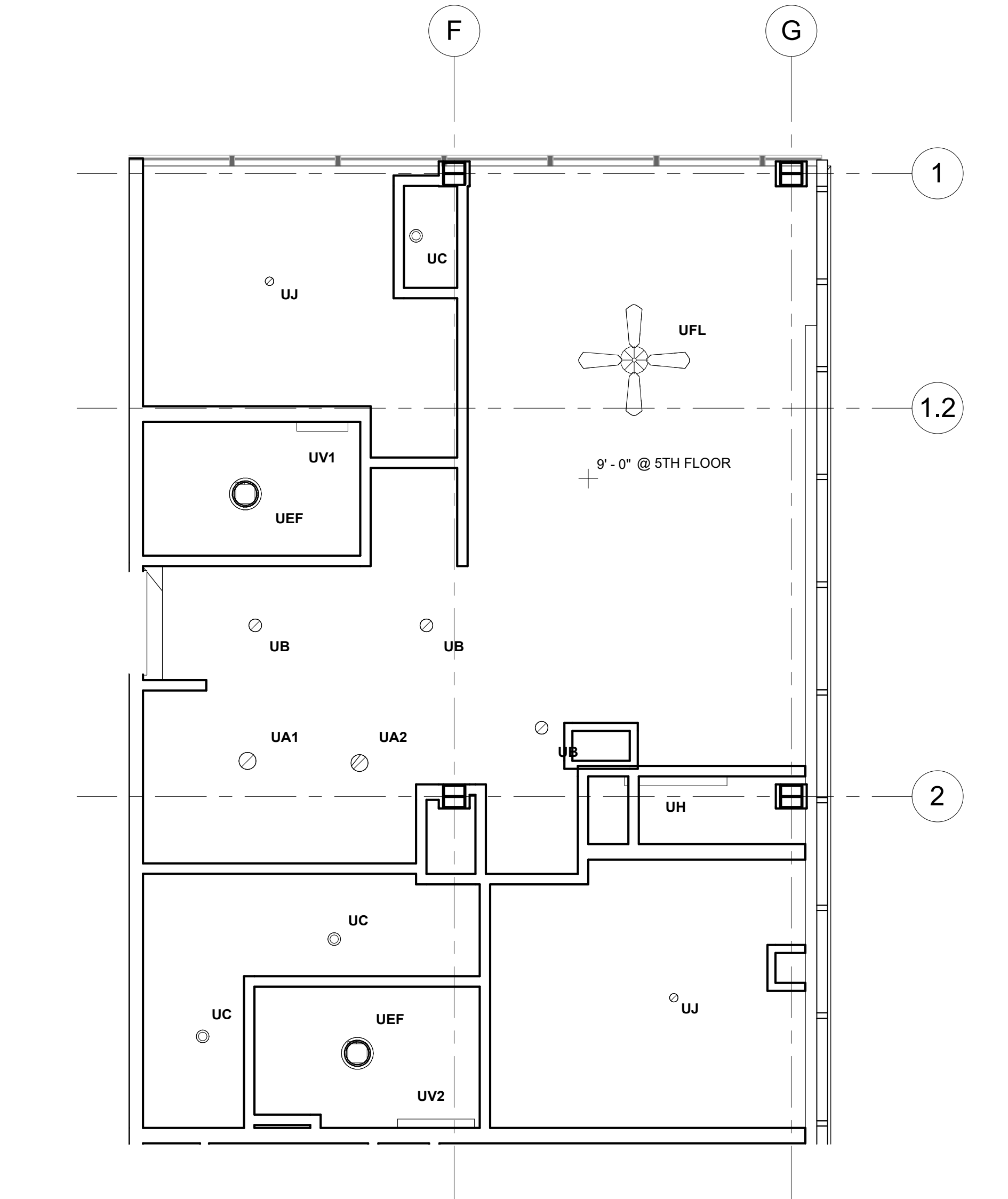
AFFORDABLE UNITS MARKET UNITS 0 1
TOTAL UNITS 1
UNIT SQUARE FOOTAGE: 1,085 SF

| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH | (UH) 4"x48" LED HORIZ. ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$30 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |



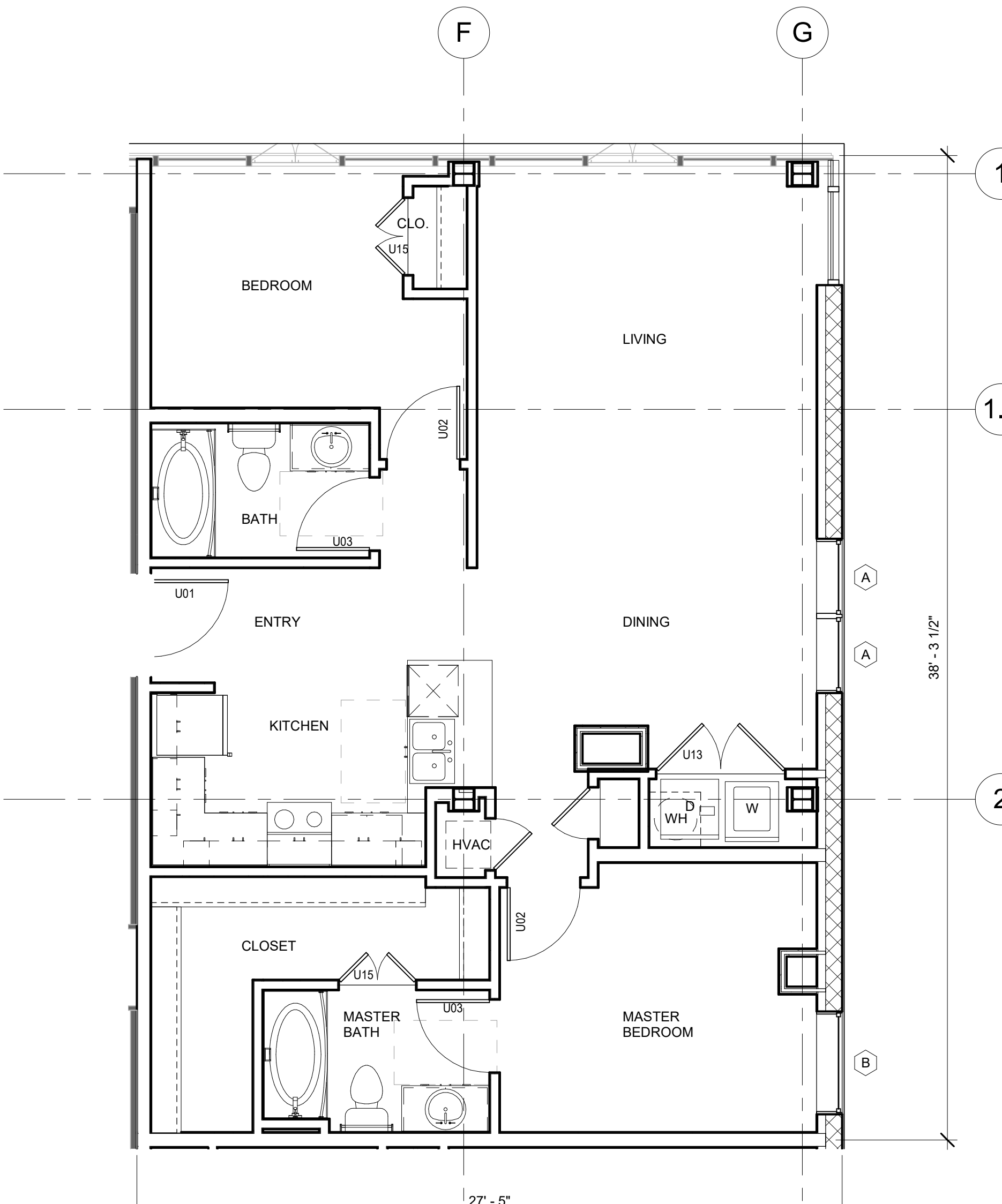
2 UNIT B2.6 RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT



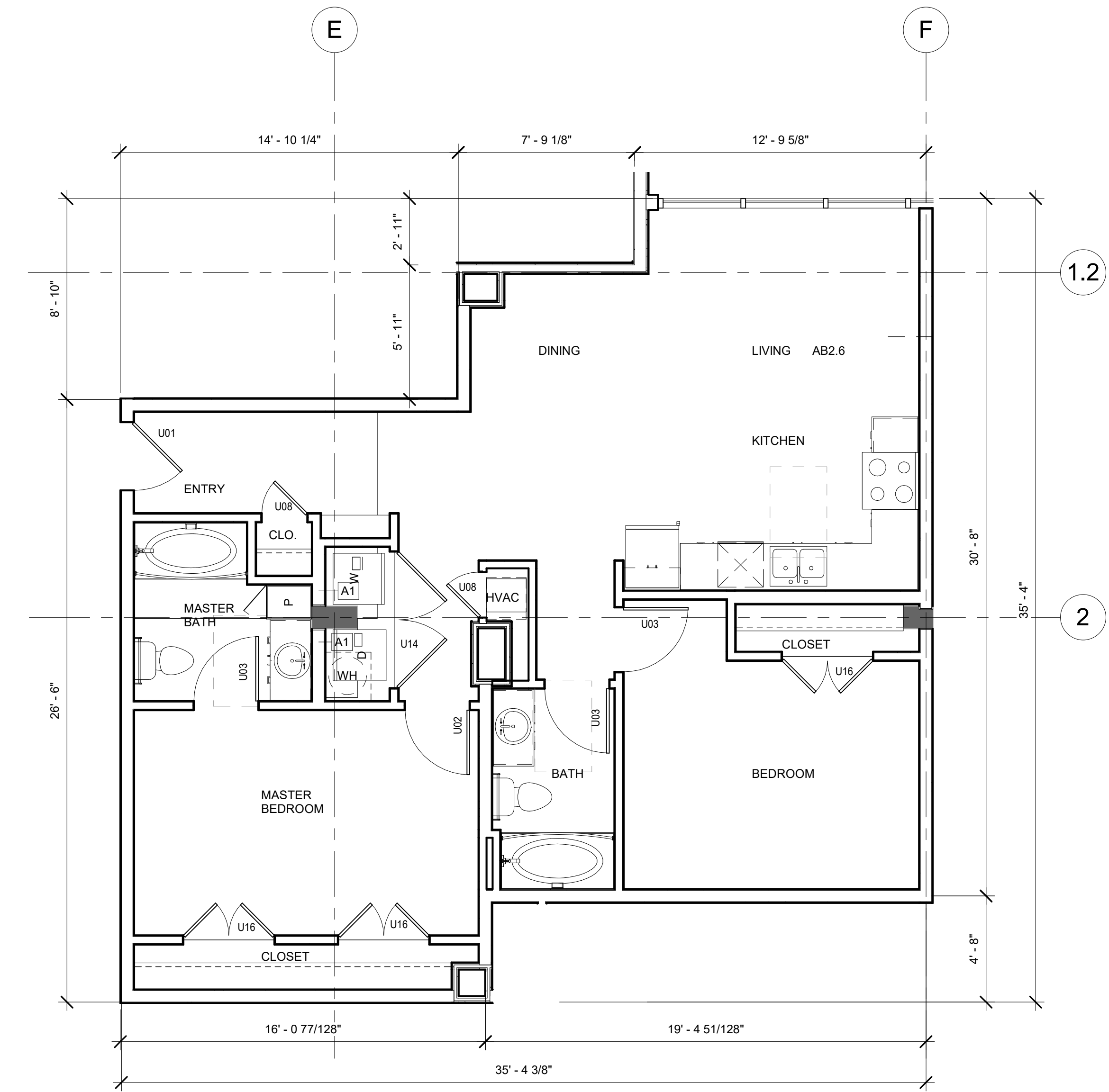
4 UNIT B2.7 RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT



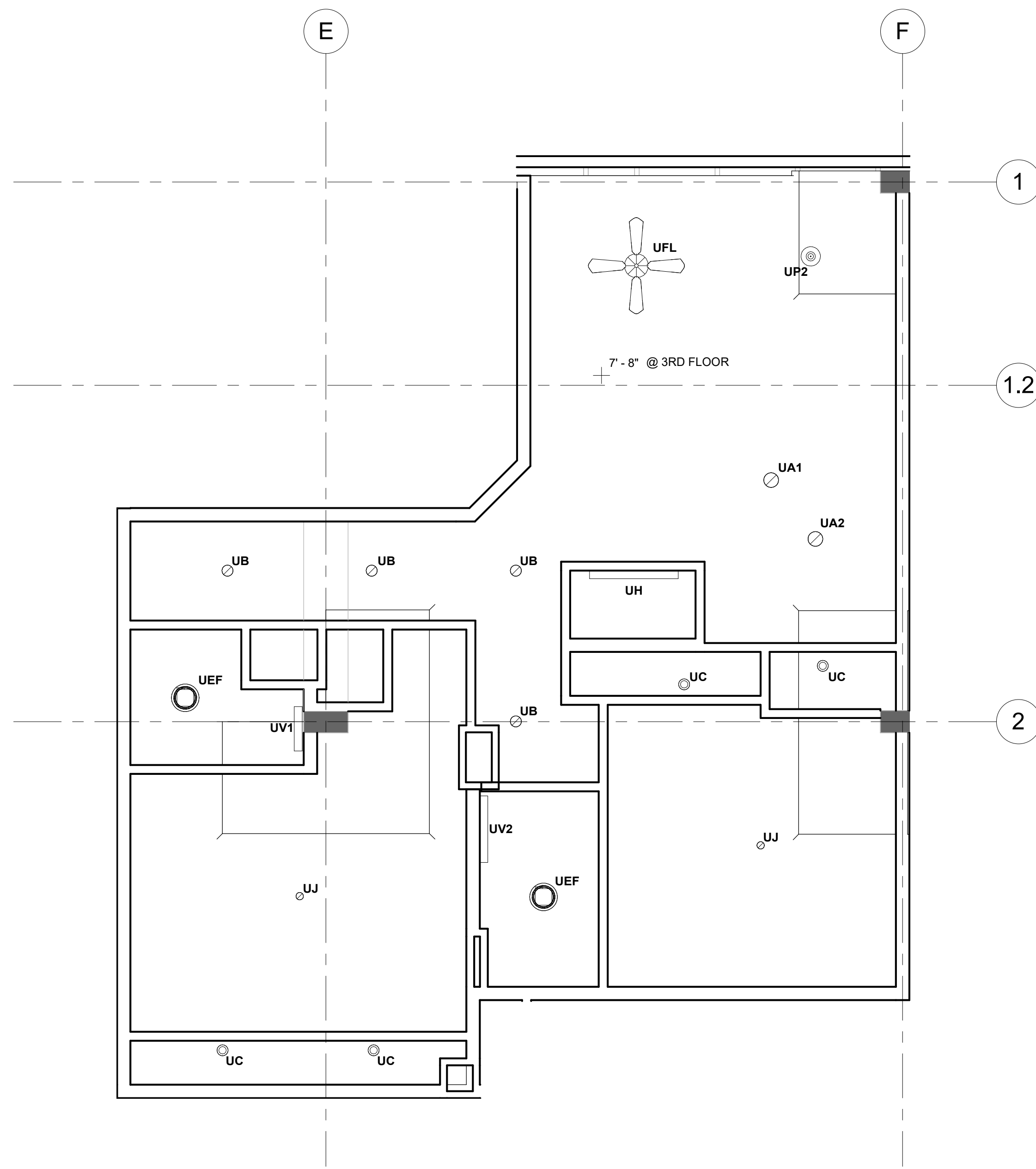
3 UNIT B2.7
1/4" = 1'-0"

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS
AFFORDABLE UNITS MARKET UNITS 0 1
TOTAL UNITS 1
UNIT SQUARE FOOTAGE: 1,046 SF



1 UNIT B2.6
1/4" = 1'-0"

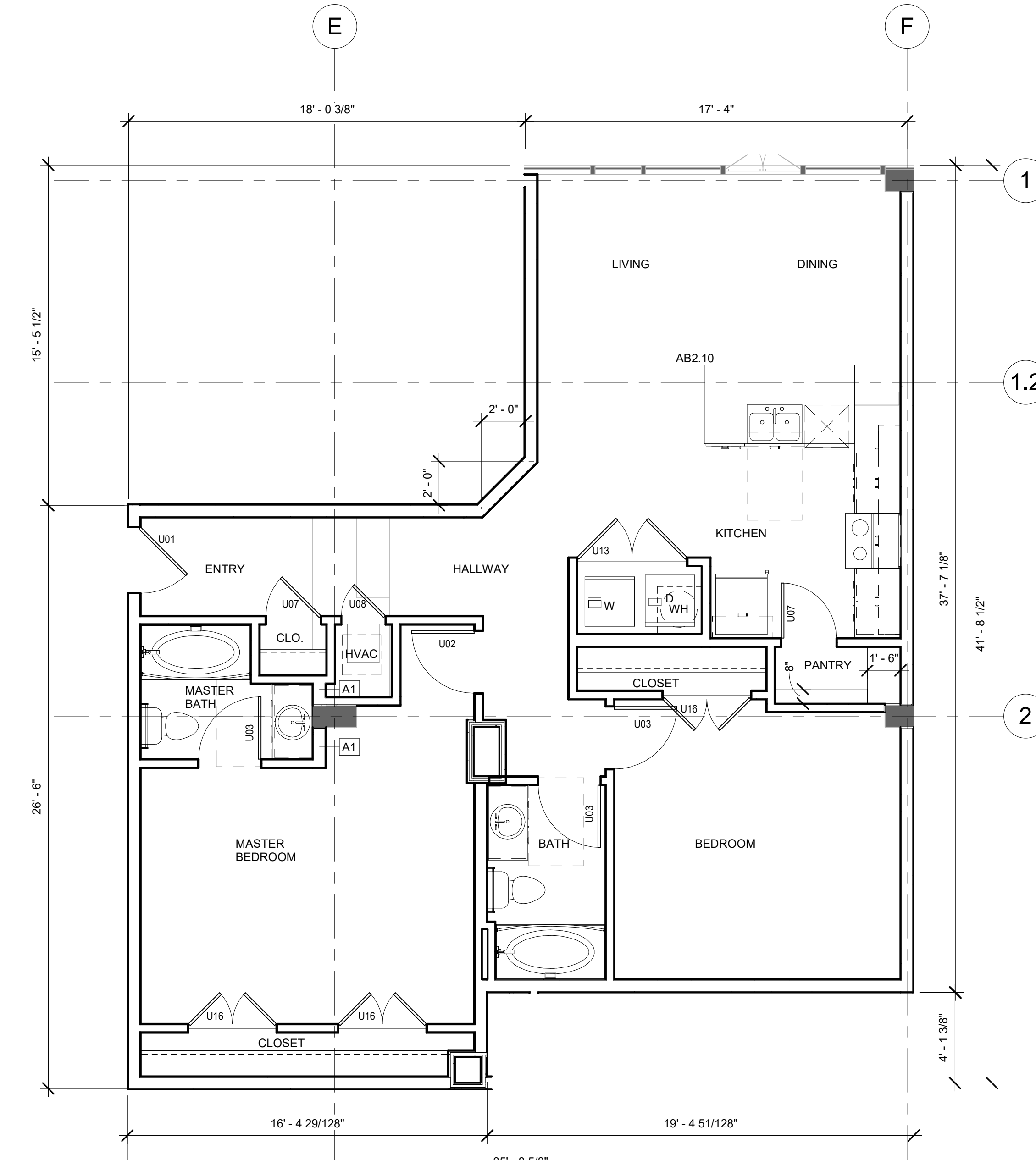
UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS
AFFORDABLE UNITS MARKET UNITS 1 0
TOTAL UNITS 1
UNIT SQUARE FOOTAGE: 1,007 SF



| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH | (UH) 4"x48" LED HORIZ. ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$30 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |

ALL UNITS SHALL HAVE:
 • SELF CLEANING OVEN
 • 14 SEER HVAC
 • 7'-6" MINIMUM CEILING HEIGHT

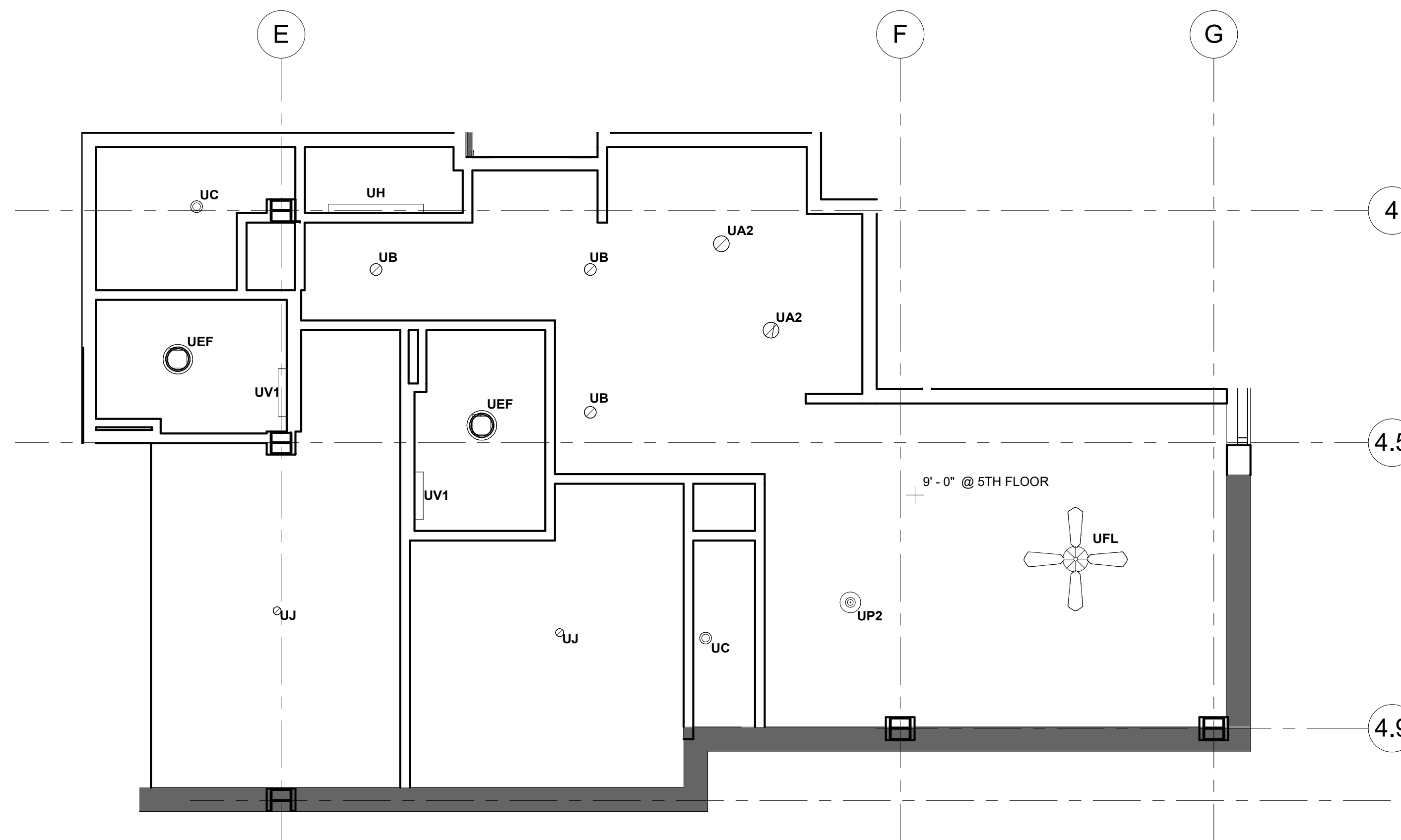
2 UNIT B2.10 RCP
1/4" = 1'-0"



ALL UNITS SHALL HAVE:
 • SELF CLEANING OVEN
 • 14 SEER HVAC
 • 7'-6" MINIMUM CEILING HEIGHT

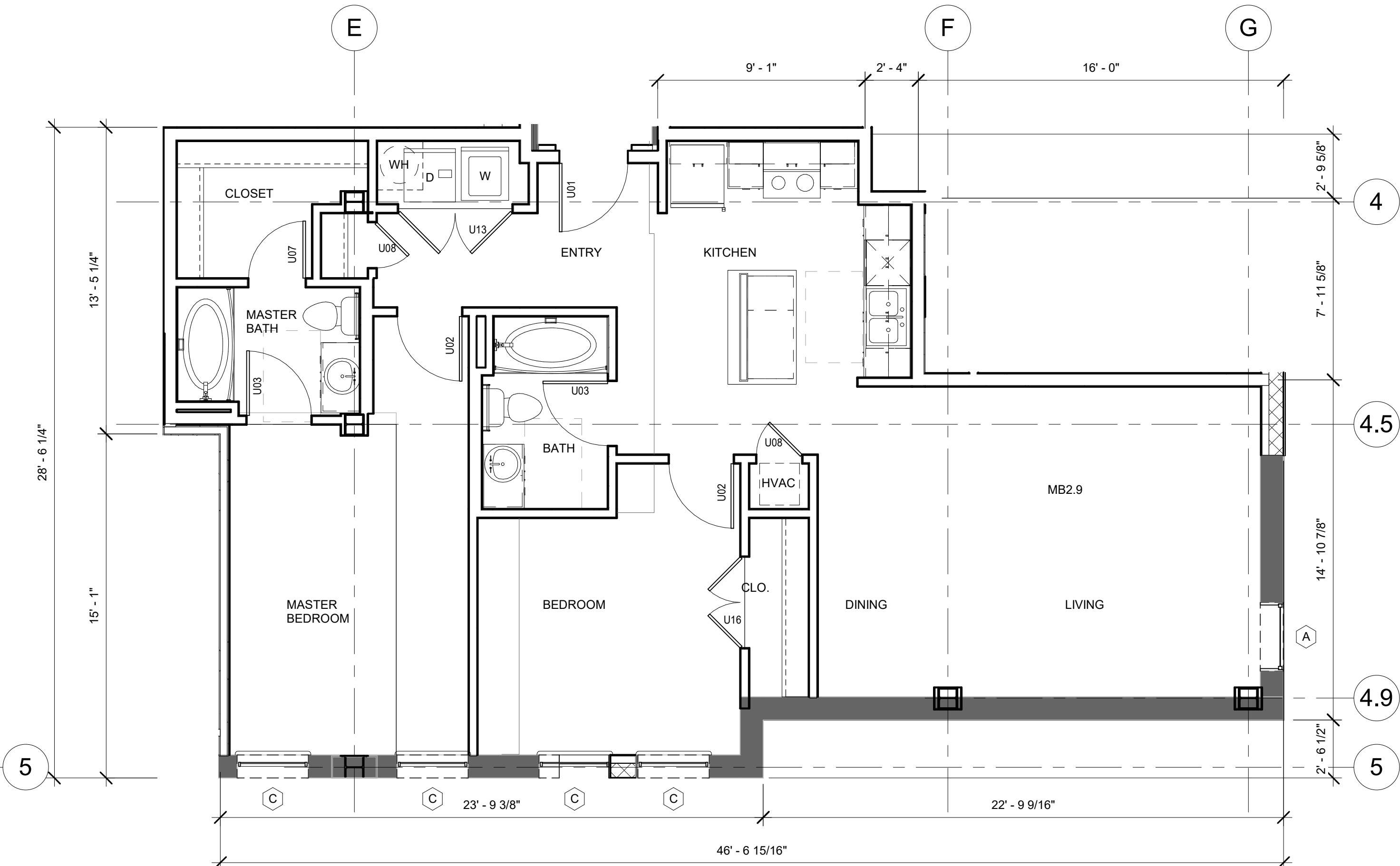
1 UNIT B2.10
1/4" = 1'-0"

AFFORDABLE UNITS: 1
 MARKET UNITS: 0
 TOTAL UNITS: 1
 UNIT SQUARE FOOTAGE: 1,119 SF



ALL UNITS SHALL HAVE:
 • SELF CLEANING OVEN
 • 14 SEER HVAC
 • 7'-6" MINIMUM CEILING HEIGHT

4 UNIT B2.9 RCP
1/4" = 1'-0"



UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS

AFFORDABLE UNITS: 0
 MARKET UNITS: 1
 TOTAL UNITS: 1
 UNIT SQUARE FOOTAGE: 1,109 SF

3 UNIT B2.9
1/4" = 1'-0"

Structural Engineer
RTP Structural
 107 N. Goliad Street
 Suite 104
 Rockwall, TX 75087
Mechanical, Electrical, Plumbing Engineer
WSP USA Building Systems
 3102 Oak Lawn Ave.
 Suite 450
 Dallas, TX 75219

ALTON PLAZA AT THE PETROLEUM BUILDING
ALTON PLAZA
 LONGVIEW, TEXAS

No. | Date

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 Checked: Approved: Seal

Key:



CONSTRUCTION DOCUMENTS

Title: ENLARGED UNIT PLANS

Scale: 1/4" = 1'-0"

Drawing No.

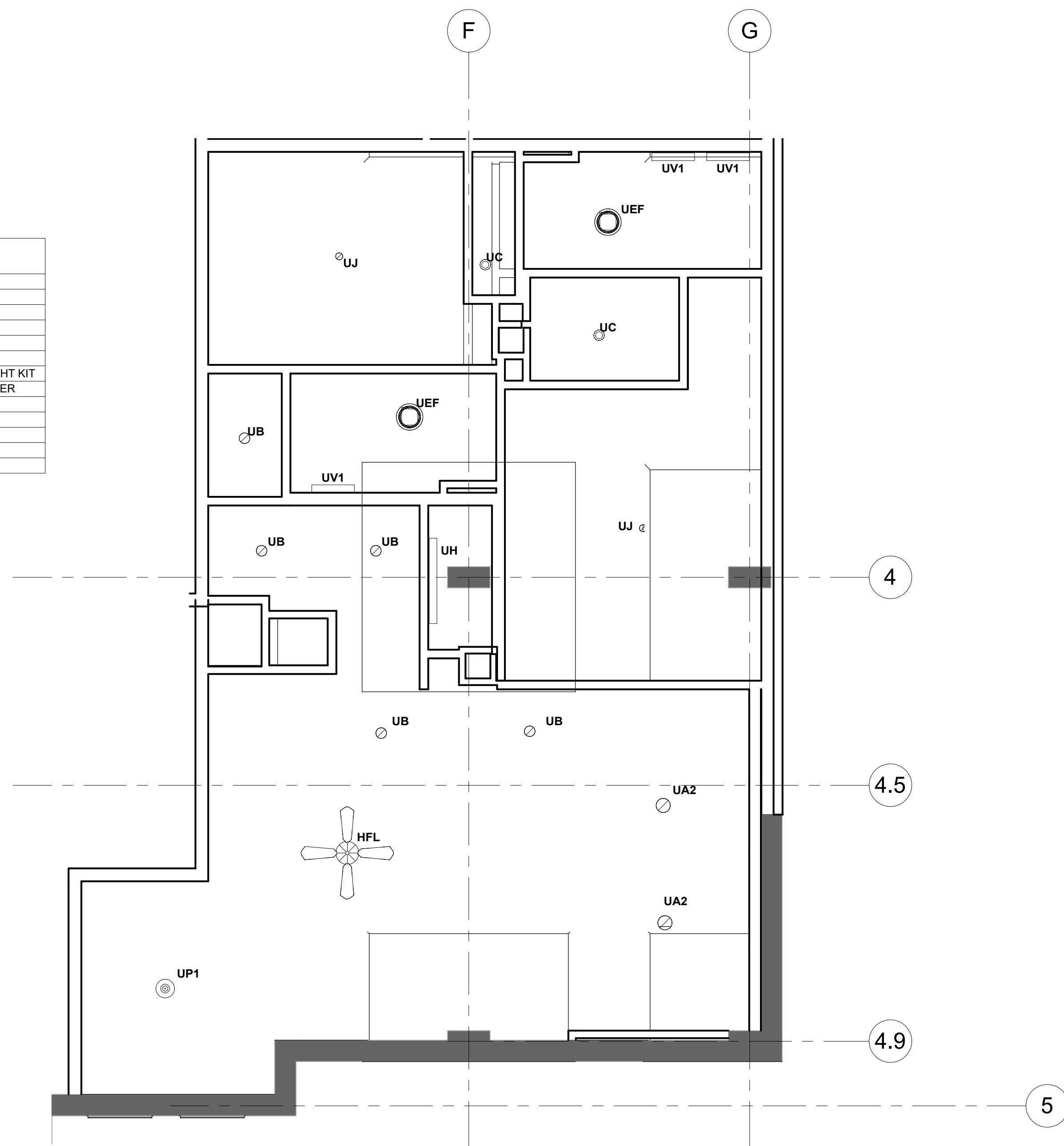
A-419

Issue Date

APRIL 20, 2018

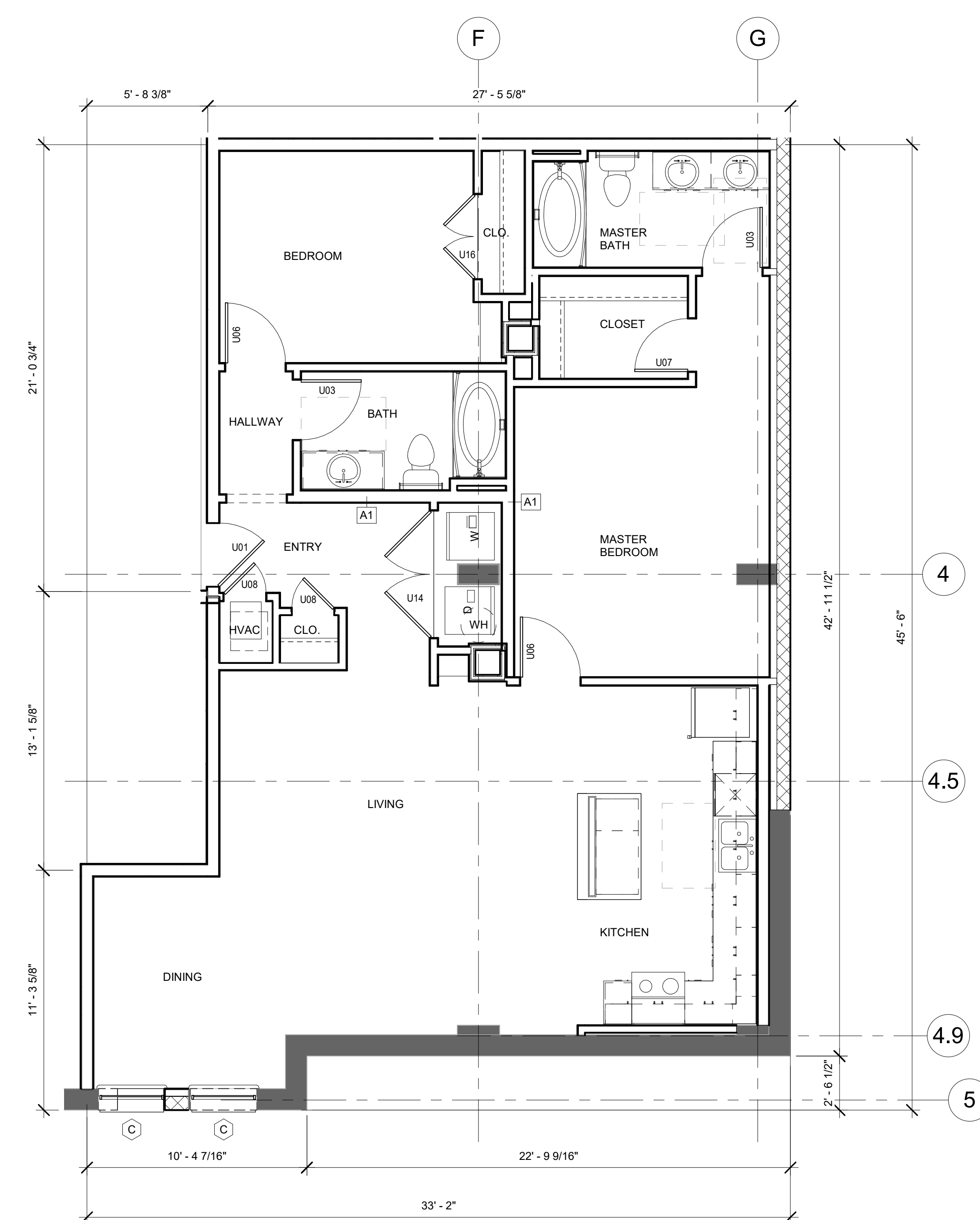
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| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH | (UH) 4"x48" LED HORIZ. ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$30 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |



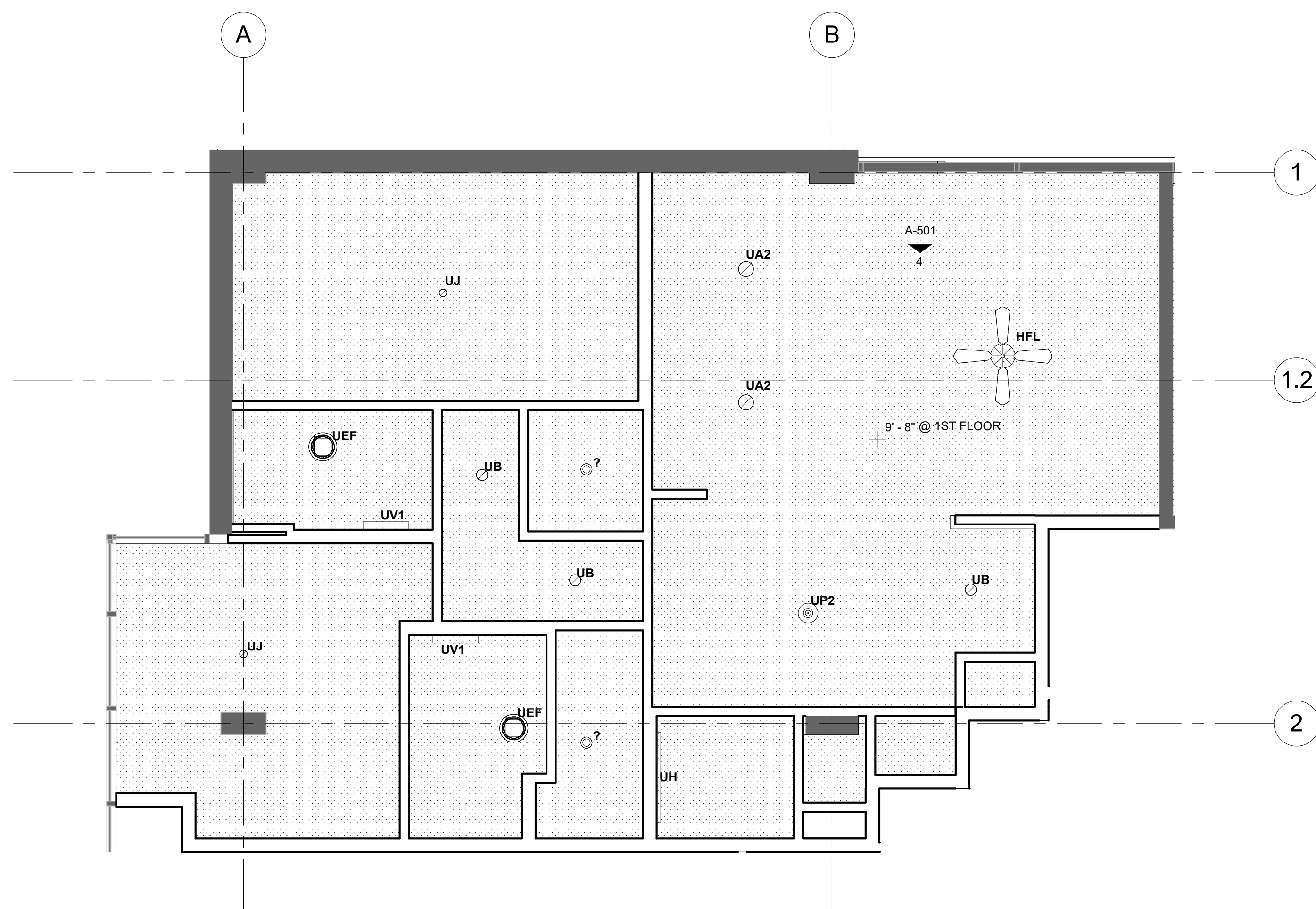
5 UNIT B2.12 RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF-CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT



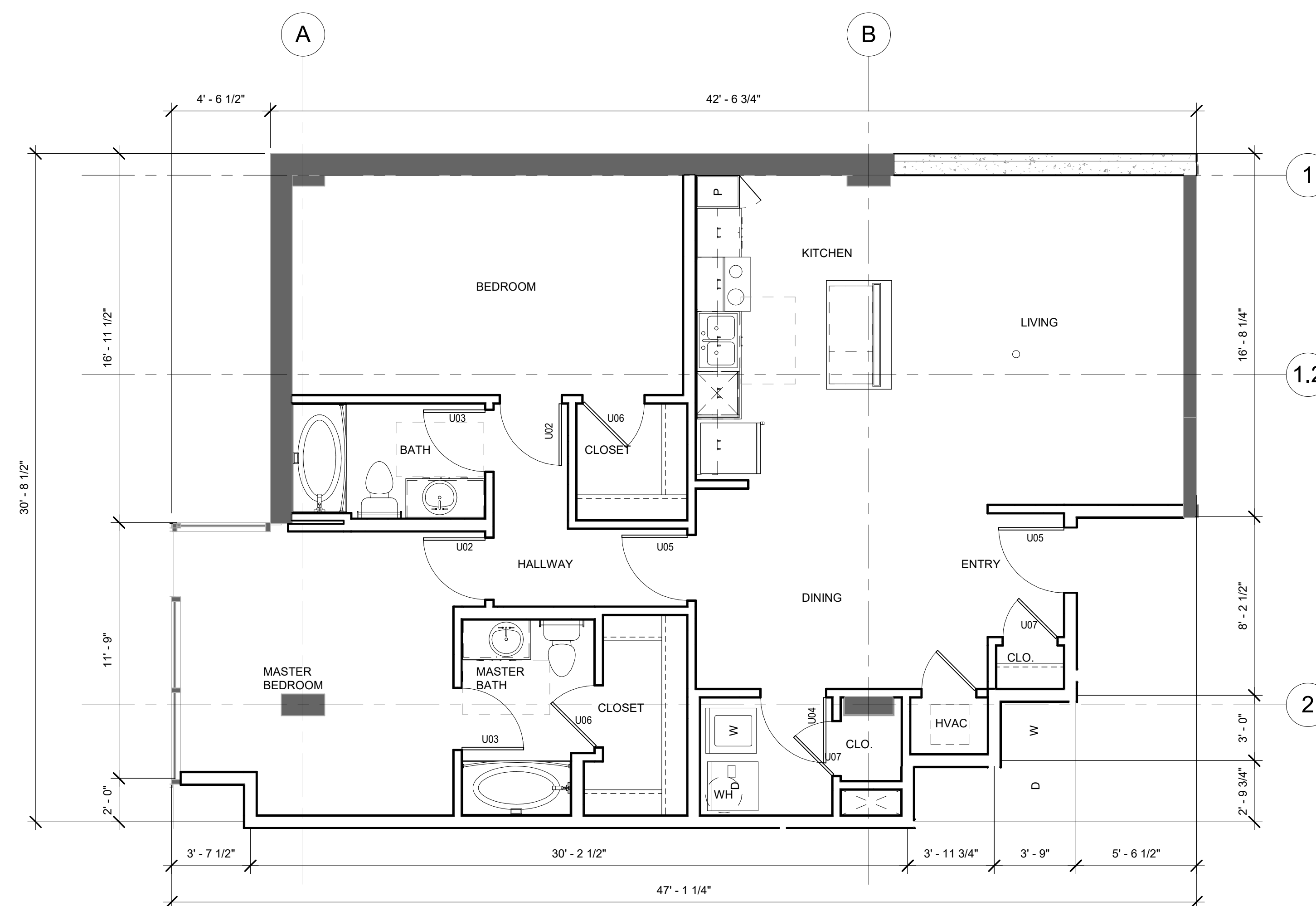
3 UNIT B2.12
1/4" = 1'-0"

AFFORDABLE UNITS MARKET UNITS 1
TOTAL UNITS 1
UNIT SQUARE FOOTAGE: 1,254 SF



2 UNIT B2.11 RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF-CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT



1 UNIT B2.11
1/4" = 1'-0"

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS
AFFORDABLE UNITS MARKET UNITS 0
TOTAL UNITS 1
UNIT SQUARE FOOTAGE: 1,240 SF

Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

Mechanical, Electrical, Plumbing Engineer

WSP USA Building Systems

3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

ALTON PLAZA AT THE PETROLEUM BUILDING



No. _____ Date _____

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| Checked | Approved |

Key:

PLAN NORTH NORTH



CONSTRUCTION DOCUMENTS

Title: **ENLARGED UNIT PLANS**

Scale: 1/4" = 1'-0"

Drawing No.

A-420

Issue Date

APRIL 20, 2018

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Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

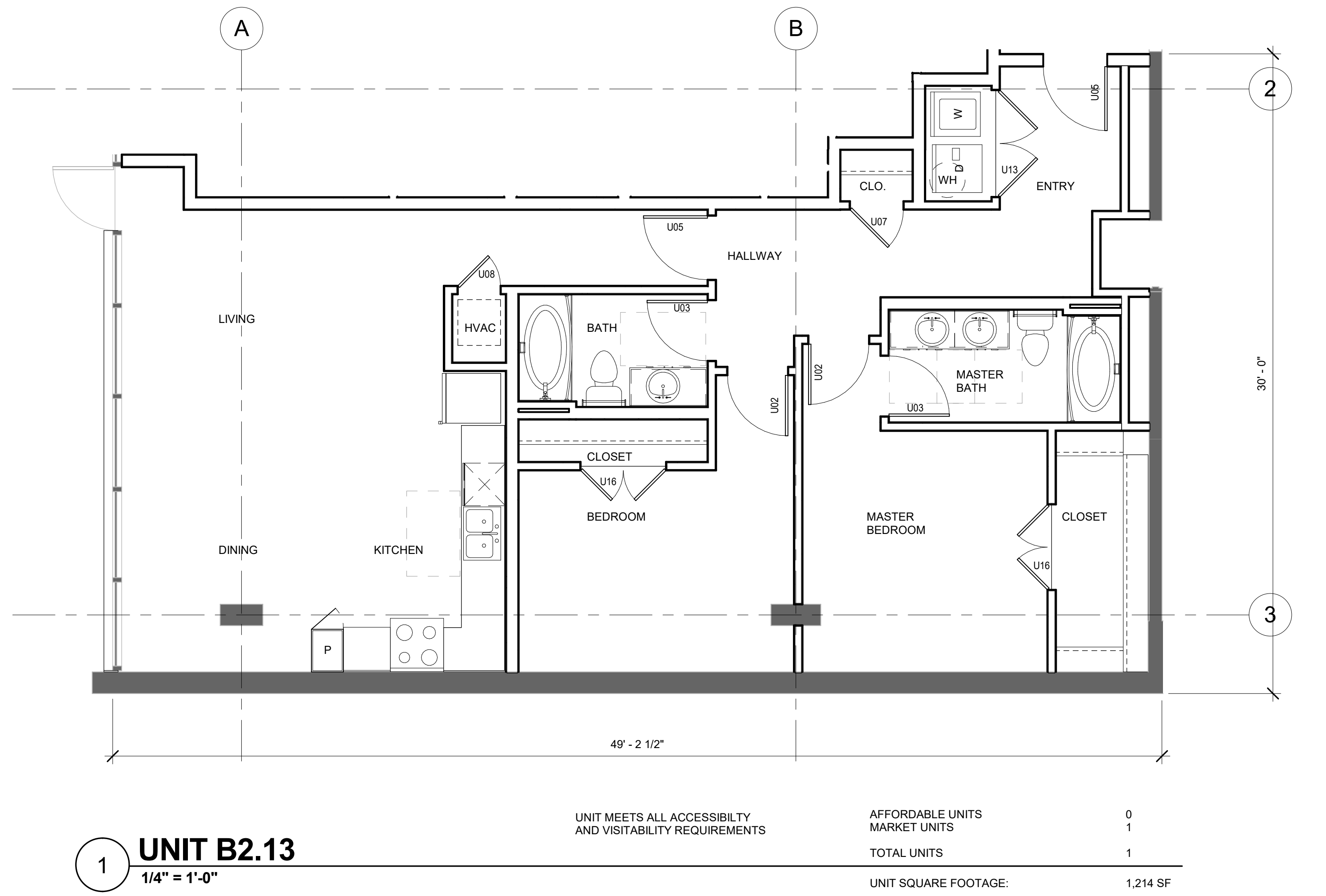
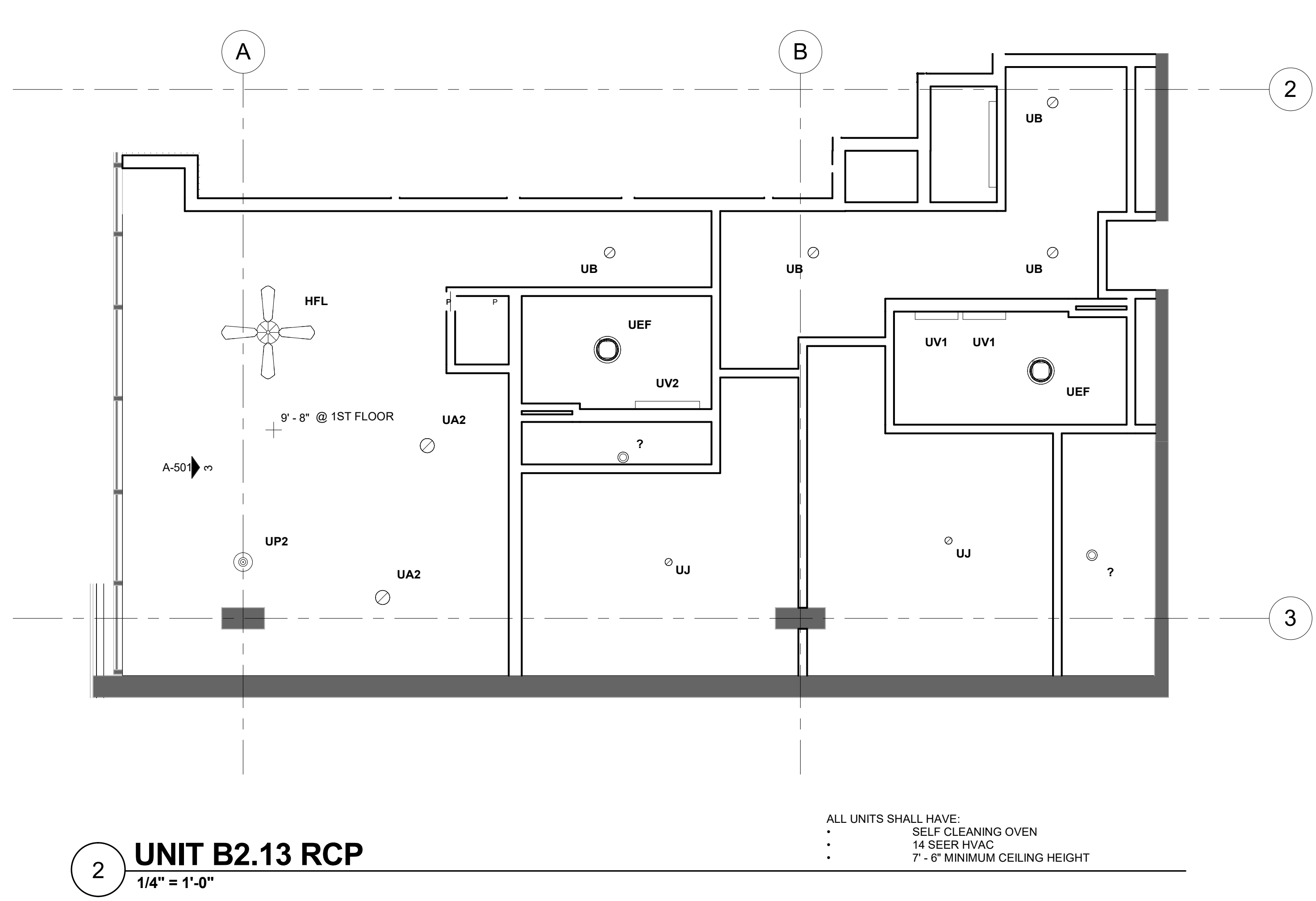
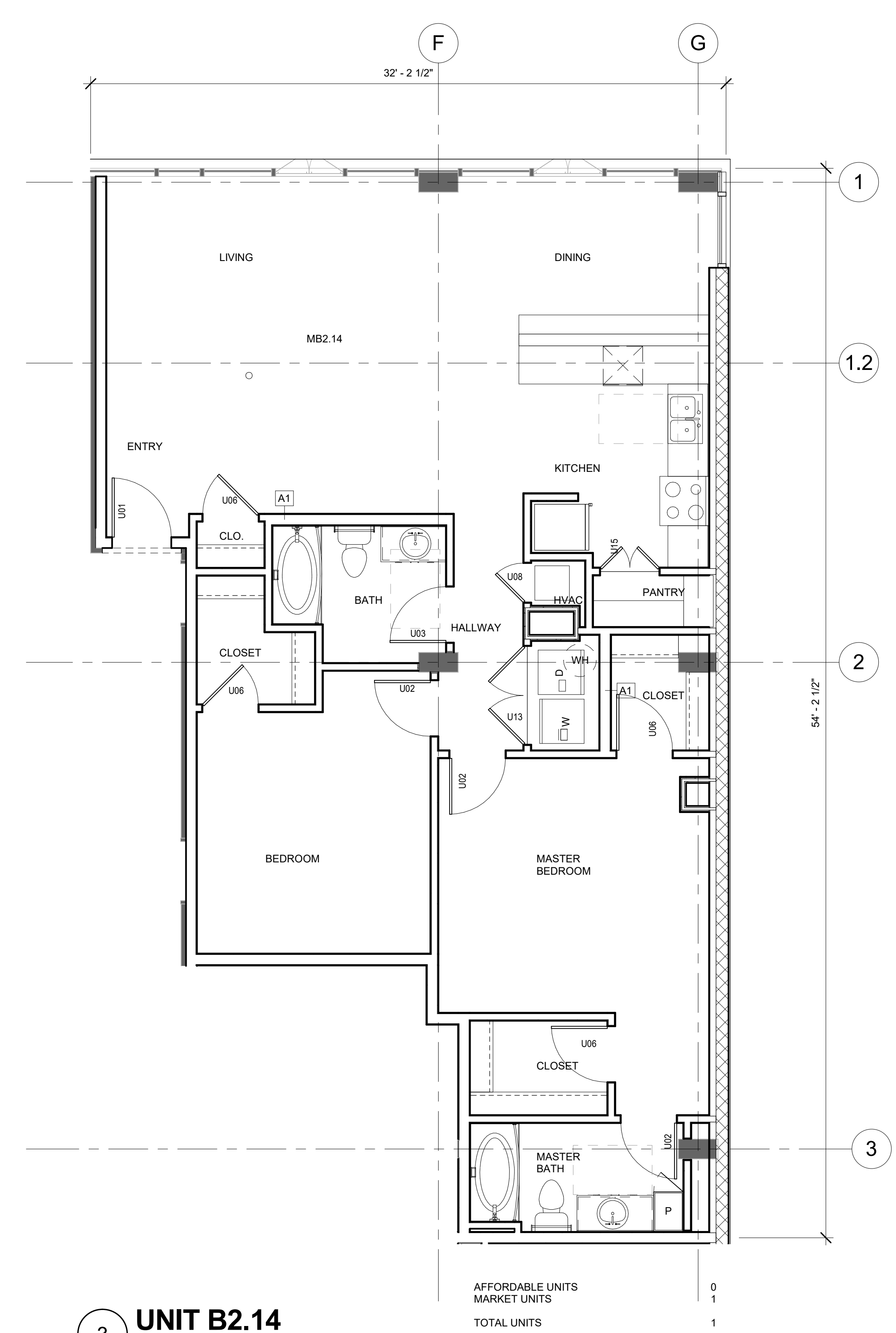
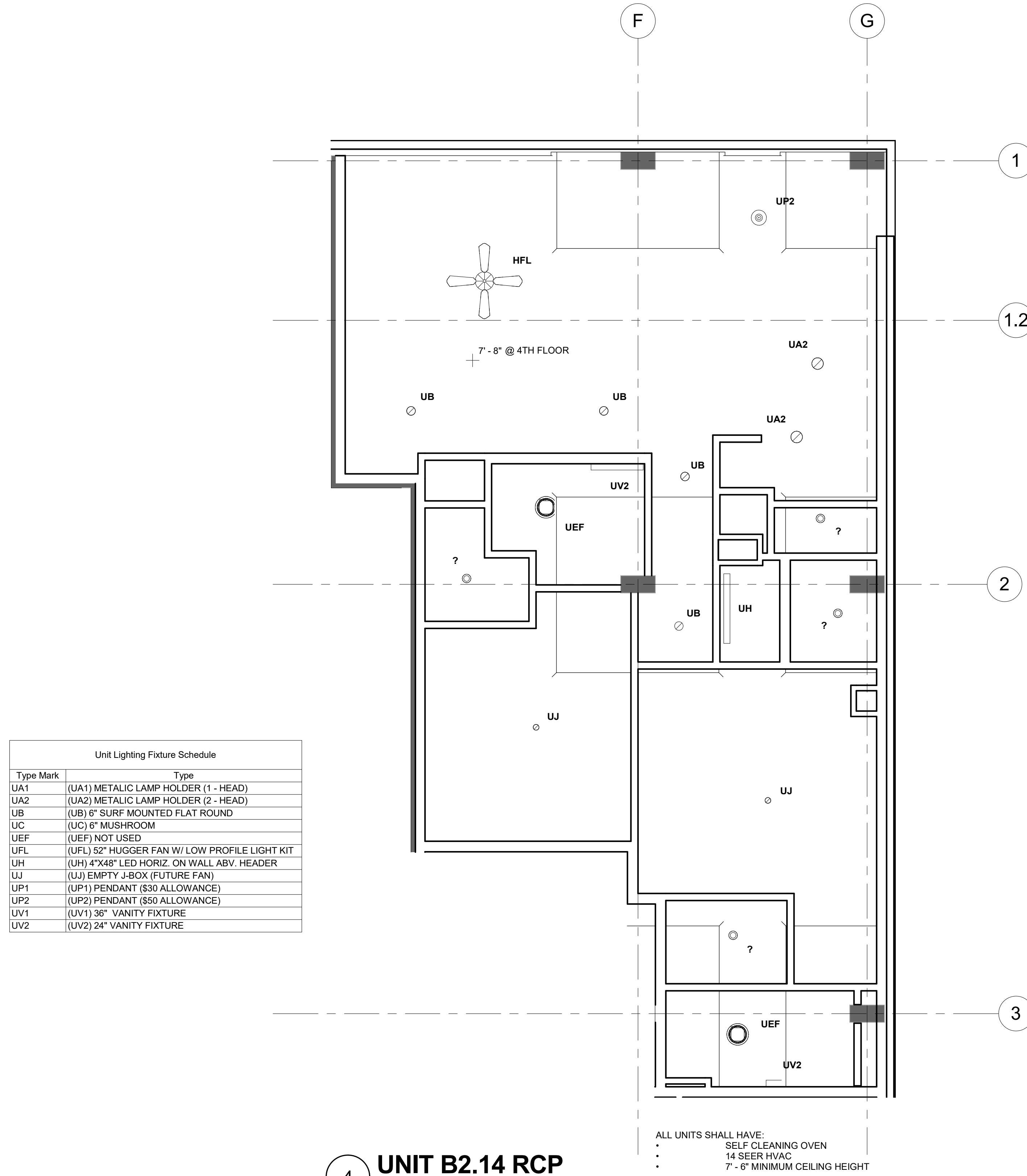
**Mechanical, Electrical,
Plumbing Engineer**

WSP USA Building Systems

3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**
LONGVIEW, TEXAS

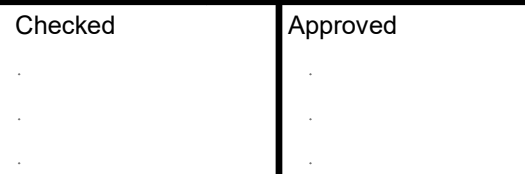


No. | Date

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|-------------------------|--|
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| Drawn | |
| Checked | Approved |

Key:



CONSTRUCTION DOCUMENTS

Title: ENLARGED UNIT PLANS

Scale: 1/4" = 1'-0"

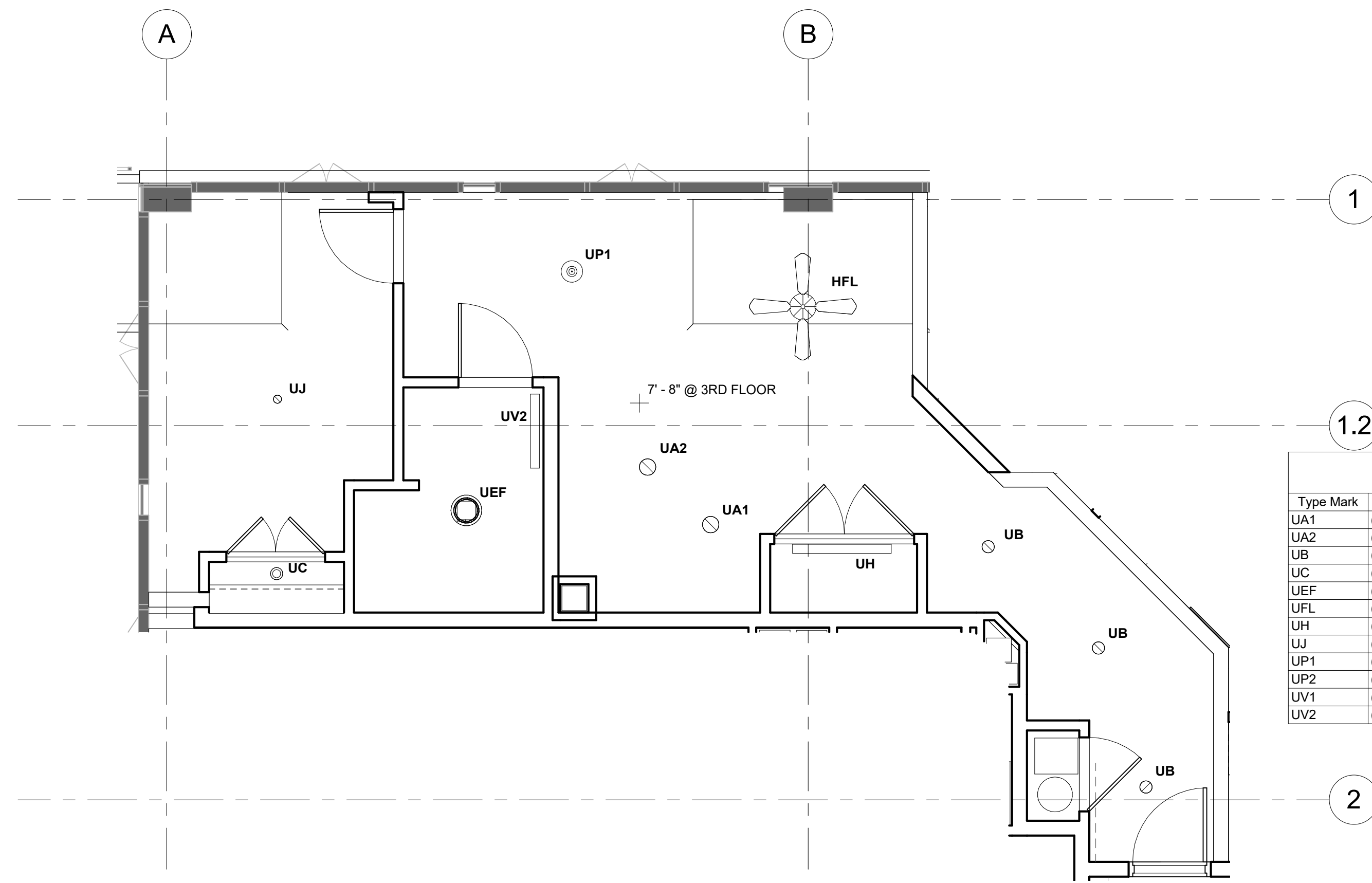
Drawing No.

A-421

Issue Date

APRIL 20, 2018

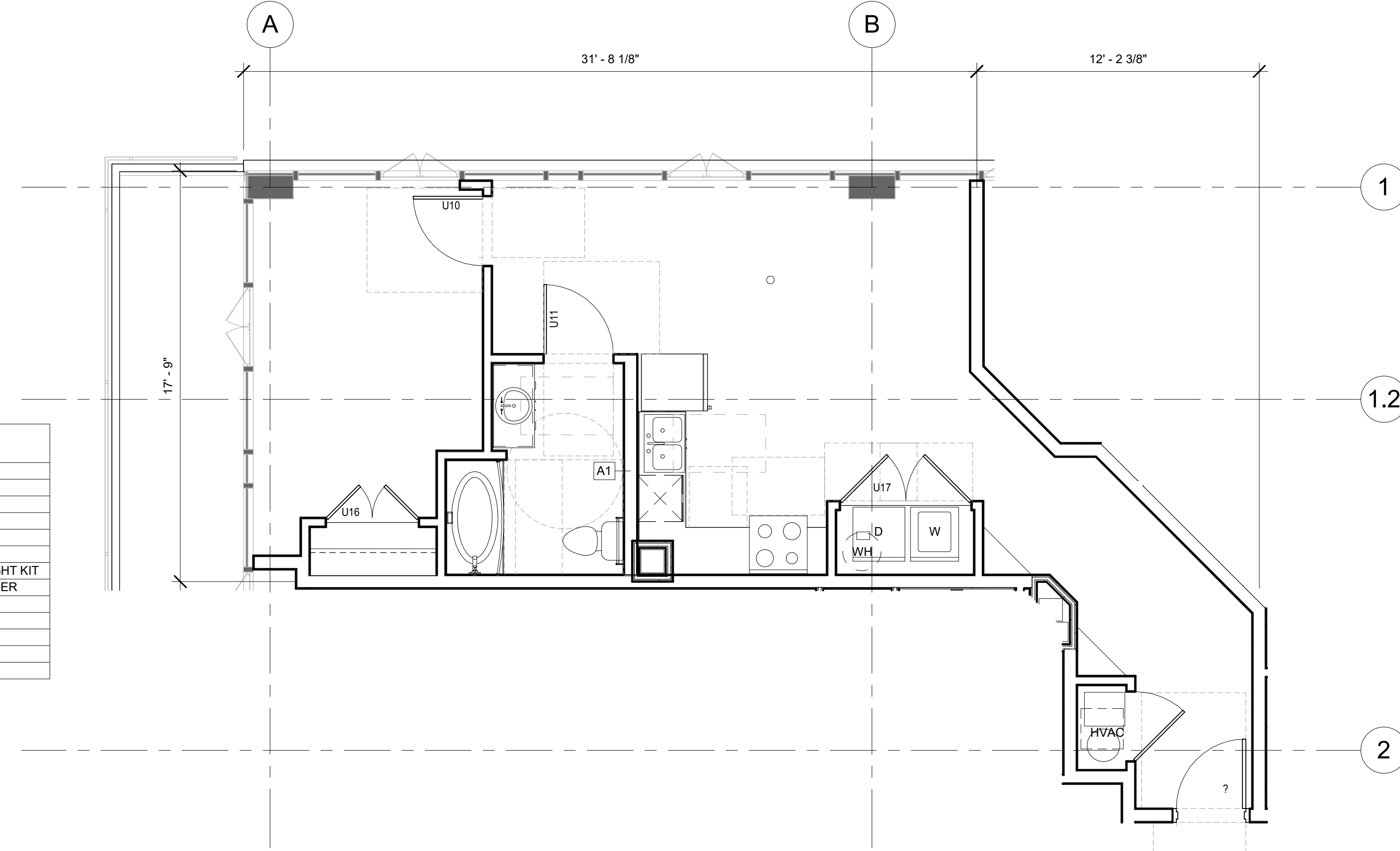
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| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH | (UH) 47X48" LED HORIZ. ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$30 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |

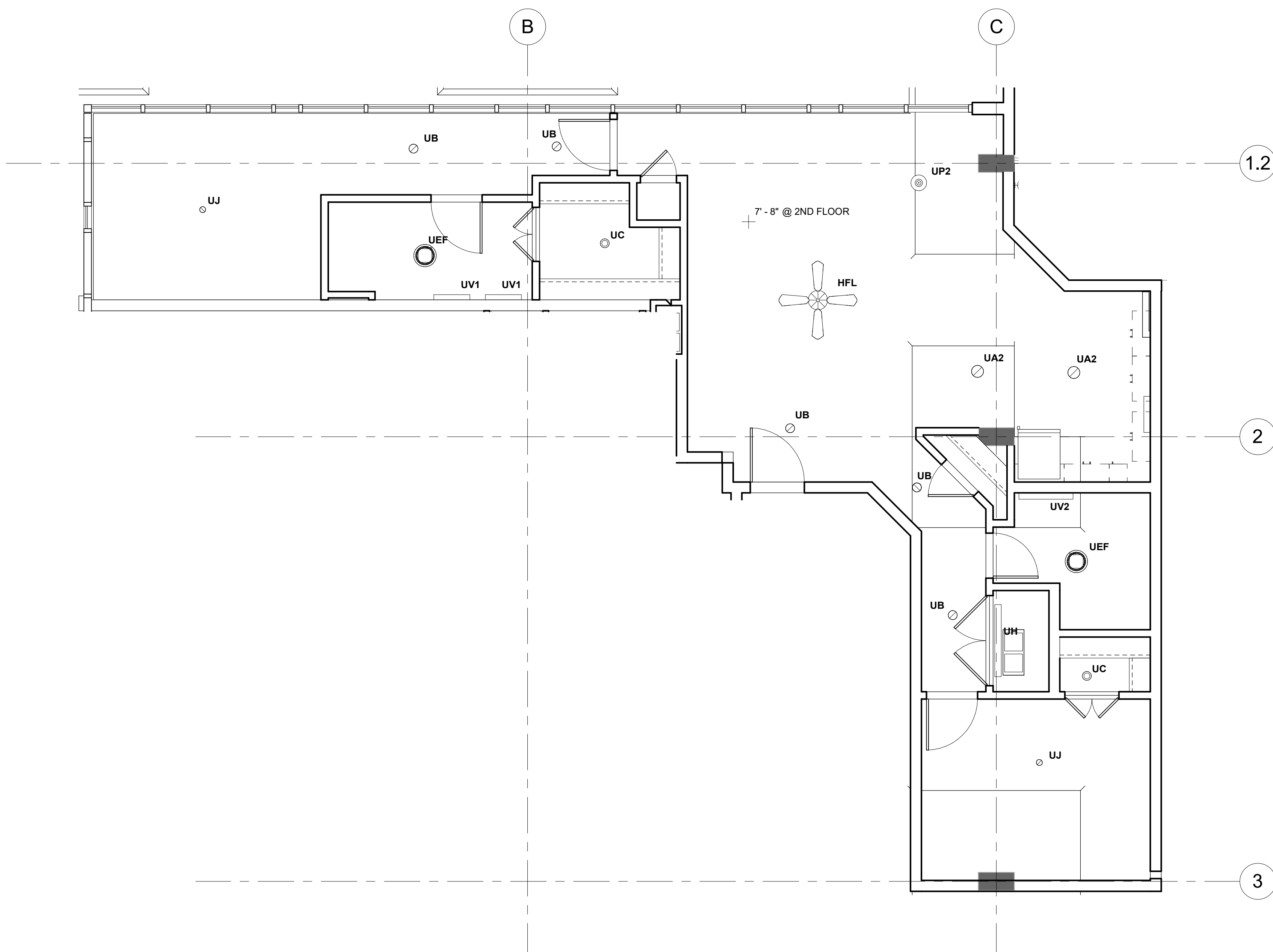
4 UNIT B1.3 ADA RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
 * SELF CLEANING OVEN
 * 14 SEER HVAC
 * 7'-6" MINIMUM CEILING HEIGHT



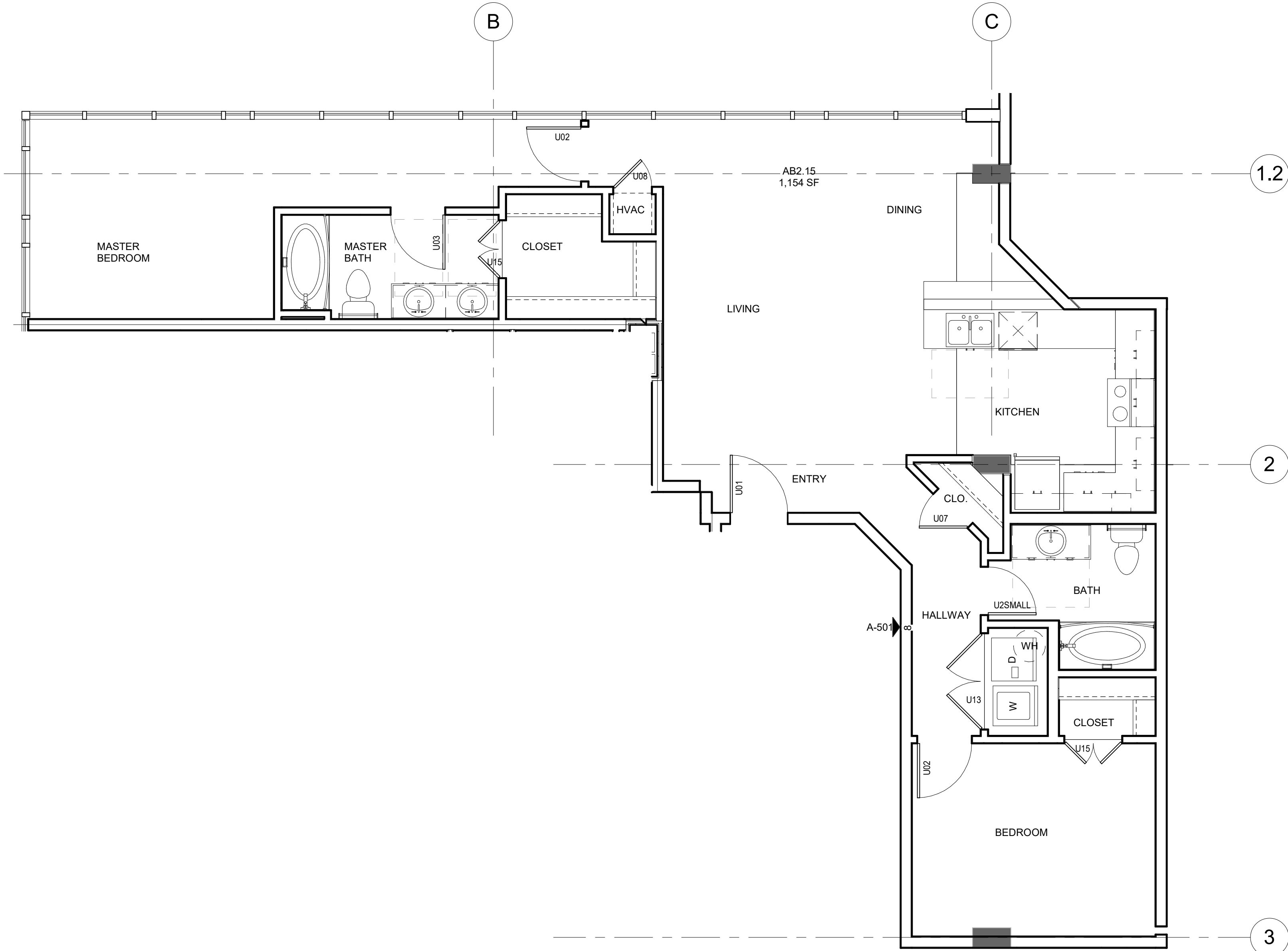
3 UNIT B1.3 ADA
1/4" = 1'-0"

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS
 AFFORDABLE UNITS 1
 MARKET UNITS 0
 TOTAL UNITS 1
 UNIT SQUARE FOOTAGE: 692 SF



2 UNIT B2.15 RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
 * SELF CLEANING OVEN
 * 14 SEER HVAC
 * 7'-6" MINIMUM CEILING HEIGHT



1 UNIT B2.15
1/4" = 1'-0"

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS
 AFFORDABLE UNITS 1
 MARKET UNITS 0
 TOTAL UNITS 1
 UNIT SQUARE FOOTAGE: 1,154 SF

Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

Mechanical, Electrical, Plumbing Engineer

WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

ALTON PLAZA AT THE PETROLEUM BUILDING



LONGVIEW, TEXAS

No. _____ Date _____

Revisions

Project No. 21727.00
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Key:



CONSTRUCTION DOCUMENTS

Title: **ENLARGED UNIT PLANS**

Scale: 1/4" = 1'-0"

Drawing No.

A-422

Issue Date

APRIL 20, 2018

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Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

**Mechanical, Electrical,
Plumbing Engineer**

WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**

LONGVIEW, TEXAS

No. _____ Date _____

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Project No. 21727.00

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Key:



CONSTRUCTION DOCUMENTS

Title: **ENLARGED UNIT PLANS**

Scale: 1/4" = 1'-0"

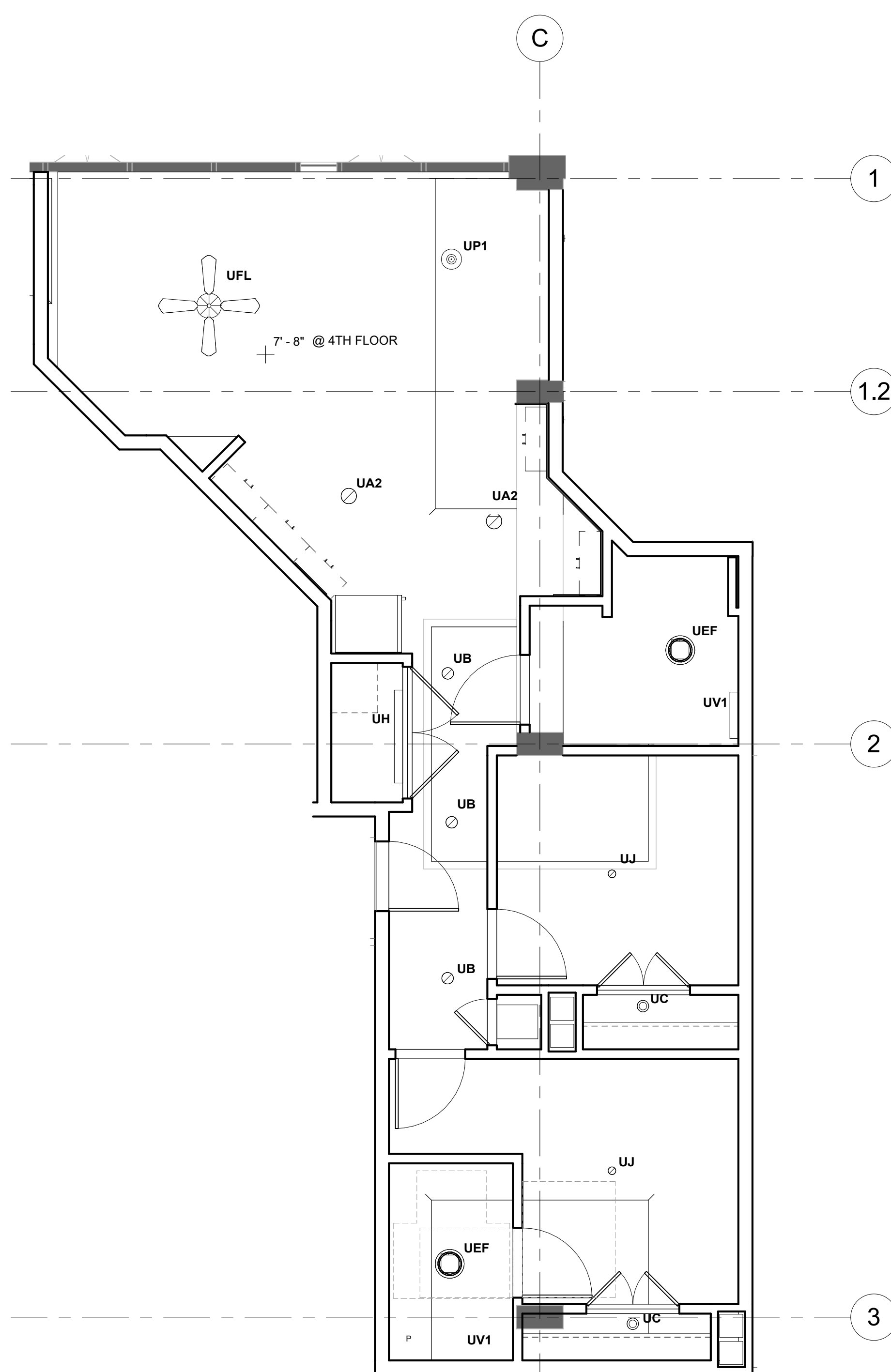
Drawing No.

A-423

Issue Date

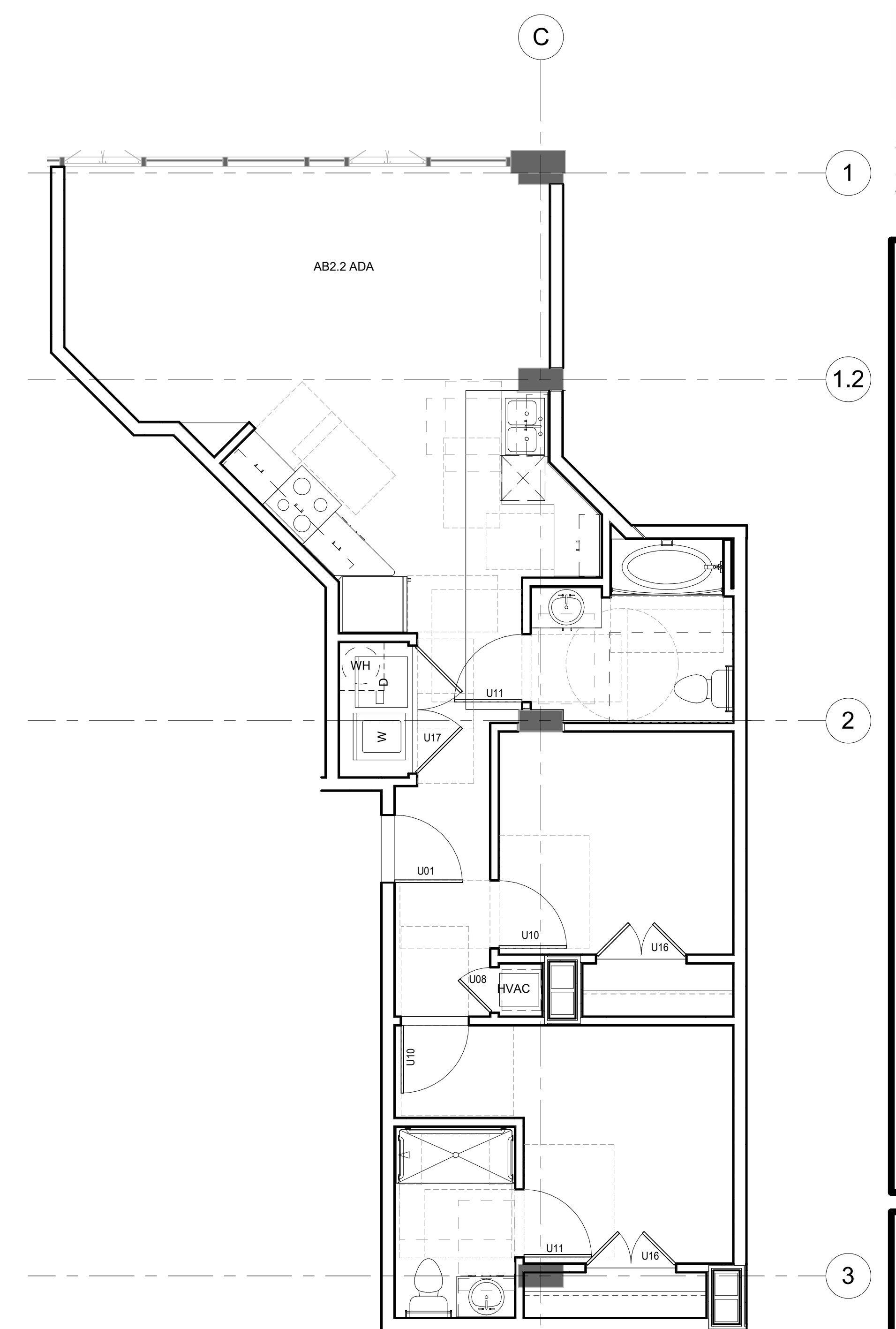
APRIL 20, 2018

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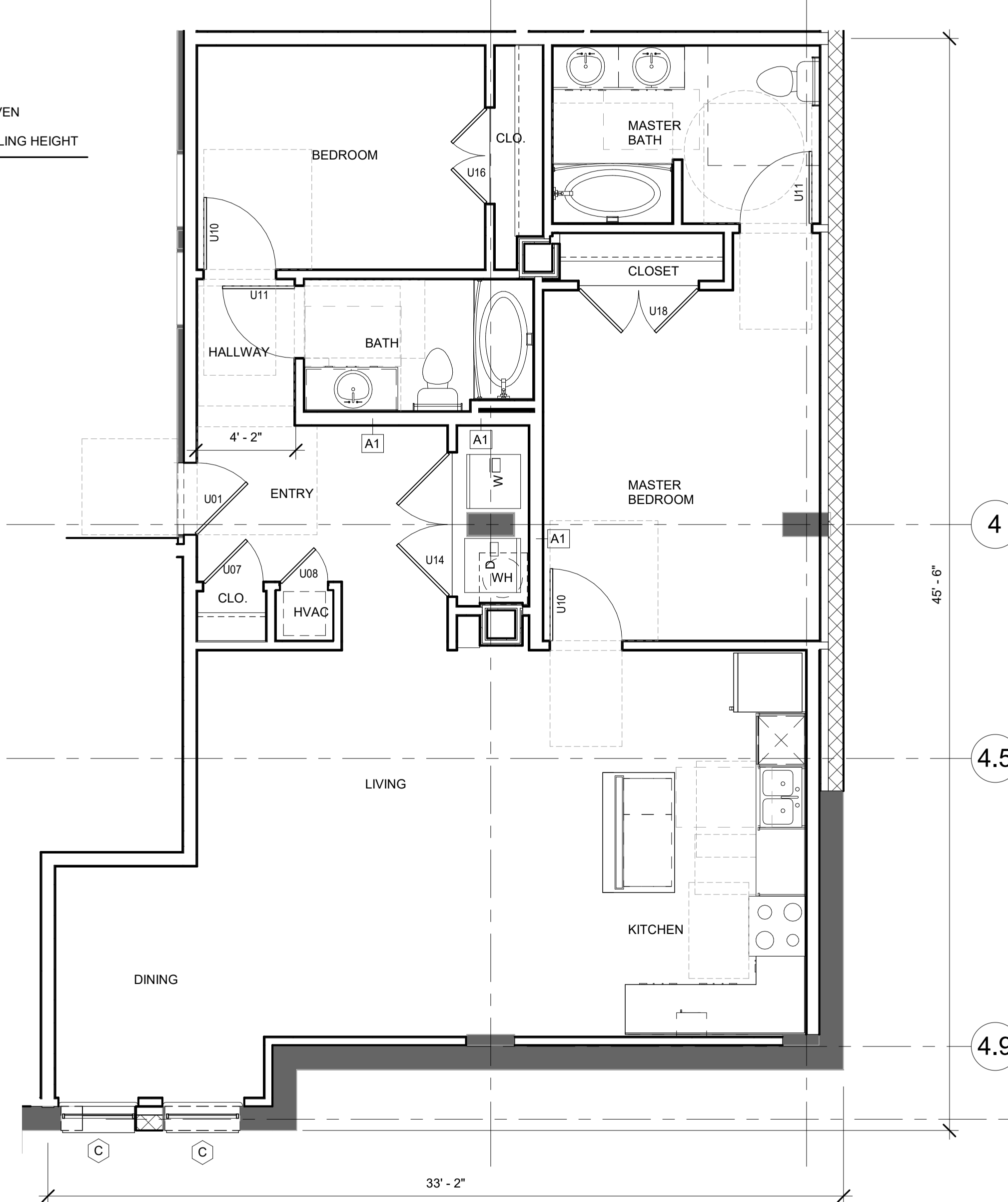
2 UNIT B2.2 RCP ADA
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT



1 UNIT B2.2 ADA
1/4" = 1'-0"

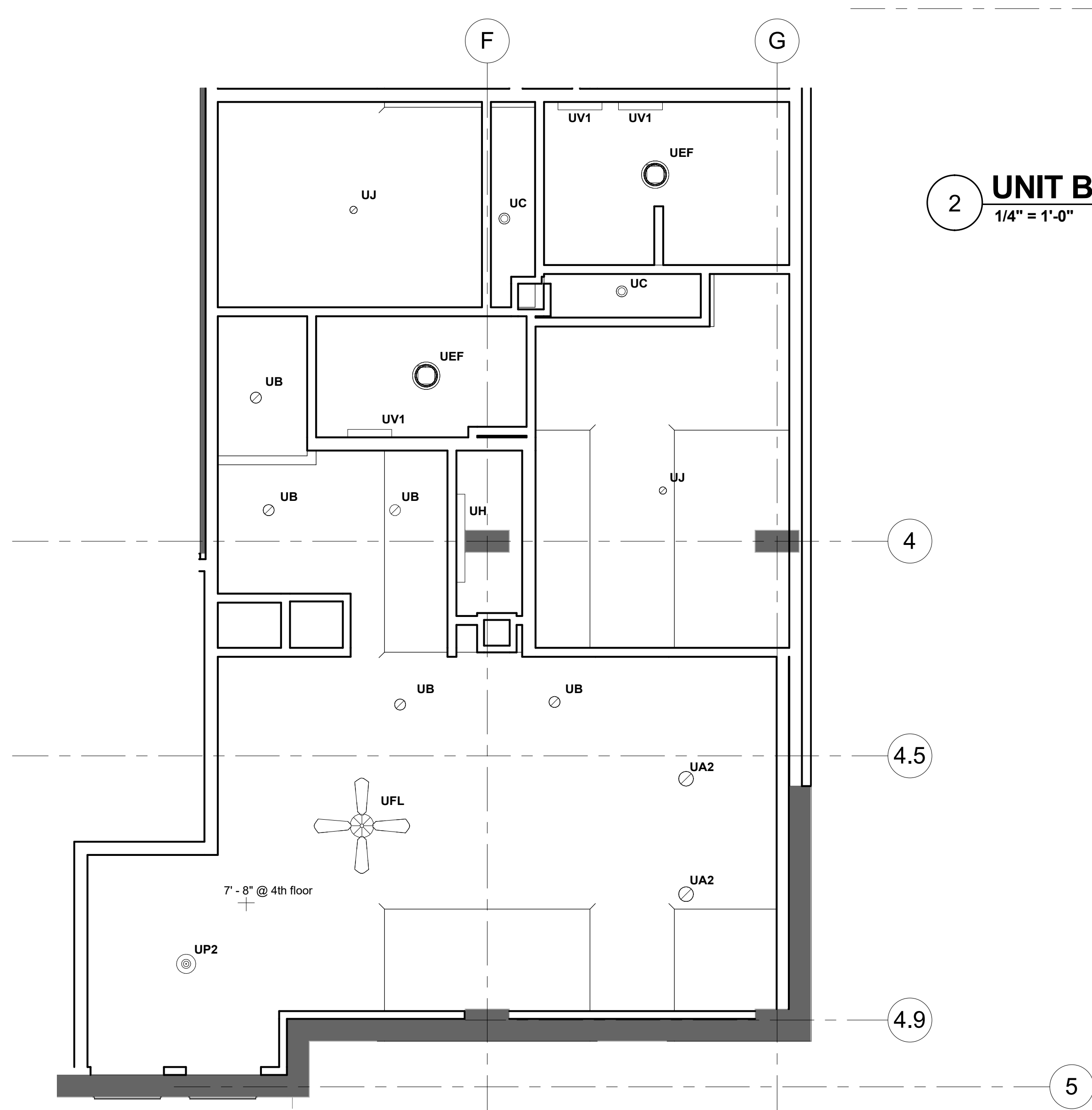
AFFORDABLE UNITS MARKET UNITS 1 0
TOTAL UNITS 1
UNIT SQUARE FOOTAGE: 939 SF
UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS



3 UNIT B2.12 ADA
1/4" = 1'-0"

UNIT MEETS ALL ACCESSIBILITY AND VISIBILITY REQUIREMENTS
AFFORDABLE UNITS MARKET UNITS 0 1
TOTAL UNITS 1
UNIT SQUARE FOOTAGE: 1,254 SF

| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH | (UH) 4"x48" LED HORIZ. ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$50 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |



4 UNIT B2.12 RCP ADA
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF CLEANING OVEN
• 14 SEER HVAC
• 7'-6" MINIMUM CEILING HEIGHT

Structural Engineer

RTP Structural
107 N. Goliad Street
Suite 104
Rockwall, TX 75087

**Mechanical, Electrical,
Plumbing Engineer**

WSP USA Building Systems
3102 Oak Lawn Ave.
Suite 450
Dallas, TX 75219

**ALTON PLAZA AT THE
PETROLEUM BUILDING**

**ALTON
PLAZA**
LONGVIEW, TEXAS

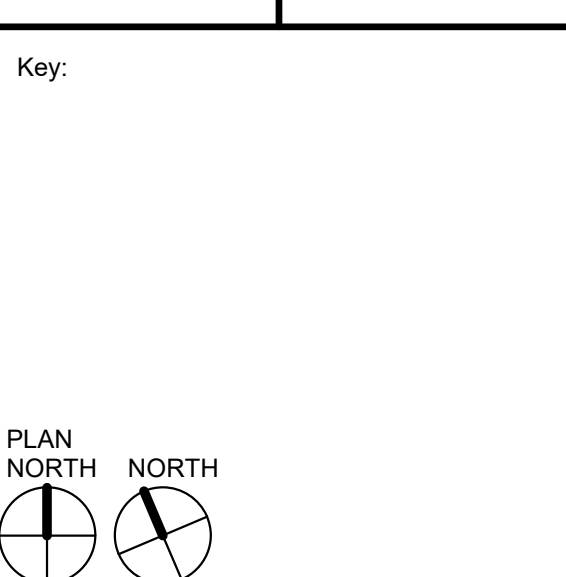
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| Drawn | |

Checked _____ Approved _____

Key:



CONSTRUCTION DOCUMENTS

Title: **ENLARGED UNIT PLANS**

Scale: 1/4" = 1'-0"

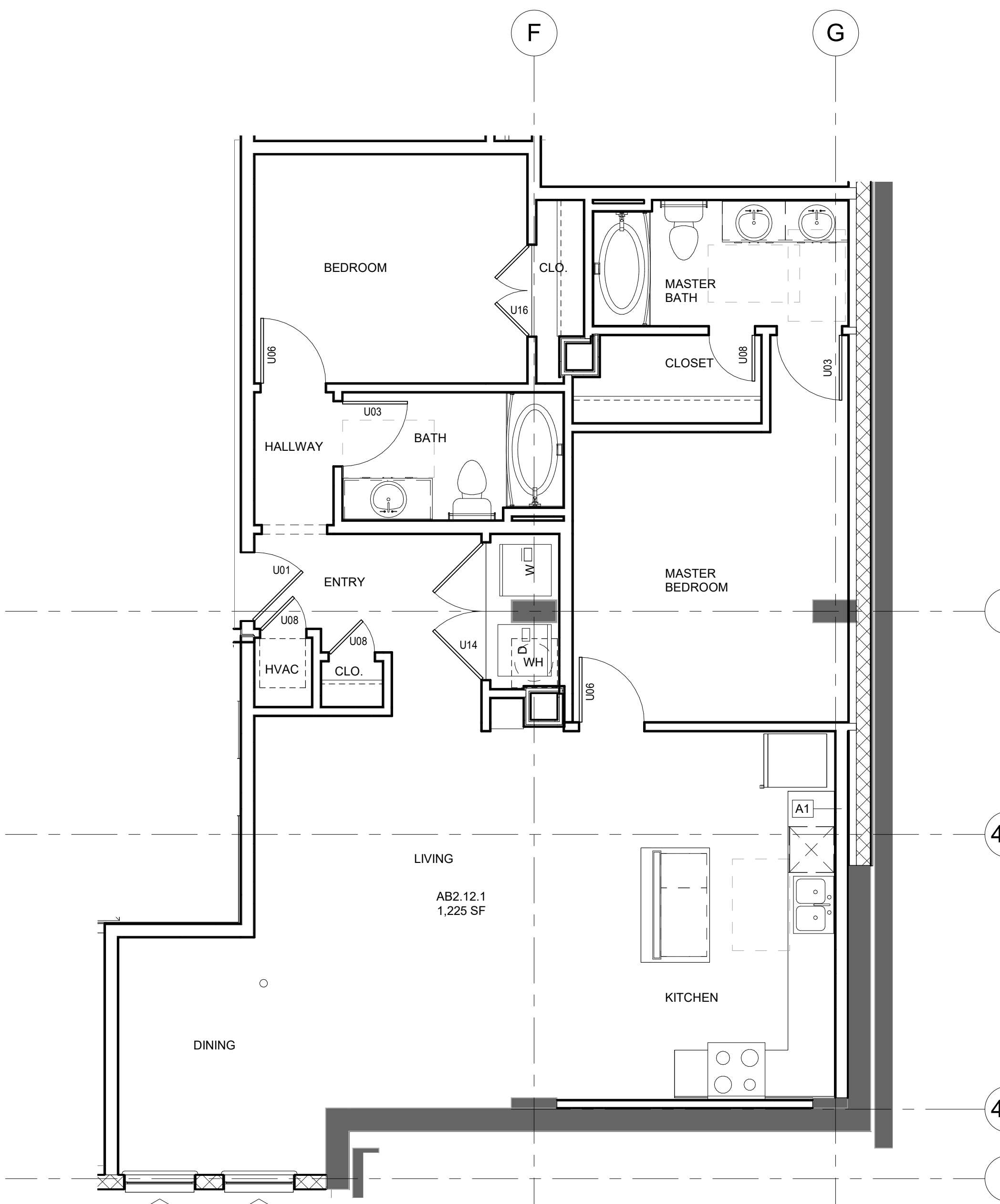
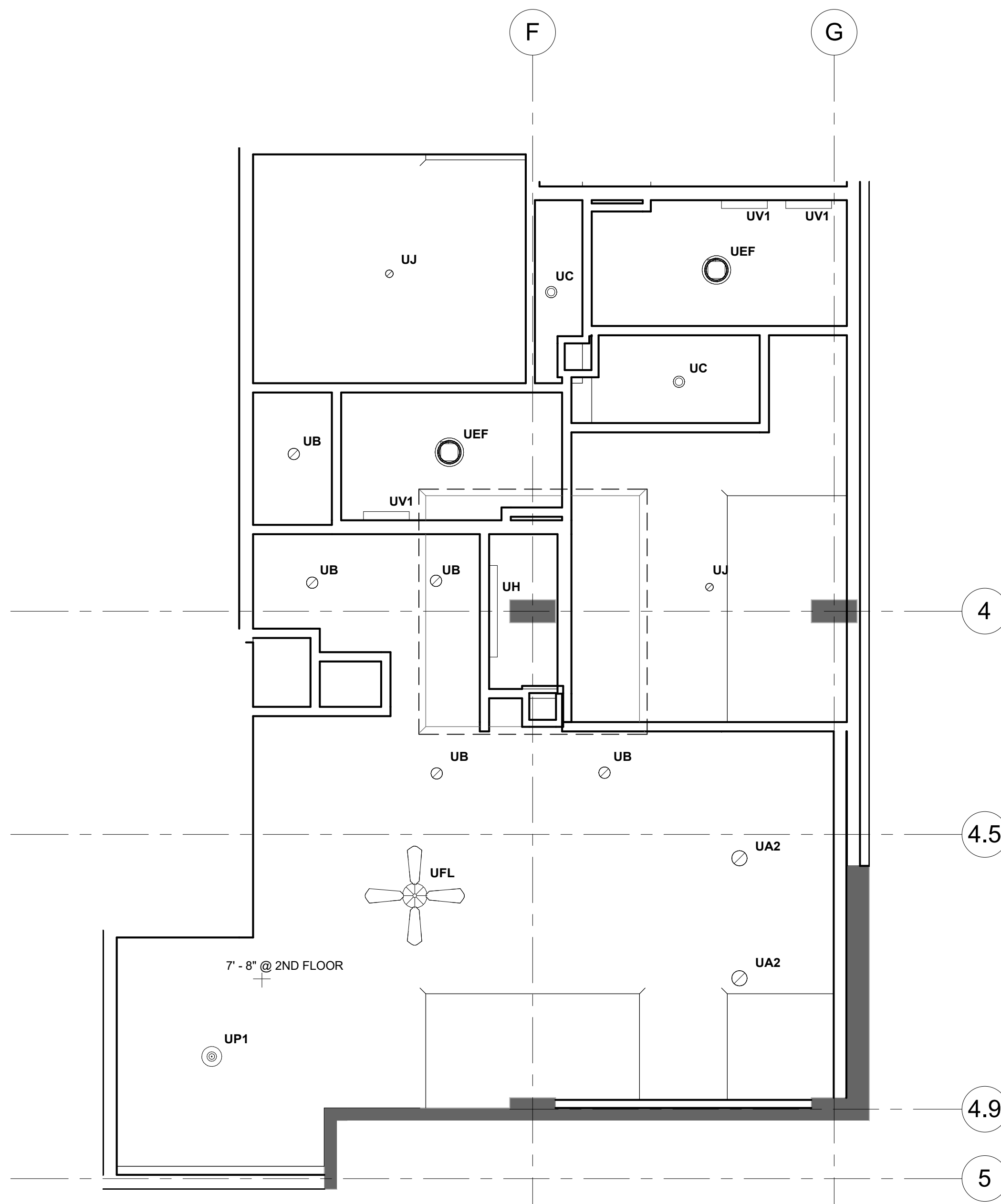
Drawing No.

A-424

Issue Date

APRIL 20, 2018

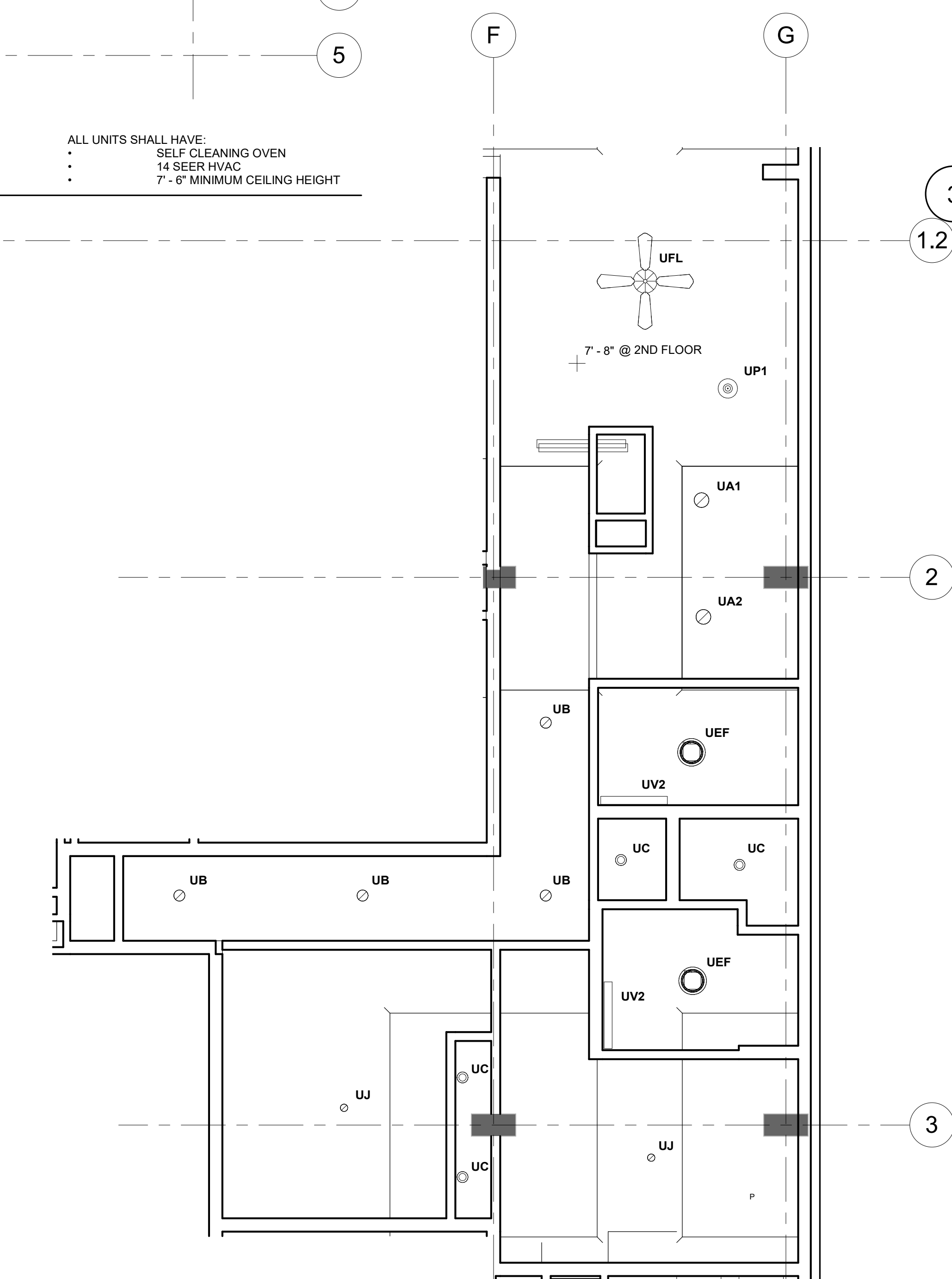
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4 UNIT B2.12.1 RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF-CLEANING OVEN
• 14 SEER HVAC
• 7' - 6" MINIMUM CEILING HEIGHT

| Type Mark | Type |
|-----------|---|
| UA1 | (UA1) METALIC LAMP HOLDER (1 - HEAD) |
| UA2 | (UA2) METALIC LAMP HOLDER (2 - HEAD) |
| UB | (UB) 6" SURF MOUNTED FLAT ROUND |
| UC | (UC) 6" MUSHROOM |
| UEF | (UEF) NOT USED |
| UFL | (UFL) 52" HUGGER FAN W/ LOW PROFILE LIGHT KIT |
| UH | (UH) 4"x48" LED HORIZ. ON WALL ABV. HEADER |
| UJ | (UJ) EMPTY J-BOX (FUTURE FAN) |
| UP1 | (UP1) PENDANT (\$30 ALLOWANCE) |
| UP2 | (UP2) PENDANT (\$50 ALLOWANCE) |
| UV1 | (UV1) 36" VANITY FIXTURE |
| UV2 | (UV2) 24" VANITY FIXTURE |

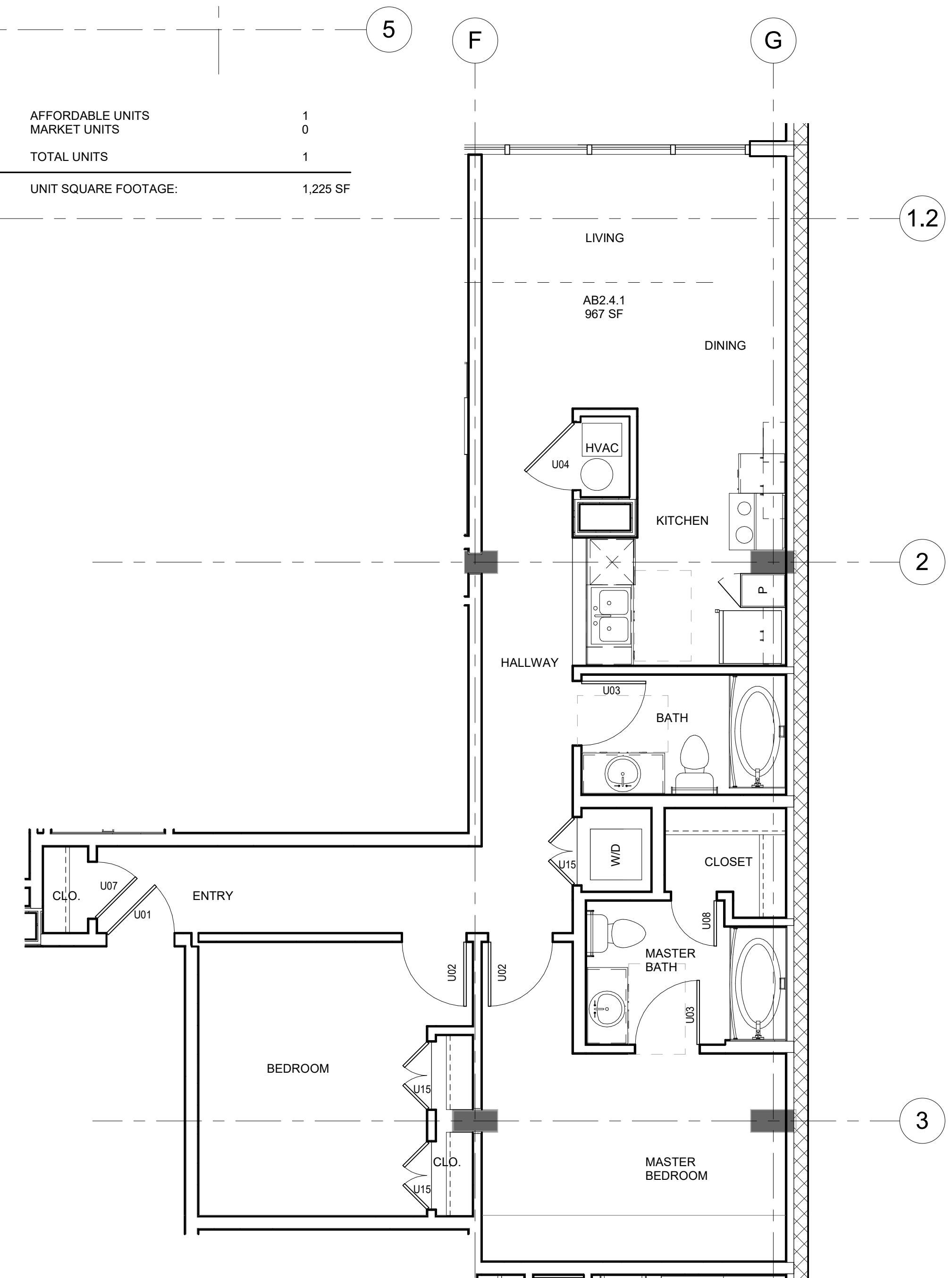


2 UNIT B2.4.1 RCP
1/4" = 1'-0"

ALL UNITS SHALL HAVE:
• SELF-CLEANING OVEN
• 14 SEER HVAC
• 7' - 6" MINIMUM CEILING HEIGHT

3 UNIT B2.12.1
1/4" = 1'-0"

AFFORDABLE UNITS
MARKET UNITS 1
TOTAL UNITS 0
UNIT SQUARE FOOTAGE: 1,225 SF



1 UNIT B2.4.1
1/4" = 1'-0"

AFFORDABLE UNITS
MARKET UNITS 1
TOTAL UNITS 0
UNIT SQUARE FOOTAGE: 967 SF

- *END* -

1e

BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JULY 26, 2018

Presentation, discussion, and possible action on the Federal Fiscal Year 2019 Low Income Home Energy Assistance Program Community Energy Assistance Program award for Galveston County Community Action Council, Inc.

RECOMMENDED ACTION

WHEREAS, the Federal Fiscal Year (“FFY”) 2019 Low Income Home Energy Assistance Program (“LIHEAP”) State Plan (“Plan”), which included a list of the entities to be awarded funds and the proposed award amounts based on the formula contained in 10 TAC §6.303, Distribution of CEAP Funds, was approved by the Board on July 12, 2018;

WHEREAS, due to unresolved monitoring findings, the Department did not include an award of Community Energy Assistance Program (“CEAP”) funds to Galveston County Community Action Council, Inc. (“GCCAC”) in that Plan and opted to defer the decision to make an award to GCCAC at a subsequent Board meeting; and

WHEREAS, on July 16, 2018, after a review of GCCAC’s unresolved monitoring findings, the Executive Award Review and Advisory Committee (“EARAC”) recommended to conditionally award GCCAC CEAP funding in the amount of approximately \$2,155,531;

NOW, therefore, it is hereby

RESOLVED, that the CEAP funding for GCCAC in the amount of \$2,155,531 is hereby approved for award conditioned as noted herein;

FURTHER RESOLVED, that in connection with such award the conditions contained herein are hereby imposed on GCCAC;

FURTHER RESOLVED, that a failure by GCCAC to comply with such conditions may, after written notification and a reasonable opportunity to cure, will constitute a violation of an ORDER of this Board and may constitute grounds for the initiation of proceedings to debar GCCAC and/or impose administrative penalties and/or be ineligible for future awards, all as permitted by applicable state federal laws, rules, and regulations; and

FURTHER RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to contract for the award represented herein.

BACKGROUND

The FFY 2019 LIHEAP State Plan was approved at the Board meeting of July 12, 2018. A list of the entities to be awarded CEAP funds along with award amounts was contained in the Plan. GCCAC was not included in the list of those awarded CEAP funds so that TDHCA and GCCAC could have additional time to develop a solution to GCCAC’s outstanding monitoring findings. Department staff and GCCAC have since reached a solution, and associated conditions, thereby compelling a review of GCCAC’s CEAP award.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302), requires a review of CEAP awards prior to recommendation to the Board. GCCAC’s CEAP award is subject to this review. The review has been performed and GCCAC has been recommended by EARAC for the following award with a condition:

**FFY 2019 LIHEAP CEAP AWARD
January 1, 2019 – December 31, 2019**

| Agency | Award | EARAC Recommendation Status |
|--------|-------------|---|
| GCCAC | \$2,155,531 | This award is conditioned upon having an onsite review of GCCAC’s financial management system and processes and procurement processes to be performed by the Community Action Partnership (“Partnership”). The assessment must be performed prior to November 1, 2018; and GCCAC must satisfactorily address any of the issues noted by the Partnership within 90 days of receipt of the report. If GCCAC does not satisfactorily implement the changes, if any, noted by the Partnership prior to the deadlines noted, it will serve as good cause to terminate the contract. |

1f

BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JULY 26, 2018

Presentation, discussion, and possible action on the Program Year 2018 Department of Energy Weatherization Assistance Program award for Greater East Texas Community Action Program

RECOMMENDED ACTION

WHEREAS, the Program Year (“PY”) 2018 Department of Energy (“DOE”) Weatherization Assistance Program (“WAP”) State Plan (“Plan”), which included a list of the entities to be awarded funds and the proposed award amounts based on the formula contained in 10 TAC §6.404, Distribution of WAP Funds, was approved by the Board on April 26, 2018;

WHEREAS, due to unresolved monitoring findings, the Department did not include Greater East Texas Community Action Program (“GETCAP”) in the Plan and chose to defer the decision until a subsequent Board meeting; and

WHEREAS, on July 16, 2018, after a review of GETCAP’s unresolved monitoring findings, the Executive Award Review and Advisory Committee (“EARAC”) recommended to conditionally award GETCAP 2018 DOE WAP funding in the amount of approximately \$621,473;

NOW, therefore, it is hereby

RESOLVED, that the DOE WAP funding for GETCAP in the amount of \$621,473 is hereby approved for award conditioned as noted herein;

FURTHER RESOLVED, that in connection with such award the conditions contained herein are hereby imposed on GETCAP;

FURTHER RESOLVED, that a failure by GETCAP to comply with such conditions may, after written notification and a reasonable opportunity to cure, will constitute a violation of an ORDER of this Board and may constitute grounds for the initiation of proceedings to debar GETCAP and/or impose administrative penalties and/or be ineligible for future awards, all as permitted by applicable state federal laws, rules, and regulations; and

FURTHER RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to contract for the award represented herein.

BACKGROUND

The PY 2018 DOE WAP State Plan was approved at the Board meeting of April 26, 2018. A list of the entities to be awarded DOE WAP funds, along with the amounts, was contained in the Plan. The entity administering funds in this area was not included in the Plan, allowing GETCAP additional time to resolve all outstanding monitoring findings. Corrective action has since been received and reviewed by the Department thereby compelling a review of GETCAP’s DOE WAP award.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) requires a review of GETCAP prior to recommendation to the Board. GETCAP’s DOE award is subject to this review. The review has been performed and GETCAP has been recommended by EARAC for the following award with conditions:

**PY 2018 DOE WAP AWARD
July 26, 2018 - June 30, 2019**

| Agency | Award | EARAC Recommendation Status |
|---------------|--------------|---|
| GETCAP | \$621,473 | <p>This award is conditioned upon having the following controls in place:</p> <ol style="list-style-type: none">1. GETCAP may only access Weatherization Funds in order to assess and complete five homes.2. GETCAP will submit to the Community Affairs Division a list of the homes ready to be inspected once all five homes have received the required final inspections by GETCAP staff.3. A Quality Control Inspector within the Community Affairs Division will perform an inspection of the five homes; the results of these inspections will be communicated to GETCAP via technical report and the Department expects GETCAP to implement any changes needed. <p>GETCAP will not be allowed to proceed with the weatherization of any additional homes until the first five homes have been approved by the Department. These controls will continue to be in place until the Department, via the QCI inspections performed, receives</p> |

| | | |
|--|--|--|
| | | <p>sufficient assurances that GETCAP will perform adequate QCI/final inspections.</p> <p>If GETCAP does not satisfactorily implement the changes, if any, noted by the QCI inspector or fails to satisfactorily meet the controls noted in the condition, it will serve as good cause to terminate the DOE contract.</p> |
|--|--|--|

1g

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 26, 2018

Presentation, discussion, and possible action on a Determination Notices for Housing Tax Credits with another Issuer (#18418 LIV Boerne Hills, Boerne)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for LIV Boerne Hills, sponsored by the Boerne Public Facilities Corporation and Mission Development Group, was submitted to the Department on February 12, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on July 5, 2018, and will expire on December 2, 2018; and

WHEREAS, the proposed issuer of the bonds is the Boerne Public Facilities Corporation;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$846,614 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for LIV Boerne Hills is hereby approved as presented to this meeting.

BACKGROUND

General Information: LIV Boerne Hills, proposed to be located at 3 Shooting Club Road in Boerne, Kendall County, involves the new construction of 162 units; all of which will be rent and income restricted at 60% of Area Median Family Income. The development will serve an elderly population (elderly preference) and is currently zoned appropriately. The census tract (9703.01) has a median household income of \$48,605, is in the third quartile, and has a poverty rate of 6.1%.

Boerne, which is part of the San Antonio-New Braunfels MSA, is located in the Texas Hill Country, off Interstate Highway 10 and approximately 30 miles northwest of San Antonio and has a population of 14,725, compared to 10,471 in 2010. Staff notes that the southern edge of the city limits of Boerne is approximately 3,800 feet from one of the northern most boundaries of the San Antonio city limits.

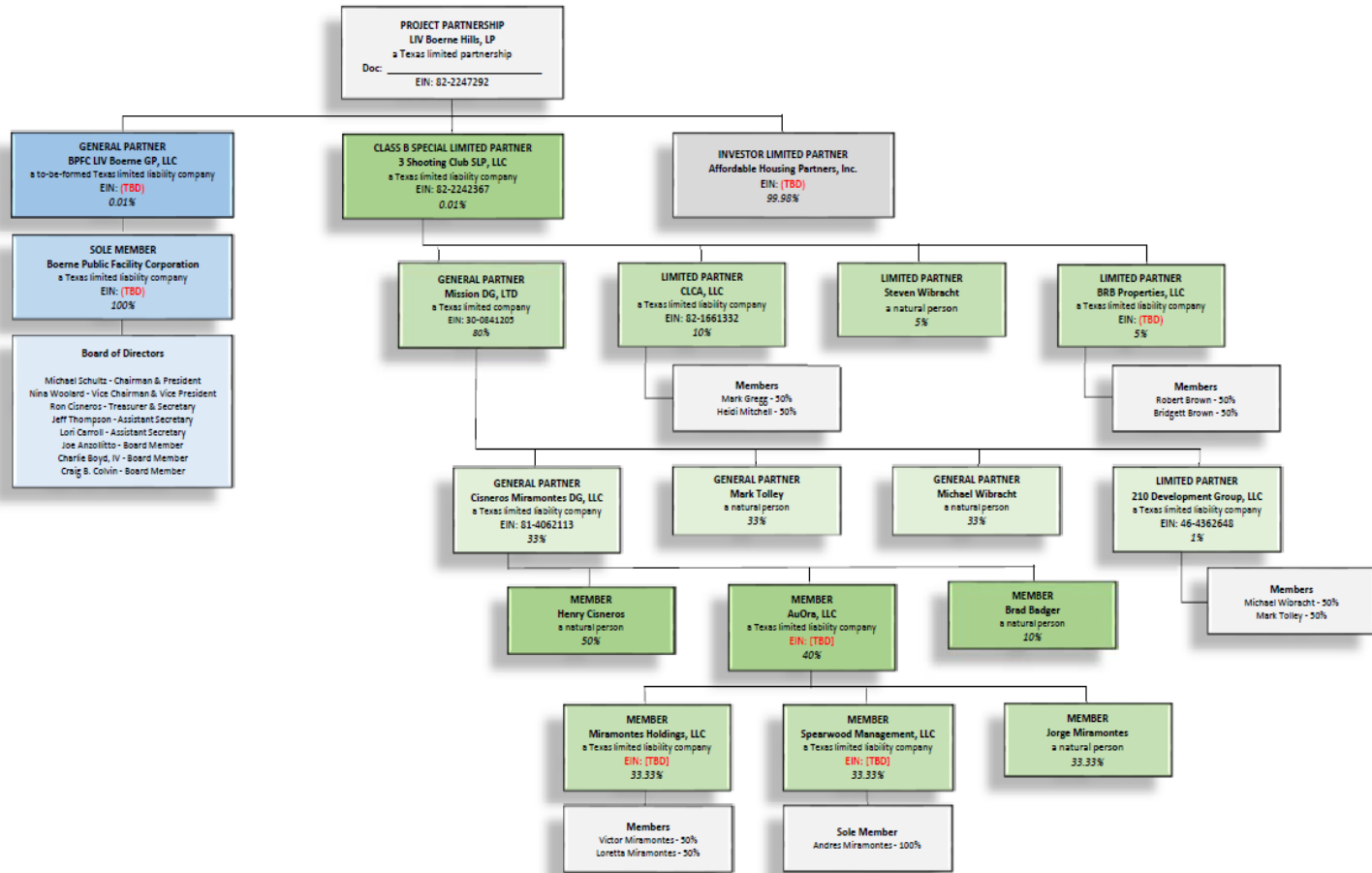
The Uniform Multifamily Rules contain a provision relating to limitations of the size of a development which reads in part "*New Construction or Adaptive Reuse Developments in Rural Areas are limited to a maximum of 80 Units. Other Developments do not have a limitation as to the maximum number of Units.*" This requirement stems, in part, from the definition of a Rural Development as found in Tex. Gov't Code §2306.004(28-b), which reads "*a development or proposed development that is located in a rural area, other than rural new construction developments with more than 80 units.*" Staff believes that the definition represents a characterization of a development that would have greater implication under the Competitive 9% HTC program considering the Rural Set-Aside and other provisions that relate to the scoring of a rural application. Under the Non-competitive 4% HTC

program, set-aside and scoring provisions do not exist. However, the requirement in the rule that limits the size of multifamily developments in rural areas, regardless of funding source, is representative of Department policy in preventing the over-burdening of units in a rural area. At the meeting of November 9, 2017, the Board granted a waiver of the aforementioned rule specific to the LIV at Boerne Development.

Organizational Structure and Previous Participation: The Borrower is LDG Spring Gardens, L.P., and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1 and the previous participation was deemed acceptable by EARAC without review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department has not received any letters of support or opposition.

EXHIBIT A

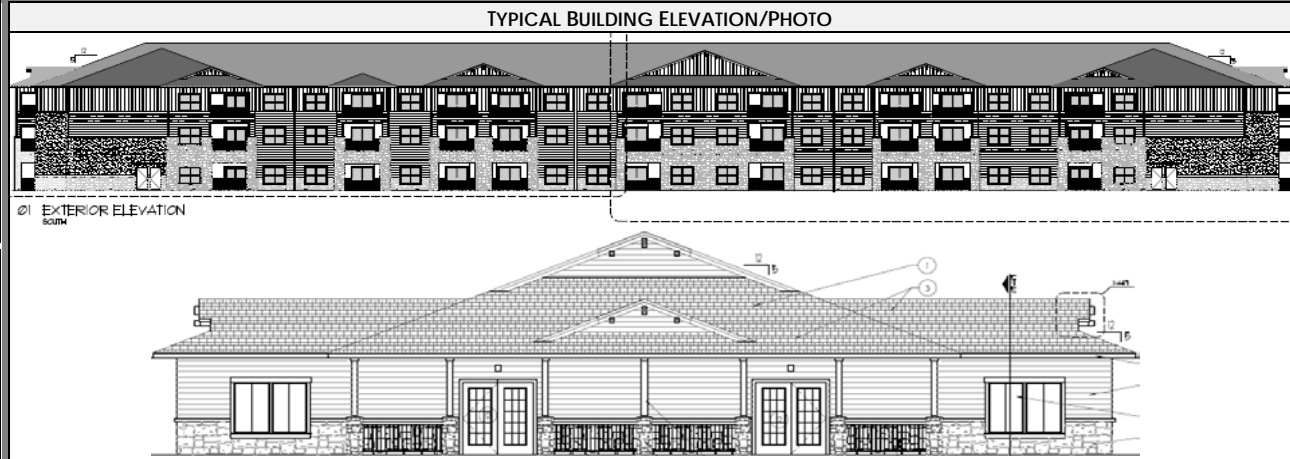


18418 LIV Boerne Hills - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 19, 2018

| PROPERTY IDENTIFICATION | | RECOMMENDATION | | | | | |
|-------------------------|--------------------|-------------------|-----------|-----------|--------------|-------------|--|
| Application # | 18418 | TDHCA Program | | Request | | Recommended | |
| Development | LIV Boerne Hills | LIHTC (4% Credit) | \$852,545 | \$846,614 | \$5,226/Unit | \$0.93 | |
| City / County | Boerne / Kendall | | | | | | |
| Region/Area | 9 / Rural | | | | | | |
| Population | Elderly Preference | | | | | | |
| Set-Aside | General | | | | | | |
| Activity | New Construction | | | | | | |

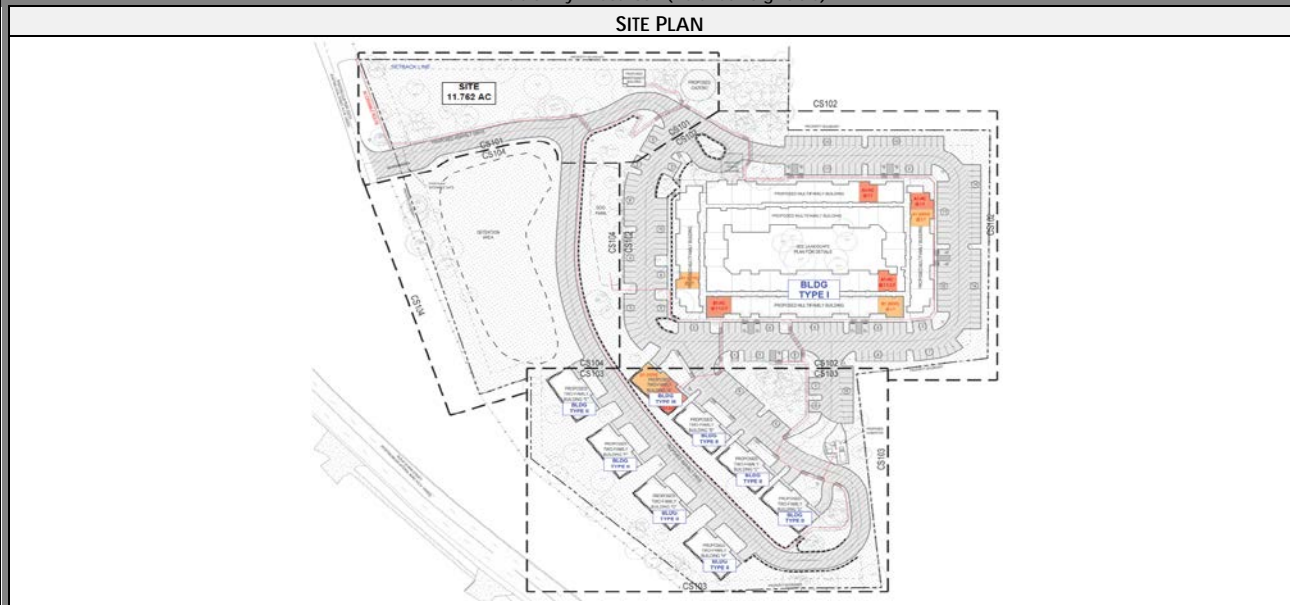
| KEY PRINCIPAL / SPONSOR | | |
|--|------------------|--------------|
| Developer Michael Wibracht | | |
| Bond Issuer Boerne Public Facilities Corporation Jeff Thompson | | |
| Henry Cisneros | | |
| Related Parties | Contractor - Yes | Seller - Yes |



| UNIT DISTRIBUTION | | | INCOME DISTRIBUTION | | |
|-------------------|------------|-------------|---------------------|------------|-------------|
| # Beds | # Units | % Total | Income | # Units | % Total |
| Eff | - | 0% | 30% | - | 0% |
| 1 | 93 | 57% | 40% | - | 0% |
| 2 | 69 | 43% | 50% | - | 0% |
| 3 | - | 0% | 60% | 120 | 74% |
| 4 | - | 0% | MR | 42 | 26% |
| TOTAL | 162 | 100% | TOTAL | 162 | 100% |

PRO FORMA FEASIBILITY INDICATORS

| Pro Forma Underwritten | | TDHCA's Pro Forma | |
|------------------------|--------------|-------------------|--------------|
| Debt Coverage | 1.15 | Expense Ratio | 34.6% |
| Breakeven Occ. | 84.6% | Breakeven Rent | \$1,026 |
| Average Rent | \$1,124 | B/E Rent Margin | \$98 |
| Property Taxes | Exempt | Exemption/PILOT | 100% |
| Total Expense | \$4,390/unit | Controllable | \$3,181/unit |



MARKET FEASIBILITY INDICATORS

| | |
|----------------------------------|----------------------|
| Gross Capture Rate (10% Maximum) | 5.5% |
| Highest Unit Capture Rate | 10% 1 BR/60% 73 |
| Dominant Unit Cap. Rate | 10% 1 BR/60% 73 |
| Premiums (↑60% Rents) | Yes \$323/Avg |
| Rent Assisted Units | 162 100% Total Units |

DEVELOPMENT COST SUMMARY

| Costs Underwritten | | Applicant's Costs | |
|--------------------|------------|-------------------|-----------------------|
| Avg. Unit Size | 935 SF | Density | 13.8/acre |
| Acquisition | \$13K/unit | | \$2,044K |
| Building Cost | \$81.47/SF | | \$76K/unit \$12,342K |
| Hard Cost | | | \$103K/unit \$16,625K |
| Total Cost | | | \$189K/unit \$30,573K |
| Developer Fee | \$3,467K | (91% Deferred) | Paid Year: 12 |
| Contractor Fee | \$2,104K | 30% Boost | Yes |

| DEBT (Must Pay) | | | | | CASH FLOW DEBT / GRANT FUNDS | | | | | EQUITY / DEFERRED FEES | | |
|------------------------------|-------|-------|---------------------|------|--------------------------------|------|------|--------|------------|----------------------------------|-----------------------------|---------------------|
| Source | Term | Rate | Amount | DCR | Source | Term | Rate | Amount | DCR | Source | Amount | |
| GreyStone Servicing | 40/40 | 4.75% | \$21,954,900 | 1.03 | | | | | | Affordable Housing Partners, inc | \$7,871,936 | |
| | | | | | | | | | | Mission DG & BPFC | \$3,145,881 | |
| TOTAL DEBT (Must Pay) | | | \$19,554,900 | | CASH FLOW DEBT / GRANTS | | | | \$0 | | TOTAL EQUITY SOURCES | \$11,017,817 |
| | | | | | | | | | | | TOTAL DEBT SOURCES | \$19,554,900 |
| | | | | | | | | | | | TOTAL CAPITALIZATION | \$30,572,717 |

CONDITIONS

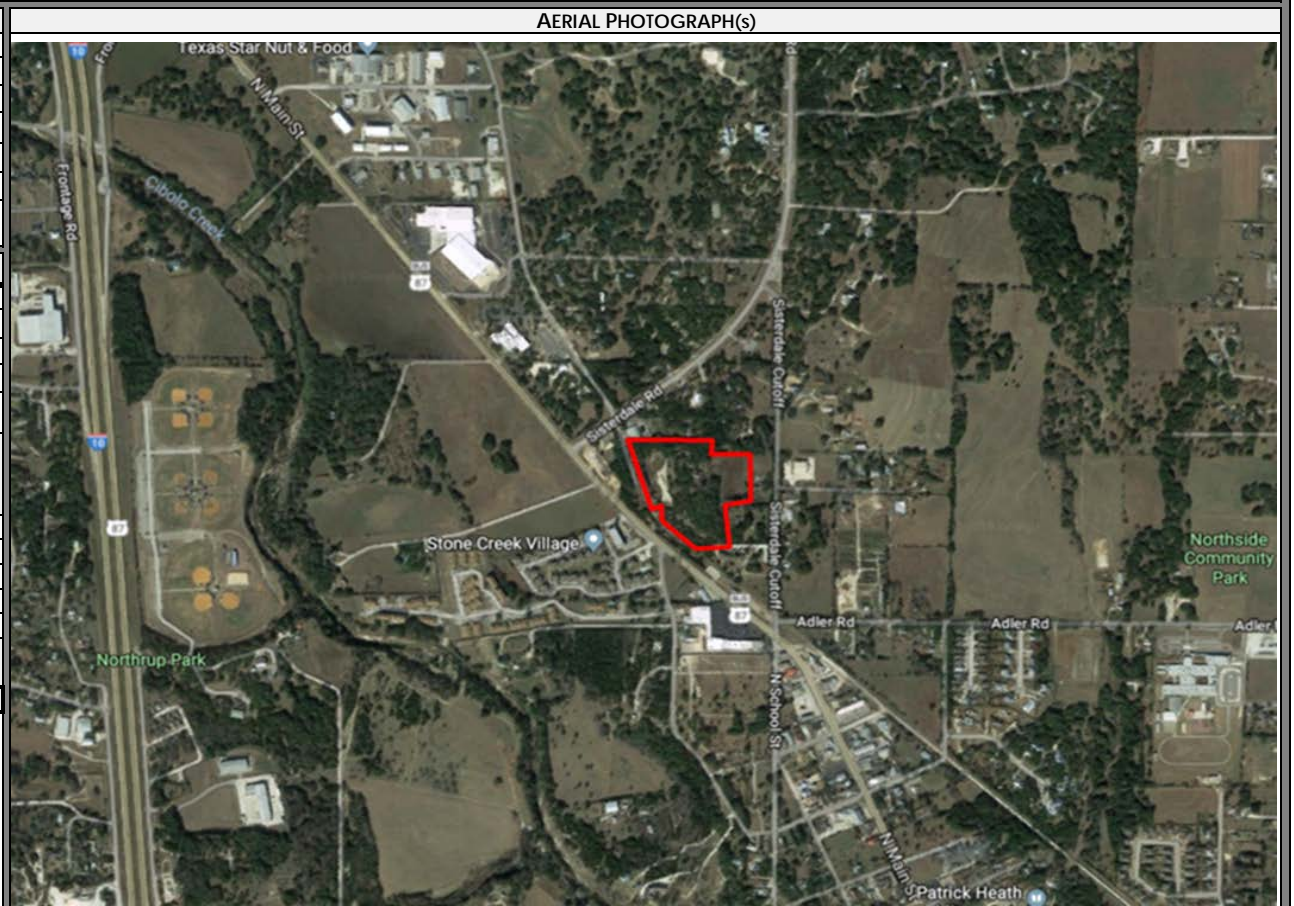
- Receipt and acceptance by Cost Certification:
 - a: Executed Ground Lease with the Boerne Public Facility Corporation clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.
 - b: Certification that testing for asbestos was performed on the existing structure prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented by a qualified abatement company.
 - c: Identification of any space which will require fees charged to the residents, and a CPA analysis allocating which portions of building cost should be excluded from eligible basis

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

| BOND RESERVATION / ISSUER | |
|----------------------------------|--------------------------------------|
| Issuer | Boerne Public Facilities Corporation |
| Expiration Date | 12/2/2018 |
| Bond Amount | \$18,000,000 |
| BRB Priority | 3 |
| Close Date | TBD |
| Bond Structure | FHA 221(d)(4) - Cash Collateralized |
| % Financed with Tax-Exempt Bonds | 87.0% |

| RISK PROFILE | |
|------------------------------|-----------------------|
| STRENGTHS/MITIGATING FACTORS | |
| ▫ | FHA Financing |
| ▫ | Healthy Expense Ratio |
| ▫ | Large Common area |
| ▫ | Amenities |

| | |
|------------------|--|
| WEAKNESSES/RISKS | |
| ▫ | Underwritten at minimum debt coverage |
| ▫ | Feasibility contingent on Property Tax Exemption |
| ▫ | Feasibility contingent on Market Rent Premiums |
| ▫ | Feasibility contingent on 3.5% Management Fee |



1h

BOARD ACTION REQUEST
HOME AND HOMELESS PROGRAMS DIVISION
JULY 26, 2018

Presentation, discussion, and possible action on State Fiscal Year 2019 Homeless Housing and Services Program awards

RECOMMENDED ACTION

WHEREAS, the Homeless Housing and Services Program (“HHSP”) was created during the 81st Legislative Session to be administered by the Texas Department of Housing and Community Affairs (the “Department”) to fund homelessness prevention and homeless services in Texas municipalities with populations over 285,500;

WHEREAS, the Texas Legislature has, through the enactment of House Bill 1 (85th Legislature, 1st called session), provided General Revenue funds of \$9,800,000 over the biennium to be allocated to these cities;

WHEREAS, the allocation formula for HHSP is set forth in 10 Texas Administrative Code (“TAC”) §7.23, Allocation of Funds and Formula, which was revised and adopted as final rule at the Board meeting of June 28, 2018;

WHEREAS, HHSP has historically been allocated to Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, and San Antonio;

WHEREAS, in State Fiscal Year (“SFY”) 2019, the City of Plano crossed the population threshold to receive HHSP funds; and

WHEREAS, the Executive Award Review Advisory Committee reviewed the awards and compliance history and recommends the awards;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the award of not less than \$4,900,000 in SFY 2019 HHSP contracts, in the amounts reflected in Attachment A, to the municipalities in Texas with a population of 285,500 or more (or their designee).

BACKGROUND

The Department administers HHSP in accordance with Tex. Gov’t Code §2306.2585 and 10 TAC Chapter 7, Subchapter B. 10 TAC Chapter 7, Subchapter B, was revised in May 2018, went through the public comment process, and was adopted at the June 28, 2018, Board meeting.

In accordance with 10 TAC §7.21, Purpose and Use, HHSP provides funding to municipalities with populations of 285,500 or greater, as determined by the most recent available One Year American Community Survey (“ACS”). Between 2010 and 2018, the HHSP was allocated to Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, and San Antonio. For 2019 HHSP, the City of Plano has crossed the population threshold of 285,500 according to the 2016 One Year ACS estimate, which is the most recent estimate available. Therefore, nine municipalities will be receiving HHSP funds in 2019.

The allocation formula, as outlined in 10 TAC §7.23, resulted in the allocations listed below to each municipality. Allowable activities include case management for households experiencing or at-risk of homelessness; construction, conversion, or rehabilitation of structures targeted to serving Homeless persons or persons at-risk of homelessness; essential services for Homeless persons or persons at risk of homelessness; provision of direct services; operation of emergency shelters or administrative facilities; and other Homeless-related activity, as approved by the Department in writing.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) includes a review of HHSP awards prior to contract execution. This review was performed and all awards were approved without condition.

Effective dates for these contracts will be September 1, 2018, through August 31, 2019.

2019 Homeless Housing and Services Program Award Log

| | Subrecipient | Award |
|---|---|-----------------------|
| 1 | City of Arlington | \$200,656.00 |
| 2 | City of Austin | \$507,524.00 |
| 3 | City of Corpus Christi, contract with Mother Teresa Shelter | \$171,648.00 |
| 4 | City of Dallas | \$837,283.00 |
| 5 | City of El Paso | \$409,286.00 |
| 6 | City of Fort Worth, contract with United Way of Tarrant County | \$449,747.00 |
| 7 | City of Houston | \$1,320,816.00 |
| 8 | City of Plano | \$139,113.00 |
| 9 | City of San Antonio, contract with Haven for Hope of Bexar County | \$863,927.00 |
| | | \$4,900,000.00 |

1i

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 26, 2018

Presentation, discussion, and possible action on Resolution No. 18-028 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

An allocation of private activity bond authority, also known as volume cap, is required for the issuance of tax-exempt, single family mortgage revenue bonds (“SFMRBs”) and for the issuance of mortgage credit certificates (“MCCs”). In 2018, the State of Texas received approximately \$2.9 billion in volume cap for all private activity purposes, of which \$277,440,518 is set-aside for the Department for single family activity until August 7, 2018.

Staff is requesting authorization to submit one or more applications for a maximum reservation amount of \$1.2 billion, which includes up to \$500 million to be used for MCC Program 90, \$175 million for SFMRBs expected to be issued later in 2018, and up to an additional \$500 million to be carried forward for future use, which amount is subject to availability after August 7, 2018, when volume cap set-asides are collapsed and applications are filled on a first-come, first-served basis. Of the \$1.2 billion in reservations, only \$500 million is newly requested volume cap; the remainder is expected to use the Department’s existing Carryforward allocation and its 2018 volume cap allocation amount.

At the Board meeting to be held September 6, 2018, staff anticipates requesting final approval of MCC Program 90. Because improved bond conditions have created an increased demand for volume cap, staff expects to recommend a tiered credit structure for this program, which will allow the Department to assist more homebuyers with the same amount of volume cap than with its current 40% flat rate credit structure. Due to the conversion of bond authority to MCC authority, with its current 40% credit rate and using \$500 million in volume cap, the Department can provide MCCs for up to \$312.5 million in mortgage loans. The tiered structure (40% for loans up to \$150,000; 35% for loans greater than \$150,000 and up to \$200,000; 25% for loans greater than \$200,000) is expected to allow the Department to provide MCCs for up to \$363.7 million in mortgage loans, resulting in more efficient use of volume cap which will allow the Department to assist over 300 additional homebuyers using the same \$500 million in volume cap.

Staff will return to the Board at a later date with requests for approval to use awarded volume cap in connection with additional bond or MCC transactions.

The following chart outlines the Department’s projected sources and uses of reservation amounts for which authorization is requested.

| Department Carryforward Allocations | |
|---|-------------------------|
| 2016 Carryforward | 225,685,313 |
| 2017 Carryforward | 1,000,000,000 |
| Existing Department Carryforward Allocations | \$ 1,225,685,313 |

| Projected Sources for Reservation Amounts | |
|--|-------------------------|
| Existing Department Carryforward Allocations | 1,225,685,313 |
| TDHCA 2018 Private Activity Bond Allocation | 277,440,518 |
| Reservation of Additional Available Funds for MCCs and Bonds | 500,000,000 |
| Total Projected Sources | \$ 2,003,125,831 |

| Projected Uses of Reservation Amounts | |
|---|-------------------------|
| 2018 Series A Single Family Mortgage Revenue Bonds (9/12/2018) | 150,000,000 |
| 2018 Mortgage Credit Certificates, Program 90 (10/11/2018)* | 500,000,000 |
| 2018 Series B Single Family Mortgage Revenue Bonds (12/13/2018) | 175,000,000 |
| 2019 Mortgage Credit Certificates, Program 92 (3/1/2019)* | 500,000,000 |
| 2019 Mortgage Credit Certificates and Bonds (Various, 2019) | 678,125,831 |
| Total Projected Uses | \$ 2,003,125,831 |

* MCC Authority expires December 31 of the second year following the closing of an MCC Program. Program 90, which will close in October 2018, will expire December 31, 2020. To more effectively manage volume cap, staff is recommending two smaller MCC programs versus one large program, which will provide the necessary MCC Authority in the short run, and extend the final expiration of the MCC Authority to December 31, 2021.

RESOLUTION NO. 18-028

RESOLUTION AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR RESERVATION WITH THE TEXAS BOND REVIEW BOARD WITH RESPECT TO QUALIFIED MORTGAGE BONDS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to make, acquire and finance, and to enter into advance commitments to make, acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose of refunding any bonds theretofore issued by the Department; and

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences will be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, the Allocation Act requires the Department, in order to reserve a portion of the State ceiling for qualified mortgage bonds (the "Reservation") and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and

WHEREAS, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "Allocation Rules") require that the Application for Reservation be accompanied by a certified copy of the resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Board has determined to authorize the filing of one or more Applications for Reservation in the maximum aggregate amount of \$1,200,000,000 with respect to qualified mortgage bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

ARTICLE 1

APPROVAL OF CERTAIN ACTIONS

Section 1.1 Applications for Reservation. The Board hereby authorizes Bracewell LLP, as Bond Counsel to the Department, to file on its behalf with the Bond Review Board one or more Applications for Reservation in the maximum aggregate amount of \$1,200,000,000 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of one or more Reservations.

Section 1.2 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution, including the submission of any carryforward designation requests for such Reservations.

Section 1.3 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 26th day of July, 2018.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

1j

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 26, 2018

Presentation, discussion and possible action on Inducement Resolution No. 18-029, Treymore Eastfield Apartments, for Multifamily Housing Revenue Bonds regarding authorization for filing applications for Private Activity Bond Authority on the 2018 Waiting List

RECOMMENDED ACTION

WHEREAS, a bond pre-application, as further detailed below, was submitted to the Department for consideration of an inducement resolution;

WHEREAS, Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department;

WHEREAS, approval of the inducement will allow staff to submit an application to the Bond Review Board (“BRB”) for the issuance of a Certificate of Reservation associated with the development;

WHEREAS, the applicant has submitted a request for a waiver relating to 10 TAC §10.101(b)(8) of the Uniform Multifamily Rules as it relates to the Department’s visitability requirements as stated therein and design specifications that comply with the Fair Housing Act Design Manual; and

WHEREAS, staff is still reviewing the request and will bring it before the Board at a subsequent Board meeting for consideration;

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, the Inducement Resolution No. 18-029 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for Treymore Eastfield Apartments is hereby approved in the form presented to this meeting.

BACKGROUND

General Information: The BRB administers the state’s annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the Development, but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a Certificate of Reservation, the Applicant has 150 days to close on the private activity bonds.

During the 150-day process, the Department will review the complete application for compliance with the Department's Rules, including but not limited to site eligibility and threshold as well as previous participation as it relates to previously funded developments through the Department. During the review of the full application, staff will also underwrite the transaction and determine financial feasibility in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development. This inducement resolution would reserve approximately \$12 million in private activity bond volume cap.

Treymore Eastfield Apartments (#18617) is an existing housing tax credit property that was placed into service in 2001 and is still within the affordability period. The development is located at 2631 John West Road in Dallas, Dallas County. It is proposed to include the acquisition and rehabilitation of 196 units serving the general population. This transaction is proposed to be Priority 3 with 49 of the units rent and income restricted at 50% of Area Median Family Income ("AMFI") and the remaining 147 units at 60% AMFI. The Department has not received any letters of support or opposition for this development. Staff notes that the applicant has submitted a request to waive specific requirements in the Department's visitability rule; however, the request is still under review and will be brought before the Board at a subsequent Board meeting for consideration.

RESOLUTION NO. 18-029

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (the “Act”) for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, it is proposed that the Department issue its revenue bonds in one or more series for the purpose of providing financing for the multifamily residential rental developments (the “Developments”) more fully described in Exhibit A attached hereto. The ownership of the Developments as more fully described in Exhibit A will consist of the applicable ownership entity and its principals or a related person (the “Owners”) within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Owners have made not more than 60 days prior to the date hereof, payments with respect to the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owners have indicated their willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Developments will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse the Owners for the costs associated with the Developments listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of the Owners, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of the Developments described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Developments one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the State to issue private activity bonds; and

WHEREAS, the Governing Board of the Department (the "Board") has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the respective Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

Section 1.2. Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owners for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of the Developments") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of the Developments; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 1.4. Principal Amount. Based on representations of the Owners, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owners for the Costs

of the Developments will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5. Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 1.6. The Developments. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 1.7. Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owners for costs of its Development.

Section 1.8. Costs of Developments. The Costs of the Developments may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Developments. Without limiting the generality of the foregoing, the Costs of the Developments shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Developments, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Developments, the placing of the Developments in operation and that satisfy the Code and the Act. The Owners shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 1.9. No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owners and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Bracewell LLP or other nationally recognized bond counsel acceptable to the

Department (“Bond Counsel”), substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments’ necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Developments may be undertaken by any company or partnership that is a “related person” to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the Owners.

Section 1.13. Declaration of Official Intent. This Resolution constitutes the Department’s official intent for expenditures on Costs of the Developments which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Developments may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.15. Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1. Certain Findings Regarding Developments and Owners. The Board finds that:

- (a) the Developments are necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) the Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the Owners are financially responsible;
- (d) the financing of the Developments is a public purpose and will provide a public benefit; and

(e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

Section 2.2. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents.

Section 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Developments will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1. Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 26th day of July, 2018.

[SEAL]

By: _____
Chair, Governing Board

ATTEST:

Secretary to the Governing Board

EXHIBIT "A"

Description of the Owner and the Development

| Project Name | Owner | Principals | Amount Not to Exceed |
|--|--|---|----------------------|
| Trey more Eastfield Apartments | JKLF Eastfield, Ltd, a Texas limited partnership | General Partner/Member: JKLF Eastfield GP, LLC, a Texas limited liability company | \$12,000,000 |
| Costs: Acquisition/rehabilitation of a 196-unit affordable, multifamily housing development to be known as Trey more Eastfield Apartments, to be located at 2631 John West Road, Dallas, Dallas County, Texas 75228. | | | |

2a

TDHCA Outreach Activities, June – July 2018

A compilation of outreach and educational activities designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public.

| Activity | Event | Date | Location | Division |
|----------------------------------|--|-------------|-----------------|---|
| Homebuyer Fair | Home & Garden Expo 2018 | June 23, | Brownsville, TX | Texas First Time Homebuyer Program (FTHB) |
| Public Consultation Meeting | Analysis of Impediments to Fair Housing Choice | June 28, | Uvalde, TX | Fair Housing |
| Public Consultation Meeting | Analysis of Impediments to Fair Housing Choice | June 28, | Midland, TX | Fair Housing |
| Public Consultation Meeting | Analysis of Impediments to Fair Housing Choice | July 10, | Austin, TX | Fair Housing |
| Meeting | Texas Interagency Council for the Homeless Quarterly Meeting | July 10, | Austin, TX | HRC |
| Public Consultation Meeting | Analysis of Impediments to Fair Housing Choice | July 11, | Austin, TX | Fair Housing |
| Meeting | Housing and Health Services Coordination Council Quarterly Meeting | July 11, | Austin, TX | HRC, MF Finance, Executive |
| Public Consultation Webinar/Chat | Analysis of Impediments to Fair Housing Choice | July 12, | N/A | Fair Housing |
| Training | Realtor® Training - United Texas Affordable Housing Specialist | July 16, | Selma, TX | Texas FTHP |
| Public Consultation Meeting | Analysis of Impediments to Fair Housing Choice | July 12, | Nacogdoches, TX | Fair Housing |
| Public Consultation Meeting | Analysis of Impediments to Fair Housing Choice | July 20, | Brownsville, TX | Fair Housing |
| Homebuyer Fair | Promotional booth | July 21, | Arlington, TX | Texas FTHP |
| Meeting | Disability Advisory Workgroup meeting | July 24, | Austin, TX | HRC |
| Public Consultation Meeting | Analysis of Impediments to Fair Housing Choice | July 24, | Austin, TX | Fair Housing |

Internet Postings of Note

A list of new or noteworthy postings to the Department's website.

Amy Young Barrier Removal Program

- Posted updated program administrators list

Asset Management

- Added a material amendment to be presented to the TDHCA Board related to ownership structure change for Aria Grand
- Posted updated Qualified Contract Preliminary Request Procedures and Qualified Contract Request Procedures manuals
- Added material amendments to be presented to the TDHCA Board related to HTC application (Mistletoe Station), ownership structure (Alton Plaza)

Bond Finance:

- Added Feasibility and Economic Impact Report (per Texas Government Code, Title 10, Subtitle G, Chapter 2306, Section 142 (I))
- Added the Municipal Advisor IRMA Notice

Communications:

- Added flood insurance information to Disaster Resources
- Posted press announcement related to First Time Homebuyer Program fiscal year achievements
- Posted press announcement related to upcoming TDHCA Fair Housing meetings for Analysis of Impediments report

Community Affairs:

- Added 2018 WAP Health and Safety Plan
- Updated Community Action Plans forms for the Community Services Block Grant Program
- Posted updated list of Community Affairs subrecipients
- Posted updated Income Guidelines FAQ for Community Affairs programs
- Posted updated NPI modules with new url to National Association For State Community Services Programs
- Replaced CSBG Outcome Matrix form and Client Questionnaire with updated reporting domains
- Added CSBG 2019 forms (Budget, Budget Instructions, CAP Form, CAP-CIS Form, Instructions)
- Updated Weatherization field guides, FAQs, reporting instructions and reports

Compliance

- Posted updated TDHCA Housing Accessibility Checklist for Dwelling Units
- Posted Notice of Property Damage form for Rio Grande Valley-area, federally declared disaster areas

Fair Housing

- Posted updated Language Access Plan
- Updated listings for Analysis of Impediments meetings

Finance

- Posted Fiscal Year 2019 Operating Budget

First Time Home Buyer Program

- Posted updated Master Servicer Reference Guide

HOME and Homeless:

- Updated setup checklists for Homeowner Rehabilitation Assistance, Homebuyer Assistance and Contract for Deed programs
- Created online forum for discussion on the Ending Homelessness Fund

Housing Resource Center:

- Added 2019 Regional Allocation Formula methodology with related examples for Housing Tax Credit, Housing Trust Fund, Multifamily and Single Family HOME programs

Internal Audit

- Posted 2018 Internal Audit Report on the Implementation Status of Prior Audit Recommendations
- Added Internal Audit and Finance Committee Charter (revised June 2018)

Migrant Housing

- Updated database list of migrant labor facilities

Multifamily:

- Posted updated 2018 9% HTC Full Application Log (July 11, 2018)
- Added public hearing notice for Forestwood Apartments

NOFA

- 2019 Amy Young Barrier Removal Program

Public Comment:

- Proposed Repeal of 10 TAC §1.7, Staff Appeals Process, and §1.8, Board Appeals Process, and Proposed New 10 TAC §1.7, Appeals Process
- Proposed Repeal and New of 10 TAC §1.10, Public Comment Procedures
- Proposed Repeal and New of 10 TAC §1.13, Contested Case Hearing Procedures
- Proposed Repeal of 10 TAC §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers
- Proposed Repeal of 10 TAC §1.17, Alternative Dispute Resolution and Negotiated Rulemaking, and Proposed New §1.17, Alternative Dispute Resolution
- Proposed New 10 TAC §1.12, Negotiated Rulemaking
- Proposed Repeal of 10 TAC §1.18, Colonia Housing Standards
- Proposed Repeal and New of 10 TAC §1.19, Reallocation of Financial Assistance
- Proposed Readoption, Without Changes, to 10 TAC §1.22, Providing Contact Information to the Department

Purchasing:

- Added a new subsection related to Uniform Grant Management Standards that specifies applicability to TDHCA programs
- Posted Request for Offer Mortgage Loan Origination and Process Software
- Updated list of No-Bid contracts as required by state

Frequently Used Acronyms

| | | | |
|------|--|------|--------------------------------------|
| AMFI | Area Median Family Income | LURA | Land Use Restriction Agreement |
| AYBR | Amy Young Barrier Removal Program | MF | Multifamily |
| CEAP | Comprehensive Energy Assistance Program | MFTH | My First Texas Home Program |
| CFD | Contract for Deed Program | MRB | Mortgage Revenue Bond Program |
| CFDC | Contract for Deed Conversion Assistance Grants | NHTF | National Housing Trust Fund |
| CHDO | Community Housing Development Organization | NOFA | Notice of Funding Availability |
| CMTS | Compliance Monitoring and Tracking System | NSP | Neighborhood Stabilization Program |
| CSBG | Community Services Block Grant Program | OIG | Office of Inspector General |
| ESG | Emergency Solutions Grants Program | QAP | Qualified Allocation Plan |
| | | QCP | Quantifiable Community Participation |
| | | REA | Real Estate Analysis |
| | | RFA | Request for Applications |
| | | RFO | Request for Offer |
| | | RFP | Request for Proposals |

| | | | |
|-------|---|-------|--|
| FAQ | Frequently Asked Questions | RFQ | Request for Qualifications |
| HBA | Homebuyer Assistance Program | ROFR | Right of First Refusal |
| HHSCC | Housing and Health Services Coordination Council | SLIHP | State of Texas Low Income Housing Plan |
| HHSP | Homeless Housing and Services Program | TA | Technical Assistance |
| HRA | Homeowner Rehabilitation Assistance Program | TBRA | Tenant Based Rental Assistance Program |
| HRC | Housing Resource Center | TICH | Texas Interagency Council for the Homeless |
| HTC | Housing Tax Credit | TSHEP | Texas Statewide Homebuyer Education Program |
| HTF | Housing Trust Fund | TXMCC | Texas Mortgage Credit Certificate |
| HUD | U.S. Department of Housing and Urban Development | VAWA | Violence Against Women Act |
| IFB | Invitation for Bid | WAP | Weatherization Assistance Program |

2b

BOARD REPORT ITEM

EXTERNAL AFFAIRS

JULY 26, 2018

Report and possible action on changes to items to be included in the Texas Department of Housing and Community Affairs Legislative Appropriations Request for state fiscal years 2020-21

BACKGROUND

On May 24, 2018, and July 12, 2018, Texas Department of Housing and Community Affairs (“TDHCA” or the “Department”) staff brought policy items to be included in the Department’s Legislative Appropriations Request (“LAR”) for 2020-21 to the Board for approval, including a summary of the proposed Capital Budget. Subsequent to the Board’s approval of these items, staff have communicated with the Legislative Budget Board (“LBB”) regarding issues that will require amendments to the Capital Budget.

Capital Budget

Subsequent to TDHCA staff bringing the Department’s proposed Capital Budget to the Board for approval during its meeting of May 24, 2018, the Office of the Governor and the LBB released the instructions for the 2020-21 LAR and Biennial Operating Plan (“BOP”). The new instructions require state agencies to categorize certain expenditures as capital costs that were not previously regarded as such and to include these expenditures with the Capital Budget Rider and Capital Budget Schedule; and also to include certain “informational” items. Specifically, staffing and support costs associated with the Centralized Accounting and Payroll/Personnel System (“CAPPS”) Financials Annual Maintenance are to be classified as capital costs and staffing and all cybersecurity costs, including ongoing maintenance of existing systems and associated staffing, are to be included as informational items. In accordance with the 2020-21 instructions, these CAPPS and cybersecurity expenses have been reclassified from TDHCA’s daily operations budget to the Capital Budget, resulting in \$1,990,400 over the 2020-21 biennium, composed of \$1,464,000 in capital expenses and \$526,400 in noncapital cybersecurity expenses over the biennium. Attached is an updated summary of the Capital Budget reflecting the Capital Budget approved by the Board on May 24, 2018, and expenses reclassified or redirected from the Daily Operations Budget to the Capital Budget consistent with the recently released LAR and BOP instructions.

Attachments:

- Revised Summary of Capital Budget for 2020-21 Biennium

Proposed Fiscal Year (“FY”) 2020-21 Capital Rider

Capital Budget Projects: Estimated \$1,464,000 in capital expenses and \$526,400 in noncapital cybersecurity expenses over the 2020-21 Biennium

Method of Finance: Appropriated Receipts, Federal Funds

Cybersecurity Operations, FY 2020 - \$263,200 FY 2021 - \$263,200 (100% noncapital)

In the FY 2020-21 LAR instructions released in late June 2018, the Legislative Budget Board (“LBB”) directed agencies to include all cybersecurity costs in cybersecurity capital budget project submissions. The costs can be classified as capital or noncapital, but the costs must be submitted within a cybersecurity capital budget project. In the FY 2018-19 biennium, TDHCA is implementing a number of important new information security solutions through the FY 2018-19 Cybersecurity Initiatives capital budget project. TDHCA has made substantial progress on that project and is on track to meet all project goals before the end of the biennium. In the FY 2020-21 biennium, TDHCA will not have a new cybersecurity capital project to implement additional information security solutions, but there will be ongoing operational costs for products and services implemented in FY 2018-19, as well as salary costs for two existing cybersecurity positions. In accordance with the FY 2020-21 instructions, these cybersecurity expenses have been transferred from TDHCA’s operating budget to the Cybersecurity Operations project. The budget for this project is 100% noncapital because all costs will be for hardware and software maintenance, ongoing IT services, and staff salaries.

Disaster Recovery Services Provided By DIR Data Center Services, Estimated FY 2020 - \$65,000 FY 2021 - \$65,000

Beginning in February 2016, the Department of Information Resources (“DIR”) began providing disaster recovery services to TDHCA through DIR’s Data Center Services (“DCS”) group. Through these services, all TDHCA production data is backed up to the two State Data Centers, which would be used instead of TDHCA’s data center in the event of a disaster. The estimated costs for FY 2020-21 are \$65,000 each year. DIR will provide the Department with an updated estimate before the due date for submitting the LAR. Although the costs for these services would typically be considered a noncapital expense that would be part of the operating budget, LBB instructs agencies to include DCS costs in their capital budget submissions.

Information Technology (“IT”) Hardware and Software Replacements, FY 2020 - \$305,000 FY 2021 - \$195,000

The IT Hardware and Software Replacements project will allow the Department to replace 1) 183 laptops and desktop computers that will be six years old and older in the coming biennium and 2) server hardware and software that will be at end of life. Because of the Department’s six year plus replacement schedule, a much smaller number of computers -- 17 laptops and two desktop computers -- were budgeted for the FY 2018-19 biennium. The computers being replaced in FY 2020-21 will be out of warranty and can present cybersecurity risks. The server hardware and software replacements will support the continued use of web-based systems accessed by thousands of Texans, including nonprofit and local governing subrecipients, property managers, and people seeking assistance through the Department’s website. These systems are essential tools in administering all Department programs.

PeopleSoft Financials Maintenance, Estimated FY 2020 - \$417,000 FY 2021 - \$417,000

In summer 2014, LBB instructed agencies that make payments to the Comptroller’s Office for PeopleSoft maintenance costs associated with internal accounting systems to identify these costs in

their FY 2016-2017 capital budget submissions. The Comptroller's Office centrally administers Texas' PeopleSoft maintenance contract with Oracle on behalf of these agencies. Prior to FY 2016-17, agencies included these costs in the Daily Operations (noncapital) budget instead. For FY 2018-19, LBB also instructed agencies to identify these costs in capital budget submissions, and it did so again in the FY 2020-21 LAR instructions released in late June 2018. The Comptroller's Office has not yet provided PeopleSoft maintenance cost estimates for FY 2020-21. Based on FY 2018-19 costs, TDHCA estimates that the cost will be \$60,000 in each year of the FY 2020-21 biennium, or \$120,000 total.

The name for the version of PeopleSoft customized for Texas agencies is the Centralized Accounting and Payroll/Personnel Systems ("CAPPS"). The new LAR instructions directed agencies to classify all CAPPS costs -- including staff salaries and consultant costs for supporting the ongoing operations of the system -- as capital expenses. Because of this significant change for the FY 2020-21 LAR, TDHCA has moved the estimated annual staff salary cost (\$130,000) and annual contract PeopleSoft programmer cost (\$227,000) for supporting CAPPS Financials in FY 2020-21 from the operating budget to the capital budget, as part of the PeopleSoft Financials Maintenance project. This transfer of funds has changed the annual project budget from \$60,000 to \$417,000, or \$834,000 for the FY 2020-21 biennium.

2c

BOARD REPORT ITEM
BOND FINANCE DIVISION
JULY 26, 2018

Report on the Department's Swap Portfolio and recent activities with respect thereto

BACKGROUND

Between 2004 and 2007, the Department entered into five interest rate swaps to hedge interest rate risk associated with its tax-exempt, single family variable rate mortgage revenue bonds. One swap was terminated in conjunction with a refunding of the underlying bonds, and four swaps remain outstanding, two of which were restructured in 2014.

In accordance with the Department's Interest Rate Swap Policy, the Bond Finance Division has the day-to-day responsibility for managing the swaps. The outstanding bonds associated with each of the swaps are reduced by scheduled redemptions and maturing amounts, and by amounts representing principal and prepayments received on the mortgage-backed securities that secure each bond issue. Under state law, the notional amount of swap outstanding cannot exceed the par amount of related bonds outstanding. To avoid being overswapped, staff closely monitors the amount of swap outstanding, the related outstanding bond amount, and any upcoming bond redemptions to ensure enough swap is called to comply with State law.

In addition to monitoring state law compliance, staff works closely with the Department's Financial Advisor, George K. Baum, to identify opportunities to terminate or reduce swaps by exercising par optional terminations, or call rights, on those swaps. Staff analyzes the economic benefit of the proposed termination and evaluates potential interest rate or other associated risks. When both economically beneficial and prudent to do so, optional termination rights are exercised on portions of the underlying swaps.

The attached report reflects the status of the Department's swaps as of June 1, 2018. Series 2005A and Series 2007A swaps are matched amortization swaps; as such, a reduction in the outstanding swap amount for these series is the direct result of principal payments and prepayments received on the underlying mortgage loans. The reduction of approximately \$2.4 million in the outstanding swap for Series 2004B and approximately \$1.3 million in the outstanding swap for Series 2004D was primarily to match the amount of bonds outstanding to the amount of swap outstanding in compliance with state law, which requires that the bonds outstanding equal or exceed the amount of swap outstanding at all times.

Since 2004, when the Department first utilized swaps to hedge variable rate bonds, the total notional amount of swaps has been reduced from an initial \$354,005,000 to the current outstanding amount of \$85,610,000.

Texas Department of Housing and Community Affairs
Swap Portfolio Update
July 26, 2018

| Matched Amortization Swaps | | | | | | | |
|----------------------------|-------------------|----------------|---------------|--------------------------|---|--|----------------------------|
| Related Bonds | Swap Counterparty | Effective Date | Maturity Date | Original Notional Amount | Swap Outstanding Notional as of 12/1/2017 | Swap Outstanding Notional as of 6/1/2018 | CHANGE in Swap Outstanding |
| 2005A | JP Morgan | 8/1/2005 | 9/1/2036 | \$ 100,000,000 | \$ 23,905,000 | \$ 22,060,000 | \$ (1,845,000) |
| 2007A | JP Morgan | 6/5/2007 | 9/1/2038 | \$ 143,005,000 | \$ 27,900,000 | \$ 24,750,000 | \$ (3,150,000) |

| Amortizing Swaps with Optionality | | | | | | | |
|-----------------------------------|-------------------|-----------------------------|---------------|--------------------------|---|--|----------------------------|
| Related Bonds | Swap Counterparty | Effective/Restructured Date | Maturity Date | Original Notional Amount | Swap Outstanding Notional as of 12/1/2017 | Swap Outstanding Notional as of 6/1/2018 | CHANGE in Swap Outstanding |
| 2004B | BNY Mellon | 3/1/2014 | 9/1/2034 | \$ 40,000,000 | \$ 25,495,000 | \$ 23,035,000 | \$ (2,460,000) |
| 2004D | Goldman Sachs | 1/1/2005 | 3/1/2035 | \$ 35,000,000 | \$ 17,095,000 | \$ 15,765,000 | \$ (1,330,000) |
| 2006H | BNY Mellon | 3/1/2014 | 9/1/2025 | \$ 36,000,000 | \$ - | \$ - | \$ - |

| | | | | | | | |
|--------------------|--|--|--|-----------------------|----------------------|----------------------|-----------------------|
| TOTAL SWAPS | | | | \$ 354,005,000 | \$ 94,395,000 | \$ 85,610,000 | \$ (8,785,000) |
|--------------------|--|--|--|-----------------------|----------------------|----------------------|-----------------------|

2004B - UBS AG was the original counterparty and the original notional at issuance was \$53,000,000.

| Variable Rate Bonds Associated with Matched Amortization Swaps | | | | | | | |
|--|-------------------|----------------|---------------|--------------------------|-----------------------------|----------------------------|-----------------------------|
| Related Bonds | Swap Counterparty | Effective Date | Maturity Date | Original Notional Amount | Bonds Outstanding 12/1/2017 | Bonds Outstanding 6/1/2018 | CHANGE in Bonds Outstanding |
| 2005A | JP Morgan | 8/1/2005 | 9/1/2036 | \$ 100,000,000 | \$ 23,905,000 | \$ 22,060,000 | \$ (1,845,000) |
| 2007A | JP Morgan | 6/5/2007 | 9/1/2038 | \$ 143,005,000 | \$ 27,900,000 | \$ 24,750,000 | \$ (3,150,000) |

| Variable Rate Bonds Associated with Amortizing Swaps with Optionality | | | | | | | |
|---|-------------------|----------------|---------------|--------------------------|-----------------------------|----------------------------|-----------------------------|
| Related Bonds | Swap Counterparty | Effective Date | Maturity Date | Original Notional Amount | Bonds Outstanding 12/1/2017 | Bonds Outstanding 6/1/2018 | CHANGE in Bonds Outstanding |
| 2004B | BNY Mellon | 3/1/2014 | 9/1/2034 | \$ 40,000,000 | \$ 25,495,000 | \$ 23,035,000 | \$ (2,460,000) |
| 2004D | Goldman Sachs | 1/1/2005 | 3/1/2035 | \$ 35,000,000 | \$ 17,095,000 | \$ 15,765,000 | \$ (1,330,000) |
| 2006H | BNY Mellon | 3/1/2014 | 9/1/2025 | \$ 36,000,000 | \$ - | \$ - | \$ - |

| | | | | | | | |
|--------------------|--|--|--|-----------------------|----------------------|----------------------|-----------------------|
| TOTAL BONDS | | | | \$ 354,005,000 | \$ 94,395,000 | \$ 85,610,000 | \$ (8,785,000) |
|--------------------|--|--|--|-----------------------|----------------------|----------------------|-----------------------|

ACTION ITEMS

3

BOARD ACTION REQUEST

LEGAL DIVISION

JUNE 28, 2018

Presentation, discussion, and possible action regarding the adoption of a final order concerning Southmore Park Apartments Ltd., with respect to Southmore Park (HTC 94004 / CMTS 1204 / LDLD 141 / SOAH Docket #332-17-5544HCA)

RECOMMENDED ACTION

WHEREAS, Southmore Park Apartments in Pasadena, Harris County, owned by Southmore Park Apartments, Ltd, (“Respondent”) has a history of uncorrected violations of the applicable land use restriction agreement (“LURA”) and associated statutory and rule requirements;

WHEREAS, the Executive Director issued a Report to the Board on May 5, 2011, regarding a recommended administrative penalty and TDHCA’s intention to initiate a contested case hearing with respect to uncorrected compliance violations;

WHEREAS, additional uncorrected violations accrued and the Executive Director issued an Amended Report to the Board on June 26, 2014, to meet statutory requirements at TEX. GOV’T. CODE §2306.043 so that the Department could include those additional violations as part of the scheduled contested case hearing, thus avoiding the time and expense of conducting two separate hearings;

WHEREAS, Respondent was set for a contested case hearing before the State Office of Administrative Hearings (“SOAH”), which was reset multiple times during 2014 and ultimately scheduled for March 27, 2015;

WHEREAS, Respondent agreed to withdraw its request for a contested case hearing and entered into an Agreed Final Order that was approved by the TDHCA Board on February 19, 2015;

WHEREAS, the Agreed Final Order assessed an administrative penalty of \$5,000.00 to be paid on or before March 20, 2015, and required full corrective documentation to be submitted to TDHCA according to a series of deadlines;

WHEREAS, the administrative penalty was paid, but Respondent violated the Agreed Final Order by failing to submit corrective documentation as required with respect to the following violations: Household income above income limit upon initial occupancy for 14 units; failure to provide an affirmative marketing plan; failure to submit pre-onsite documentation; and failure to correct Uniform Physical Condition Standards (“UPCS”) violations;

WHEREAS, new uncorrected violations were identified during a regularly scheduled UPCS inspection conducted on March 26, 2015, and a deadline of July 2, 2015, was set for Respondent to submit fully acceptable corrective documentation;

WHEREAS, Respondent submitted partial corrective action documentation for the 2015 UPCS inspection and multiple violations remain unresolved to date;

WHEREAS, an informal conference was held on October 9, 2015, regarding the 2015 UPCS violations, and the Enforcement Committee voted to recommend debarment for a period of ten years for Charles Miller, and an administrative penalty of \$13,250: the maximum potential amount;

WHEREAS, a Report to the Board was given on December 17, 2015, regarding the administrative penalty recommendation, and an Agreed Final Order was signed by the Board as an offer of settlement;

WHEREAS, the Department issued to Respondent a Notice of Violation on December 30, 2015, regarding the administrative penalty recommendation, giving Respondent twenty days to either accept the offered Agreed Final Order or request a formal hearing at SOAH;

WHEREAS, the Department also issued a Notice of Debarment Determination to Respondent on December 30, 2015, giving Respondent twenty days to either accept the determination or submit a written appeal to the Board;

WHEREAS, Respondent appealed both the debarment and administrative penalty recommendations;

WHEREAS, the debarment appeal was considered by the Board on February 25, 2016, and the Board voted to debar Charles Miller for a period of twenty years;

WHEREAS, the administrative penalty appeal was placed on hold because it came to the attention of the Legal Division that Respondent had a new file monitoring review conducted on January 27, 2016;

WHEREAS, new and repeated violations were identified during the regularly scheduled file monitoring review conducted on January 26, 2016, a monitoring letter was issued June 10, 2016, and a deadline of September 8, 2016, was set for Respondent to submit fully acceptable corrective documentation;

WHEREAS, Respondent did not submit any corrections to the Compliance Division in response to the monitoring letter;

WHEREAS, Respondent submitted partial corrections in response to an informal conference notice sent by the Enforcement Committee on October 25, 2016, but requested multiple extensions and asked to reschedule the informal conference;

WHEREAS, the following new violations remain unresolved to date: Utility allowance violation; written tenant selection criteria violation; Tenant Rights and Resources Guide violation; household income violations for units 106, 110, 112, 305, 401, 403, 404, 420, 506, 508, 513, 515, 601, 804, 807, 806, and 811; annual eligibility certification violations for units 106, 107, 110, 112, 118, 204, 305, 401, 403, 404, 418, 506, 508, 601, 603, 702, 703, 801, 805, and 807; lease language violations for units 106, 110, 118, 120, 203, 301, 303, 305, 401, 403, 418, 420, 508, 513, 603, 801, 804, 805, 806, 807, and 813; and the following repeated violations also remain unresolved: Household income violations for units 112, 120, 201, 203, 409, 418, 503, 805, 813, pre-on-site documentation violation for failure to submit entrance interview

questionnaire, failure to submit compliant written policies and procedures, failure to pay compliance fees for the years 2014 through 2016, written tenant selection criteria violation, and the unresolved 2012 and 2015 UPCS violations;

WHEREAS, an informal conference was held on January 31, 2017, and the Enforcement Committee voted to recommend an administrative penalty of \$62,340, minus a dollar for dollar reduction of \$4,185 provided that owner pays delinquent compliance fees for the years 2014 through 2016 in that amount;

WHEREAS, a Report to the Board was given on February 28, 2017, regarding the administrative penalty recommendation, and an Agreed Final Order was signed by the Board as an offer of settlement;

WHEREAS, the Department issued to Respondent a Notice of Violation on March 3, 2017, regarding the administrative penalty recommendation, giving Respondent twenty days to either accept the offered Agreed Final Order or request a formal hearing at SOAH;

WHEREAS, Respondent was set for a contested case hearing before SOAH, which was reset multiple times during 2017 and ultimately held on January 9, 2018;

WHEREAS, Administrative Law Judge Elizabeth Drews (“ALJ”) issued a Proposal for Decision on April 6, 2018;

WHEREAS, Respondent filed exceptions to the Proposal for Decision on April 25, 2018, and the Department filed a reply to those exceptions on May 3, 2018;

WHEREAS, the ALJ reviewed both filings and issued an Exceptions Letter on May 10, 2018, editing certain portions of the Proposal for Decision;

WHEREAS, the ALJ found that violations had occurred, were not timely corrected, and that the majority of the findings remained unresolved to date;

WHEREAS, the ALJ concluded that an administrative penalty of \$73,890 is an appropriate administrative penalty for the combined 2015 UPCS and 2016 file monitoring violations under the penalty matrix at 10 TAC §2.302(j) and the factors listed in Tex. Gov’t Code §2306.042;

WHEREAS, the ALJ concluded that TDHCA should order Respondent to correct all outstanding violations within 60 days of the issuance of a final order; and

WHEREAS, consistent with direction from the Department’s Administrative Penalty Committee, the Proposal for Decision by the ALJ, and the requirements of Tex. Gov’t. Code §2306.043, the Executive Director presents this Final Order for consideration;

NOW, therefore, it is hereby

RESOLVED, that the Board accepts and approves the issuance by the Executive Director of a Final Order assessing an administrative penalty of \$73,890 to be paid within 30 days and requiring complete corrections to be made within 60 days, substantially in the form

presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Southmore Park Apartments, Ltd. received an allocation totaling \$2,375,230 in low income housing tax credits in 1994 for the rehabilitation of a 93-unit apartment complex in Pasadena, Harris County. Records of the Texas Secretary of State list Charles Miller as the President and Director of CVM Interests, Inc., the General Partner for Southmore Park Apartments, Ltd. The Department's Compliance Monitoring and Tracking System ("CMTS") lists him as the primary contact for the Owner. The property is currently managed by Park Place Residential.

Southmore Park Apartments has been consistently noncompliant for over a decade and neither the Compliance Division nor the Department's Enforcement Committee ("Committee") has been able to bring the property into full compliance. The Enforcement Committee history for the property is extensive. TDHCA and Southmore Park Apartments, Ltd. settled a previous administrative penalty contested case hearing scheduled with the State Office of Administrative Hearings ("SOAH") via an Agreed Final Order that was approved by the Board on February 19, 2015. The administrative penalty was paid under that Agreed Final Order and monthly payments were received for compliance fees, but no acceptable corrective documentation was submitted for the file or Uniform Physical Condition Standards ("UPCS") findings, constituting a violation of the Agreed Final Order.

A subsequent administrative penalty referral was submitted to the Enforcement Committee after Southmore Park Apartments, Ltd. failed to fully correct violations identified during a physical inspection conducted on March 26, 2015. The Enforcement Committee held an informal conference on October 9, 2015, and voted to recommend the maximum potential administrative penalty for these new violations, totaling \$13,250. The Committee also recommended debarment of Charles Miller for a term of ten years. A Report to the Board was issued regarding the administrative penalty recommendation on December 17, 2015, and the Board approved an Agreed Final Order offering settlement. On December 30, 2015, the Department issued a Notice of Report to the Board, giving Respondent twenty days to either accept the Agreed Final Order or request a formal hearing at SOAH. The Department also issued a Notice of Debarment Determination to Charles Miller, giving 20 days to either accept the determination or appeal to the Board. Mr. Miller appealed both the debarment and administrative penalty recommendations.

The debarment appeal was heard by the Board on February 25, 2016, with the Board ultimately voting to double the Enforcement Committee's recommendation by ordering a debarment term of 20 years. The administrative penalty appeal, in the form of a formal hearing to be docketed with SOAH, was postponed because it came to the attention of the Legal Division that a new file monitoring review was conducted by the Compliance Division on January 27, 2016. Since the Department monitors in three-year cycles, the Legal Division notified Respondent's counsel that docketing a formal hearing at SOAH would be postponed while awaiting the results of the 2016 monitoring review in order to avoid the time and expense of holding separate hearings at SOAH in the event that additional violations were found and not timely corrected.

New and repeated violations were identified during the January 27, 2016 file monitoring review. A monitoring letter was issued June 10, 2016, and a deadline of September 8, 2016, was set for Respondent to submit fully acceptable corrective documentation. Respondent did not submit any corrections to the Compliance Division in response to this monitoring letter. The violations were referred for an administrative penalty, and an informal conference notice was issued by the Enforcement Committee on October 25, 2016, setting an informal conference for Tuesday, December 13, 2016 and providing until November 14, 2016 to submit corrective documentation. The Legal Division sent multiple reminders via email to both Respondent and his

legal counsel, Bob Bone, but received no reply other than automated confirmation messages that Mr. Bone had read the messages. Mr. Bone contacted TDHCA on Friday, December 9, 2016, requesting rescheduling of the informal conference and an extension to the Committee's correction deadline. TDHCA staff agreed to permit the extension, and told Mr. Bone that such requests are not typically approved, but that TDHCA wanted to provide every opportunity for Mr. Bone's client to comply. The informal conference was reset to January 31, 2017, and a deadline of December 16, 2016, was provided to submit corrections for consideration by the Committee. Mr. Bone called again on December 15, 2016, requesting another week to submit corrections. TDHCA staff agreed for the same reasons previously stated, and gave until December 22, 2016.

Corrections were received on December 22, 2016, but Compliance staff noted that the effort was quite poor, resolving few violations. The following violations remain unresolved to date: Utility allowance violation, written tenant selection criteria violation, Tenant Rights and Resources Guide violation, household income violations for units 106, 110, 112, 305, 401, 403, 404, 420, 506, 508, 513, 515, 601, 804, 807, 806, and 811, annual eligibility certification violations for units 106, 107, 110, 112, 118, 204, 305, 401, 403, 404, 418, 506, 508, 601, 603, 702, 703, 801, 805, and 807, lease language violations for units 106, 110, 118, 120, 203, 301, 303, 305, 401, 403, 418, 420, 508, 513, 603, 801, 804, 805, 806, 807, and 813. The following repeated violations also remain unresolved: Household income violations for units 112, 120, 201, 203, 409, 418, 503, 805, 813, pre-on-site documentation violation for failure to submit entrance interview questionnaire, failure to submit compliant written policies and procedures, failure to pay compliance fees for the years 2014 through 2016, written tenant selection criteria violation, and the unresolved 2012 and 2015 UPCS violations. The Enforcement Committee held an informal conference on January 31, 2017, and voted to recommend an Agreed Final Order with an administrative penalty of \$62,340, minus a dollar for dollar reduction of \$4,185 provided that owner paid the delinquent compliance fees for the years 2014 through 2016 in that amount. No response was received and a contested case hearing was set.

The contested case hearing was docketed with the State Office of Administrative Hearings ("SOAH") and was reset multiple times during 2017, before ultimately being held on January 9, 2018. Administrative Law Judge Elizabeth Drews ("ALJ") issued a Proposal for Decision on April 6, 2018, including Findings of Fact and Conclusions of Law that have been adopted in the Final Order that is being presented today for consideration. Respondent filed exceptions to the Proposal for Decision on April 25, 2018, and the Department filed a response to those exceptions on May 3, 2018. The ALJ issued an Exceptions Letter on May 10, 2018, with certain minor edits to the Proposal for Decision. The ALJ found that violations had occurred, were not timely corrected, and that the majority of the findings remained unresolved to date. She concluded that an administrative penalty of \$73,890 is an appropriate administrative penalty for the combined 2015 UPCS and 2016 file monitoring violations under the penalty matrix at 10 TAC §2.302(j) and the factors listed in Tex. Gov't Code §2306.042. She further concluded that TDHCA should order Respondent to correct all outstanding violations within 60 days of the issuance of a final order.

The next step for the Department is for the Board to consider the Proposal for Decision issued by the ALJ, and to adopt a Final Order. 10 TAC §1.13(e)(2) states that, "At a meeting of the Board where the proposed order may be adopted, parties may argue based on the record only, for changes to the proposal for decision or the proposed final order. No new evidence shall be taken at the meeting. The Board may, on its own motion, remand to SOAH for additional fact finding. The Board may change a finding of fact or conclusion of law made by the ALJ, but only for reasons stated in §2001.058(e) of the Texas Government Code. The Board may adopt a final order if it finds

that the findings of fact and conclusions of law are supported by the evidence. Motions for rehearing may be filed and served in accordance with the APA.”

Charles Miller, President and Director of the General Partner for Respondent, has been debarred from participation in TDHCA programs for a period of 20 years. He was responsible for the declining physical condition of the property and has failed to ensure that his staff is adequately trained and qualified to operate the property. Mr. Miller hired multiple property management companies over the years, but made little effort to oversee those property managers, to ensure that they were properly trained, to fix the underlying problems with respect to property and files, and remedy the repeated communication failures with TDHCA. Mr. Miller and his attorneys have claimed on numerous occasions that noncompliance is either because of failures by onsite property staff, or because Mr. Miller misunderstood TDHCA requirements, or because the Department is too demanding. However, TDHCA has provided extensive technical support over the years, both offered in person during onsite reviews, and by drafting detailed corrective action letters giving specific instructions regarding how to correct each violation. The Department also offers regular training opportunities.

Mr. Miller’s conduct at Southmore Park shows a pattern of neglect and willful noncompliance. His attorney, Mr. Bone, appeared before the Board on February 25, 2016, and told them that Mr. Miller was taking the violations seriously and turning over a new leaf, working diligently to comply. At the time that the property was last reported to the Board in February 2017, this improvement had not come to fruition. Indeed, Mr. Miller has submitted no further corrections in response to the Committee’s debarment and penalty recommendations from 2015 and 2016. Despite repeatedly promising clean-up efforts to the Committee and the Board, he submitted no corrections in response to the Compliance Division’s 2016 file monitoring review with a September 2016 correction deadline. His eventual response to the Committee’s 2016 informal conference notice was late, and showed little effort. It was clear that past penalty and debarment recommendations were not adequate to deter future violations, and that more extreme measures were required.

Staff is optimistic for the future, however. Mr. Miller testified at the contested case hearing that he has assumed a more direct role in managing the property since 2016, and stated that both the physical condition and the files have improved dramatically as a result. The purported file improvement has not been seen by TDHCA because we rely upon owners to correct violations by submitting documentation to the Department, and nothing further has been submitted since December 22, 2016. Likewise, the UPCS inspection from 2015 has unresolved violations because no further corrective documentation has been submitted since December 22, 2016. However, a subsequent regularly scheduled UPCS inspection recently performed on February 12, 2018, has shown improvement, with a score of 89 out of 100. This is contrasted with past UPCS inspections from 2009 and 2015 that scored 46 out of 100, and 42.23 out of 100, respectively, showing a property in poor and declining condition.

Mr. Miller has argued continually -- both at the contested case hearing and in filed exceptions -- that this improvement justifies a reduced administrative penalty, but his argument was rejected by the ALJ and should be rejected by the Board as well. One of the statutory factors under Tex. Gov’t Code §2306.042 is the amount necessary to deter a future violation. The continued violations after the 2015 Agreed Final Order indicate that the past penalty assessment was too small to deter future violations, but the marked improvement at the 2018 UPCS inspection, after initiating the enforcement process wherein the Department determined that it was appropriate to pursue a

significant administrative penalty for the 2015 UPCS violations and 2016 file monitoring violations, suggests to TDHCA staff that the enforcement process is starting to work for this property. With that said, the history for this property represents the most egregious and willful noncompliance by an original owner that has seen by the Enforcement Committee to date. It is one of only a few similar cases where such extreme enforcement measures have been required to spur positive improvements. Further, although the current condition of the property is much improved, the majority of the violations that are part of the contested case hearing remain unresolved, with no further corrective documentation submitted to the Department since December 22, 2016. A significant administrative penalty remains appropriate.

Consistent with direction from the ALJ, staff recommends that the Findings of Fact and Conclusions of Law from the Proposal for Decision be adopted in the Final Order to be issued by the Board, and that Respondent be ordered to pay an administrative penalty in the amount of \$73,890 within 30 days, and to correct all outstanding noncompliance within 60 days.

ENFORCEMENT ACTION AGAINST
SOUTHMORE PARK APARTMENTS,
LTD. WITH RESPECT TO
SOUTHMORE PARK
(HTC # 94004 / CMTS # 1204 / LDLD 141/
SOAH DOCKET 332-17-5544.HCA)

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BEFORE THE
GOVERNING BOARD OF
THE TEXAS DEPARTMENT
OF HOUSING AND
COMMUNITY AFFAIRS

FINAL ORDER

General Remarks and official action taken:

On this 28th day of June, 2018, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **SOUTHMORE PARK APARTMENTS, LTD.**, a (“Respondent”). The Department alleges that Respondent engaged in acts and practices that violated rules promulgated pursuant to Tex. Gov't Code § 2306.053. The Department alleges that such conduct constitutes grounds for: (a) the imposition of an administrative penalty in the amount of \$73,890 pursuant to the administrative penalty matrix at 10 TAC §2.302(j) and considering the factors listed in Tex. Gov't Code §2306.042, and (b) an order demanding that outstanding violations be corrected within 60 days of this Final Order.

The Governing Board of TDHCA has jurisdiction over this matter pursuant to Tex. Gov't Code §2306.041-.0503 and 10 TAC Chapter 2.

A contested case hearing was properly provided pursuant to Tex. Gov't Code §2306.045 on January 9, 2018. A Proposal for Decision was served on all parties, who were given the opportunity to file exceptions and replies as part of the administrative record. Exceptions were filed and an Exceptions letter was issued by Administrative Law Judge Elizabeth Drews on May 10, 2018, amending portions of the Proposal for Decision in describing the relationship between Charles V. Miller and Respondent, rejecting all other exceptions raised by Respondent, and clarifying rule citations as follows:

1. Finding of Fact No. 4 stated, “The LURA was signed by a TDHCA representative and by Respondent's President and General Partner, Charles V. Miller.” Based on the exceptions provided by Respondent and analysis of pertinent evidence, the Finding of Fact No. 4 was revised to state: “The LURA was signed by a TDHCA representative and on behalf of Respondent by Charles V. Miller, President of CVM Interests, Inc., which is Respondent's General Partner.”
2. Conclusion of Law No. 5 stated: “Mr. Miller is an Owner and a Development Owner as those terms are defined in 10 TAC§ 10.3(39).” Based on the exceptions provided by Respondent and analysis of pertinent evidence, the Finding of Fact No. 4 was revised to

state: "Mr. Miller is the President of CVM Interests, Inc., which is the General Partner of Respondent. LURA; 10 TAC§ 10.3(a)(39) and (71)."

3. Conclusion of Law No. 4 was revised to add subsection (a) to citation: "The Property is a Development as that term is defined in 10 TAC§ 10.3(a)(37)."
4. Conclusion of Law No. 6 was revised to add subsection (a) to citation: "A LURA is an agreement between TDHCA and a Development Owner which is a binding covenant upon the Development Owner and successors in interest, that, when recorded, encumbers the Development with respect to the requirements of the programs for which it receives funds. 10 TAC § 10.3(a)(71).

The Governing Board of TDHCA, after review and consideration of the Proposal for Decision, with the amendments listed above, adopts all findings of fact and conclusions of law as follows and enters this Final Order:

FINDINGS OF FACT

1. The Texas Department of Housing and Community Affairs (TDHCA) administers a low income housing tax credit program (Program).
2. Southmore Park Apartments Ltd. (Respondent) owns and operates a property located at 2401 Southmore Avenue, Pasadena, Texas (the Property)
3. In 1996, Respondent entered into a land use restriction agreement (LURA) with TDHCA. The LURA awards Respondent an allocation of low income housing tax credits in the amount of \$237,523 per year for ten years for the purpose of constructing and operating the Property.
4. The LURA was signed by a TDHCA representative and on behalf of Respondent by Charles V. Miller, President of CVM Interests, Inc., which is Respondent's General Partner.
5. The LURA had an effective date of November 20, 1996, and was filed of record as Document Number S250798 of the Official Public Records of Real Property of Harris County, Texas. The term of the LURA is 30 years.
6. The tax credits awarded to Respondent under the Program were based on its commitments in the LURA to maintain 100% of the Property's 93 units as rent-restricted units suitable for occupancy and rented to low-income tenants for 30 years.
7. A regularly scheduled Uniform Physical Condition Standards (UPCS) inspection (2015 UPCS Inspection) was conducted at the Property on March 26, 2015. Inspection reports showed numerous serious property condition deficiencies. Notifications of noncompliance were sent and a July 2, 2015 corrective action deadline was set.
8. Partial corrective action was received before the corrective action deadline, but TDHCA staff (Staff) concluded that a total of 15 deficiencies found during the 2015 UPCS Inspection remained outstanding.

9. For UPCS violations, Level 3 (L3) is considered the most serious, Level 2 (L2) is less serious, and Level 1 (L1) is the least serious.
10. Staff rejected corrections for two deficiencies that were submitted by the corrective action deadline on the basis that the work orders submitted were ambiguous as to which of two units of the Property they concerned. The work orders should not have been rejected on that basis, because they reasonably used the same references to unit numbers as the UPCS Inspection report to which the work orders were responding.
11. Of the 13 UPCS violations not corrected by the corrective action deadline, 11 were L3, one was L2, and one was L1.
12. One of the 13 UPCS violations was a tripping hazard. It was difficult to find from the description in the UPCS Inspection report, but Respondent did not contact TDHCA to obtain clarification as to its location. As a result, the hazard remained uncorrected until approximately November 2017.
13. The other 12 UPCS violations involved one unit that was being used for storage and was not habitable. The unit was therefore not available to any potential low-income tenants.
14. Respondent made repairs to address one of the 12 UPCS violations involving the unit, an L3 violation, before the corrective action deadline. The violation remained outstanding because Respondent never submitted documentation of the correction through TDHCA's Compliance Monitoring and Tracking System (CMTS).
15. An on-site monitoring review (2016 Monitoring Review) was conducted on January 27, 2016, to determine whether Respondent was in compliance with LURA requirements to lease units to low-income households and to maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules.
16. Notifications of noncompliance were sent and a September 8, 2016 corrective action deadline was set for the deficiencies identified during the 2016 Monitoring Review. No reply was received by the deadline.
17. The following violations of TDHCA requirements identified during the 2016 Monitoring Review were not corrected before the corrective action deadline:
 - a. Respondent failed to maintain complete written tenant selection criteria meeting TDHCA requirements.
 - b. A laminated copy of the Tenant Rights and Resources Guide was not posted in a common area of the leasing office.
 - c. Upon review of new units, it was found that Respondent failed to collect complete tenant files to prove that units were leased to qualified low-income households at initial occupancy for Units 106, 110, 112, 305, 401, 402, 403, 404, 419, 420, 506, 508, 513, 514, 515, 601, 804, 807, 806, and 811. Acceptable corrections were received for Units 402, 419, and 514 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for the other 17 units.

- d. Upon review of previous units inspected it was observed that new households had occupied these units and Respondent again failed to collect complete tenant files to prove that units were leased to qualified low-income households at initial occupancy for Units 107, 112, 120, 201, 203, 409, 418, 503, 702, 703, 801, 805, and 813. Acceptable corrections were received for Units 107, 702, 703, and 801 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings for the other nine units remain unresolved.
- e. Respondent failed to provide Annual Eligibility Certifications for Units 106, 107, 110, 112, 118, 201, 203, 204, 305, 401, 402, 403, 404, 409, 418, 506, 508, 601, 603, 702, 703, 801, 805, and 807. Acceptable corrections were received for Units 201, 203, 402, and 409 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for the other 20 units
- f. Respondent failed to execute required lease provisions or to exclude prohibited lease language for Units 106, 107, 110, 118, 120, 203, 204, 301, 303, 305, 401, 402, 403, 404, 409, 418, 419, 420, 508, 513, 514, 603, 702, 703, 801, 804, 805, 806, 807, and 813. Acceptable corrections were received for Units 107, 204, 402, 404, 409, 419, 514, 702, 703 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for the other 21 units.
- g. Respondent failed to properly calculate and implement a utility allowance for the property. Respondent used a utility allowance for the City of Pasadena Housing Authority dated November 1, 2014. The City of Pasadena Housing Authority had implemented a new utility allowance schedule on November 1, 2015, but Respondent did not update its utility allowance within 90 days after the City of Pasadena Housing Authority released the updated schedule. On December 22, 2016, Respondent submitted the utility allowance used by Harris County Housing Authority, which is the wrong housing authority because the Property is located in Pasadena, Texas. This violation remains unresolved.
- h. Respondent failed to submit requested pre-on-site documentation by the deadline requested in preparation for an upcoming monitoring review. Required documentation includes an Entrance Interview Questionnaire to be completed in TDHCA's CMTS, unit status report, and written leasing criteria. This violation remains unresolved.
- i. Respondent failed to pay annual compliance fees for the years 2014 through 2016, totaling \$4,185. A fee of \$1,395 is due from Respondent every year on November 1. This violation remains unresolved.
- j. Respondent failed to provide a compliant affirmative marketing plan. The plan in place at the time of the 2016 Monitoring Review did not meet minimum requirements. This violation remains unresolved.
- k. Respondent failed to submit Parts A and B of the 2015 Annual Owner's Compliance Report (AOCR). The AOCR includes Owner Certification of Continued Compliance-Part A, Unit Status Report-Part B, Housing for Persons with Disabilities Report-Part C, and the Annual Owner Financial Certification. The AOCR is due on

April 30 of each year, reporting data for the prior year, and a new violation was identified when the complete 2015 AOCR had not been submitted by April 30, 2016. The missing parts for the 2015 AOCR were submitted on December 22, 2016, 236 days past the deadline.

18. In written correspondence, Staff repeatedly reminded Respondent of the TDHCA requirements about what constituted acceptable documentation of correction of UPCS violations and about submitting corrections through CMTS.
19. In written correspondence, Staff repeatedly provided contact information and instructions on how to submit documentation through CMTS and offered to answer questions and to provide training. Respondent did not take advantage of those offers. Respondent submitted documentation of some corrections through CMTS but often failed to do so.
20. The Property's 2015 UPCS Inspection score was 42, the second time it scored 50 or less on a UPCS inspection. The maximum UPCS inspection score was 100. Most Developments score 80 or above.
21. TDHCA had previously issued an Agreed Final Order (Agreed Final Order) against Respondent on February 2, 2015. The Agreed Final Order required Respondent to pay a \$5,000 administrative penalty, to pay \$11,160 in delinquent compliance fees for the years 2006 through 2013, and to submit documentation to correct the violations found.
22. Respondent paid the administrative penalty and the delinquent compliance fees required by the Agreed Final Order but has not submitted through CMTS corrections for the other violations found in the Agreed Final Order, as the Agreed Final Order required.
23. The Agreed Final Order found that Respondent had committed the following violations:
 - a. Failure to comply with the UPCS;
 - b. Failure to submit AOCRs;
 - c. Failure to properly calculate and implement a utility allowance;
 - d. Failure to provide complete tenant files demonstrating units were leased to low income households;
 - e. Failure to submit requested pre-onsite documentation, including an entrance interview questionnaire and a unit status report;
 - f. Failure to pay the required annual compliance fees; and
 - g. Failure to provide a complete affirmative marketing plan.
24. On October 8, 2015, TDHCA's Enforcement Committee met to determine the administrative penalties to recommend for the UPCS violations. They recommended a penalty of \$13,250 for the UPCS violations.
25. On December 30, 2015, Staff issued a Notice of Violation (NOV), which informed Respondent of the violations found during the UPCS Inspection for which an administrative penalty was sought.

26. On January 22, 2016, Respondent timely filed a request for administrative hearing on the UPCS violations and administrative penalties recommended for those violations. TDHCA postponed the hearing to allow those violations, and additional violations resulting from the 2016 Monitoring Review, to be considered in a single hearing.
27. On January 31, 2017, TDHCA's Enforcement Committee met to recommend the administrative penalties to consider for violations found during the 2016 Monitoring Review. They recommended penalties totaling \$62,340 for those violations.
28. On March 3, 2017, Staff issued a second NOV, which informed Respondent of the pending violations found during the 2016 Monitoring Review and the administrative penalties sought for those violations.
29. The 2016 Monitoring Review violations were individually less serious than the 2015 UPCS violations, but some were significant and some affected multiple tenants or potential tenants. The violations were extensive, not isolated. For many of the violations, the evidence either indicates they lasted for months or years after the corrective action deadline, or does not show whether or when they were corrected.
30. Many of the violations identified during the 2015 UPCS Inspection and the 2016 Monitoring Review are repeat violations found in the Agreed Final Order.
31. Respondent's conduct indicates the \$5,000 administrative penalty imposed in the Agreed Final Order was considerably too small to deter future violations.
32. For years, Respondent has shown a clear pattern of not taking seriously the need to comply with TDHCA requirements, to correct violations promptly and completely, to document the corrections, and to submit the documentation to CMTS so it can be promptly and efficiently reviewed by TDHCA.
33. To the extent Respondent delegated compliance-related tasks to an employee or a third party, Respondent failed to provide direction and supervision necessary to meet its compliance obligations.
34. Respondent's conduct unreasonably delayed and hampered TDHCA efforts to monitor the Property for compliance, to investigate and to achieve correction of non-compliance, and to enforce Program requirements. One consequence was to increase the magnitude and duration of harm the violations caused to low-income tenants and low-income potential tenants of the Property.
35. For many of the violations, it is unclear whether repairs or other efforts necessary to correct them were made and when that occurred.
36. Hurricane Ike occurred in 2008, years before the 2015 UPCS Inspection and the 2016 Monitoring Review. Respondent committed violations as early as 2006.
37. On August 8, 2017, TDHCA referred this matter to the State Office of Administrative Hearings (SOAH).

38. On August 22, 2017, Staff issued its Notice of Hearing to Respondent.
39. SOAH Order No. 1, issued October 4, 2017, granted an agreed motion for continuance, based on the effect of Hurricane Harvey on Respondent and its attorney.
40. SOAH Order No. 2, issued November 8, 2017, granted Respondent's opposed motion for continuance, on bases that included the effect of Hurricane Harvey on Respondent and its attorney.
41. Staff's Notice of Hearing and SOAH Order No. 2 informed the parties of the date, time, place, and nature of the hearing; the legal authority and jurisdiction under which the hearing would be held; the particular sections of the statutes and rules involved; and a short, plain statement of the factual matters asserted.
42. The hearing on the merits was held on January 9, 2018, before SOAH Administrative Law Judge Elizabeth Drews at the SOAH hearings facility in Austin, Texas. Attorney Amy Morehouse represented Staff, and attorney Robert Bone represented Respondent. The hearing concluded that same day.
43. The record closed on February 6, 2018, when the parties filed reply briefs and proposed findings of fact and conclusions of law.

CONCLUSIONS OF LAW

Based upon the foregoing findings of fact, the Governing Board of TDHCA makes the following conclusions of law:

1. TDHCA has jurisdiction over Respondent and this matter pursuant to Tex. Gov't Code §§ 2306.041-.0503 and 10 Texas Administrative Code (TAC) Chapter 2.
2. The Program's goals are to maximize the number of suitable, affordable, residential rental units added to the state's housing supply and to encourage development and preservation of such housing for households that have difficulty finding it in the private marketplace. Tex. Gov't Code § 2306.6701.
3. Respondent is a Housing Sponsor as that term is defined in Texas Government Code § 2306.004(14).
4. The Property is a Development as that term is defined in 10 TAC§ 10.3(a)(37).
5. Mr. Miller is the President of CVM Interests, Inc., which is the General Partner of Respondent. LURA; 10 TAC§ 10.3(a)(39) and (71).
6. A LURA is an agreement between TDHCA and a Development Owner which is a binding covenant upon the Development Owner and successors in interest, that, when recorded, encumbers the Development with respect to the requirements of the programs for which it receives funds. 10 TAC§ 10.3(a)(71).

7. TDHCA monitors businesses with which it has entered into a LURA for noncompliance with Internal Revenue Code § 42 and habitability standards. 26 U.S.C. § 42(m)(l)(B)(iii).
8. SOAH has jurisdiction over matters related to the hearing in this case, including authority to issue a proposal for decision with proposed findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Gov't Code §2306.0503.
9. A Development that takes appropriate corrective action within a corrective action period after its Owner is notified of a deficiency is not considered to be in non-compliance. Tex. Gov't Code§ 2306.6719(e).
10. The habitability standards include the UPCS, which TDHCA has adopted by rule. 10 TAC§ 10.621(a).
11. Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item complies with the UPCS or other documentation that will allow TDHCA to reasonably determine when the repair was made and whether the repair sufficiently corrected the violations of UPCS standards. Acceptable documentation includes copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, date of corrective action, and signature of the person responsible for the correction), invoices (such as from vendors), or other proof of correction. 10 TAC§ 10.621(d).
12. A TDHCA rule requires that documentation of corrections be submitted electronically through TDHCA's web-based CMTS and in a format prescribed by TDHCA. 10 TAC § 10.607(a).
13. Staff has the burden of proof by a preponderance of the evidence. 1 TAC§ 155.427.
14. Staff proved an alleged violation if the preponderance of the evidence shows the deficiency existed and the corrective action deadline expired without Respondent submitting proof of correction through CMTS in compliance with TDHCA rules. Tex. Gov't Code § 2306.6719(c); 10 TAC§ 10.607(a).
15. Respondent received proper and timely notice of the hearing. Tex. Gov't Code §§ 2001.051-.052.
16. Respondent violated 10 TAC § 10.621 in 2015 by failing to comply with the UPCS when major violations were discovered and not timely corrected.
17. Respondent violated 10 TAC § 10.610 in 2016 by not maintaining written tenant selection criteria meeting TDHCA requirements.
18. Respondent violated leasing requirements in 10 TAC § 10.613(k) in 2016 by failing to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office.

19. Respondent violated Section 4 of the LURA and 10 TAC § 10.613 in 2016 by failing to provide complete tenant files proving that units listed in Finding of Fact Nos. 17.c and d were leased to qualified low-income households at initial occupancy.
20. Respondent violated 10 TAC § 10.612 in 2016 by failing to collect Annual Eligibility Certifications for units listed in Finding of Fact No. 17.e.
21. Respondent violated 10 TAC § 10.613 in 2016 by failing to execute required lease language provisions for units listed in Finding of Fact No. 17.f.
22. Respondent violated 10 TAC § 10.614 in 2016 by failing to properly calculate and implement a utility allowance.
23. Respondent violated 10 TAC§ 10.607 in 2016 by failing to submit requested pre-onsite documentation by the deadline.
24. Respondent violated Section 7 of the LURA and Texas Government Code § 2306.176 and § 2306.266, by failing to pay required annual compliance fees for the years 2014 through 2016.
25. Respondent violated 10 TAC § 10.617 in 2016 by failing to provide a complete affirmative marketing plan.
26. Respondent violated 10 TAC§ 10.607 in 2016 by failing to submit parts of the AOCR for the year 2015.
27. TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties. Tex. Gov't Code§ 2306.267.
28. Respondent should be ordered to correct all outstanding violations found in Conclusion of Law Nos. 16 to 26 and to submit proof of the corrective actions to TDHCA within 60 days of the issuance of the final order in this case. Tex. Gov't Code § 2306.267.
29. The overarching intent and guiding principle of TDHCA's rules on enforcement is that full compliance is required. The enforcement mechanisms are intended to be used in a manner that promotes full compliance; uses compliance assistance methods and, where needed, enforcement mechanisms, to obtain compliance and to deter noncompliance; and takes appropriate enforcement action against those who fail to take the necessary and appropriate measures to comply. 10 TAC§ 2.101(b).
30. Because Respondent violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 and violated agreements with TDHCA to which Respondent is a party, TDHCA may impose an administrative penalty. Tex. Gov't Code§ 2306.041.
31. Under Texas Government Code§ 2306.042, the amount of an administrative penalty may not exceed \$1,000 for each violation. For that purpose, each day a violation continues or occurs is considered a separate violation. The amount of the penalty must be based on the following factors: (1) the seriousness of the violation including: (A) the nature, circumstance, extent, and gravity of any prohibited act; and (B) the hazard or potential hazard created to

the health, safety, or economic welfare of the public; (2) the history of previous violations; (3) the amount necessary to deter a future violation; (4) efforts made to correct the violation; and (5) any other matter that justice may require.

- 32. 10 TAC§ 2.302(h) requires that a penalty matrix be used in determining appropriate and consistent administrative penalties for various violations. The penalties may not exceed the maximum penalty, but may be lower if appropriate.
- 33. An administrative penalty of \$73,890 is an appropriate administrative penalty for the violations found in this case under the penalty matrix at 10 TAC § 2.302(j) and considering the factors listed in Texas Government Code § 2306.042.

IT IS THEREFORE ORDERED that Respondent shall pay, and is hereby directed to pay, an administrative penalty in the amount of \$73,890 within 30 days from receipt of this Final Order for the above violations. Such payment shall be made by cashier’s check payable to the “Texas Department of Housing and Community Affairs” and submitted to the following address:

| If via overnight mail (FedEx, UPS): | If via USPS: |
|---|--|
| TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701 | TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711 |

IT IS FURTHER ORDERED that Respondent must correct all outstanding violations found in Conclusion of Law Nos. 16 to 26 and submit complete proof of the corrective actions to TDHCA, following all instructions in the exhibits hereto, within 60 days of the issuance of this Final Order. Corrections must be uploaded to the attention of Ysella Kaseman in the Compliance Monitoring and Tracking System (“CMTS”) by following the upload instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>.

IT IS FURTHER ORDERED that the terms of this Final Order shall be published on the TDHCA website.

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Exhibit 1

UPCS Instructions

1. Prepare corrective documentation for each UPCS violation following these guidelines:
<http://www.tdhca.state.tx.us/pmcomp/inspections/docs/UPCS-WorkOrderGuidelines.pdf>
2. Submit complete corrective documentation via CMTS upload. Upload instructions are available at: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>.
3. A list of all UPCS violations that must be corrected is attached below.

| # | Location / Site | Level | Deficiency | Deficiency Notes | Additional Notes |
|-------------------------------|--|-------|---|-----------------------------------|------------------|
| 1 | Health & Safety | L3 | Hazards – Tripping | Sidewalk uneven near pool | |
| 2 | Intentionally Omitted, but left in place to maintain numbering from Proposal for Decision* | | | | |
| 3 | Intentionally Omitted, but left in place to maintain numbering from Proposal for Decision* | | | | |
| Bldg 3: TX-94-01233. Unit 301 | | | | | |
| 4 | Bathroom | L1 | Bathroom Cabinets – Damaged/Missing | Damaged | |
| 5 | Bathroom | L3 | Shower/Tub Damaged/Missing | Missing hardware | |
| 6 | Bathroom | L3 | Water Closet / Toilet – Damaged/Clogged/Missing | Toilet not functioning | |
| 7 | Doors | L3 | Damaged Hardware/Locks | Entry missing | |
| 8 | Doors | L3 | Missing Doors | Missing throughout | |
| 9 | Electrical System | L3 | GFI – Inoperable | Missing throughout | |
| 10 | Floors | L3 | Soft Floor covering Missing/Damaged | Missing throughout | |
| 11 | HVAC System | L3 | Inoperable | Missing | |
| 12 | Kitchen | L2 | Dishwasher – Inoperable | Dishwasher not functioning | |
| 13 | Kitchen | L3 | Range/Stove – Damaged / Inoperable | 2 or more burners do not function | |
| 14 | Lighting | L3 | Missing/Inoperable fixtures | Missing fixtures | |

| | | | | | |
|----|-------|----|---------------------------------------|-------------------|--|
| 15 | Walls | L3 | Mold/Mildew/Water Stains/Water Damage | Mildew in laundry | |
|----|-------|----|---------------------------------------|-------------------|--|

*UPCS Findings 2 and 3 below were also listed as unresolved by TDHCA, but in the Proposal for Decision, the judge found that TDHCA staff did not prove UPCS Findings 2 and 3. The ALJ found that after determining which unit contained the deficiencies described below, a worker had made corrections and documented them referencing the same unit numbers as the UPCS inspection report to which the work orders were responding. Accordingly, no corrective response is required for the following two violations.

| # | Location / Site | Level | Deficiency | Deficiency Notes | Additional Notes |
|---------------------------------------|-----------------|-------|-----------------------|-------------------------------------|---|
| Bldg 1: TX-94-01231. Unit 108 for 110 | | | | | |
| 2 | Health & Safety | L3 | Emergency fire exits | Bedroom 2 headboard blocking egress | ALJ found that this was not a violation. No documentation required. |
| 3 | Kitchen | L2 | Dishwasher Inoperable | Dishwasher not functioning | ALJ found that this was not a violation. No documentation required. |

Exhibit 2

File Monitoring Violation Resources and Instructions

Reference Information:

1. Refer to the following link for all references to the rules at 10 TAC §10 that are referenced below:
[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)
2. Refer to the following link for copies of forms that are referenced below:
<http://www.tdhca.state.tx.us/pmcomp/forms.htm>
3. Technical support and training presentations are available at the following links:
Video/Audio Training: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>
Income and Rent Limits: <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>
Utility Allowance: <http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>
Income and Rent Limits: <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>
Utility Allowance: <http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>
Affirmative Marketing Webinar: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>
Affirmative Marketing Technical Assistance: <http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf>
Tenant Selection Criteria Webinar: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>
Online Reporting: <http://www.tdhca.state.tx.us/pmcomp/reports.htm>
FAQ's: <http://www.tdhca.state.tx.us/pmcomp/compFaqs.htm>
4. **All corrections must be submitted via CMTS:** See link for steps to upload documents
<http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>.
5. **Important notes -**
 - i. Do not backdate any documents listed below.
 - ii. A transfer of a qualified household from another unit is not sufficient to correct any findings. If there is a tenant income certification or household income above limit violation, a transfer from another unit will simply cause the finding to transfer to that unit.

Instructions:

6. **Utility Allowance** – The City of Pasadena Housing Authority is the applicable housing authority. If you are unfamiliar with utility allowances, a copy of the utility allowance rule is at 10 TAC §10.614, and additional information regarding utility allowances are available at the link in #3 above. To correct:
 - i. Implement the most current utility allowance schedule by the City of Pasadena Housing Authority and upload a copy of the utility allowance schedule to CMTS.
 - ii. Update the unit status report in CMTS to reflect the current utility allowance, then submit the report.
 - iii. Ensure that gross rents charged to tenants do not exceed rental limits. When determining the appropriate rental amount, ensure that the tenant's rent, plus the utility allowance, plus any

housing subsidies, plus any mandatory fees, are below the maximum limits set by TDHCA. TDHCA limits are available at the link in #3 above. If rents exceed limits, contact Wendy Quackenbush at wendy.quackenbush@tdhca.state.tx.us for further instructions.

7. **Annual Owner's Compliance Fees:** Respondent failed to pay annual compliance fees for the years 2014 through 2016, totaling \$4,185. A fee of \$1,395 is due from Respondent every year on November 1. Submit a check in the amount of \$4,185 to TDHCA for these delinquent fees. Please be aware that this does not include the annual fee that came due on 11/1/2017, after the contested case hearing had already been scheduled. That 2017 fee is not part of this Final Order as a result, but it is outstanding.
8. **Pre-onsite documentation** – Submit the Entrance Interview Questionnaires dated 1/27/2012 and 12/18/2015 via CMTS. These questionnaires are filled out within CMTS and are in the same location as the Unit Status Reports / Quarterly Vacancy Reports.

9. **Written tenant selection criteria -**

How to prepare compliant criteria: First watch the webinar presentation is available at: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>. Then prepare updated written policies and procedures addressing all requirements at [10 TAC §10.610](#), including but not limited to the highlighted requirements at *Exhibit 3*. Ensure that you include an effective date for the policy. The “10.610 (policy & procedures)” tab of the spreadsheet at the following link provides details regarding how TDHCA monitors for this item so that you can check over your work before submission:

<http://www.tdhca.state.tx.us/pmcdocs/OnsiteMonitoringForms.xlsx>

What to submit: Upload to CMTS a copy of the complete written policies and procedures along with the signed Owner Certification that is included at *Exhibit 3*.

10. **Tenant Rights and Resources Guide** – Update the Tenant Rights and Resources Guide from <http://www.tdhca.state.tx.us/pmcomp/forms.htm> and customize it for the property. Laminate the guide and post it in a common area of the leasing office. Upload to CMTS a copy of the customized Guide, along with the signed Owner Certification from *Exhibit 4*.
11. **Lease language for units 106, 110, 118, 120, 203, 301, 303, 305, 401, 403, 418, 420, 508, 513, 603, 801, 804, 805, 806, 807, and 813** – The leases did not contain required prohibitive language regarding locking out, threatening to lock out, seizing personal property, or threatening to seize personal property as required per 10 TAC §10.613(e), nor did they contain required language that evictions or terminations of tenancy for other than good cause are prohibited as required per 10 TAC §10.613(a).

For Units 110, 118, 203, 303, 403, 418, 508, 603, 801, 805, 806, and 813:

- a. If the households occupying these units at the time of the review on 1/26/2016 remain in the units, submit via CMTS a lease or addendum to the lease for each unit that contains the required language under 10 TAC §10.613. If you use TAA forms, there is a “Lease Contract Addendum for Units Participating in Government Regulated Affordable Housing Programs” that may be used. Please note that the lease or addendum must not be backdated.
- b. If the households occupying these units at the time of the review on 1/26/2016 have vacated the units without executing the lease/addendum with the required language, submit a letter stating that the household(s) moved out before signing, providing the move-out date(s), and acknowledging that these violations are uncorrectable.

For Units 106, 120, 301, 305, 401, 420, 513, 804, 807: Corrective documentation indicated that the households occupying these units at the time of the review on 1/26/2016 have vacated the units without executing the lease/addendum with the required language. Submit letter acknowledging that these violations are uncorrectable.

12. **Affirmative marketing plan** – Submit complete Affirmative Marketing Plan along with outreach marketing materials, as indicated below. A webinar presentation is available at: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>.

Frequent problems observed by TDHCA that cause plans to be rejected include, but are not limited to:

- Not using HUD Form 935.2A;
- Not correctly identifying populations “least likely to apply”. In general, those populations that are least likely to apply *might* include: African Americans, Native Americans, Alaskan Natives, Asians, Native Hawaiians, Other Pacific Islanders, Caucasians (non-Hispanic), Hispanics or Latinos, families with children, and the disabled. Analysis is required to determine which of these groups are least likely to apply;
- Not affirmatively marketing to the disabled. All properties must market to the disabled.
- Not correctly identifying organizations that are specifically associated with groups identified as “least likely to apply”. For example, marketing to the Housing Authority or placing ads in Craigslist would be considered general marketing, not affirmative marketing, because both serve all persons living in the area;
- Not including evidence of special outreach efforts, such as marketing letters, to those “least likely to apply” populations through specific media, organizations, or community contacts that work with “least likely to apply” populations or work in areas where “least likely to apply” populations live;
- Not including consideration regarding how Limited English Proficiency may affect populations that are least likely to apply, and not including ways to mitigate language barriers related to advertising and community outreach; and
- Not including a sentence in English and Spanish in the outreach marketing materials that prospective tenants can access if reasonable accommodations are needed to complete the application process. (This must be done regardless of targeted group).

To correct:

- a. Identify the appropriate housing market in which outreach efforts will be made;
- b. Determine the groups that are least likely to apply. The Multifamily Affirmative Marketing Web Tool referenced at 10 TAC §10.617(d)(5) to determine groups that are least likely to apply is available online at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>. Persons with disabilities must always be selected as a group least likely to apply. If there is no checkbox in the Plan form for a group that is identified by the Tool, you would add that group under “Other”. If you use this Tool and include a copy with your Plan, you may rely upon its results.

Alternatively, if you do not use the Tool, you may perform your own analysis to determine groups that are least likely to apply, but you must perform and document a reasonable analysis by which those groups were identified, you must always include persons with disabilities, and populations representing less than 1% of the total population of the County or MSA will not be required in your affirmative marketing. This analysis must be included with the plan.

If the “Not Hispanic” population is identified by the Web Tool as a group least likely to apply, that group would be marked in your plan as “Other” and you would write in “Not Hispanic”. Many owners assume that the “Not Hispanic” group identified by the Affirmative Marketing Web Tool means “White”. That is not necessarily the case. The Compliance Division explains the category like this: each household member has a Race *and* an Ethnicity. The Race could be White, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander. The Ethnicity could be either Hispanic or Not Hispanic. In other words, a person could be Black/African American and

Hispanic. Likewise, a person could be White and Hispanic. In other words, the “Not Hispanic” demographic is literally everyone who is “Not Hispanic.”

- c. Identify in your plan specific organizations, media, and community contacts in the housing market to send marketing outreach materials. The organizations must specifically reach those groups designated as least likely to apply. The Tool provides a link to a map that will show which Census tracts may be most beneficial for affirmative marketing. The census tracts provided for outreach consideration represent nearby neighborhoods identified in the U.S. Census as having the greatest number of the groups who are least likely to apply at your development based on its location. The identified neighborhoods may represent a first step for planning meaningful outreach and marketing for your development. Examples of how to identify organizations:
 - i. Least likely to apply population - People with disabilities:
 1. Local Center for Independent Living (“CIL”) – serve persons with all disability types. Not all counties are covered http://www.txsilc.org/page_CILs.html
 2. Aging and Disability Resource Center (“ADRC”) – intake and referral for persons with physical, intellectual, or developmental disabilities - all counties are covered: <https://www.dads.state.tx.us/contact/search.cfm>
 3. Local Intellectual and Developmental Disability Authority (LIDDA) – serves persons with intellectual, or developmental disabilities - all counties are covered: <https://www.dads.state.tx.us/contact/search.cfm>
 4. Local Mental Health Authority (LMHA) – serves persons with Mental Illness and Substance Use disorders - all counties are covered: <https://www.dshs.texas.gov/mhservices-search/>
 5. Local non-profits in your area serving people with disabilities
 6. Call 211 and ask about resources for people with disabilities in your area, reach out to groups serving people with disabilities in your community
 - ii. Least likely to apply population - Black/African American:
 1. Local Black/African American Chamber of Commerce
 2. Local Black/African American Professionals Social Network
 3. Weekly Black/African American newspaper / website for a city
 4. Local community center or YMCA in a historically black/African American neighborhood;
 5. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA’s Web Tool, these areas are listed under “tracts for outreach consideration”
 - iii. Least likely to apply population – Not Hispanic:
 1. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA’s Web Tool, these areas are listed under “tracts for outreach consideration”
 - iv. Least likely to apply population - Asian:
 1. Local Asian real estate association
 2. Local Asian Chamber of Commerce
 3. Local Asian American Resource Center
 4. Local organizations serving the Asian community
 5. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA’s Web Tool, these areas are listed under “tracts for outreach consideration”

- d. Complete and execute an affirmative marketing plan using any version of HUD Form 935.2A, including the groups and organizations identified above;
- e. Comply with all requirements of 10 TAC §10.617, which we recommend using as a checklist;
- f. Ensure that your plan includes a section considering how Limited English Proficiency may affect populations least likely to apply, and including ways you plan to mitigate language barriers related to advertising and community outreach. Such information should be included in the Plan as an additional consideration, or as an attachment to the Plan. Some sample information that may be useful for preparation is available at <http://www.tdhca.state.tx.us/pmcdocs/LAP-Guide.doc>;
- g. Send marketing outreach materials to the identified organizations, ensuring that said marketing materials comply with all requirements of 10 TAC §10.617. Remember that 10 TAC §10.617(f)(5) requires marketing materials to include the Fair Housing Logo and give contact information that prospective tenants can access if reasonable accommodations are needed in order to complete the application process. This contact information sentence must include the terms “reasonable accommodation” and must be in English and Spanish. Here is a sample of an acceptable sentence recently included in marketing materials from another property: *“Individuals who need to request a reasonable accommodation to complete the application process should contact the apartment manager at XXX-XXX-XXXX. Personas con discapacidad que necesitan solicitar un acomodacion razonable para completar el proceso de aplicacion deben comunicarse con el Administrador del apartment al XXX-XXX-XXXX.”*
- h. Look over the “10.617 (affirmative marketing)” tab of the spreadsheet at the following link, which provides details regarding how TDHCA monitors for this item so that you can check over your work before submission: <http://www.tdhca.state.tx.us/pmcdocs/OnsiteMonitoringForms.xlsx>
- i. Maintain all documentation in your files for future review.
- j. Upload the following via CMTS: the Affirmative Marketing Plan (Form 935.2A), Affirmative Marketing Web Tool (if used) or detailed analysis of groups least likely to apply if the Tool is not used, and copies of marketing outreach materials.

12. Household income and annual eligibility certification violations – Corrective documentation was received 12/22/2016, and the following instructions are based upon TDHCA’s review of those corrections. Where no corrections were received, instructions below are based upon the original monitoring letter from 6/10/2016. “AEC” stands for “Annual Eligibility Certification”. If the circumstances described below for a specific household no longer apply, follow the instructions in the table below at pages 19-20. You must respond for every unit listed below and all responses must be submitted via CMTS upload. General technical support regarding how to prepare a complete tenant file is at *Exhibit 5*.

- a. Unit 106 – Unit was vacant as of 12/22/2016. To correct, follow instructions in table at pages 19-20.
- b. Unit 107 – The household’s initial Income Certification form was submitted which is not sufficient. To correct, have the household complete a current AEC and submit. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.
- c. Unit 110 – A new household had moved in and appears to be income eligible. However, the new household’s lease contract and lease addendum was not submitted. To correct, submit the lease contract and lease addendum. See #10 above for details regarding lease addendum requirements in order to ensure that lease and lease addendum are complete. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.
- d. Unit 112 – A new household moved in and appears to be income eligible. However, the new household’s lease contract was not submitted. To correct, submit the lease contract and lease addendum. See instruction #11 above for details regarding lease addendum requirements in

order to ensure that lease and lease addendum are complete. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.

- e. Unit 118 - Documentation was not submitted for this unit. If the household present during the 1/27/2016 review remains in the unit, submit a current AEC. If that household has vacated or does not qualify for occupancy, follow instructions in the table at pages 19-20.
- f. Unit 120 - At the time of the 1/27/2016 review, the household was over income. Follow instructions in the table at pages 19-20.
- g. Unit 201 – No file was available for review during the 1/27/2016 onsite. Follow instructions in the table at pages 19-20.
- h. Unit 203 - At the time of the 1/27/2016 review, the household was over income. Follow instructions in the table at pages 19-20.
- i. Unit 204 – The household executed a blank AEC, which is insufficient. To correct, have the household fully complete an AEC and submit. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.
- j. Unit 305 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- k. Unit 401 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- l. Unit 403 – The household present at the time of the 1/27/2016 review disclosed employment income on their application, but the file did not include verification of income. To correct, either: 1) complete a retroactive income certification that completely and clearly documents the sources of income and assets, using third party or firsthand verifications that were in place at the time the initial certification should have been effective. Also complete a current AEC. Submit a copy of the original application, income and asset verifications, updated certification, and AEC for review; or 2) complete a new certification using current income and asset sources and current income limits. Submit copies of the current application, third party or firsthand income/asset verification(s), new Income Certification, Lease/Lease Addendum and Tenant Rights and Resources Guide acknowledgement. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.
- m. Unit 404 – At the time of the 1/27/2016 review, the household was over income. Follow instructions in the table at pages 19-20. Also submit current AEC if household now qualifies under current circumstances.
- n. Unit 409 – The household present at the time of the 1/27/2016 review disclosed employment income on their application, but the file did not include verification of income. To correct, either: 1) complete a retroactive income certification that completely and clearly documents the sources of income and assets, using third party or firsthand verifications that were in place at the time the initial certification should have been effective. Submit a copy of the original application, income and asset verifications, updated certification for review; or 2) complete a new certification using current income and asset sources and current income limits. Submit to the Department copies of the current application, third party or firsthand income/asset verification(s), new Income Certification, Lease/Lease Addendum and Tenant Rights and Resources Guide acknowledgement. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.
- o. Unit 418 – During the 1/27/2016 review, Department staff noted that a new household moved in on 11/1/2012 and the file contained an Income Certification form and two paystubs with white out. Department staff could not determine eligibility. To correct, either: 1) complete a retroactive income certification that completely and clearly documents the sources of income and assets, using third party or firsthand verifications that were in place at

the time the initial certification should have been effective. Also complete a current AEC. Submit a copy of the original application, income and asset verifications, updated certification, and AEC for review; or 2) complete a new certification using current income and asset sources and current income limits. Submit to the Department copies of the current application, third party or firsthand income/asset verification(s), new Income Certification, Lease/Lease Addendum and Tenant Rights and Resources Guide acknowledgement. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.

- p. Unit 420 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- q. Unit 503 – Unit status reports indicated this unit was vacant the day of the 1/27/2016 monitoring review. To correct, follow instructions in the table at pages 19-20.
- r. Unit 506 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- s. Unit 508 - At the time of the 1/27/2016 review, the household was over income. To correct, follow instructions in the table at pages 19-20. Also submit current AEC if the same household now qualifies under current circumstances.
- t. Unit 513 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- u. Unit 515 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- v. Unit 601 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- w. Unit 603 - Documentation was not submitted for this unit. If the household present during the 1/27/2016 review remains in the unit, submit a current AEC. If that household has vacated or does not qualify for occupancy, follow instructions in the table at pages 19-20.
- x. Unit 702 - The household executed a blank Annual Eligibility Certification (AEC) which is insufficient. To correct, have the household fully complete AEC form and submit. If that household has vacated or does not qualify for occupancy, follow instructions in the table at pages 19-20.
- y. Unit 703 - The household executed a blank Annual Eligibility Certification (AEC) which is insufficient. To correct, have the household fully complete AEC form and submit. If that household has vacated or does not qualify for occupancy, follow instructions in the table at pages 19-20.
- z. Unit 801 - Documentation was not submitted for this unit. If the household present during the 1/27/2016 review remains in the unit, submit a current AEC. If that household has vacated or does not qualify for occupancy, follow instructions in the table at pages 19-20.
- aa. Unit 804 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- bb. Unit 805 - The income verification form present during the 1/27/2016 review was not legible and the Department staff could not determine eligibility. To correct, either: 1) complete a retroactive income certification that completely and clearly documents the sources of income and assets, using third party or firsthand verifications that were in place at the time the initial certification should have been effective. Also complete a current AEC. Submit a copy of the original application, income and asset verifications, updated certification, and AEC for review. Do not back date these forms; or 2) complete a new certification using current income and asset sources and current income limits. Submit to the Department copies of the current application, third party or firsthand income/asset verification(s), new Income Certification, Lease/Lease Addendum and Tenant Rights and

Resources Guide acknowledgement. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.

- cc. Unit 806 - The household did not execute a 2015 Income Certification form at move-in. To correct, either: 1) complete a retroactive income certification that completely and clearly documents the sources of income and assets, using third party or firsthand verifications that were in place at the time the initial certification should have been effective. Submit a copy of the original application, income and asset verifications, and updated certification for review. Do not back date these forms; or 2) complete a new certification using current income and asset sources and current income limits. Submit to the Department copies of the current application, third party or firsthand income/asset verification(s), new Income Certification, Lease/Lease Addendum and Tenant Rights and Resources Guide acknowledgement. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.
- dd. Unit 807 - Unit was vacant as of 12/22/2016. To correct, follow instructions in the table at pages 19-20.
- ee. Unit 811 - At the time of the 1/27/2016 review, the unit was vacant, and the prior household was over income. Follow instructions in the table at pages 19-20.
- ff. Unit 813 – At the time of the 1/27/2016 review, the file did not contain an executed Income Certification form. To correct, either: 1) complete a retroactive income certification that completely and clearly documents the sources of income and assets, using third party or firsthand verifications that were in place at the time the initial certification should have been effective. Also complete a current AEC. Submit a copy of the original application, income and asset verifications, updated certification, and AEC for review. Do not back date these forms; or 2) complete a new certification using current income and asset sources and current income limits. Submit to the Department copies of the current application, third party or firsthand income/asset verification(s), new Income Certification, Lease/Lease Addendum and Tenant Rights and Resources Guide acknowledgement. If the household has moved out or is not eligible, follow instructions in the table at pages 19-20.

| Circumstance with respect to units listed above on pages 16-19 | Instruction |
|--|---|
| If (1) unit is occupied by a household that was previously over the income limit, but circumstances have changed and the household now qualifies, or (2) the household file was originally missing but the household qualifies for occupancy | Recertify the household by collecting a new application, new tenant income certification, and verifying all sources of income and assets. Submit full tenant file*. |
| If unit is occupied by a new qualified household that occupied unit after 1/27/2016 | Submit the full tenant file*. |
| If unit is occupied by a nonqualified household on a month-to-month lease | A. Follow your normal procedures for terminating residency and provide a copy of documentation to TDHCA.** B. As soon as the unit is occupied by a qualified household, you must submit the full tenant file*. Receipt after the 60-day deadline is acceptable for this circumstance provided that Requirement A above is fulfilled. |

| | |
|---|---|
| <p>If unit is occupied by a nonqualified household with a non-expired lease</p> | <p>A. Issue a nonrenewal notice to tenant and provide a copy to TDHCA.**</p> <p>B. As soon as the unit is occupied by a qualified household, you must submit the full tenant file*. Receipt after the 60-day deadline is acceptable for this circumstance provided that Requirement A above is fulfilled.</p> |
| <p>If unit has been vacant <i>more than</i> 30 days</p> | <p>A. Unit must be made ready for occupancy and a letter certifying to that effect must be submitted to TDHCA.</p> <p>B. As soon as the unit is occupied by a qualified household, you must submit the full tenant file*. Receipt after the 60-day deadline is acceptable for this circumstance provided that Requirement A above is fulfilled.</p> |
| <p>If unit has been vacant <i>less than</i> 30 days</p> | <p>A. If unit is ready for occupancy, a letter certifying to that effect must be submitted to TDHCA.</p> <p>B. If unit is not ready for occupancy, submit a letter to TDHCA including details regarding work that is required and when the unit will be ready for occupancy (no more than 30 days from the date of vacancy).</p> <p>C. As soon as the unit is occupied by a qualified household, you must submit the full tenant file*. Receipt after the 60-day deadline is acceptable for this circumstance provided that Requirement A above is fulfilled.</p> |

**Full tenant file must include: tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, and Tenant Rights and Resources Guide Acknowledgment.*

*** If a notice of nonrenewal or notice of termination is sent to tenant, ensure that it complies with TDHCA requirements of the rule at 10 TAC 10.610(f) at this link:*

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=10&rl=610](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=10&rl=610)

Exhibit 3
10 TAC 10.610 Written Policies and Procedures

| | |
|---------------------|---|
| <u>TITLE 10</u> | COMMUNITY DEVELOPMENT |
| <u>PART 1</u> | TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS |
| <u>CHAPTER 10</u> | UNIFORM MULTIFAMILY RULES |
| <u>SUBCHAPTER F</u> | COMPLIANCE MONITORING |
| <u>§10.610</u> | WRITTEN POLICIES AND PROCEDURES |

§10.610. Written Policies and Procedures

- (a) The purpose of this section is to outline policies and/or procedures that are required to have written documentation.
- (1) Owners must inform applicants/tenants in writing, at the time of application or other action described in this section, that such policies/procedures are available, and that the Owner will provide copies upon request to applicants/tenants or their representatives.
 - (2) The Owner must have all policies and related documentation required by this section available in the leasing office or wherever applications are taken.
 - (3) All policies must have an effective date. Any changes require a new effective date.
 - (4) In general, policies cannot be applied retroactively. Tenants who already reside in the development or applicants on the wait list at the time new or revised tenant selection criteria are applied and who are otherwise in good standing under the lease or wait list, must not receive notices of termination or non-renewal based solely on their failure to meet the new or revised tenant selection criteria or be passed over on the wait list. However, criteria related to program eligibility may be applied retroactively when a market development receives a new award of tax credits, federal or state funds and a household is not eligible under the new program requirements, or when prior criteria violate federal or state law.
- (b) Tenant Selection Criteria. Owners must maintain written Tenant Selection Criteria. The criteria under which an applicant was screened must be included in the household's file.
- (1) The criteria must include:
 - (A) Requirements that determine an applicant's basic eligibility for the property, including any preferences, restrictions, and any other tenancy requirements. The tenant selection criteria must specifically list:
 - (i) The income and rent limits;
 - (ii) When applicable, restrictions on student occupancy and any exceptions to those restrictions; and,
 - (iii) Fees and/or deposits required as part of the application process.
 - (B) Applicant screening criteria, including what is screened and what scores or findings would result in ineligibility.
 - (i) The screening criteria must avoid the use of vague terms such as "elderly," "bad credit," "negative rental history," "poor housekeeping," or "criminal history" unless terms are clearly defined within the criteria made available to applicants.

- (ii) Applicants must be provided the names of any third party screening companies upon request.
- (C) Occupancy Standards. If fewer than 2 persons (over the age of 6) per bedroom for each rental unit are required for reasons other than those directed by local building code or safety regulations, a written justification must be provided.
- (D) The following statements:
 - (i) The Development will comply with state and federal fair housing and antidiscrimination laws; including, but not limited to, consideration of reasonable accommodations requested to complete the application process. Chapter 1, Subchapter B of this title provides more detail about reasonable accommodations.
 - (ii) Screening criteria will be applied in a manner consistent with all applicable laws, including the Texas and Federal Fair Housing Acts, the Federal Fair Credit Reporting Act, program guidelines, and the Department's rules.
 - (iii) Specific animal, breed, number, weight restrictions, pet rules, and pet deposits will not apply to households having a qualified service/assistance animal(s).
- (E) Notice to applicants and current residents about Violence Against Women Reauthorization Act of 2013 ("VAWA") protections.
- (F) Specific age requirements if the Development is operating as Housing for Older Persons under the Housing for Older Persons Act of 1995 as amended (HOPA), or as required by federal funds to have an Elderly Preference, and in accordance with a LURA.
- (2) The criteria must not:
 - (A) Include preferences for admission, unless such preference is:
 - (i) Allowed for under program rules; or,
 - (ii) The property receives Federal assistance and has received written approval from HUD, USDA, or VA for such preference.
 - (B) Exclude an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1-437), or other federal, state, or local government rental assistance program. If an Owner adopts a minimum income standard for households participating in a voucher program, it is limited to the greater of a monthly income of 2.5 times the household's share of the total monthly rent amount or \$2,500 annually; or,
 - (C) In accordance with VAWA, deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking.
- (c) Reasonable Accommodations Policy. Owners must maintain a written Reasonable Accommodations policy. The policy must be maintained at the Development. Owners are responsible for ensuring that their employees and contracted third party management companies are aware of and comply with the reasonable accommodation policy.
 - (1) The policy must provide:

- (A) Information on how an applicant or current resident with a disability may request a reasonable accommodation; and,
 - (B) A timeframe in which the Owner will respond to a request.
- (2) The policy must not:
- (A) Require a household to make a reasonable accommodation request in writing;
 - (B) Require a household to provide specific medical or disability information other than the disability verification that may be requested to verify eligibility for reasonable accommodation or special needs set aside program;
 - (C) Exclude a household with person(s) with disabilities from admission to the Development because an accessible unit is not currently available; or,
 - (D) Require a household to rent a unit that has already been made accessible.
- (d) Wait List Policy. Owners must maintain a written wait list policy, regardless of current unit availability. The policy must be maintained at the Development.
- (1) The policy must include procedures the Development uses in:
 - (A) Opening, closing, and selecting applicants from the wait list;
 - (B) How preferences are applied; and,
 - (C) Procedures for prioritizing applicants needing accessible units in accordance with 24 CFR 8.27 and Chapter 1, Subchapter B of this title.
 - (2) Developments with additional rent and occupancy restrictions must maintain a waiting list for their lower rent restricted units. Unless otherwise approved at application, underwriting and cost certification, all unit sizes must be available at the lower rent limits. The wait list policy for Developments with lower rent restricted units must address how the waiting list for their lower rent restricted units will be managed. The policy must not give a preference to prospective applicants over existing households. However, a Development may, but is not required to, prioritize existing households over prospective applicants.
- (e) Denied Application Policies. Owners must maintain a written policy regarding procedures for denying applications.
- (1) The policy must address the manner by which rejections of applications will be handled, including timeframes and appeal procedures, if any.
 - (2) Within seven (7) days after the determination is made to deny an application, the owner must provide any rejected or ineligible applicant that completed the application process a written notification of the grounds for rejection. The written notification must include:
 - (A) The specific reason for the denial and reference the specific leasing criteria upon which the denial is based; and,
 - (B) Contact information for any third parties that provided the information on which the rejection was based and information on the appeals process, if one is used by the property.
 - (3) The Development must keep a log of all denied applicants that completed the application process to include:

- (A) Basic household demographic and rental assistance information, if requested during any part of the application process;
 - (B) The specific reason for which an applicant was denied, the date the decision was made; and,
 - (C) The date the denial notice was mailed or hand-delivered to the applicant.
- (4) A file of all rejected applications must be maintained the length of time specified in the applicable program's recordkeeping requirements and include:
- (A) A copy of the written notice of denial; and,
 - (B) The Tenant Selection Criteria policy under which an applicant was screened.
- (f) Non-renewal and/or Termination Notices. Owners must maintain a written policy regarding procedures for providing households non-renewal and termination notices.
- (1) The owner must provide in any non-renewal or termination notice, a specific reason for the termination or non-renewal.
 - (2) The notification must:
 - (A) Be delivered as required under applicable program rules;
 - (B) Include information on rights under VAWA;
 - (C) State how a person with a disability may request a reasonable accommodation in relation to such notice; and,
 - (D) Include information on the appeals process if one is used by the property.
- (g) Unit Transfer Policies. Owners must maintain a written policy regarding procedures for households to request a unit transfer. The policy must address the following:
- (1) How security deposits will be handled for both the current unit and the new unit;
 - (2) How transfers related to a reasonable accommodation will be addressed; and,
 - (3) For HTC Developments, how transfers will be handled with regard to the multiple building project election on IRS Form(s) 8609 line 8(b) and accompanying statements in accordance with §10.616 of this subchapter, concerning Household Unit Transfer Requirements for All Programs.

Texas Department of Housing and Community Affairs
Owner Certification of Corrected Noncompliance

Development Name: Southmore Park Apartments, Ltd CMTS ID: 1204

The above referenced Development was monitored on January 27, 2016 to determine if the Development is in compliance with the requirements of the Housing Tax Credit program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.610, Written Policies and Procedures. Please see attached Findings Report for details as to the specific policy/procedure affected and the reason for which the noncompliance was cited. **Update that policy/procedure as detailed and submit a copy of the updated policy/procedure, with a revised effective date as required under the rule, to support this certification.**

Under 10 TAC §2.401(c)(1), *The Department may debar any Responsible Party who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including a material or repeated violation of a land use restriction agreement (LURA) regarding a development supported with a housing tax credit allocation.* Repeated failure to comply with the provisions prescribed in §10.610 may be considered a material violation of the LURA. Owners that repeatedly and materially violate their LURAs will be recommended for debarment from participation in programs administered by the Department. A copy of §10.610 is attached to ensure ongoing compliance.

I, _____, on behalf of Southmore Park Apts, am a duly authorized representative, who is so authorized by reason of my position as _____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.610 has been corrected in the manner described and that all required written policies and procedures under §10.610 are fully compliant with the rule. If at the next onsite review, there has been not been an ownership transfer and this event of noncompliance is cited again, I understand that the owner will recommended for debarment.

Signature of Authorized Owner Representative

Date

Warning: Title 18, Section 4001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
1 December 2016

Exhibit 4

Owner Certification relating to Tenant Rights & Resources Guide

**Texas Department of Housing and Community Affairs
Owner Certification of Corrected Noncompliance**

Development Name: Southmore Park Apartments CMTS ID: 1204

The above referenced Development was monitored on 1/27/2016 to determine if the Development is in compliance with the requirements of the housing tax credit program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.613(m) which states:

(m) A Development Owner shall post in a common area of the leasing office a laminated copy and provide each household, during the application process and upon a subsequent change to the items described in paragraph (2) of this subsection, the brochure made available by the Department, A Tenant Rights and Resources Guide, which includes:

- (1) Information about Fair Housing and tenant choice;*
- (2) Information regarding common amenities, unit amenities, and services; and,*
- (3) A certification that a representative of the household must sign prior to, but no more than 120 days prior to, the initial lease execution acknowledging receipt of this brochure.*
- (4) In the event this brochure is not provided timely or the household does not certify to receipt of the brochure, correction will be achieved by providing the household with the brochure and receiving a signed certification that it was received.*

Through this certification, you hereby certify the following:

- 1. That a correctly executed Tenant Rights and Resources Guide is laminated and posted in a common area of the leasing office;
- 2. All low-income households have been provided the Tenant Rights and Resources Guide and executed the required acknowledgement; and,
- 3. All future low-income households will be provided the Tenant Rights and Resources Guide and execute the acknowledgement of receipt no more that 120 days prior to move in .

Under 10 TAC §2.401(e), a person shall be recommended for debarment if they control a Development that during two sequential monitoring visits is found to be out of compliance with the lease requirements described in §10.613. If at the next onsite review, there has been not been an ownership transfer and noncompliance is assessed for failure to execute required lease provisions, the owner will be recommended for debarment from participation in programs administered by the Department. A copy of §10.613 is attached to ensure ongoing compliance.

I, _____, on behalf of _____, am a duly authorized representative, who is so authorized by reason of my position as _____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.613(k) has been corrected in the manner described and that all required lease language under §10.613 is in the lease and lease addendum. I further certify that I understand that if this event of noncompliance is cited at the next onsite review of Southmore Park Apartments, the owner will be recommended for debarment.

Signature of Authorized Owner Representative

Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
December 2016

Exhibit 5

General Tenant File Guidelines

The following technical support does not represent a complete list of all file requirements and is intended only as a guide. TDHCA staff recommends that all onsite staff responsible for accepting and processing applications sign up for First Thursday Training in order to get a full overview of the process. Sign up at <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html>. Forms discussed below are available at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>.

1. **Intake Application:** Each adult household member must complete their own application in order to be properly screened at initial certification. A married couple can complete a joint application. The Department does not have a required form to screen households, but we make a sample form available for that purpose at <http://www.tdhca.state.tx.us/pmcomp/forms.htm>. All households must be screened for household composition, income and assets. Applicants must complete all blanks on the application and answer all questions. Any lines left intentionally blank should be marked with “none” or “n/a.” The application must be signed and dated by all adult household members, using the date that the form is actually completed. If you use the Texas Apartment Association (TAA) Rental Application, be aware that it does not include all requirements, but they have a “Supplemental Rental Application for Units Under Government Regulated Affordable Housing Programs” that includes the additional requirements.
2. **Release and Consent:** Have tenant sign TDHCA’s Release and Consent form so that verifications may be collected by the property. Form is available at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>
3. **Verify Income:** Each source of income and asset must be documented for every adult household member based upon the information disclosed on the application. There are multiple methods:
 - a. **Income Verification for Households with Section 8 Certificates:** This form is signed by the Public Housing Authority, certifying that the household is eligible at initial occupancy. This form can only be completed at initial occupancy and cannot be used to correct a finding of noncompliance relating to income eligibility.
 - b. **First hand verifications:** Paystubs or payroll print-outs that show gross income. If you choose this method, ensure that you consistently collect a specified number of consecutive check stubs as defined in your management plan;
 - c. **Employment Verification Form:** Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it;
 - d. **Verification of non-employment income:** You must obtain verifications for all other income sources, such as child support, social security, and/or unemployment benefits. Self-certification by the household is not acceptable. Examples: benefit verification letter(s) would be acceptable for social security and/or employment benefits. Acceptable verifications for child support could include documents such as

divorce decree(s), court order(s), or a written statement from the court or attorney general regarding the monthly awarded amount;

- e. **Telephone Verifications:** these are acceptable *only* for clarifying discrepancies and cannot be used as primary form of verification. Include your name, the date, the name of the person with whom you spoke, and your signature;
- f. **Certification of Zero Income:** If an adult household member does not report any sources of income on the application, this form can be used to document thorough screening and to document the source of funds used to pay for rent, utilities, and/or other necessities.

4. Verify Assets: Regardless of their balances, applicants must report all assets owned, including assets such as checking or savings accounts. The accounts are typically disclosed on the application form, but you must review all documentation from the tenant to ensure proper documentation of the household's income and assets. For instance, review the credit report (if you pull one), application, pay stubs, and other documents to ensure that all information is consistent. Examples of ways to find assets that are frequently overlooked: Review pay stubs for assets such as checking and retirement accounts that the household may have forgotten to include in the application. These accounts must also be verified. Format of verifications:

- a. **Under \$5000 Asset Certification Form:** If the total cash value of the assets owned by members of the household is less than \$5,000, as reported on the Intake Application, the TDHCA Under \$5,000 Asset Certification form at <http://www.tdhca.state.tx.us/pmcomp/forms.htm> may be used to verify assets. If applicable, follow the instructions to complete one form per household that includes everyone's assets, even minors, and have all adults sign and date using the date that the form is actually completed.
- b. **First hand verifications** such as bank statements to verify a checking account. Ensure that you use a consistent number of consecutive statements, as identified in your management plan.
- c. **3rd party verifications** using the TDHCA Asset Verification form at <http://www.tdhca.state.tx.us/pmcomp/forms.htm>. As with the "Employment Verification Form" discussed above, Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the financial institution. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the financial institution's portion has authority to do so and has access to all applicable information in order to verify the asset(s). If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it.

5. Tenant Income Certification Form: Upon verification of all income and asset sources disclosed on the application and any additional information found in the documentation submitted by the tenant, the next step is to annualize the sources on the Income Certification Form (at <http://www.tdhca.state.tx.us/pmcomp/forms.htm>), add them together, and compare to the applicable income limit for household size which can be found at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>. Be sure to include any income derived from assets. The form must include all household members, and be signed by each adult household member.

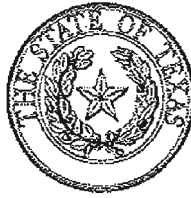
6. **Lease:** Must conform with your LURA and TDHCA requirements and indicate a rent below the maximum rent limits, which can be found at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm> When determining the rent, ensure that the tenant's rent, plus the utility allowance, plus any housing subsidies, plus any mandatory fees, are below the maximum limits set by TDHCA. 10 TAC §10.613(a) prohibits the eviction or termination of tenancy of low income households for reasons other than good cause throughout the affordability period in accordance with Revenue Ruling 2004-82. In addition, 10 TAC §10.613(f) prohibits HTC developments from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. The prohibitions must be included in the lease or lease addendum. TAA has an affordable lease addendum that has incorporated this required language. If you are not a TAA member, you can draft a lease addendum using the requirements outlined at 10 TAC §10.613.
7. **Tenant Selection Criteria:** In accordance with 10 TAC §10.610(b), you must maintain written Tenant Selection Criteria and a copy of those written criteria under which an applicant was screened must be included in the household's file. A copy of the rule is at Exhibit 2.
8. **Tenant Rights and Resources Guide:** As of 1/8/2015, the Fair Housing Disclosure Notice and Tenant Amenities and Services Notice have been replaced by the Tenant Rights and Resources Guide, a copy of which is available online at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>.

In accordance with 10 TAC §10.613(m), a laminated copy of this guide must be posted in a common area of the leasing office. Development must also provide a copy of the guide to each household during the application process and upon any subsequent changes to the items described at paragraph b) below. The Tenant Rights and Resources Guide includes:

- a) Information about Fair Housing and tenant choice; and
- b) Information regarding common amenities, unit amenities, and services.

A representative of the household must receive a copy of the Tenant Rights and Resources Guide and sign an acknowledgment of receipt of the brochure prior to, but no more than 120 days prior to, the initial lease execution date. Both forms are available at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>

State Office of Administrative Hearings



Lesli G. Ginn
Chief Administrative Law Judge

April 6, 2018

Timothy Irvine
Interim Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

INTER-AGENCY

**RE: Docket No. 332-17-5544.HCA; Texas Department of Housing and
Community Affairs v. Southmore Park Apartments, LTD.**

Dear Mr. Irvine:

Please find enclosed a Proposal for Decision in this case. It contains my recommendation and underlying rationale.

Exceptions and replies may be filed by any party in accordance with 1 TEX. ADMIN. CODE § 155.507(c), a SOAH rule which may be found at www.soah.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Drews".

Elizabeth Drews
Administrative Law Judge

ED/eh

Enclosure

xc: Amy Morehouse, Staff Attorney, Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, TX 78701 (with 1 hearing CD) - **VIA INTER-AGENCY**
Robert E. Bone, Attorney at Law, O'Connor, Mason & Bone, P.C., 1616 S. Voss, Suite 200,
Houston, TX 77057 - **VIA REGULAR MAIL**

SOAH DOCKET NO. 332-17-5544.HCA

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| TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, Petitioner | § § § § § § § § § § | BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS |
| v. | | |
| SOUTHMORE PARK APARTMENTS, LTD., Respondent | | |

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SOAH DOCKET NO. 332-17-5544.HCA

TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS,
Petitioner

v.

SOUTHMORE PARK APARTMENTS,
LTD.,
Respondent

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

PROPOSAL FOR DECISION

The staff (Staff) of the Texas Department of Housing and Community Affairs (TDHCA) alleges that Southmore Park Apartments, Ltd. (Respondent) violated certain requirements and requests that it be ordered to pay administrative penalties totaling \$75,590 and to correct outstanding violations within 60 days of TDHCA's final order. In this Proposal for Decision (PFD), the Administrative Law Judge (ALJ) finds that Staff proved all but two of the violations alleged and recommends that Respondent be ordered to pay administrative penalties totaling \$73,890 and to correct outstanding violations found in this PFD within 60 days of the final order.

I. PROCEDURAL HISTORY, NOTICE, AND JURISDICTION

The hearing on the merits was held January 9, 2018, before ALJ Elizabeth Drews at the State Office of Administrative Hearings (SOAH) in Austin, Texas. Attorney Amy Morehouse represented Staff. Attorney Robert Bone represented Respondent. The record closed February 6, 2018. Notice and jurisdiction are undisputed and are discussed only in the Findings of Fact and Conclusions of Law.

II. BACKGROUND AND APPLICABLE LAW

TDHCA administers a low-income housing tax credit program (Program).¹ The Program's goals are to maximize the number of suitable, affordable, residential rental units

¹ Tex. Gov't Code § 2306.053(b)(10).

added to the state's housing supply and to encourage development and preservation of such housing for households that have difficulty finding it in the private marketplace.² The Program is subject to federal and Texas requirements.³ In return for receiving tax credits, businesses may enter into a Land Use Restriction Agreement (LURA) with TDHCA.⁴ TDHCA monitors such businesses for noncompliance with Internal Revenue Code § 42 and habitability standards. The habitability standards include the U.S. Department of Housing and Urban Development (HUD) Uniform Physical Condition Standards (UPCS), which TDHCA has adopted by rule.⁵

During 1996, TDHCA awarded Respondent tax credits of \$237,523 per year for ten years in order to build and operate Southmore Park, a low-income rental housing development in Pasadena, Texas (Property). In return, Respondent entered into a LURA with TDHCA. The tax credits awarded to Respondent were based on its commitments to maintain 100% of the Property's 93 units as rent-restricted units suitable for occupancy and rented to low-income tenants for 30 years.⁶ During the 30-year period, the LURA encumbers the Property with restrictive covenants and commits Respondent to comply with the LURA and applicable federal and Texas law, to maintain records that substantiate and document its compliance, to cooperate with TDHCA actions in monitoring such compliance, and to pay annual compliance monitoring fees. The LURA was signed by a TDHCA representative and by Charles V. Miller, Jr. as President of Respondent. It was filed in the real property records of Harris County, Texas, on December 19, 1996.⁷

² Tex. Gov't Code § 2306.6701(1), (2). *See also* Tex. Gov't Code § 2306.002.

³ Tex. Gov't Code § 2306.052; 10 Tex. Admin. Code (TAC) § 11.16.

⁴ A LURA is an "agreement . . . between the Department and the Development Owner which is a binding covenant upon the Development Owner and successors in interest, that, when recorded, encumbers the Development with respect to the requirements of the programs for which it receives funds." 10 TAC § 10.3(a)(71). *See also* 26 U.S.C. § 42(m)(1)(B)(iii); 10 TAC § 10.3(a)(37), (39), (61).

⁵ 10 TAC § 10.621(a).

⁶ Quackenbush Testimony; Staff Ex. 5 at 83. In this PFD, citations to [witness name] Testimony are to the witness's testimony at the hearing, of which the ALJ made an audio recording.

⁷ Staff Ex. 5; Quackenbush Testimony.

Mr. Miller testified that he co-owns and is the General Partner of Respondent.⁸ Accordingly, Respondent is a Housing Sponsor, the Property is a Development, and Mr. Miller is an Owner as those terms are defined for purposes of the Program.⁹

For purposes of eligibility for financial assistance from TDHCA, a Development that takes appropriate corrective action within a corrective action period after its Owner is notified of a deficiency is not considered to be in non-compliance.¹⁰ A TDHCA rule requires that a Development submit its documentation of corrections electronically through TDHCA's web-based Compliance Monitoring and Tracking System (CMTS) in a format prescribed by TDHCA.¹¹ Consequently, in this PFD the ALJ finds Staff proved an alleged violation if the preponderance of the evidence shows that the deficiency existed, and the corrective action deadline expired, without Respondent submitting proof of correction through CMTS in compliance with TDHCA rules. The initial date of violation is the day after the corrective action deadline.

Law specific to particular alleged violations and sanctions is described later in the PFD, in the discussion of those issues.¹² For all issues, Staff has the burden of proof by a preponderance of the evidence.¹³

⁸ Miller Testimony.

⁹ Tex. Gov't Code § 2306.004(14) defines "Housing Sponsor" to include a "business organization . . . approved by the department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, subject to the regulatory powers of the department and other terms and conditions in this chapter." 10 TAC § 10.3(37) defines "Development" as a "residential rental housing project that consists of one or more buildings under common ownership and financed under a common plan which has applied for Department funds." 10 TAC § 10.3(39) defines "Owner" or "Development Owner" as a "General Partner . . . who owns . . . a Development . . . and is responsible for performing under the allocation and/or Commitment with the Department."

¹⁰ Tex. Gov't Code § 2306.6719(e). The corrective action periods are stated in Tex. Gov't Code § 2306.6719(c). For good cause shown, TDHCA's executive director may extend such a period. Tex. Gov't Code § 2306.6719(d). The corrective action deadline is the last day of the corrective action period.

¹¹ 10 TAC § 10.607(a). Amendments to this rule that took effect July 12, 2015, did not affect this requirement. Ms. Quackenbush testified that a CMTS account is set up for each property, to allow electronic uploads and automatic notifications, to prevent deletions so the compliance file is complete, and to keep confidential information (such as information regarding individual tenants) secure.

¹² Unless otherwise stated, law cited in the PFD was in effect at all times relevant to this case. In analyzing violations and sanctions, the ALJ has applied the law in effect when the violation allegedly occurred, taking into account any pertinent changes in law.

¹³ 1 TAC § 155.427.

III. OVERVIEW OF THE EVIDENCE AND ARGUMENTS

At the hearing, four TDHCA employees testified for Staff: Wendy Quackenbush, Director of Compliance Monitoring; Cherie Shearfield, Inspection Specialist; Ernesto Palacios, III, Director of Financial Administration; and Ysella Kaseman, Asset Management and Compliance Enforcement Specialist. Mr. Miller testified for Respondent. The evidence includes 25 Staff exhibits and 14 Respondent exhibits.¹⁴

A. The Alleged Violations and Requested Relief

The violations at issue were identified during one inspection and one monitoring review performed by or for TDHCA:

- **2015 UPCS Inspection:** the regularly-scheduled inspection conducted at the Property on March 26, 2015, for compliance with the UPCS; and
- **2016 Monitoring Review:** the monitoring review conducted at the Property on January 27, 2016, for compliance with requirements to lease units to low-income households and to maintain records demonstrating eligibility.

The alleged violations are deficiencies identified during the 2015 UPCS Inspection or the 2016 Monitoring Review and not corrected to Staff's satisfaction by the applicable corrective action deadline. For those alleged violations, Staff requests the same administrative penalty amounts as were recommended by TDHCA's Enforcement Committee. Those amounts are the maximum penalties for the 2015 UPCS violations, which Staff considers to be serious, and far below the maximum penalties for the 2016 Monitoring Review violations, which were numerous but mostly not serious considered individually. Staff's total requested penalties and the applicable corrective action deadlines are shown below:¹⁵

¹⁴ Staff Exs. 1-25; Respondent Exs. 1-7, 15-20, 22. In SOAH Order No. 4 (Jan. 23, 2018), the ALJ took judicial notice of Staff Judicial Notice (JN) Exhibit A and Respondent JN Exhibit A, which are relevant statutes and rules.

¹⁵ Staff Ex. 22.

| Type of Alleged Violation | Corrective Action Deadline | Requested Penalties |
|---|----------------------------|---------------------|
| 2015 UPCS Inspection | July 2, 2015 | \$13,250 |
| 2016 Monitoring Review | September 8, 2016 | \$62,340 |
| Total administrative penalties requested by Staff | | \$75,590 |

Ms. Quackenbush testified that TDHCA performs a UPCS inspection of the Property every three years and a monitoring review every five years as needed. At the time of the hearing, the most recent UPCS inspection and monitoring review conducted at the Property were those listed above. Ms. Quackenbush stated that Staff could visit a Development at any time but did not make special visits to verify whether problems had been corrected. She said TDHCA had 2,200 active Developments to monitor and depended on them to submit evidence of compliance through CMTS as required by TDHCA's rules.

As discussed later in the PFD, Respondent contests some alleged violations. For many violations at issue, however, Respondent did not dispute the facts that underlie the ALJ's finding of a violation as defined in PFD Section II. In other words, for many alleged violations, Respondent did not challenge Staff's evidence showing that: (1) the deficiency existed; and (2) documentation of correction was not submitted through CMTS as required by TDHCA rules by the corrective action deadline. Instead, Respondent argues the violations have now been corrected, so administrative penalties are unnecessary or in the alternative should be lower than those sought by Staff. Staff responds that:

- Even if an item was eventually corrected, Respondent still committed a violation because acceptable documentation of the correction was not submitted through CMTS by the deadline.
- Most violations were outstanding even at the time of the January 9, 2018 hearing, because acceptable documentation of correction still had not been submitted through CMTS.
- The evidence submitted at the hearing by Respondent but not previously provided to Staff, even if it had been submitted through CMTS, was insufficient to show the required correction was ever made.
- Staff's requested penalty amounts are justified given the number of violations, the seriousness of some of them, the fact some were repeat violations, Respondent's

long-standing chronic non-compliance despite a 2015 agreed TDHCA final order, and Respondent's many failures to follow Staff's frequent instructions on submitting corrections through CMTS in the format required by TDHCA rules.

Another dispute involves Staff's request to order Respondent to correct all outstanding violations within 60 days after TDHCA's final order in this case. Respondent argues that because all violations have been corrected, no such order is necessary. As noted above, Staff disputes that all violations have been corrected. In the alternative, Respondent requests that it be given 120 days after the final order to correct any perceived remaining physical violations.

B. The Debarment Order

On February 25, 2016, TDHCA issued a final order debaring Mr. Miller for 20 years from further participation in programs administered by TDHCA. The order was based in part on violations and a history of non-compliance also alleged by Staff in this case.

At the hearing, the ALJ overruled Respondent's objections to evidence about the debarment. Regarding Respondent's relevance objection, the ALJ agreed with Staff that the evidence was relevant under Texas Government Code § 2306.042, which requires that administrative penalty amounts be based on factors that include a history of previous violations. Respondent's other objection was that Staff's Notice of Hearing did not mention the debarment.¹⁶ At the hearing, the parties agreed the applicable version of Texas Government Code § 2001.052 is that in effect on August 22, 2017, when the Notice of Hearing was sent. At that time, § 2001.052(b) stated:

If a state agency . . . is unable to state factual matters in detail at the time notice under this section is served, an initial notice may be limited to a statement of the issues involved. On timely written application, a more definite and detailed statement of the facts shall be furnished not less than seven days before the date set for the hearing.

¹⁶ Staff Exhibit 4, the Notice of Hearing, is in evidence to show notice and jurisdiction, not for the truth of matters stated therein. Although the first page refers to it being an amended notice of hearing, at the hearing both parties agreed that was an error; there was no amended notice of hearing.

The ALJ agrees with Respondent that Staff’s Notice of Hearing could have mentioned the debarment because it had already occurred. Texas Government Code § 2001.052(a), however, required only that a notice of hearing include “a short, plain statement of the factual matters asserted.” The Notice of Hearing states: “An administrative penalty of \$75,590 is an appropriate administrative penalty in this case under . . . the factors at Tex. Gov’t Code § 2306.042.” Those factors include a history of previous violations. The ALJ concludes § 2001.052 did not require Staff to mention in its short, plain statement of the factual matters asserted every fact relevant to Respondent’s history of previous violations. Those facts were known to Respondent and are numerous, as shown in the five-page chronology in the next section of the PFD.

In any event, Staff proved through other evidence all facts showing Respondent’s previous violations, the violations found in the PFD, and the relief that should be granted regarding them. Excluding all evidence relating to Mr. Miller’s debarment would not have affected the ALJ’s conclusions and recommendations in this case.

IV. CHRONOLOGY OF RESPONDENT’S PRIOR VIOLATIONS AND COMMUNICATIONS WITH TDHCA ABOUT THE VIOLATIONS AT ISSUE

Based on evidence the ALJ found reliable, she prepared the following chronology of Respondent’s prior violations and communications with TDHCA about the violations at issue. As discussed above, that information is relevant both to whether Staff proved a violation and to the parties’ requested relief regarding any violations that are found in this case.

| Dates | Events |
|---------------|---|
| Feb. 19, 2015 | TDHCA issued an Agreed Final Order against Respondent, which Mr. Miller signed (Agreed Final Order). ¹⁷ It is summarized below. <ul style="list-style-type: none"> • <i>2006 and 2012 UPCS violations.</i> The February 2, 2006 UPCS Inspection identified “numerous serious property condition violations.” “Proof that all corrections were made was submitted on March 4, 2011, 535 days past the deadline.” As of the date of the Agreed Final Order, those violations were considered cured. |

¹⁷ Staff Ex. 24.

| Dates | Events |
|---------------------|---|
| | <p>A March 19, 2012 UPCS Inspection identified “numerous serious property condition violations” for which the corrective action deadline was July 12, 2012. As of the date of the Agreed Final Order, no corrections had been received.</p> <ul style="list-style-type: none"> • 2009 and 2012 Monitoring Review violations. Of the items identified during the February 18, 2009 on-site monitoring review, the “property set-aside and the gross rent violations were corrected on January 1, 2010, 108 days past the deadline,” and “the affirmative marketing finding was corrected March 4, 2011, 535 days past the deadline.” As of the date of the Agreed Final Order, those violations were considered cured. Violations relating to household income exceeding the limit upon initial occupancy were corrected for nine units on various dates during 2009-2010, but for four units “were never corrected.” <p>The March 15, 2012 on-site monitoring review found failures to document household income regarding ten units, to provide an affirmative marketing plan, to properly calculate the utility allowance, to pay compliance fees for 2006-2011, and to submit pre-onsite documentation. As of the date of the Agreed Final Order, those violations were uncorrected.</p> <ul style="list-style-type: none"> • Annual Owner’s Compliance Report (AOCR) violations. Respondent submitted the 2006 AOCR “on November 27, 2009, 942 days past the deadline,” the 2007 AOCR “on November 27, 2009, 576 days past the deadline,” and the 2008 AOCR “on March 4, 2011, 128 days past the deadline.” As of the date of the Agreed Final Order, those violations were considered cured, but TDHCA had not received one part of the 2010 AOCR, which was due April 30, 2011, and three parts of the 2011 AOCR, which were due April 30, 2012. • Annual compliance fee violations. As of the date of the Agreed Final Order, Respondent had a total unpaid balance of \$11,160 for 2006-2013 annual compliance fees. <p>The Agreed Final Order required Respondent to pay the \$11,160 in delinquent fees and a \$5,000 administrative penalty; to correct the outstanding violations found in that order; and by April 15, 2015, to submit through CMTS “clear and complete documentation” of those corrections.</p> |
| <p>Apr. 3, 2015</p> | <p>Staff sent Mr. Miller a letter and an Observed Deficiencies Report from the 2015 UPCS Inspection. The letter told him to upload all requested items to CMTS by the July 2, 2015 corrective action deadline and provided instructions on how to do that and contact information. The letter explained:</p> <p style="padding-left: 40px;">Acceptable documentation includes: copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, specific unit or building numbers, date of corrective action, and</p> |

| Dates | Events |
|---------------|---|
| | <p>signature of the person responsible for the correction), invoices (from vendors, etc.), or other proof of correction. <u>Photographs are not required</u> but may be submitted if labeled and only in support of a work order or invoice.</p> <p>It continued: "Partial corrections are unacceptable and the Owner is responsible for ensuring that submissions are complete and satisfactorily addressing all findings." The letter said that missing the corrective action deadline will result in referral to TDHCA's Enforcement Committee and referred to 10 Texas Administrative Code (TAC) § 2.302 for a list of penalty amounts.¹⁸</p> |
| June 25, 2015 | Staff emailed Mr. Miller a list of items still considered uncorrected after corrections submitted by Respondent on May 8 and 12, 2015, and restated the July 2, 2015 deadline. ¹⁹ |
| July 31, 2015 | Staff sent Mr. Miller a letter listing items considered uncorrected after the deadline, saying the matter been referred to the Enforcement Committee, and citing 10 TAC § 2.302 for a list of penalty amounts. The letter said to submit to CMTS documentation of corrections once they are made, and described what documentation was acceptable. ²⁰ |
| Aug. 26, 2015 | <p>In a letter to Mr. Miller and Respondent's attorney Mr. Bone, the Enforcement Committee Chair stated that:</p> <ul style="list-style-type: none"> • Respondent had not fully addressed the issues discussed in Staff's April 3, June 25, and July 31, 2015 communications (listing unresolved violations from the Agreed Final Order and the 2015 UPCS Inspection and past-due annual compliance fees); • The Property's 2015 UPCS Inspection score was 42—the second time it scored 50 or less on a UPCS inspection—which was considered a material violation of the LURA;²¹ • Administrative penalties might result and Staff had recommended placing Mr. Miller on TDHCA's debarment list; • The Enforcement Committee would consider those matters at an October 9, 2015 meeting; |

¹⁸ Staff Ex. 6 (underlining in original); Shearfield Testimony. The table does not repeat the description of acceptable documentation that property condition standard deficiencies have been corrected contained in later Staff communications. They are similar to that quoted above and mirror a TDHCA rule. 10 TAC § 10.621(d).

¹⁹ Staff Ex. 8; Shearfield Testimony.

²⁰ Staff Ex. 9; Shearfield Testimony.

²¹ Ms. Shearfield testified that the maximum UPCS inspection score was 100, and most Developments score 80 or above.

| Dates | Events |
|---------------|---|
| | <ul style="list-style-type: none"> • Additional documentation of corrections must be submitted by September 17, 2015, to be considered at that meeting; and • The documentation must be uploaded through CMTS (including uploading instructions and contact information).²² |
| Dec. 30, 2015 | Staff sent Respondent a Notice of Violation (NOV), to Mr. Miller's attention. ²³ The NOV listed violations from the 2015 UPCS Inspection that Staff considered outstanding and recommended that Respondent be ordered to correct the outstanding violations and to pay \$13,250 in administrative penalties for the 2015 UPCS violations. |
| Jan. 22, 2016 | Mr. Bone sent a letter requesting a hearing on the NOV. ²⁴ |
| Feb. 1, 2016 | Staff emailed Mr. Bone saying that, to avoid having two hearings, Staff would await results of the 2016 Monitoring Review and corrective action period before requesting a SOAH hearing on all outstanding matters. ²⁵ |
| Feb. 25, 2016 | TDHCA issued a final order debaring Mr. Miller for 20 years from further participation in programs administered by TDHCA. The order states that "a person is considered to have materially violated a LURA if they control a development that has, on more than one occasion scored 50 or less on a UPCS inspection." The order lists as material violations subject to debarment that the Property scored 46 in the 2009 UPCS Inspection and 42.23 in the 2015 UPCS Inspection. Regarding both inspections, the order states that "major violations were discovered and not timely corrected." ²⁶ |
| May 6, 2016 | Staff sent Respondent a notice saying Parts A, B, and C of the 2015 AOCR, which were due April 30, 2016, had not been submitted and stating a corrective action deadline of June 5, 2016. The notice told Respondent to submit the missing parts through CMTS and provided instructions on how to do that and contact information. ²⁷ |
| June 10, 2016 | Staff sent Respondent a letter with attachments, describing deficiencies found in the 2016 Monitoring Review and stating the September 8, 2016 corrective action deadline. The letter offered training and technical assistance on |

²² Staff Ex. 10. Enforcement Committee meetings are also referred to as informal conferences.

²³ Staff Ex. 1. Staff Exhibits 1-3, which are cited in a few footnotes to the table, are in evidence only to show notice and jurisdiction and not for the truth of the matters stated therein. The table mentions them only to show the timing of communications discussed in the evidence.

²⁴ Staff Ex. 2.

²⁵ Staff Exs. 2, 15, 20.

²⁶ Staff Ex. 25.

²⁷ Staff Ex. 11.

| Dates | Events |
|---------------------|---|
| | completing the corrections, said documentation of the corrections must be uploaded to CMTS, and provided instructions on how to do that and contact information. ²⁸ |
| Sept. 27, 2016 | Staff sent Respondent a letter with attachments, saying no corrections of the 2016 Monitoring Review deficiencies had been received, describing the deficiencies, saying the matter had been referred to the Enforcement Committee for administrative penalties, and providing contact information. ²⁹ |
| Oct. 25, 2016 | The Enforcement Committee chair sent Respondent a letter setting a December 13, 2016 meeting regarding the referral of the 2016 Monitoring Review violations and a November 14, 2016 deadline to receive documentation of corrections in order for them to be considered at the meeting. The letter said the documentation must be uploaded to CMTS and provided instructions on how to do that and contact information. ³⁰ |
| Dec. 9 and 15, 2016 | At the request of Mr. Miller and Mr. Bone, the Enforcement Committee meeting date was extended to January 31, 2017, and the deadline to submit documentation in time for it to be considered by the committee was extended to December 22, 2016. Respondent was again provided instructions on how to upload documentation of corrections to CMTS. ³¹ |
| Dec. 22, 2016 | Respondent submitted documentation of corrections regarding the 2016 Monitoring Review violations. ³² |
| Jan. 3, 2017 | Staff sent Respondent a letter describing which 2016 Monitoring Review violations Staff still considered to be uncorrected, and an email providing information about recommended training. The email stated: "Few corrections were received for the prior violations . . . Those findings and units are considered repeated violations because they were re-checked during the 2016 file monitoring review and were found to still be out of compliance. The corrective documentation we received was largely incomplete . . ." ³³ |
| Jan. 5, 2017 | Staff sent Respondent a letter saying the 2015 AOCR violation was corrected December 22, 2016. ³⁴ |

²⁸ Staff Ex. 12.

²⁹ Staff Ex. 14.

³⁰ Staff Ex. 15.

³¹ Staff Ex. 16.

³² Staff Ex. 17; *see also* Staff Ex. 18 at 1.

³³ Staff Ex. 18. Ms. Quackenbush testified that the letter incorrectly states its date as January 3, 2016, instead of January 3, 2017. *See* Staff Ex. 18 at 471.

³⁴ Staff Ex. 5.

| Dates | Events |
|--------------|--|
| Feb. 6, 2017 | Staff sent Mr. Bone and Mr. Miller an email saying that Mr. Bone had told the Enforcement Committee at its January 31, 2017 meeting that all physical violations at the Property have been resolved and stating that TDHCA had not received corrective documentation for physical violations since early 2015 and there were unresolved violations from the 2012 and 2015 UPCS Inspections. The email discussed corrections to be made, said documentation must be submitted through CMTS, and provided instructions on how to submit documentation. |
| Mar. 3, 2017 | Staff sent Mr. Miller and Mr. Bone a new NOV. ³⁵ The NOV listed the 2016 Monitoring Review violations that Staff considered outstanding and recommended that Respondent be ordered to correct the outstanding violations and to pay \$62,430 in administrative penalties for the 2016 Monitoring Review violations. |

V. SPECIFIC VIOLATIONS ALLEGED BY STAFF

A. Alleged Violations Identified in the 2015 UPCS Inspection

| <i>Staff's Allegations in the Notice of Hearing</i> |
|---|
| <p>“A regularly scheduled Uniform Physical Condition Standards (UPCS) inspection was conducted on March 26, 2015. Inspection reports showed numerous serious property condition deficiencies, a violation of 10 Tex. Admin. Code § 10.621 (Property Condition Standards). Notifications of noncompliance were sent and a July 2, 2015, corrective action deadline was set. Partial corrective action was timely received, but a total of 15 deficiencies found at the UPCS inspection remain outstanding. Of the 15 outstanding deficiencies 12 are classified as level 3 deficiencies, which are considered the most egregious deficiencies.”³⁶</p> |

10 TAC § 10.621(a) states that HUD’s UPCS are used to determine compliance with property condition standards, and further requires that Developments funded by TDHCA be decent, safe, sanitary, in good repair, and suitable for occupancy, and comply with all local

³⁵ Staff Ex. 3.

³⁶ Staff Ex. 4 at 2. *See also* Staff Ex. 4 at 5 (“Respondent violated 10 TAC § 10.621 in 2015, by failing to comply with HUD’s Uniform Physical Condition Standards when major violations were discovered and not timely corrected”).

health, safety, and building codes. The rule defines what documentation is considered acceptable evidence of correction of deficiencies:

Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item now complies with the inspection standard or other documentation that will allow [TDHCA] to reasonably determine when the repair was made and whether the repair sufficiently corrected the violation(s) of UPCS standards. Acceptable documentation includes: copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, date of corrective action, and signature of the person responsible for the correction), invoices (from vendors, etc.), or other proof of correction. Photographs are not required but may be submitted if labeled and only in support of a work order or invoice. [TDHCA] will determine if submitted materials satisfactorily document correction of noncompliance.³⁷

Ms. Shearfield testified that with her April 3, 2015 letter, she sent Respondent a copy of the 2015 UPCS report and stated the July 2, 2015 corrective action deadline. She concluded that Respondent timely submitted partial corrections on May 8, 2015, but that 15 items remained outstanding. On June 25, 2015, she notified Respondent by email about the 15 outstanding items, to provide another opportunity to correct them by the deadline, but no additional documentation was received.³⁸

In the table below, for ease of reference the ALJ added Column 1 to assign numbers 1-15 to the UPCS violations at issue. The rest of the columns quote from documents Staff sent to Respondent in the June 25, 2015 email and the July 31, 2015 letter.³⁹ The documents quoted are excerpts from the 2015 UPCS Inspection report about the 15 UPCS violations at issue and notes added by Ms. Shearfield about why, after reviewing the material Respondent submitted through CMTS before the corrective action deadline, she considered those 15 items to be unresolved.

³⁷ 10 TAC § 10.621(d).

³⁸ Staff Exs. 7-9; Shearfield Testimony.

³⁹ Staff Exs. 8-9. As shown in the table, for most items involving individual units, the UPCS Inspection report specifies one unit number (such as {301}) in brackets, but for reasons the evidence does not explain, for Items 2 and 3, the report instead states “[108 for 110].” Staff Ex. 6 at 101, 105. As discussed later in the PFD, the unclear reference to [108 for 110] in the UPCS Inspection report became an issue regarding Items 2 and 3.

| # | Site | Level | Deficiency | Notes from inspection | Staff notes re: why item not cleared |
|----------------------------|-------------------|-------|---|---|--------------------------------------|
| 1 | Health & Safety | L3 | Hazards—Tripping | sidewalk uneven; near pool | not addressed |
| Bldg 1: TX-94-01231 | | | | | |
| [Unit] 108 for 110 | | | | | |
| 2 | Health & Safety | L3 | Emergency Fire Exits— — Missing Exit Signs | Bedroom 2; headboard blocking egress | work order unclear re unit #? |
| 3 | Kitchen | L2 | Dishwasher/Garbage Disposal—Inoperable | dishwasher not functioning | work order unclear re unit #? |
| Bldg 3: TX-94-01233 | | | | | |
| [Unit] 301 | | | | | |
| 4 | Bathroom | L1 | Bathroom Cabinets— Damaged/Missing | damaged | not addressed |
| 5 | Bathroom | L3 | Shower/Tub— Damaged/Missing | missing hardware | not addressed |
| 6 | Bathroom | L3 | Water Closet/Toilet— Damaged/Clogged/ Missing | toilet not functioning | not addressed |
| 7 | Doors | L3 | Damaged Hardware/Locks | entry missing | not addressed |
| 8 | Doors | L3 | Missing Door | missing throughout | not addressed |
| 9 | Electrical System | L3 | GFI—Inoperable | missing throughout | not addressed |
| 10 | Floors | L3 | Soft Floor Covering Missing/Damaged | missing throughout | not addressed |
| 11 | HVAC System | L3 | Inoperable | Missing | not addressed |
| 12 | Kitchen | L2 | Dishwasher/Garbage Disposal—Inoperable | dishwasher not functioning | not addressed |
| 13 | Kitchen | L3 | Range/Stove— Missing/Damaged/ Inoperable | 2 or more burners do not function | not addressed |
| 14 | Lighting | L3 | Missing/Inoperable Fixture | missing fixtures | not addressed |
| 15 | Walls | L3 | Mold/Mildew/Water Stains/Water Damage | mildew in laundry | not addressed |

Regarding the third column of the table, Ms. Shearfield testified that an L1 violation is the least serious; an L2 violation is more serious; and an L3 violation is the most serious. Some L3 violations, known as exigent violations, require correction within 24 hours and submission of documentation to TDHCA within 72 hours. Ms. Shearfield observed that of the 15 outstanding deficiencies, 12 were L3 violations, one of which was an exigent violation; two were L2 violations; and one was an L1 violation. She testified that the 2015 UPCS Inspection report showed the units were in poor condition.⁴⁰

Regarding Item 1, the UPCS Inspection report sent to Respondent on April 3, 2015, describes this deficiency as "Hazards-Tripping" with the notation "sidewalk uneven; near pool."⁴¹ A work order Respondent submitted to Staff before the deadline states: "did not find any uneven sidewalk near the pool---Job completed."⁴² Mr. Miller testified Respondent tried to address the alleged tripping hazard near the pool, but could not locate it based on Staff's description. He said that in approximately November 2017, Respondent located the tripping hazard, which was not near the pool. That problem has since been fixed.⁴³

The ALJ concludes Staff proved the violation regarding Item 1. Although the work order supports Mr. Miller's testimony that the tripping hazard was hard to find, his testimony also shows the hazard existed and Respondent eventually located it. Staff's April 3, 2015 cover letter to the UPCS Inspection report provided Respondent with contact information and said "the Owner is responsible for ensuring the submissions are complete and satisfactorily address all findings."⁴⁴ Under the circumstances, Respondent had an obligation to contact Staff to obtain more information about the hazard's location. Based on Mr. Miller's testimony, it appears

⁴⁰ Shearfield Testimony. In references to "L#," "L" refers to Level. The ALJ infers from the exhibit that the one exigent outstanding item was Item 9, the electrical system components missing in Unit 301. Staff Exhibit 6 at 103-04.

⁴¹ Staff Ex. 6 at 99.

⁴² Staff Ex. 7 at 120, 159.

⁴³ Miller Testimony. Although included for convenience in discussing whether a violation occurred, the question of whether a violation was fixed later is irrelevant to whether the violation occurred before the correction. That question relates instead to Respondent's arguments that administrative penalties or an order to correct the violation are unnecessary. Remedies for violations that are found are discussed later in the PFD.

⁴⁴ Staff Ex. 6 at 96-97.

Respondent's failure to contact Staff for more information caused the hazard to remain uncorrected for 2½ years.

Regarding Items 2 and 3, before the corrective action deadline, Respondent submitted two work orders: one stating "removed headboard from egress—Job Completed" with the notation "Unit 108/110—bedroom 2 headboard blocking egress;" and one stating "repaired dishwasher (working)—Job Completed" with the notation "Unit 108/110—dishwasher not functioning."⁴⁵ The table includes Ms. Shearfield's notes, which she emailed to Respondent before the corrective action deadline. They say Staff still considered Items 2 and 3 outstanding, with the explanation "work order unclear re unit #?"⁴⁶ She and Ms. Kaseman testified they were unsure which of the two units had been repaired. Ms. Shearfield testified that although her email asked Respondent to submit documentation clarifying that ambiguity, no further documentation was submitted. Mr. Miller testified that except for her email, Ms. Shearfield did not contact Respondent.

Mr. Miller testified that in documenting the corrections to Items 2 and 3, Respondent tried to mirror the unit number reference in the 2015 UPCS Inspection report. Respondent argues that the lack of clarity in the documentation began with the 2015 UPCS Inspection report's reference to "108 for 110" and that Ms. Shearfield's refusal to clear Items 2 and 3 shows her apparent intent was to reject Respondent's timely submissions whenever possible. In response, Staff queries why Respondent did not contact Staff to ask which unit was noncompliant, or check both units and submit a detailed work order addressing each unit, which would have resolved the noncompliance finding.

The ALJ concludes Staff did not prove Items 2 and 3 were violations. Respondent submitted corrections through CMTS by the corrective action deadline, and the only objection Staff raised about them was that the work orders ambiguously referred to Units 108 and 110. It seems apparent that, as Mr. Miller testified, after determining which unit contained the deficiencies described in the UPCS Inspection report, the worker made the corrections and

⁴⁵ Staff Ex. 7 at 132, 138, 171, 177.

⁴⁶ Staff Ex. 8.

documented them referencing the same unit numbers as the UPCS Inspection report to which the work orders were responding. The evidence does not warrant finding a violation when the UPCS Inspection report was equally unclear, which almost certainly caused the ambiguity in the work orders.

As shown in the preceding table, Items 4-15 are all deficiencies the UPCS Inspection found in Unit 301. Ms. Shearfield expressed concern that Unit 301 was uninhabitable and therefore not available to any potential low-income tenant. Mr. Miller explained that, without his knowledge, the property management company Respondent had hired was using Unit 301 for storage. He said once Respondent knew that, it did not consider readying Unit 301 for occupancy to be urgent because the Property was only 60% occupied. Additionally, preparing Unit 301 for occupancy took some time.

The ALJ concludes Staff proved the violations regarding Items 4-15. Regarding those items, Respondent did not contest that the deficiencies identified in the 2015 UPCS Inspection report existed or that Respondent did not submit the required corrective actions to CMTS by the corrective action deadline.

Regarding Unit 301's current status, Mr. Miller testified the unit has been extensively repaired and rehabilitated, and was occupied by a tenant beginning in November 2015. In support of that testimony, Mr. Miller discussed two Respondent exhibits not previously submitted to Staff. He testified that Respondent Exhibit 15 is a completed service request for Unit 301 and Respondent Exhibit 22 is photographs of Unit 301 taken in early January 2018. Staff complains that the service request simply says repairs were scheduled, not that they were completed, and that the photographs are not labeled to show what units are depicted or what correction the photographs show as having been made.

The ALJ observes that, consistent with Mr. Miller's testimony, the service request refers to the work as having been completed on June 29, 2015. Given that, the ALJ does not understand why Respondent did not submit the service request to CMTS, since the corrective action deadline was July 2, 2015.

The service request states: (1) under "Work Completed," "new carpet, padding, hardwood floors in wet areas have been scheduled to be replaced for Monday," and (2) under "Description," "soft floor covering missing." The ALJ infers the service request was limited to addressing Item 10. Respondent provided no similar documentation about work done to correct Items 4-9 or 11-15 in Unit 301.

Although the photographs in Respondent Exhibit 22 were not labeled, Mr. Miller testified they are recent photographs of Unit 301. The ALJ observes that they depict only a small part of the unit. They indicate it is occupied and has hard and soft flooring, which again relates only to Item 10. The ALJ cannot tell from the photographs whether Item 10 was corrected throughout Unit 301 or whether Items 4-9 or 11-15 were corrected.

Mr. Miller testified that all of the 2015 UPCS deficiencies have been repaired for a long time. Respondent argues his testimony on that point is uncontroverted, noting the last UPCS inspection was in 2015. Staff responds it does not have resources to conduct additional inspections every time a respondent alleges corrections have been made, and the violations remain outstanding because Respondent has not submitted documentation of corrections to CMTS as required.

In summary, Staff proved that Item 1 and Items 4-15 were violations. Mr. Miller's testimony indicates Item 1 was fixed in or after November 2017, which is approximately 2½ years after the corrective action deadline, but no documentary evidence of that was provided. Mr. Miller's testimony and Respondent Exhibits 15 and 22 indicate Respondent corrected Item 10 before the corrective action deadline, but Respondent did not submit documentation of that correction to CMTS as required. The evidence is insufficient to conclude Items 4-9 or 11-15 have been corrected.

B. Alleged Violations Identified in the 2016 Monitoring Review**1. Evidence and Arguments about the Alleged Violations in General**

Regarding the alleged 2016 Monitoring Review violations, the Notice of Hearing states:

Staff Allegations in the Notice of Hearing

“An on-site monitoring review was conducted on January 26, 2016, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a September 8, 2016, corrective action deadline was set, however, no reply was received and the following violations were not corrected before the deadline: [listing each alleged violation]”⁴⁷

Ms. Quackenbush testified that she managed the Staff members who conducted the 2016 Monitoring Review and she reviewed and helped draft related correspondence with Respondent. The 2016 Monitoring Review identified failures to comply with the LURA and TDHCA rules about leasing units to low-income households and maintaining records that demonstrate eligibility. As described in the chronology, on June 10, 2016, Staff notified Respondent about the noncompliance and the September 8, 2016 corrective action deadline. No response was received. On September 27, 2016, Staff notified Respondent that the deadline had passed and the matter was being forwarded to the Enforcement Committee. On December 22, 2016, Respondent submitted corrective action documentation to CMTS. Ms. Quackenbush testified that after reviewing it, she notified Respondent it was sufficient to clear some deficiencies but not others. She testified that the December 22, 2016 submission was late, made minimal corrections, and was the only correction action submission Respondent made in response to the 2016 Monitoring Review.

Ms. Quackenbush stated that some 2016 Monitoring Review violations were more serious than others, but she regarded their number and the repeat nature of some of them as

⁴⁷ Staff Ex. 4 at 2. The evidence indicates the Monitoring Review was actually conducted on January 27, 2016. No objections to that one-day discrepancy were made.

egregious. She said they showed Respondent had a pattern of non-compliance and lacked an internal policy or controls to maintain compliance. She was in charge of the 2016 Monitoring Review and she recalled no attempt by Respondent or its attorney to discuss with her how to make or to submit the corrections.

Mr. Miller testified that Respondent's files are in much better condition now. Respondent is using a third-party contractor to help with that work.

2. Specific Alleged 2016 Monitoring Review Violations

a. Written Tenant Selection Criteria

| <i>Staff Allegations in the Notice of Hearing</i> |
|--|
| "Respondent violated 10 Tex. Admin. Code § 10.610 in 2016, by not maintaining written tenant selection criteria meeting TDHCA requirements." ⁴⁸ |

The TDHCA rule requires all Developments to establish written tenant selection criteria that meet minimum TDHCA requirements.⁴⁹

Staff's June 10, 2016 letter to Respondent listed deficiencies in Respondent's Tenant Selection criteria identified during the 2016 Monitoring Review. Staff included a copy of 10 TAC § 10.610 highlighted to show each section Staff considered deficient. Respondent was told to upload to CMTS its Tenant Selection Criteria, updated to comply with the rule, no later than the September 8, 2016 corrective action deadline.⁵⁰ No response was submitted by the deadline.⁵¹ Respondent submitted Tenant Selection Criteria on December 22, 2016, a few weeks

⁴⁸ Staff Ex. 4 at 5. *See also* Staff Ex. 4 at 2 ("Respondent failed to maintain written tenant selection criteria, a violation of 10 TAC § 10.610 . . .").

⁴⁹ 10 TAC § 10.610(b). This refers to the rule in place as of April 24, 2016. 41 Tex. Reg. 2740. Amendments to it do not apply because they took effect October 1, 2017, after the September 8, 2016 Monitoring Review.

⁵⁰ Staff Ex. 12 at 212, 217, 219, 250-53. The highlighting is not visible on the exhibit in evidence, but the exhibit says the copy sent to Respondent was highlighted, and Respondent did not contend otherwise.

⁵¹ Staff Ex. 14 at 268.

before the January 31, 2017 Enforcement Committee meeting.⁵² After reviewing that submission, on January 3, 2017, Staff notified Respondent that Staff still considered the criteria deficient.⁵³

Mr. Miller testified that on January 9, 2016, in advance of the 2016 Monitoring Review, Respondent uploaded documentation to CMTS that included its Tenant Selection Criteria.⁵⁴ He said Staff later concluded Respondent needed to submit another document, which Respondent provided on December 22, 2016. Mr. Miller explained that Respondent had to add to its Tenant Selection Criteria some newer items in the TDHCA rule.

The ALJ concludes Staff proved this violation. Respondent did not dispute the deficiencies or corrective action identified during the 2016 Monitoring Review or its failure to submit corrections by the corrective action deadline.

b. Posting of Laminated Copy of Tenant Guide

Staff Allegations in the Notice of Hearing

“Respondent failed to post a laminated copy of the Tenant Rights and Resources Guide [Tenant Guide] in a common area of the leasing office, a violation of 10 Tex. Admin. Code § 10.613. . . .”⁵⁵

The TDHCA rule requires Owners to post a laminated copy of the Tenant Guide in a common area of the leasing office.⁵⁶

⁵² Miller Testimony; Resp. Exs. 4-7; Resp. Ex. 1 (showing December 22, 2016 upload date); Staff Ex. 18 at 471.

⁵³ Staff. Ex. 18 at 471-72, 477, 506-09.

⁵⁴ Resp. Ex. 1 at 2 shows Respondent uploaded documents that day.

⁵⁵ Staff Ex. 4 at 2. See also Staff Ex. 4 at 5 (“Respondent violated leasing requirements in 10 TAC § 10.613 in 2016, by failing to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office”).

⁵⁶ At the time of the alleged violation, the rule was 10 TAC § 10.613(k), which took effect on January 8, 2015. The rule is now 10 TAC §10.613(m).

Staff's June 10, 2016 letter to Respondent listed this deficiency identified during the 2016 Monitoring Review: "The Tenant Rights and Resource Guide was not posted in a common area of the leasing office as required by § 10.613(k)." Staff directed Respondent to "[u]pdate, laminate and post the Tenant Rights and Resources Guide in the leasing office. Submit a copy of the Guide to the Department for review and a certifying statement that the Guide will be given to all new move-in's and when there are any changes made to the amenities."⁵⁷ Staff told Respondent to submit that correction to CMTS no later than the September 8, 2016 corrective action deadline.⁵⁸ No response was submitted by the deadline.⁵⁹

Mr. Miller testified that a copy of Respondent's Tenant Rights and Resources Guide is stapled and set on the table in the Property's offices, where prospective tenants fill out forms. He said it is not laminated and it is not posted on a wall. He thought putting it out on a table could be regarded as posting it, and he was willing to laminate it if necessary.⁶⁰

The ALJ concludes Staff proved this violation. Mr. Miller testified about what Respondent does now, not what it did in 2016. Respondent did not dispute that at the time of the 2016 Monitoring Review, a laminated copy of the Tenant Rights and Resource Guide was not posted in a common area of the leasing office as required by § 10.613(k). The evidence does not establish that in 2016, a copy was even kept in a common area of the leasing office. Respondent also did not contend it submitted corrections by the corrective action deadline.

⁵⁷ This is broader than Staff's allegation in the Notice of Hearing, which limits the violation at issue in this case to alleged failure to post the Tenant Rights and Resources Guide in a common area of the leasing office and to laminate. Tex. Gov't Code § 2001.052.

⁵⁸ Staff Ex. 12 at 212.

⁵⁹ Staff Ex. 14 at 268-70.

⁶⁰ Miller Testimony. He testified that Respondent Exhibit 16 at 129-34 is a copy of the Tenant Rights and Resources Guide, which is kept on a table in the Property's offices.

c. Collection of Tenant Files for New Units

Staff Allegations in the Notice of Hearing

"Upon review of new units it was found that Respondent failed to collect complete tenant files to prove that units were leased to qualified low-income households at initial occupancy for units 106, 305, 401, 402, 419, 420, 513, 514, 515, 601, 804, 807, 110, 112, 403, 506, 508, 806, 811, 404, a violation of 10 Tex. Admin. Code § 10.611 . . . and Section 4 of the LURA Acceptable corrections were received for units 402, 419, and 514 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for 17 units of these units."⁶¹

LURA Section 4 and 10 TAC § 10.611 require screening of tenants to ensure qualification for the Program. LURA Section 4(c) states:

The amount of Tax Credits allocated to the Project is based on the requirement that the Minimum Applicable Fraction for each building in the Project will be at least 100 percent . . . During the Term of this Declaration, Units at the Project shall be leased or rented or made available to members of the general public who qualify as Low-Income Tenants, such that each building in the Project shall at all times satisfy the Minimum Applicable Fraction for such building. The Project Owner's failure to ensure that each building in the Project complies with such requirement will cause TDHCA to report such fact to the [Internal Revenue Service] and may result in the reduction and recapture by the [Internal Revenue Service] of Tax Credits, as well as other enforcement action.⁶²

Staff's June 10, 2016 letter to Respondent listed these deficiencies identified during the 2016 Monitoring Review: "Household income above income limit upon initial occupancy/Program Unit not leased to Low-Income household" for Units 106, 110, 112, 305, 401, 402, 403, 404, 419, 420, 506, 508, 513, 514, 515, 601, 804, 806, 807, and 811.⁶³ Staff told

⁶¹ Staff Ex. 4 at 2-3. See also Staff Ex. 4 at 5 ("Respondent violated Section 4 of the LURA and 10 TAC § 10.611 in 2016, by failing to provide complete tenant files proving that units were leased to qualified low-income households at initial occupancy for numerous units").

⁶² Staff Ex. 5 at 83.

⁶³ Staff Ex. 12 at 217, 221, 223, 228, 230-32, 234, 236-42, 246-49 (regarding all units listed except Unit 112). Regarding Unit 112, the letter states: "unit status reports indicated this unit was vacant the day of the monitoring review. To correct, lease it to a new eligible household. Submit copies of the new household's application, verifications of income and assets, executed Income Certification form, lease contract, and applicable lease addendums and the acknowledgement of the Tenant Rights and Responsibilities Guide." Staff Ex. 12 at 216.

Respondent to submit the corrections to CMTS no later than the September 8, 2016 corrective action deadline.⁶⁴ No response was submitted by the deadline.⁶⁵

Staff's January 3, 2017 letter to Respondent states that, after reviewing documentation Respondent submitted on December 22, 2016, Staff accepted the corrections for Units 402, 419, and 514 but found the deficiency still outstanding for the other 17 units. Staff explained:⁶⁶

- Regarding Units 106, 305, 401, 420, 513, 515, 601, 804, and 807, the letter states: "unit is vacant. To correct, lease it to a new eligible household. Submit copies of the new household's application, verifications of income and assets, executed Income Certification form, lease contract, and applicable lease addendums and the acknowledgement of the Tenant Rights and Responsibilities Guide."
- Regarding Units 110, 112, 403, 404, 506, 508, 806, and 811, the letter states: "a new household has moved in and appears to be income eligible" but documentation (listed in the letter for each unit) was not submitted. Respondent was told to submit the missing documentation.

Mr. Miller testified that between January and June 2017, a lot of tenants moved out, and Respondent spent considerable time trying to get units repaired and ready and its files corrected. He did not provide documentation of those efforts. He did not agree with Staff's position that the deficiencies were unresolved for 17 units. He acknowledged Respondent failed to obtain documentation for a few units. He thought only one tenant had income that was too high. Mr. Miller said the 12 vacant units could not be "corrected." Staff disagrees, referencing the corrective action described above, and questions that Respondent could not rent the units to eligible tenants over this period of time. Mr. Miller testified that Respondent was frustrated Staff rejected all its corrections, and was just waiting for the next audit, which he thought would clear the items.

Ms. Quackenbush testified that in approximately March 2017, TDHCA implemented an option whereby a deficiency involving a vacant unit might be cleared using an Owner certification. She acknowledged she had not informed Respondent of that option. She said that

⁶⁴ Staff Ex. 12 at 212.

⁶⁵ Staff Ex. 14 at 268-70.

⁶⁶ Staff Ex. 18 at 472-73.

if Respondent had submitted corrective actions, Staff would have advised Respondent in writing about that option. Staff is in the process of contacting a lengthy list of Developments with outstanding issues to inform them of the option. Staff argues it would have assisted Respondent with questions relating to vacant units, but Respondent did not contact Staff for assistance.

The ALJ concludes Staff proved these violations. The evidence indicates the deficiencies existed at the time of the 2016 Monitoring Report and Respondent did not submit any corrections to CMTS by the corrective action deadline.

The evidence indicates that clearing a deficiency can require more effort and time if a unit is vacant. On the other hand, the Property had many vacant units and exempting vacant units from violation findings could discourage Developers from using affirmative marketing and other steps to fill vacant units with low-income tenants. Such an outcome would be contrary to the purposes of the Program. In the LURA, Respondent committed to rent 100% of the Property's 93 units to low-income tenants and to make reasonable efforts to rent a low-income unit that has been vacated.⁶⁷ Mr. Miller's vague testimony, unsupported by documentation, is insufficient to show that Respondent made reasonable efforts to rent these vacant units.

Ms. Quackenbush testified that TDHCA's new option for clearing deficiencies involving vacant units was implemented in approximately March 2017, months after the corrective action deadline for the 2016 Monitoring Review violations expired without Respondent submitting corrections for any items identified in that review. Given that timing, it would not have prevented these violations.

⁶⁷ A LURA can commit an Owner to maintain as few as 40% of a Development's units as low-income units. Respondent instead chose to subject 100% of the Property's 93 units to those requirements and in return received higher tax credits. Quackenbush Testimony; Staff Ex. 5 at 83.

d. Collection of Tenant Files for Units Previously Inspected*Staff Allegations in the Notice of Hearing*

"Upon review of previous units inspected it was observed that new households had occupied these units and the respondent again failed to collect complete tenant files to prove that units were leased to qualified low-income households at initial occupancy for units 107, 112, 120, 201, 203, 409, 418, 503, 702, 703, 801, 805, and 813, a violation of 10 Tex. Admin. Code § 10.611 . . . and Section 4 of the LURA Acceptable corrections were received for units 107, 702, 703, and 801 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings for the rest of the units remain unresolved."⁶⁸

As described in the preceding section, 10 TAC § 10.611 and LURA Section 4 require screening of tenants to ensure qualification for the Program.

Staff's June 10, 2016 letter to Respondent listed "Household income above income limit upon initial occupancy/Program Unit not leased to Low-Income household" as a previous issue that remained outstanding for Units 107, 112, 120, 201, 203, 409, 418, 503, 702, 703, 801, 805, and 813.⁶⁹ Staff told Respondent to submit the corrections to CMTS no later than the September 8, 2016 corrective action deadline.⁷⁰ No response was submitted by the deadline.⁷¹ Acceptable corrections were received for Units 107, 702, 703, and 801 on December 22, 2016.⁷² No further corrections have been submitted to CMTS, and Staff considers the findings unresolved for the other nine units.

Mr. Miller testified Respondent believed three units were corrected but Staff said additional documentation was needed. Mr. Miller said three units could not be corrected because they were vacant. He agreed Respondent submitted the documentation late, but said getting documentation from existing tenants is difficult and time-consuming. For that reason, it is important to get necessary documentation before a tenant moves in. He said failures by

⁶⁸ Staff Ex. 4 at 3.

⁶⁹ Staff Ex. 12 at 214-16.

⁷⁰ Staff Ex. 12 at 212.

⁷¹ Staff Ex. 14 at 268-69.

⁷² Staff Ex. 18 at 475.

Respondent's previous management company to get such documentation had proven difficult to correct. Respondent has now engaged a third party to help get necessary documentation before a tenant moves in.

The ALJ concludes Staff proved these violations. The evidence indicates the deficiencies existed at the time of the 2016 Monitoring Report and Respondent did not submit corrections regarding any of the units by the corrective action deadline.

Respondent's position that its previous management company created the problem by not obtaining necessary documentation when tenants moved in does not mean Respondent did not commit these violations. In addition to the law discussed in PFD Section II, 10 TAC § 10.611(a) states: "Certification and documentation of household income is an Owner responsibility, even if the Owner is using a manager's services to handle tenant intake and leasing. Accordingly, Owners should ensure that they hire competent and properly trained managers and that they exercise appropriate oversight over any manager's activities." Respondent's other points regarding vacancies are discussed in the previous section.

e. Collection of Annual Eligibility Certifications

Staff Allegations in the Notice of Hearing

"Respondent failed to provide Annual Eligibility Certifications for units 106, 107, 110, 112, 118, 201, 203, 204, 305, 401, 402, 403, 404, 409, 418, 506, 508, 601, 603, 702, 703, 801, 805, 807, a violation of 10 Tex. Admin. Code § 10.612 Acceptable corrections were received for units 201, 203, 402, and 409 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for 20 units."⁷³

10 TAC § 10.612(b) requires Developments to annually collect an Annual Eligibility Certification form from each household.

⁷³ Staff Ex. 4 at 3. See also Staff Ex. 4 at 5 ("Respondent violated 10 TAC § 10.612 in 2016, by failing to collect Annual Eligibility Certifications for 20 units").

Staff's June 10, 2016 letter to Respondent listed as deficiencies identified in the 2016 Monitoring Review: "Failure to collect data required by 10.612(b)(1) and/or 10.612(b)(2)" for Units 106, 107, 110, 112, 118, 201, 203, 204, 305, 401, 402, 403, 404, 409, 418, 506, 508, 601, 603, 702, 703, 801, 805, and 807.⁷⁴ Staff told Respondent to submit the corrections no later than the September 8, 2016 corrective action deadline.⁷⁵ No response was submitted by the deadline.⁷⁶ Corrections, which Staff accepted, were received for Units 201, 203, 402, and 409 on December 22, 2016.⁷⁷

Mr. Miller testified that, contrary to Staff's position, seven units were timely corrected, 11 units could not be corrected due to vacancy, and only three units remained "uncorrected." Staff responds that it must apply the legal requirements about how corrections are to be made. Staff argues it stands willing to help Developments but Respondent did not contact Staff to seek assistance.

The ALJ concludes Staff proved these violations. The evidence indicates the deficiencies existed at the time of the 2016 Monitoring Report. Respondent did not contest it did not submit corrections regarding any of the units to CMTS by the corrective action deadline. Respondent's vacancy argument has been previously discussed.

⁷⁴ Staff Ex. 12 at 217.

⁷⁵ Staff Ex. 12 at 212.

⁷⁶ Staff Ex. 14 at 268-69.

⁷⁷ Staff Ex. 18 at 471.

f. Lease Language Requirements

Staff Allegations in the Notice of Hearing

“Respondent failed to execute required lease provisions or exclude prohibited lease language for units 106, 107, 110, 118, 120, 203, 204, 301, 303, 305, 401, 402, 403, 404, 409, 418, 419, 420, 508, 513, 514, 603, 702, 703, 801, 804, 805, 806, 807, 813, a violation of 10 Tex. Admin. Code § 10.613 . . . Acceptable corrections were received for units 107, 204, 402, 404, 409, 419, 514, 702, 703 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for 21 units.”⁷⁸

A TDHCA rule requires leases to include specific language protecting tenants from eviction without good cause and prohibiting Owners from taking certain actions, such as locking out or seizing property, or threatening to do so, except by judicial process.⁷⁹

Staff’s June 10, 2016 letter to Respondent listed as deficiencies identified during the 2016 Monitoring Review: “Noncompliance with lease requirements described in 10.613” for Units 106, 107, 110, 118, 120, 203, 204, 301, 303, 305, 401, 402, 403, 404, 409, 418, 419, 420, 508, 513, 514, 603, 702, 703, 801, 804, 805, 806, 807, 813.⁸⁰ Staff told Respondent to submit the corrections to CMTS no later than the September 8, 2016 corrective action deadline.⁸¹ No response was submitted by the deadline.⁸² Staff received corrections it considered acceptable for Units 107, 204, 402, 404, 409, 419, 514, 702, and 703 on December 22, 2016.⁸³

The ALJ concludes Staff proved these violations. The evidence indicates the deficiencies existed at the time of the 2016 Monitoring Report. Respondent did not contest it did not submit corrections to CMTS regarding any of the units by the corrective action deadline.

⁷⁸ Staff Ex. 4 at 3. See also Staff Ex. 4 at 5 (“Respondent violated 10 TAC § 10.613 in 2016, by failing to execute required lease language provisions for 21 units”).

⁷⁹ 10 TAC § 10.613(f). The version of that rule in effect beginning January 8, 2015 (40 Tex. Reg. 34) was amended effective October 1, 2017 (42 Tex. Reg. 4987).

⁸⁰ Staff Ex. 12 at 217.

⁸¹ Staff Ex. 12 at 212.

⁸² Staff Ex. 14 at 268-69.

⁸³ Staff Ex. 18 at 471.

Respondent argues that almost all of the units Staff cites as the basis for this alleged violation could not be corrected because they were vacant. Respondent also objects that Ms. Quackenbush did not notify Respondent about TDHCA's new option that may allow deficiencies for vacant units to be cleared. Those arguments are addressed in previous sections of the PFD.

Regarding Respondent's current situation, Respondent introduced an example of the typical lease Respondent uses now when new tenants move in.⁸⁴ Mr. Miller testified Staff has accepted that lease form.

g. Utility Allowance

Staff Allegations in the Notice of Hearing

"Respondent failed to properly calculate and implement a utility allowance for the property, a violation of 10 Tex. Admin. Code § 10.614"⁸⁵

A utility allowance is an estimate of tenant-paid utilities made in compliance with applicable regulations.⁸⁶ It is important because it determines how much a Development can charge a tenant. The version of the TDHCA rule concerning utility allowances that was in effect beginning January 8, 2015, was repealed and replaced with a new version effective beginning December 4, 2016.⁸⁷ Staff argues that because this is a daily accrual violation, Respondent has violated both versions of the rule.

The rule in effect from January 8, 2015, through December 3, 2016, required that rent, plus all mandatory fees, plus an allowance for those utilities paid by the resident directly to a utility provider, be less than or equal to an allowable limit.⁸⁸ Where residents were responsible

⁸⁴ Resp. Ex. 20.

⁸⁵ Staff Ex. 4 at 3. *See also* Staff Ex. 4 at 5 ("Respondent violated 10 TAC § 10.614 in 2016, by failing to properly calculate and implement a utility allowance").

⁸⁶ 10 TAC § 10.3(140).

⁸⁷ 10 TAC § 10.614; 40 Tex. Reg. 34; 41 Tex. Reg. 9312.

⁸⁸ 10 TAC § 10.614(a).

for some or all utilities (other than telephone, cable, and internet), the rule required the Owner to use a utility allowance that complied with the rule and applicable Program regulations.⁸⁹ The rule described various methods a Development could use to establish the utility allowance. The rule described the method Respondent used as: “[t]he utility allowance established by the applicable Public Housing Authority (PHA) for the Section 8 Existing Housing Program. [TDHCA] will utilize Texas Local Government Code, Chapter 392 to determine which PHA is the most applicable to the Development.”⁹⁰ The rule stated: “Owners are responsible for periodically determining if the applicable PHA released an updated schedule to ensure timely implementation. When the allowance changes or a new allowance is made available by the PHA, it can be implemented immediately, but must be implemented for rent due ninety (90) days after the change.”⁹¹

The rule in effect since December 4, 2016, also describes a utility allowance as an estimate of the expected monthly cost of any utility for which a resident is financially responsible, other than telephone, cable television, or internet.⁹² The rule requires that Owners use a utility allowance that complies with the rule and any existing federal or state Program guidance.⁹³ The rule describes methods the Owner could use to establish the utility allowance. Similar to the previous rule, the rule describes the method Respondent used as the utility allowance established by the applicable PHA for the Housing Choice Voucher Program and states that TDHCA will use Texas Local Government Code chapter 392 to determine which PHA is most applicable to the Development.⁹⁴ Also similar to the previous rule, the rule states: “Owners are responsible for periodically determining if the applicable PHA released an updated schedule to ensure timely implementation. When the allowance changes or a new allowance is made available by the PHA, it can be implemented immediately, but must be implemented for rent due 90 days after the PHA releases an updated schedule.”⁹⁵

⁸⁹ 10 TAC § 10.614(a).

⁹⁰ 10 TAC § 10.614(f)(1).

⁹¹ 10 TAC § 10.614(i)(2).

⁹² 10 TAC § 10.614(b)(7).

⁹³ 10 TAC § 10.614(a).

⁹⁴ 10 TAC § 10.614(c)(3)(A).

⁹⁵ 10 TAC § 10.614(g)(2).

Staff's June 10, 2016 letter to Respondent listed as a deficiency: "Noncompliance with utility allowance requirements described in 10.614 of this subchapter and/or Treasury Regulation 1.42-10."⁹⁶ The attached 2016 Monitoring Review report stated: "This property is using the Public Housing Authority (PHA) method to calculate the utility allowance according to the Entrance Interview Questionnaire. The City of Pasadena Housing Authority released a new schedule on November 1, 2015 and [it] appears the property has not implemented the new schedule."⁹⁷ The corrective action listed was: "[i]mplement the correct utility allowance schedule. Submit the Entrance Interview Questions and Unit Status Report through CMTS to demonstrate the property has an accurate utility allowance and rents are properly restricted."⁹⁸ Staff told Respondent to submit the corrections to CMTS no later than the September 8, 2016 corrective action deadline.⁹⁹ No response was submitted by the deadline.¹⁰⁰

On December 22, 2016, Respondent submitted a utility allowance schedule from Harris County PHA.¹⁰¹ Mr. Miller testified he used it because it was updated in 2016 and was more current than the Pasadena PHA schedule, and he thought Staff wanted Respondent to use the most current schedule. In a January 3, 2017 letter, Staff notified Respondent it considered this deficiency still outstanding, explaining: "The Harris County Public Housing Authority schedule is not applicable to Southmore Apartments since the development is located in the City of Pasadena which has an applicable Housing Authority. To correct, submit the requested corrective action on the attached Finding Report."¹⁰²

Respondent's exhibits include a utility allowance schedule for the City of Pasadena Housing Assistance Program dated November 1, 2014.¹⁰³ As noted above, the 2016 Monitoring

⁹⁶ Staff Ex. 12 at 217, 229.

⁹⁷ Staff Ex. 12 at 220.

⁹⁸ Staff Ex. 12 at 220.

⁹⁹ Staff Ex. 12 at 212.

¹⁰⁰ Staff Ex. 14 at 268-69.

¹⁰¹ Staff Ex. 17 at 391; Staff Ex. 18 at 471.

¹⁰² Staff Ex. 18 at 471.

¹⁰³ Staff Ex. 24 at 559-60, 563.

Report said the City of Pasadena Housing Authority released a new schedule on November 1, 2015, and it appears that the Property has not implemented the new schedule.¹⁰⁴

Ms. Quackenbush testified that Staff's main concern regarding this deficiency was preventing tenants from being charged excessive rent. She and Ms. Kaseman testified they did not know whether any of the Property's tenants had been overcharged because Respondent had not submitted the correct, current utility allowance schedule. Mr. Miller thought that was unlikely to be a problem, explaining that Respondent's rent is \$50 lower than the maximum that TDHCA would allow Respondent to charge. He said the Property's three-bedroom units were close to the maximum, but not its one- and two-bedroom units. Mr. Miller said the Property has been using the Pasadena utility allowance for the last year and a half. He believed the Property was still below the rental caps.

Staff contends that without calculating the correct utility allowance, Mr. Miller has no way of knowing whether the Property is still below the rental cap for every tenant. Staff also argues this is a repeat violation. The Agreed Final Order found Respondent had "collected gross rents that exceeded mandatory utility fees charged" to some units. The order further states: "TDHCA publishes maximum rent limits for the tax credit program annually and owners are responsible for ensuring that the maximum rents that they charge include the amount of rent paid by the household, plus an allowance for utilities, plus any mandatory fees."¹⁰⁵

The ALJ concludes Staff proved these violations. The evidence indicates the deficiencies existed at the time of the 2016 Monitoring Report. Respondent did not contest that it did not submit the corrective action by the corrective action deadline. Respondent's submissions and exhibits indicate that it was using either a utility allowance schedule for the wrong housing authority or it an out-of-date schedule for the correct housing authority. Moreover, the evidence does not establish that no tenant was overcharged. The Agreed Final Order found some of the Property's tenants had been overcharged because of the previous utility allowance violation.

¹⁰⁴ Staff Ex. 12 at 220.

¹⁰⁵ Staff Ex. 24 at 559-60, 563.

h. Submission of Documentation for the 2016 Monitoring Review***Staff Allegations in the Notice of Hearing***

“Respondent violated 10 Tex. Admin. Code § 10.607 and § 10.618 in 2016, by failing to submit requested pre-onsite documentation, including an entrance interview questionnaire and a unit status report.”¹⁰⁶

The 2016 Monitoring Review was conducted on January 27, 2016. A rule in effect since November 28, 2013, requires reports to be submitted electronically through TDHCA’s web-based CMTS and in the format prescribed by TDHCA.¹⁰⁷ Another rule, in effect since November 28, 2013, states that TDHCA may perform an on-site monitoring review and requires the Development to permit TDHCA access to the Development’s premises and records.¹⁰⁸ TDHCA will give the Development reasonable notice of an on-site inspection so the Owner may assemble original tenant records for review.¹⁰⁹ The rule states that at times other than on-site reviews, TDHCA may request various other types of information for review, in a format TDHCA designates.¹¹⁰

Ms. Quackenbush testified that 30 days before an on-site monitoring review, Staff notifies a Development that the review will be conducted and requests related documentation, which Staff reviews before the on-site review. Staff’s June 10, 2016 letter to Respondent listed “Failure to provide pre-onsite documentation as required” as a deficiency. The letter explained that “the entrance interview questionnaire for 2012 and 2016 and the unit status report for the 2016 monitoring reviews have not been submitted electronically through [CMTS] as required.

¹⁰⁶ Staff Ex. 4 at 5. See also Staff Ex. 4 at 3 (“Respondent failed to submit pre-onsite documentation for the 2016 monitoring review, a violation of 10 TAC § 10.607 . . . and § 10.618 . . .”).

¹⁰⁷ 10 TAC § 10.607(a). This provision has not changed since its adoption effective November 28, 2013 (38 Tex. Reg. 8410), although other parts of the rule were amended effective January 8, 2015 (40 Tex. Reg. 34) and July 12, 2015 (40 Tex. Reg. 4351).

¹⁰⁸ 10 TAC § 10.618(a).

¹⁰⁹ 10 TAC § 10.618(e).

¹¹⁰ 10 TAC § 10.618(d).

To correct, electronically submit completed and accurate Entrance Interview Questionnaire and Unit Status Reports.”¹¹¹ No response was submitted by the deadline.¹¹²

Mr. Miller testified that Respondent submitted documentation to Staff a week before the 2016 Monitoring Review, instead of 30 days before it as required. The ALJ concludes Staff proved this violation.

i. Payment of Annual Compliance Fees

Staff Allegations in the Notice of Hearing

“Respondent failed to pay annual compliance fees for the years 2014 through 2016, totaling \$4,185, a violation of Section 7 of the LURA and Tex. Gov’t Code § 2306.176 and § 2306.266 . . . A fee of \$1,395 is due from Respondent every year on November 1.”¹¹³

TDHCA’s duties include maintaining regular audits, examinations, inspections, and supervision of Housing Sponsor properties to ensure they comply with applicable legal requirements. TDHCA has authority to require a Housing Sponsor to pay annual compliance fees to recover TDHCA’s cost of performing those duties.¹¹⁴ LURA Section 7 requires the Project Owner to pay TDHCA an annual compliance fee as specified in that section.¹¹⁵

Staff’s June 10, 2016 letter to Respondent listed failure to pay the 2014 and 2015 annual compliance fees as a deficiency identified in the 2016 Monitoring Review. The letter stated “[t]o correct, submit a receipt showing payment of the fees to TDHCA.”¹¹⁶ No response was submitted by the deadline.¹¹⁷

¹¹¹ Staff Ex. 12 at 216.

¹¹² Staff Ex. 18 at 471, 475.

¹¹³ Staff Ex. 4 at 3. *See also* Staff Ex. 4 at 5 (“Respondent violated Section 7 of the LURA and Tex. Gov’t Code § 2306.176 and § 2306.266, by failing to pay required annual compliance fees, this time for the years 2014 through 2016”).

¹¹⁴ Tex. Gov’t Code §§ 2306.176, .266.

¹¹⁵ Staff Ex. 5 at 85-86.

¹¹⁶ Staff Ex. 12 at 216.

¹¹⁷ Staff Ex. 18 at 471, 475, 511.

Deficiencies listed in the Notice of Hearing that Staff still considers outstanding include failure to pay annual compliance fees for the years 2014 through 2016, totaling \$4,185. TDHCA sent to Respondent annual compliance fee invoices of \$1,395 per year on November 1 of 2014, 2015, and 2016, for a total of \$4,185.¹¹⁸ Mr. Palacios testified that he oversees Staff's work on compliance billing involving Respondent. He said that as of the day before the hearing, the invoices still had not been paid. He stated that each invoice became due 30 days after it was sent. He observed these are repeat violations. The Agreed Final Order states that Respondent failed to pay annual compliance fees on time for the years 2006 to 2013.¹¹⁹

Mr. Miller acknowledged Respondent owes the fees and is behind on paying them. He said Respondent stands ready to pay the fees. The ALJ concludes Staff proved these violations.

j. Affirmative Marketing Plan

Staff Allegations in the Notice of Hearing

"Respondent failed to provide a compliant affirmative marketing plan, a violation of 10 Tex. Admin. Code § 10.617 An affirmative marketing plan was received in response to an administrative penalty informal conference notice, but the plan omitted the required marketing materials to prove that the Development was carrying out marketing to the disabled."¹²⁰

10 TAC § 10.617 requires Developments to maintain an affirmative marketing plan that meets minimum requirements and to distribute marketing materials to selected marketing organizations that reach groups identified as least likely to apply and to the disabled. The plan must be updated every two years.

Staff's June 10, 2016 letter to Respondent listed "Noncompliance related to Affirmative Marketing requirements described in 10.617" as a deficiency identified during the 2016 Monitoring Review. The letter stated: "[p]lease see the attached Affirmative Marketing

¹¹⁸ Staff Ex. 21.

¹¹⁹ Staff Ex. 24.

¹²⁰ Staff Ex. 4 at 4. *See also* Staff Ex. 4 at 5 ("Respondent violated 10 TAC § 10.617 in 2016, by failing to provide a complete affirmative marketing plan").

Rule in § 10.617 with highlighted areas that were not included in the Development's current plan. To correct, update the property's Affirmative Marketing Plan to meet all the requirements of § 10.617. Submit the updated plan and all marketing materials to evidence compliance with this provision."¹²¹ Staff told Respondent to submit the corrections to CMTS no later than the September 8, 2016 corrective action deadline.¹²² No response was submitted by the deadline.¹²³

Mr. Miller testified that Respondent's affirmative marketing plan is Respondent Exhibit 3, which he states covers marketing to the disabled. He believed Respondent might have to submit the ad it runs in Green Sheet. Staff argues it already reviewed that plan, which did not comply with 10 TAC § 10.617.

The ALJ concludes Staff proved these violations. Respondent did not contest that it had not yet made a complete, correct submission, and that it did not submit any corrections by corrective action deadline.

k. Owner's Financial Certification

Staff Allegations in the Notice of Hearing

"Respondent failed to submit Parts A and B of the Owner's Financial Certification of the 2015 Annual Owner's Compliance Report, a violation of 10 Tex. Admin. Code § 10.607 This report is due on April 30 of each year, reporting data for the prior year, and a new violation was identified when the 2015 Annual Owner's Compliance Report was not submitted by April 30, 2016. The final parts for the 2015 Annual Owner's Compliance Report were submitted on December 22, 2016, 236 days past the deadline."¹²⁴

10 TAC § 10.607(e) requires each Development to submit AOCR Parts A, B, C, and D and the Annual Owner's Financial Certification to TDHCA no later than April 30 of each year, reporting data for the previous year.

¹²¹ Staff Ex. 12 at 216.

¹²² Staff Ex. 12 at 212.

¹²³ Staff Ex. 14 at 268.

¹²⁴ Staff Ex. 4 at 4. See also Staff Ex. 4 at 5 ("Respondent violated 10 TAC § 10.607 in 2016, by failing to submit Annual Owner's Compliance Report parts for the year 2015").

On May 6, 2016, TDHCA sent Respondent a notice of non-compliance for failure to submit AOCR Part A, Owner Certification of Continued Compliance; Part B, Unit Status Report; Part C, Housing for Persons with Disabilities Report, Part C; and the Annual Owner Financial Certification, which were due April 30, 2015. The notice of non-compliance set a corrective action deadline of June 5, 2016. On January 5, 2017, Staff sent a letter notifying Respondent that TDHCA received the documents on December 22, 2016, almost six months past the corrective action deadline.¹²⁵

Mr. Miller testified he thought Respondent had submitted a complete 2015 AOCR to TDHCA; it simply did not do so by the corrective action deadline.

The ALJ concludes Staff proved these violations. The evidence indicates the deficiencies existed at the time of the 2016 Monitoring Report, and Respondent did not submit corrections by the corrective action deadline.

VI. REQUEST TO ORDER COMPLIANCE

TDHCA has authority to order a Housing Sponsor to perform or to refrain from performing certain acts in order to comply with the law, TDHCA rules, or a LURA.¹²⁶ Staff requests that TDHCA order Respondent to correct all outstanding violations within 60 days of TDHCA's final order. Respondent argues no such order is necessary because any violations have now been corrected. In the alternative, Respondent asks that it be allowed 120 days after the final order to correct any perceived, remaining physical violations.

The ALJ recommends that Respondent be ordered to correct all outstanding violations and to submit proof of the corrective actions to TDHCA within 60 days of the final order. Many of these violations have persisted for years. Respondent did not explain why it needed 120 days to correct any perceived remaining physical violations. Mr. Miller testified that repairs have been made to address all of the UPCS violations.

¹²⁵ Staff Exs. 11, 19; Quackenbush Testimony.

¹²⁶ Tex. Gov't Code § 2306.267.

VII. REQUEST FOR ADMINISTRATIVE PENALTIES

A. Applicable Law

Under Texas Government Code § 2306.042, the amount of an administrative penalty may not exceed \$1,000 for each violation. For that purpose, each day a violation continues or occurs is considered a separate violation.¹²⁷ The amount of the penalty must be based on the following factors: (1) the seriousness of the violation including: (A) the nature, circumstance, extent, and gravity of any prohibited act; and (B) the hazard or potential hazard created to the health, safety, or economic welfare of the public; (2) the history of previous violations; (3) the amount necessary to deter a future violation; (4) efforts made to correct the violation; and (5) any other matter that justice may require.¹²⁸

10 TAC § 2.302(j) requires that a penalty matrix be used in determining appropriate and consistent administrative penalties for various violations. The penalties may not exceed the maximum penalty, but may be lower if appropriate.

The overarching intent and guiding principle of TDHCA's rules on enforcement is that full compliance is required.¹²⁹ Enforcement mechanisms are intended to be used in a manner that: promotes full compliance; uses compliance assistance methods and, where needed, enforcement mechanisms, to obtain compliance and to deter noncompliance; takes appropriate enforcement action against those who fail to take the necessary and appropriate measures to comply; and provides for the exclusion or removal from TDHCA programs of persons who have demonstrated they are unable or unwilling to comply.¹³⁰

¹²⁷ Tex. Gov't Code § 2306.042(a).

¹²⁸ Tex. Gov't Code § 2306.042(b)(1)-(5).

¹²⁹ 10 TAC § 2.101(b).

¹³⁰ 10 TAC § 2.101(b).

B. Staff's Evidence and Arguments***Staff Allegations in the Notice of Hearing***

"An Agreed Final Order was issued against the Respondent on February 2, 2015. This Agreed Final Order required the Respondent to pay a \$5,000 administrative penalty, pay \$11,160 in delinquent compliance fees for the years 2006 through 2013; and submit documentation to correct the violations found. The Agreed Final Order was violated based on the fact that none of the violations found were corrected.

"In the Agreed Final Order issued on February 2, 2015 it was found that the following laws were violated which are repeat violations also found in this Notice of Hearing:

- a. Failure to comply with HUD's Uniform Physical Condition Standards;
- b. Failure to submit Annual Owner's Compliance Reports;
- c. Failure to properly calculate and implement a utility allowance;
- d. Failure to provide complete tenant files demonstrating units were leased to low income households;
- e. Failure to submit requested pre-onsite documentation, including an entrance interview questionnaire and a unit status report;
- f. Failure to pay the required annual compliance fees; and
- g. Failure to provide a complete affirmative marketing plan."

"An administrative penalty of \$75,590 is an appropriate administrative penalty in this case under the penalty matrix at 10 Tex. Admin. Code § 2 and the factors at Tex. Gov't Code § 2306.042."¹³¹

TDHCA's Enforcement Committee based its recommended administrative penalties on the statutory factors and penalty matrix described above. Notes from the committee's October 9, 2015 and January 31, 2017 meetings indicate the statutory factors were applied to the violations at issue as summarized in this table.¹³²

¹³¹ Staff Ex. 4 at 4, 6. In the Notice of Hearing, the citation to "10 Tex. Admin. Code § 2" in the last sentence quoted above is incomplete; the citation should have been "10 Tex. Admin. Code § 2.302." There were no objections on that basis and the Notice of Hearing at 1 cites "10 Tex. Admin. Code § 2.302."

¹³² Staff Ex. 22; Kaseman Testimony. The statutory factors are stated in Tex. Gov't Code § 23.06.042(b) and the matrix is set forth in 10 TAC § 2.302(j), fig. 2.

| Statutory Factor | Considerations re: 2015 UPCS violations | Considerations re: 2016 Monitoring Review violations |
|---|--|---|
| <p>Seriousness of the violation including:</p> <ul style="list-style-type: none"> Nature, circumstance, extent, and gravity of any prohibited act; and | <p>Majority were serious (Level 3) Failures to respond on time Not making improvements between inspections</p> | <p>Violations do not seem serious individually but their quantity shows systemic issues Pattern and practice of doing business without regard for TDHCA requirements Repeated violations for the same units with different households</p> |
| <ul style="list-style-type: none"> Hazard or potential hazard created to the public's health, safety, or economic welfare | <p>Numerous Level 3 violations Admitted during conference they are not providing affordable units —not a violation yet but serious Unit 301 was unavailable to the public for years</p> | |
| <p>History of previous violations</p> | <p>1</p> | <p>1</p> |
| <p>Amount necessary to deter future violations</p> | <p>\$13,250</p> | <p>\$62,340 (reports show good income; history shows need high amount to deter future violations)</p> |
| <p>Efforts made to correct the violation</p> | <p>Submitted only partial corrections, did not respond to follow-up emails or letters Violations from Agreed Final Order still not corrected Owner not funding improvements to bring score above 50</p> | <p>Not good thus far Very poor compliance history for a decade</p> |
| <p>Any other matter justice may require</p> | <p>Violations from Agreed Final Order still not corrected Not taking violations seriously Also referred for debarment Property is in very poor condition, scoring under 50 on multiple inspections with no improvements made</p> | <p>Clear pattern – multiple properties, consistent neglect</p> |

Notes from the Enforcement Committee's October 9, 2015 meeting show it applied the matrix to the seriousness levels for the alleged 2015 UPCS violations as follows:¹³³

| Level | Penalty per Violation | # Violations | Potential Penalty | Adjusted Penalty |
|-------|-----------------------|--------------|-------------------|------------------|
| L1 | \$250 | 1 | \$250 | No adjustments |
| L2 | \$500 | 2 | \$1,000 | No adjustments |
| L3 | \$1,000 | 12 | \$12,000 | No adjustments |
| | | | \$13,250 | \$13,250 |

Notes from the Enforcement Committee's January 31, 2017 meeting shows that in applying the matrix to the alleged 2016 Monitoring Review violations, it calculated 145 days between the September 8, 2016 corrective action deadline and the date of that committee meeting.¹³⁴ The committee applied the matrix to these violations as summarized in this table:¹³⁵

| Violation | Penalty per Violation | # Violations | Potential Penalty | Adjusted Penalty |
|--|-----------------------|--------------|-------------------|------------------|
| Failure to maintain written Tenant Selection Criteria (lease violation) | \$500 | 1 | \$500 | \$500 |
| Failure to post laminated Tenant Rights & Resources Guide (lease violation) | \$500 | 1 | \$500 | \$500 |
| Failure to collect complete tenant files to prove units were leased to qualified low-income households at initial occupancy | \$1,000 | 17 | \$17,000 | \$17,000 |
| Failure to collect complete tenant files to prove units were leased to qualified low-income households at initial occupancy for new households occupying units that had previous violations relating to tenant files for past households | \$1,000 | 13 | \$13,000 | \$13,000 |

¹³³ Staff Ex. 22.

¹³⁴ Staff Ex. 22. Ms. Kaseman testified that considering subsequent days without correction could have increased the maximum penalty for daily accrual violations.

¹³⁵ Staff Ex. 22.

| | | | | |
|---|---------|-----|-----------|----------|
| Failure to provide Annual Eligibility Certification | \$50 | 20 | \$1,000 | \$1,000 |
| Lease language violation | \$500 | 21 | \$10,500 | \$10,500 |
| Utility allowance (potential daily accrual per unit) | \$50 | 93 | \$674,250 | \$4,650 |
| Pre-onsite documentation | \$500 | 1 | \$500 | \$500 |
| Affirmative marketing plan | \$1,000 | 1 | \$1,000 | \$1,000 |
| Annual Compliance Fees for 2014 (\$250 plus \$10/day) | \$250 | 792 | \$8,170 | \$1,700 |
| Annual Compliance Fees for 2015 (\$250 plus \$10/day) | \$250 | 427 | \$4,520 | \$250 |
| Annual Compliance Fees for 2016 (late, but not yet referred for enforcement; no penalty calculated) | | | \$0 | \$0 |
| 2015 AOCR | \$1,000 | 1 | \$1,000 | \$1,000 |
| | | | \$731,940 | \$62,340 |

Ms. Quackenbush testified that Respondent is the only one of the 2200 Developments for which TDHCA monitors compliance that is being threatened with a total administrative penalty as high as approximately \$75,000.

Ms. Kaseman said she had been Secretary to the Enforcement Committee for more than a decade and has dealt with hundreds of properties with significant non-compliance issues. She thought the administrative penalties should have been higher than those recommended by the Enforcement Committee and requested by Staff in this case. She said these violations have harmed tenants and potential tenants of the Property. In her experience, Respondent is a stand-out for submitting corrections that are so few and so insufficient. She typically receives many questions from Owners trying to bring their Developments into compliance, which has not been her experience with Respondent. Ms. Kaseman stated that Respondent's history shows a pattern over many years of serious violations and willful non-compliance. Respondent repeated many violations found in the Agreed Final Order. In that order, Respondent agreed to correct all violations, to pay delinquent compliance fees, and to pay a \$5,000 administrative penalty. She

testified that the penalty was insufficient to deter Respondent from further violations. Although it paid the penalty and fees, Respondent has not yet submitted corrections to fix outstanding violations found in that order.¹³⁶

In response to Mr. Miller's testimony that violations have now been corrected, Staff complains that despite numerous instructions by Staff, Respondent repeatedly failed to submit proper proof of corrections through CMTS and in the format as required by 10 TAC § 10.607(a). Despite Staff's repeated offers to provide training and technical assistance, Respondent did not pursue those opportunities.

Mr. Miller testified that Respondent's exhibits include a letter mailed to TDHCA to request assistance.¹³⁷ He thought he mailed it and did not recall submitting it through CMTS. Staff complains the letter was not addressed to an individual and may not have been received by the appropriate person, given TDHCA's size.

In response to Respondent's argument that its compliance problems resulted from Hurricane Ike, Staff responds that Respondent's compliance issues began in 2006, two years before that hurricane.¹³⁸ Staff argues that the hurricane also has no relevance to violations discovered in 2015 and 2016. In response to Respondent's argument that the violations were committed by a management company and its employees, whose services Respondent later terminated, Staff notes that Respondent is legally responsible for all of its staff's work and for ensuring compliance.

C. Respondent's Evidence and Arguments

Mr. Miller testified that from 1996, when the LURA was executed, until Hurricane Ike hit in 2008, Respondent operated the Property without compliance problems with TDHCA. The hurricane damaged the appearance of the roof and siding, which led to a lower occupancy rate

¹³⁶ Kaseman Testimony.

¹³⁷ Resp. Ex. 19.

¹³⁸ Staff Ex. 24.

(60%) at the Property. Dealing with the storm's long-term effects required Mr. Miller to devote time and resources to related property repairs and litigation with insurance carriers. As a result, Mr. Miller out-sourced operation and maintenance of the Property to a management company. According to Mr. Miller, failures by this company and Respondent's employees, whose services were later terminated, led to the Property's enforcement issues with TDHCA.¹³⁹

Mr. Miller said he thought the assertion that Respondent had not corrected any of the violations found in the Agreed Final Order was incorrect.

Mr. Miller testified he did not know uploading a correction into CMTS "made it correct." He said his experience has been that when he uploads a correction into CMTS, Staff rejects it. He said he has always submitted the corrections after reviewing Staff's initial audit information, then awaited re-inspection, at which time he would learn an item is no longer a violation.

Mr. Miller strongly disagreed with assertions that he had been uncommunicative or dismissive of TDHCA's requirements. He said perhaps TDHCA did not know a property management company was managing the Property at the time. Mr. Miller said that during the time period in question, he would talk to the management company's regional supervisor, who emailed Mr. Miller reports each month, but Mr. Miller was not otherwise involved with the Property.

Mr. Miller testified that since early 2016, he has resumed a more direct role in managing the Property. Now he goes there almost every day. He also hired a vendor that reviews new files and monitors existing files for compliance.¹⁴⁰ As a result, the Property's physical condition and Respondent's management and monitoring of its files and tenants improved dramatically. He explained that the units look really nice now, with plank flooring and carpet in the bedrooms, and the residents are happy. Mr. Miller expressed confidence that TDHCA's subsequent inspections of the Property will show Respondent is in compliance. He testified that Respondent is currently profitable but is spending a lot of money to make repairs and improvements to the

¹³⁹ Miller Testimony.

¹⁴⁰ Mr. Miller testified Respondent Exhibits 17 and 18 are examples of reports that the new vendor provides to Respondent.

Property, and additional upgrades are needed. In his view, because compliance has been achieved and will continue, the administrative penalties requested by Staff are unnecessary and would divert needed funds away from improving the Property.¹⁴¹

D. ALJ's Analysis

For reasons discussed below, the ALJ recommends the administrative penalties recommended by the Enforcement Committee and proposed by Staff, after:

- Deleting \$1,500 from the Staff-proposed penalties for the two UPCS violations (Items 2 and 3) that Staff did not prove; and
- Deleting \$200 from the Staff-proposed penalty for one UPCS violation (Item 10), for which the ALJ's recommended penalty is \$800, not the \$1,000 maximum proposed by Staff.

The calculation of the ALJ's recommended penalties is shown in the following table:

¹⁴¹ Miller Testimony.

| Item | Item Description | Level | Staff penalty | ALJ penalty |
|--|--|-------|---------------|-----------------|
| Unit 108 for 110 | | | | |
| 2 | Health & Safety—Emergency Fire Exits—Missing Exit Signs—Bedroom 2; headboard blocking egress | L3 | \$1,000 | \$0 |
| 3 | Kitchen—Dishwasher/Garbage Disposal—Inoperable—dishwasher not functioning | L2 | \$500 | \$0 |
| Bldg 3: TX-94-01233/Unit 301 | | | | |
| 10 | Floors—Soft Floor Covering Missing/Damaged—missing throughout | L3 | \$1,000 | \$800 |
| Total ALJ-recommended deletion from total Staff-proposed penalties | | | | \$1,700 |
| Total ALJ-recommended penalties (\$75,590 - \$1,700) | | | | \$73,890 |

The ALJ considered *de novo* the penalty amounts proposed by Staff and recommended by TDHCA's Enforcement Committee, and the committee's assessment of the facts and application of applicable law, based on the ALJ's application of applicable law to facts proven by the evidence in this case. Except for UPCS Item 10, for each violation Staff proved, the ALJ would have recommended an administrative penalty that was either the same as or (for some of the 2016 Monitoring Review violations) higher than that proposed by Staff. For each violation proven, the ALJ limited her recommended penalty amount to that proposed by Staff.

In developing her recommendations on administrative penalties, the ALJ considered all evidence, favorable and unfavorable to a party, regarding each factor for each violation. Given the amount of evidence and the number of violations, the discussion below either summarizes or provides examples of evidence more fully discussed earlier in the PFD.

- *Seriousness of the violation including the nature, circumstance, extent, and gravity of any prohibited act and the hazard or potential hazard created to the health, safety, or economic welfare of the public.* Most of the 2015 UPCS violations that were proven were L3; one was L2; and one was L1. The 2016 Monitoring Review violations were individually less serious but some were significant and some affected multiple tenants or potential tenants. For example, the numerous violations relating to collection of tenant files and annual eligibility certifications were a serious threat to effectuating Respondent's commitment in the LURA to make 100% of the Property's units available to qualified low-income persons. Affordable, habitable housing is important to the

health, safety, and economic welfare of the public. After having considered all of the types of violations; that the violations were extensive, not isolated; that the evidence shows many violations lasted for years, does not show they were corrected, or does not show when they were corrected; the ALJ concludes the evidence does not show that any special circumstances justified the violations. Respondent's explanations on that point were unconvincing, as discussed below.

- ***History of previous violations.*** As established in the chronology and detailed in the PFD, this factor strongly favors imposing substantial or maximum administrative penalties, depending on the violation. For example, many of the violations repeat violations found in the Agreed Final Order.
- ***Amount necessary to deter a future violation.*** As established in the chronology and detailed in the PFD, this factor strongly favors imposing substantial or maximum administrative penalties, depending on the violation. Respondent's conduct shown in the evidence indicates the administrative penalty imposed in the Agreed Final Order was considerably too small to deter future violations.
- ***Efforts made to correct the violation.*** As discussed below, the evidence on this factor merits a lower penalty regarding UPCS Item 10 but not for the other violations. The evidence shows a clear pattern for years of Respondent not taking seriously the need to correct violations promptly and completely, to document the corrections, and to submit the documentation to CMTS so it can be promptly and efficiently reviewed by TDHCA, as required by the LURA, the Texas Government Code, and TDHCA rules.
- ***Any other matter that justice may require.*** The evidence shows the Property was in very poor condition, with unacceptably low UPCS inspection scores and corrections not being made. Respondent's conduct unreasonably delayed and hampered TDHCA efforts to monitor the Property for compliance, to investigate and to achieve correction of non-compliance, and to enforce Program requirements. One consequence was to increase the magnitude and duration of harm the violations caused to low-income tenants and low-income potential tenants of the Property.

Respondent argues that the violations have now been corrected, so no administrative penalties should be imposed. That misstates the legal standard, including omitting most of the statutory factors discussed above. Additionally, 10 TAC § 2.101(b) provides that when compliance assistance methods fail, the enforcement mechanisms are to be used in a way that promotes and obtains full compliance, deters noncompliance, and takes appropriate enforcement action against those who fail to take the necessary and appropriate measures to comply. The evidence shows TDHCA tried many times to use compliance assistance methods. A small administrative penalty was imposed in the Agreed Final Order. Those efforts failed to achieve

the purposes listed in 10 TAC § 2.101(b), because for years Respondent continued doing business largely without regard for TDHCA requirements.

In any event, with few exceptions the evidence does not establish that corrections meeting TDHCA requirements were made. Where there is evidence a correction was made, often it indicates that happened months or years after the corrective action deadline. Mr. Miller was Respondent's only witness, and his testimony on those points was mostly vague or conclusory and unsupported by documentary evidence. The sparse documentation is especially difficult to understand given the clear, detailed legal requirements about documenting corrections and Staff's frequent reminders to Respondent about those requirements and its offers to answer questions and provide training about them.

The paucity of documentary support was a particular problem because on some points, Mr. Miller's testimony was not credible. For instance, despite numerous reminders in Staff's correspondence with him, he testified that he did not know submitting documentation through CMTS was so important and thought he should wait for the next UPCS inspection or monitoring review to clear a violation. He testified Respondent's compliance problems began with a 2008 storm, Hurricane Ike, but the Agreed Final Order he signed indicates they began in 2006. He testified Respondent stood ready to pay the late compliance fees but provided no reasonable explanation for why invoices for them have been left unpaid for many years.

Respondent did, however, provide sufficient evidence about efforts made to correct UPCS Item 10 to warrant a lower penalty than the \$1,000 maximum proposed by Staff. Through Mr. Miller's testimony and Respondent Exhibits 15 and 22, sufficient evidence was presented to find that repairs were made to address Item 10 in Unit 301 on June 29, 2015.¹⁴² Accordingly, the ALJ recommends a penalty for Item 10 of \$800. The ALJ chose that amount after considering all of the statutory factors, and taking into account that Item 10 was an L3 violation for which the maximum penalty is \$1,000; the maximum penalty is \$500 for a less serious L2 violation; Mr. Miller testified that Unit 301, which had been used for storage, was not rehabilitated and

¹⁴² As discussed earlier, even though July 2, 2015, was the corrective action deadline, Respondent still committed a violation because it did not submit the required documentation through CMTS by the deadline.

occupied by a tenant until November 2015; Respondent Exhibits 15 and 22 are ambiguous in some respects, as previously discussed; and Respondent did not provide them to Staff until years after the repair was made.

Respondent's evidence about Hurricane Ike was too vague to show the hurricane caused any of the violations at issue. Moreover, it occurred in 2008, years before the 2015 UPCS Inspection and the 2016 Monitoring Review. Additionally, the Agreed Final Order indicates Respondent committed violations before the hurricane.

The ALJ gives no weight to Respondent's evidence and arguments that to the extent failures by employees or third parties hired by Respondent caused the violations, administrative penalties should be either zero or lower than Staff requests. Both the law (including the LURA) and effectuation of the Program's purposes require that Respondent be responsible for compliance. The violations at issue were not isolated; they were numerous and diverse and often persisted for months or years. The evidence shows that to the extent Respondent delegated compliance-related tasks to an employee or a third party, Respondent failed to provide direction and supervision necessary to meet its compliance obligations.

VIII. FINDINGS OF FACT

1. The Texas Department of Housing and Community Affairs (TDHCA) administers a low income housing tax credit program (Program).
2. Southmore Park Apartments Ltd. (Respondent) owns and operates a property located at 2401 Southmore Avenue, Pasadena, Texas (the Property).
3. In 1996, Respondent entered into a land use restriction agreement (LURA) with TDHCA. The LURA awards Respondent an allocation of low income housing tax credits in the amount of \$237,523 per year for ten years for the purpose of constructing and operating the Property.
4. The LURA was signed by a TDHCA representative and by Respondent's President and General Partner, Charles V. Miller.

5. The LURA had an effective date of November 20, 1996, and was filed of record as Document Number S250798 of the Official Public Records of Real Property of Harris County, Texas. The term of the LURA is 30 years.
6. The tax credits awarded to Respondent under the Program were based on its commitments in the LURA to maintain 100% of the Property's 93 units as rent-restricted units suitable for occupancy and rented to low-income tenants for 30 years.
7. A regularly scheduled Uniform Physical Condition Standards (UPCS) inspection (2015 UPCS Inspection) was conducted at the Property on March 26, 2015. Inspection reports showed numerous serious property condition deficiencies. Notifications of noncompliance were sent and a July 2, 2015 corrective action deadline was set.
8. Partial corrective action was received before the corrective action deadline, but TDHCA staff (Staff) concluded that a total of 15 deficiencies found during the 2015 UPCS Inspection remained outstanding.
9. For UPCS violations, Level 3 (L3) is considered the most serious, Level 2 (L2) is less serious, and Level 1 (L1) is the least serious.
10. Staff rejected corrections for two deficiencies that were submitted by the corrective action deadline on the basis that the work orders submitted were ambiguous as to which of two units of the Property they concerned. The work orders should not have been rejected on that basis, because they reasonably used the same references to unit numbers as the UPCS Inspection report to which the work orders were responding.
11. Of the 13 UPCS violations not corrected by the corrective action deadline, 11 were L3, one was L2, and one was L1.
12. One of the 13 UPCS violations was a tripping hazard. It was difficult to find from the description in the UPCS Inspection report, but Respondent did not contact TDHCA to obtain clarification as to its location. As a result, the hazard remained uncorrected until approximately November 2017.
13. The other 12 UPCS violations involved one unit that was being used for storage and was not habitable. The unit was therefore not available to any potential low-income tenants.
14. Respondent made repairs to address one of the 12 UPCS violations involving the unit, an L3 violation, before the corrective action deadline. The violation remained outstanding because Respondent never submitted documentation of the correction through TDHCA's Compliance Monitoring and Tracking System (CMTS).
15. An on-site monitoring review (2016 Monitoring Review) was conducted on January 26, 2016, to determine whether Respondent was in compliance with LURA requirements to lease units to low-income households and to maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules.

16. Notifications of noncompliance were sent and a September 8, 2016 corrective action deadline was set for the deficiencies identified during the 2016 Monitoring Review. No reply was received by the deadline.
17. The following violations of TDHCA requirements identified during the 2016 Monitoring Review were not corrected before the corrective action deadline:
 - a. Respondent failed to maintain complete written tenant selection criteria meeting TDHCA requirements.
 - b. A laminated copy of the Tenant Rights and Resources Guide was not posted in a common area of the leasing office.
 - c. Upon review of new units, it was found that Respondent failed to collect complete tenant files to prove that units were leased to qualified low-income households at initial occupancy for Units 106, 110, 112, 305, 401, 402, 403, 404, 419, 420, 506, 508, 513, 514, 515, 601, 804, 807, 806, and 811. Acceptable corrections were received for Units 402, 419, and 514 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for the other 17 units.
 - d. Upon review of previous units inspected it was observed that new households had occupied these units and Respondent again failed to collect complete tenant files to prove that units were leased to qualified low-income households at initial occupancy for Units 107, 112, 120, 201, 203, 409, 418, 503, 702, 703, 801, 805, and 813. Acceptable corrections were received for Units 107, 702, 703, and 801 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings for the other nine units remain unresolved.
 - e. Respondent failed to provide Annual Eligibility Certifications for Units 106, 107, 110, 112, 118, 201, 203, 204, 305, 401, 402, 403, 404, 409, 418, 506, 508, 601, 603, 702, 703, 801, 805, and 807. Acceptable corrections were received for Units 201, 203, 402, and 409 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for the other 20 units.
 - f. Respondent failed to execute required lease provisions or to exclude prohibited lease language for Units 106, 107, 110, 118, 120, 203, 204, 301, 303, 305, 401, 402, 403, 404, 409, 418, 419, 420, 508, 513, 514, 603, 702, 703, 801, 804, 805, 806, 807, and 813. Acceptable corrections were received for Units 107, 204, 402, 404, 409, 419, 514, 702, 703 on December 22, 2016, 105 days past the deadline, after an administrative penalty informal conference notice was sent. The findings remain unresolved for the other 21 units.

- g. Respondent failed to properly calculate and implement a utility allowance for the property. Respondent used a utility allowance for the City of Pasadena Housing Authority dated November 1, 2014. The City of Pasadena Housing Authority had implemented a new utility allowance schedule on November 1, 2015, but Respondent did not update its utility allowance within 90 days after the City of Pasadena Housing Authority released the updated schedule. On December 22, 2016, Respondent submitted the utility allowance used by Harris County Housing Authority, which is the wrong housing authority because the Property is located in Pasadena, Texas. This violation remains unresolved.
 - h. Respondent failed to submit requested pre-onsite documentation by the deadline requested in preparation for an upcoming monitoring review. Required documentation includes an Entrance Interview Questionnaire to be completed in TDHCA's CMTS, unit status report, and written leasing criteria. This violation remains unresolved.
 - i. Respondent failed to pay annual compliance fees for the years 2014 through 2016, totaling \$4,185. A fee of \$1,395 is due from Respondent every year on November 1. This violation remains unresolved.
 - j. Respondent failed to provide a compliant affirmative marketing plan. The plan in place at the time of the 2016 Monitoring Review did not meet minimum requirements. This violation remains unresolved.
 - k. Respondent failed to submit Parts A and B of the 2015 Annual Owner's Compliance Report (AOCR). The AOCR includes Owner Certification of Continued Compliance—Part A, Unit Status Report—Part B, Housing for Persons with Disabilities Report—Part C, and the Annual Owner Financial Certification. The AOCR is due on April 30 of each year, reporting data for the prior year, and a new violation was identified when the complete 2015 AOCR had not been submitted by April 30, 2016. The missing parts for the 2015 AOCR were submitted on December 22, 2016, 236 days past the deadline.
18. In written correspondence, Staff repeatedly reminded Respondent of the TDHCA requirements about what constituted acceptable documentation of correction of UPCS violations and about submitting corrections through CMTS.
19. In written correspondence, Staff repeatedly provided contact information and instructions on how to submit documentation through CMTS and offered to answer questions and to provide training. Respondent did not take advantage of those offers. Respondent submitted documentation of some corrections through CMTS but often failed to do so.
20. The Property's 2015 UPCS Inspection score was 42, the second time it scored 50 or less on a UPCS inspection. The maximum UPCS inspection score was 100. Most Developments score 80 or above.

21. TDHCA had previously issued an Agreed Final Order (Agreed Final Order) against Respondent on February 2, 2015. The Agreed Final Order required Respondent to pay a \$5,000 administrative penalty, to pay \$11,160 in delinquent compliance fees for the years 2006 through 2013, and to submit documentation to correct the violations found.
22. Respondent paid the administrative penalty and the delinquent compliance fees required by the Agreed Final Order but has not submitted through CMTS corrections for the other violations found in the Agreed Final Order, as the Agreed Final Order required.
23. The Agreed Final Order found that Respondent had committed the following violations:
 - a. Failure to comply with the UPCS;
 - b. Failure to submit AOCRs;
 - c. Failure to properly calculate and implement a utility allowance;
 - d. Failure to provide complete tenant files demonstrating units were leased to low income households;
 - e. Failure to submit requested pre-ousite documentation, including an entrance interview questionnaire and a unit status report;
 - f. Failure to pay the required annual compliance fees; and
 - g. Failure to provide a complete affirmative marketing plan.
24. On October 8, 2015, TDHCA's Enforcement Committee met to determine the administrative penalties to recommend for the UPCS violations. They recommended a penalty of \$13,250 for the UPCS violations.
25. On December 30, 2015, Staff issued a Notice of Violation (NOV), which informed Respondent of the violations found during the UPCS Inspection for which an administrative penalty was sought.
26. On January 22, 2016, Respondent timely filed a request for administrative hearing on the UPCS violations and administrative penalties recommended for those violations. TDHCA postponed the hearing to allow those violations, and additional violations resulting from the 2016 Monitoring Review, to be considered in a single hearing.
27. On January 31, 2017, TDHCA's Enforcement Committee met to recommend the administrative penalties to consider for violations found during the 2016 Monitoring Review. They recommended penalties totaling \$62,340 for those violations.
28. On March 3, 2017, Staff issued a second NOV, which informed Respondent of the pending violations found during the 2016 Monitoring Review and the administrative penalties sought for those violations.

29. The 2016 Monitoring Review violations were individually less serious than the 2015 UPCS violations, but some were significant and some affected multiple tenants or potential tenants. The violations were extensive, not isolated. For many of the violations, the evidence either indicates they lasted for months or years after the corrective action deadline, or does not show whether or when they were corrected.
30. Many of the violations identified during the 2015 UPCS Inspection and the 2016 Monitoring Review are repeat violations found in the Agreed Final Order.
31. Respondent's conduct indicates the \$5,000 administrative penalty imposed in the Agreed Final Order was considerably too small to deter future violations.
32. For years, Respondent has shown a clear pattern of not taking seriously the need to comply with TDHCA requirements, to correct violations promptly and completely, to document the corrections, and to submit the documentation to CMTS so it can be promptly and efficiently reviewed by TDHCA.
33. To the extent Respondent delegated compliance-related tasks to an employee or a third party, Respondent failed to provide direction and supervision necessary to meet its compliance obligations.
34. Respondent's conduct unreasonably delayed and hampered TDHCA efforts to monitor the Property for compliance, to investigate and to achieve correction of non-compliance, and to enforce Program requirements. One consequence was to increase the magnitude and duration of harm the violations caused to low-income tenants and low-income potential tenants of the Property.
35. For many of the violations, it is unclear whether repairs or other efforts necessary to correct them were made and when that occurred.
36. Hurricane Ike occurred in 2008, years before the 2015 UPCS Inspection and the 2016 Monitoring Review. Respondent committed violations as early as 2006.
37. On August 8, 2017, TDHCA referred this matter to the State Office of Administrative Hearings (SOAH).
38. On August 22, 2017, Staff issued its Notice of Hearing to Respondent.
39. SOAH Order No. 1, issued October 4, 2017, granted an agreed motion for continuance, based on the effect of Hurricane Harvey on Respondent and its attorney.
40. SOAH Order No. 2, issued November 8, 2017, granted Respondent's opposed motion for continuance, on bases that included the effect of Hurricane Harvey on Respondent and its attorney.

41. Staff's Notice of Hearing and SOAH Order No. 2 informed the parties of the date, time, place, and nature of the hearing; the legal authority and jurisdiction under which the hearing would be held; the particular sections of the statutes and rules involved; and a short, plain statement of the factual matters asserted.
42. The hearing on the merits was held on January 9, 2018, before SOAH Administrative Law Judge Elizabeth Drews at the SOAH hearings facility in Austin, Texas. Attorney Amy Morehouse represented Staff, and attorney Robert Bone represented Respondent. The hearing concluded that same day.
43. The record closed on February 6, 2018, when the parties filed reply briefs and proposed findings of fact and conclusions of law.

IX. CONCLUSIONS OF LAW


1. TDHCA has jurisdiction over Respondent and this matter pursuant to Tex. Gov't Code §§ 2306.041-.0503 and 10 Texas Administrative Code (TAC) chapter 2.
2. The Program's goals are to maximize the number of suitable, affordable, residential rental units added to the state's housing supply and to encourage development and preservation of such housing for households that have difficulty finding it in the private marketplace. Tex. Gov't Code § 2306.6701.
3. Respondent is a Housing Sponsor as that term is defined in Texas Government Code § 2306.004(14).
4. The Property is a Development as that term is defined in 10 TAC § 10.3(37).
5. Mr. Miller is an Owner and a Development Owner as those terms are defined in 10 TAC § 10.3(39).
6. A LURA is an agreement between TDHCA and a Development Owner which is a binding covenant upon the Development Owner and successors in interest, that, when recorded, encumbers the Development with respect to the requirements of the programs for which it receives funds. 10 TAC § 10.3(71).
7. TDHCA monitors businesses with which it has entered into a LURA for noncompliance with Internal Revenue Code § 42 and habitability standards. 26 U.S.C. § 42(m)(1)(B)(iii).
8. SOAH has jurisdiction over matters related to the hearing in this case, including authority to issue a proposal for decision with proposed findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Gov't Code §2306.0503.
9. A Development that takes appropriate corrective action within a corrective action period after its Owner is notified of a deficiency is not considered to be in non-compliance. Tex. Gov't Code § 2306.6719(e).

10. The habitability standards include the UPCS, which TDHCA has adopted by rule. 10 TAC § 10.621(a).
11. Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item complies with the UPCS or other documentation that will allow TDHCA to reasonably determine when the repair was made and whether the repair sufficiently corrected the violations of UPCS standards. Acceptable documentation includes copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, date of corrective action, and signature of the person responsible for the correction), invoices (such as from vendors), or other proof of correction. 10 TAC § 10.621(d).
12. A TDHCA rule requires that documentation of corrections be submitted electronically through TDHCA's web-based CMTS and in a format prescribed by TDHCA. 10 TAC § 10.607(a).
13. Staff has the burden of proof by a preponderance of the evidence. 1 TAC § 155.427.
14. Staff proved an alleged violation if the preponderance of the evidence shows the deficiency existed and the corrective action deadline expired without Respondent submitting proof of correction through CMTS in compliance with TDHCA rules. Tex. Gov't Code § 2306.6719(c); 10 TAC § 10.607(a).
15. Respondent received proper and timely notice of the hearing. Tex. Gov't Code §§ 2001.051-.052.
16. Respondent violated 10 TAC § 10.621 in 2015 by failing to comply with the UPCS when major violations were discovered and not timely corrected.
17. Respondent violated 10 TAC § 10.610 in 2016 by not maintaining written tenant selection criteria meeting TDHCA requirements.
18. Respondent violated leasing requirements in 10 TAC § 10.613(k) in 2016 by failing to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office.
19. Respondent violated Section 4 of the LURA and 10 TAC § 10.613 in 2016 by failing to provide complete tenant files proving that units listed in Finding of Fact Nos. 17.c and 17.d were leased to qualified low-income households at initial occupancy.
20. Respondent violated 10 TAC § 10.612 in 2016 by failing to collect Annual Eligibility Certifications for units listed in Finding of Fact No. 17.e.
21. Respondent violated 10 TAC § 10.613 in 2016 by failing to execute required lease language provisions for units listed in Finding of Fact No. 17.f.

22. Respondent violated 10 TAC § 10.614 in 2016 by failing to properly calculate and implement a utility allowance.
23. Respondent violated 10 TAC § 10.607 in 2016 by failing to submit requested pre-onsite documentation by the deadline.
24. Respondent violated Section 7 of the LURA and Texas Government Code § 2306.176 and § 2306.266, by failing to pay required annual compliance fees for the years 2014 through 2016.
25. Respondent violated 10 TAC § 10.617 in 2016 by failing to provide a complete affirmative marketing plan.
26. Respondent violated 10 TAC § 10.607 in 2016 by failing to submit parts of the AOCR for the year 2015.
27. TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties. Tex. Gov't Code § 2306.267.
28. Respondent should be ordered to correct all outstanding violations found in Conclusion of Law Nos. 16 to 26 and to submit proof of the corrective actions to TDHCA within 60 days of the issuance of the final order in this case. Tex. Gov't Code § 2306.267.
29. The overarching intent and guiding principle of TDHCA's rules on enforcement is that full compliance is required. The enforcement mechanisms are intended to be used in a manner that promotes full compliance; uses compliance assistance methods and, where needed, enforcement mechanisms, to obtain compliance and to deter noncompliance; and takes appropriate enforcement action against those who fail to take the necessary and appropriate measures to comply. 10 TAC § 2.101(b).
30. Because Respondent violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 and violated agreements with TDHCA to which Respondent is a party, TDHCA may impose an administrative penalty. Tex. Gov't Code § 2306.041.
31. Under Texas Government Code § 2306.042, the amount of an administrative penalty may not exceed \$1,000 for each violation. For that purpose, each day a violation continues or occurs is considered a separate violation. The amount of the penalty must be based on the following factors: (1) the seriousness of the violation including: (A) the nature, circumstance, extent, and gravity of any prohibited act; and (B) the hazard or potential hazard created to the health, safety, or economic welfare of the public; (2) the history of previous violations; (3) the amount necessary to deter a future violation; (4) efforts made to correct the violation; and (5) any other matter that justice may require.
32. 10 TAC § 2.302(h) requires that a penalty matrix be used in determining appropriate and consistent administrative penalties for various violations. The penalties may not exceed the maximum penalty, but may be lower if appropriate.

33. An administrative penalty of \$73,890 is an appropriate administrative penalty for the violations found in this case under the penalty matrix at 10 TAC § 2.302(j) and considering the factors listed in Texas Government Code § 2306.042.

SIGNED April 2, 2018.



ELIZABETH DREWS
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

STATE OFFICE OF ADMINISTRATIVE HEARINGS

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DATE: 05/10/2018
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JUDGE ELIZABETH DREWS

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State Office of Administrative Hearings



Lesli G. Ginn
Chief Administrative Law Judge

May 10, 2018

Timothy Irvine
Interim Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

VIA FACSIMILE NO. 512/469-9606

RE: Docket No. 332-17-5544.HCA; Texas Department of Housing and Community Affairs v. Southmore Park Apartments, Ltd.

On April 6, 2018, I issued the Proposal for Decision (PFD) in this case. Exceptions to the PFD were timely filed by Southmore Park Apartments, Ltd. (Respondent) on April 25, 2018, and Replies to Exceptions were timely filed by the Texas Department of Housing and Community Affairs (TDHCA) staff (Staff) on May 3, 2018. Staff did not file exceptions to the PFD.

Respondent's exceptions on pages 2 and 7-8 point out an error I made in the first paragraph on page 3 and Conclusion of Law No. 5 of the PFD, in describing the relationship between Charles V. Miller, Jr. and Respondent. In its replies to exceptions, Staff indicated it does not oppose correction of that error. The first paragraph on page 3 of the PFD states:

Mr. Miller testified that he co-owns and is the General Partner of Respondent.¹ Accordingly, Respondent is a Housing Sponsor, the Property is a Development, and Mr. Miller is an Owner as those terms are defined for purposes of the Program.²

¹ Miller Testimony. In PFD excerpts quoted in this letter that have footnotes, the footnotes have different numbers (due to the different number of preceding footnotes). This letter does not change the footnote numbers in the PFD.

² Tex. Gov't Code § 2306.004(14) defines "Housing Sponsor" to include a "business organization . . . approved by the department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, subject to the regulatory powers of the department and other terms and conditions in this chapter." 10 TAC § 10.3(37) defines "Development" as a "residential rental housing project that consists of one or more buildings under common ownership and financed under a common plan which has applied for Department funds." 10 TAC § 10.3(39) defines "Owner" or "Development Owner" as a "General Partner . . . who owns . . . a Development . . . and is responsible for performing under the allocation and/or Commitment with the Department."

SOAH Docket No. 332-17-5544.HCA
 Exceptions Letter
 Page 2

I listened again to the tape of Mr. Miller's testimony on those points, and I agree with Respondent that Mr. Miller actually testified that Respondent was owned by a General Partner and two Limited Partners, and that Mr. Miller was the President of the General Partner and in that capacity was authorized to testify on behalf of Respondent. I also re-reviewed the 1996 land use restriction agreement (LURA), which is in evidence as Staff Exhibit 5. The first three lines of page 1 of the LURA indicate it is an agreement between Respondent and TDHCA and that Respondent is the Project Owner. On page 10 of the LURA, the signature block contains Mr. Miller's signature with the following typed information:

PROJECT OWNER:

Southmore Park Apartments, Ltd.
 [Mr. Miller's signature]
 By: CVM Interests, Inc.
 Name: Charles V. Miller, Jr.
 Title: President

Based on Respondent's exception and my re-review of the evidence discussed above, I revise the first paragraph on page 3 of the PFD to read:

Mr. Miller testified that he is the President of Respondent's General Partner, which is CVM Interests, Inc.³ Respondent is a Housing Sponsor and the Property is a Development as those terms are defined for purposes of the Program.⁴

I checked the PFD's findings of fact and conclusions of law to see if my error above affected them. In that regard:

- PFD Finding of Fact No. 4 states: "The LURA was signed by a TDHCA representative and by Respondent's President and General Partner, Charles V. Miller." Based on the evidence discussed above, I revise Finding of Fact No. 4 to state: "The LURA was signed by a TDHCA representative and on behalf of Respondent by Charles V. Miller, President of CVM Interests, Inc., which is Respondent's General Partner."
- As Respondent points out on pages 7-8 of its exceptions, PFD Conclusion of Law No. 5 states: "Mr. Miller is an Owner and a Development Owner as those terms are defined in

³ Miller Testimony; Staff Ex. 5.

⁴ Tex. Gov't Code § 2306.004(14) defines "Housing Sponsor" to include a "business organization . . . approved by the department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, subject to the regulatory powers of the department and other terms and conditions in this chapter." 10 TAC § 10.3(a)(37) defines "Development" as a "residential rental housing project that consists of one or more buildings under common ownership and financed under a common plan which has applied for Department funds." 10 TAC § 10.3(a)(39) defines "Owner" or "Development Owner" as a "[a]ny Person, General Partner, or Affiliate of a Person who owns . . . a Development . . . and is responsible for performing under the allocation and/or Commitment with the Department."

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 Page 3

10 TAC § 10.3(39).” Based on the evidence discussed above, I revise Conclusion of Law No. 5 to state: “Mr. Miller is the President of CVM Interests, Inc., which is the General Partner of Respondent. LURA; 10 TAC § 10.3(a)(39) and (71).”

Respondent’s other exceptions raise points I considered and rejected for reasons discussed in the PFD.

In re-reading the PFD, I noticed that in some citations to TDHCA rule definitions, I omitted “(a)” when citing 10 TAC § 10.3(a)[(#)].” I included those corrections in the revisions above and also add (a) to the citations to that rule in the following, so they now read:

- PFD p. 30, footnote 86: “10 TAC § 10.3(a)(140).”
- PFD Conclusion of Law No. 4: “The Property is a Development as that term is defined in 10 TAC § 10.3(a)(37).”
- PFD Conclusion of Law No. 6: “A LURA is an agreement between TDHCA and a Development Owner which is a binding covenant upon the Development Owner and successors in interest, that, when recorded, encumbers the Development with respect to the requirements of the programs for which it receives funds. 10 TAC § 10.3(a)(71).”⁵

Finally, the date of issuance in the ALJ’s signature block on page 59 of the PFD was inadvertently left incomplete. Consistent with the PFD cover letter, the signature block should read “SIGNED April 6, 2018.”

With the changes recommended in this letter, the PFD is ready for your consideration.

Sincerely,



Elizabeth Drews
 Administrative Law Judge

xc: All Parties of Record

⁵ During the violation periods at issue, there were some changes in the numbers assigned to the 10 TAC § 10.3(a) definitions (such as “(71)”), but the definitions themselves did not change.

STATE OFFICE OF ADMINISTRATIVE HEARINGS**AUSTIN OFFICE****300 West 15th Street Suite 504****Austin, Texas 78701****Phone: (512) 475-4993****Fax: (512) 322-2061****SERVICE LIST****AGENCY: Housing & Community Affairs, Texas Department of (TDHCA)****STYLE/CASE: SOUTHMORE PART APARTMENTS LTD****SOAH DOCKET NUMBER: 332-17-5544.HCA****REFERRING AGENCY CASE:****STATE OFFICE OF ADMINISTRATIVE
HEARINGS****ADMINISTRATIVE LAW JUDGE
ALJ ELIZABETH DREWS****REPRESENTATIVE / ADDRESS****PARTIES**

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SOUTHMORE PARK APARTMENTS, LTD

4a

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 26, 2018

Presentation, discussion, and possible action regarding awards of Direct Loan funds from the 2018-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications

RECOMMENDED ACTION

WHEREAS, the Board previously authorized release of the 2018-1 Multifamily Direct Loan Notice of Funding Availability (“NOFA”) for up to \$28,862,745 with the application acceptance period beginning on January 4, 2018;

WHEREAS, the NOFA has since been amended several times, increasing the amount available to \$58,304,276; \$38,005,163 of which is currently available and an additional \$20,299,113 of which will be available on July 27, 2018, upon publication of the Second Amendment to the NOFA in the *Texas Register*;

WHEREAS, the Department has received 14 eligible applications prior to the 9% Application deadline, with requests totaling \$23,155,000 for Multifamily Direct Loan (“MFDL”) awards under the NOFA;

WHEREAS, all funds under the NOFA remain available;

WHEREAS, five applications have received reviews for compliance with program, underwriting, and previous participation requirements and are ranked as priority 9% HTC layered applications under the NOFA;

WHEREAS, three priority 9% HTC layered applications are eligible for HOME funds under the General set-aside totaling no more than \$2,380,000 based upon current underwriting, which is being finalized;

WHEREAS, one priority 9% HTC layered application is eligible for HOME funds under the Community Housing Development Organization (“CHDO”) set-aside totaling no more than \$1,600,000 based upon the Applicant’s request, subject to underwriting and final program review and approval;

WHEREAS, one priority 9% HTC layered application is eligible for TCAP Repayment Funds (“TCAP RF”) and National Housing Trust Fund (“NHTF”) under the Supportive Housing/ Soft Repayment (“SH/SR”) set-aside totaling no more than \$1,000,000 based upon the Applicant’s request, subject to underwriting; and

WHEREAS, none of the 2018 9% HTC layered applications will receive a Direct Loan award unless the layered tax credits are also awarded as anticipated at the Board meeting of July 26, 2018;

NOW, therefore, it is hereby

RESOLVED, that awards of HOME funding under the General set-aside from the 2018-1 Multifamily Direct Loan NOFA totaling no more than \$2,380,000, including \$660,000 for Clyde Ranch (18036), \$660,000 for Farmhouse Row (18040), and up to \$1,060,000 for Residences at Canyon Lake (18369) are hereby approved in the form presented at this meeting, and as amended by the Board for any appeals or tax credit allocation decisions previously heard and determined;

FURTHER RESOLVED, that an award of HOME funding under the CHDO set-aside from the 2018-1 Multifamily Direct Loan NOFA totaling no more than \$1,600,000 for Las Casitas de Azucar (18322), is hereby approved in the form presented at this meeting, and as amended by the Board for any appeals or tax credit allocation decisions previously heard and determined and completed CHDO Certification review by the Department;

FURTHER RESOLVED, that an award of TCAP RF and/or NHTF funding under the SH/SR set-aside from the 2018-1 Multifamily Direct Loan NOFA totaling no more than \$1,000,000 for Waters Park Studios (18099), is hereby approved in the form presented at this meeting, and as amended by the Board for any appeals or tax credit allocation decisions previously heard and determined;

FURTHER RESOLVED, that reductions to awarded amount or changes to the interest rate as a result of completed underwriting and/or future reevaluations by Real Estate Analysis staff may be approved by the Executive Director and reported to the Board, or the Executive Director may, in his or her sole discretion, bring the matter to the Board to approve, disapprove or otherwise address;

FURTHER RESOLVED, that failure by an awardee under the NOFA to enter into a binding agreement that it has, with respect to those funds, met the Department's commitment deadline within six months after award may result in penalty or termination of the award; and

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions of underwriting and completion of any other reviews required to ensure compliance with all applicable rules and requirements for Direct Loan funds, including but not limited to a 24 CFR Part 58 environmental review and Site and Neighborhood clearance.

BACKGROUND

On December 14, 2017, the Board approved the issuance of a NOFA for up to \$28,862,745, which has subsequently been amended to increase the amount available to \$58,304,276 within three set-asides:

- \$22,324,041 in Supportive Housing/ Soft Repayment set-aside, composed of \$3.3 million in TCAP RF and \$19,024,041 in National Housing Trust Fund
- \$8,215,058 of HOME funds under the CHDO set-aside,
- \$27,765,177 in the General set-aside, composed of \$13,318,946 in HOME, \$5 million in NSP1 Program Income and \$9,446,231 in TCAP RF.

Staff is recommending the following awards of HOME funds from the General set-aside:

| TDHCA# | Property Name | Property City | Multifamily Direct Loan Request | Underwritten/ Recommended Amount |
|--------|-------------------------------|---------------|---------------------------------|----------------------------------|
| 18036 | Clyde Ranch | Clyde | \$660,000 | \$660,000 |
| 18040 | Farmhouse Row | Slaton | \$660,000 | \$660,000 |
| 18369 | The Residences at Canyon Lake | Canyon Lake | \$1,060,000 | To be determined |

Staff is recommending the following award of HOME funds from the CHDO set-aside:

| TDHCA# | Property Name | Property City | Multifamily Direct Loan Request | Underwritten/ Recommended Amount |
|--------|-----------------------|---------------|---------------------------------|----------------------------------|
| 18322 | Las Casitas de Azucar | Santa Rosa | \$1,600,000 | To be determined |

Staff is recommending the following award of TCAP RF and NHTF funds from the SH/SR set-aside:

| TDHCA# | Property Name | Property City | Multifamily Direct Loan Request | Underwritten/ Recommended Amount |
|--------|---------------------|---------------|---------------------------------|----------------------------------|
| 18099 | Waters Park Studios | Austin | \$1,000,000 | \$1,000,000 |

In addition to the standard conditions that apply to all HOME awards, application 18099 recommended TCAP RF and NHTF award is subject to the demonstration of full compliance with all applicable statutes and regulations surrounding relocation, including but not limited to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) as a result of occupied structures existing on the land that they are seeking to acquire. The applicant must be able to demonstrate such compliance no later than the Commitment Notice execution date. Furthermore, a Direct Loan Award Letter & Loan Term Sheet will not be issued until the applicant has demonstrated compliance with the above-referenced regulations.

Staff is recommending the following Applications for Multifamily Direct Loan funds be maintained on the Wait List, pending the outcome of the 9% HTC Application, but per 10 TAC §13.4(c)(2), they are not guaranteed the availability of MFDL funds:

| TDHCA# | Property Name | Property City | Multifamily Direct Loan Request |
|--------|---------------------------------------|---------------|---------------------------------|
| 18000 | Evergreen at Garland Senior Community | Garland | \$1,500,000 |

| | | | |
|-------|--|-------------|-------------|
| 18002 | Evergreen at Basswood Senior Community | Garland | \$2,000,000 |
| 18052 | Nacogdoches Lofts | San Antonio | \$2,025,000 |
| 18054 | Piedmont Lofts | San Antonio | \$2,350,000 |
| 18391 | Merritt Manor | Manor | \$2,000,000 |

Staff is continuing to review two additional applications that are not layered with 9% Housing Tax Credits, and will review any additional applications received prior to the extended deadline of November 30, 2018, to determine if they meet program, NOFA, set-aside, and underwriting requirements. Sufficient funding is currently available to recommend additional applications for awards at future Board meetings.

The recommended applications and award amounts are outlined in the attached award recommendations log. All five of the recommended applications propose new construction. In total, these five applications will result in 57 Direct Loan-assisted units and further support a total of 305 units. Each of the recommended applications has been or is being underwritten and determined to meet the Real Estate Analysis rules and requirements and each has received an acceptable previous participation review.

Should the recommended awards be approved, approximately \$33,025,163 will remain available under the NOFA with \$10,272,864 under the Supportive Housing/ Soft Repayment Set-Aside, \$21,385,177 under the General Set-Aside and \$1,367,122 under the CHDO Set-Aside, before taking into account the additional funds provided in the Second Amendment to the NOFA that will become available on July 27, 2018.



2018-1 Multifamily Direct Loan Program - Application Log - July 19, 2018

Per 2018-1 Multifamily Direct Loan Notice of Funding Availability published in the *Texas Register* on 12/29/2017, First Amendment to NOFA published in the *Texas Register* on 4/6/2018, and Second Amendment to the NOFA to be published in the *Texas Register* on 7/27/18

The following data was compiled using information submitted by each applicant. While this data has been reviewed or verified by the Department, errors may still be present. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Where Applications are layered with 9% or 4% Tax credits, the Applications are also subject to evaluation under the Department criteria for those fund sources. Applicants are encouraged to review 10 TAC §§11.1(b) and 10.2(a) concerning Due Diligence and Applicant Responsibility, along with 10 TAC Subchapter C related to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications. This log will be updated periodically as staff completes application reviews and as more applications are received. The Multifamily Direct Loan Program - Application Log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Applicants that identify an error in the log should contact Andrew Sinnott at andrew.sinnott@tdhca.state.tx.us as soon as possible. Identification of an error early does not guarantee that the error can be addressed administratively.

Applications sorted by date received within each set-aside.

| TDHCA Application # | Property Name | Property City | Property County | Region | Housing Activity ¹ | Multifamily Direct Loan Request/Award | Target Population | Total Units | MF Direct Loan Units | Layering ² | Date Received ³ | Comments |
|---|------------------------------------|---------------|-----------------|--------|-------------------------------|---------------------------------------|--------------------|-------------|----------------------|-----------------------|----------------------------|---|
| 18502 | Arlinda Gardens Supportive Housing | Bryan | Brazos | 8 | NC | \$ 1,000,000 | Supportive Housing | 29 | 13 | | 3/1/2018 | |
| 18099 | Waters Park Studios | Austin | Travis | 7 | NC | \$ 1,000,000 | Supportive Housing | 132 | 10 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| Total Amount Requested Under SH/SR Set Aside | | | | | | \$ 2,000,000 | Total Units | 161 | 23 | | | |
| Total Amount Awarded Under SH/SR Set Aside | | | | | | \$ - | Total Units | | | | | |
| Total Amount Remaining Under SH/SR Set Aside | | | | | | \$ 22,324,041 | | | | | | |

TCAP RF \$3,300,000
NHIF \$19,024,041
Total Set Aside Funding Level: \$22,324,041

CHDO (HOME funds only)

| TDHCA# | Property Name | Property City | Property County | Region | Housing Activity ¹ | Multifamily Direct Loan Request/Award | Target Population | Total Units | MF Direct Loan Units | Layering ² | Date Received ³ | Comments |
|--|-----------------------|---------------|-----------------|--------|-------------------------------|---------------------------------------|--------------------|-------------|----------------------|-----------------------|----------------------------|---|
| 18322 | Las Casitas de Azucar | Santa Rosa | Cameron | 11 | NC | \$ 1,600,000 | General | 50 | 14 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| 18391 | Merritt Manor | Manor | Travis | 7 | NC | \$ 2,000,000 | Elderly Limitation | 146 | 30 | 9% | 4/2/2018 | |
| Total Amount Requested Under CHDO Set Aside | | | | | | \$ 3,600,000 | Total Units | 196 | 44 | | | |
| Total Amount Awarded Under CHDO Set Aside | | | | | | \$ - | Total Units | | | | | |
| Total Amount Remaining Under CHDO Set Aside | | | | | | \$ 8,215,058 | | | | | | |

Total Set Aside Funding Level: \$8,215,058

HOME (limited availability statewide) \$13,318,946
NSPI PI (available statewide) \$5,000,000
TCAP RF (available statewide) \$9,446,231
NSPI PI and TCAP RF Total \$14,446,231

General

| TDHCA# | Property Name | Property City | Property County | Region | Housing Activity ¹ | Multifamily Direct Loan Request/Award | Target Population | Total Units | MF Direct Loan Units | Layering ² | Date Received ³ | Comments |
|---|--|---------------|-----------------|--------|-------------------------------|---------------------------------------|--------------------|--------------|----------------------|-----------------------|----------------------------|---|
| 18500 | Rio Lofts | San Antonio | Bexar | 9 | NC | \$ - | General | 81 | 36 | 9% | 1/11/2018 | Application withdrawn 4/11/18 |
| 18501 | Secretariat Apartments | Arlington | Tarrant | 3 | NC | \$ - | Elderly Limitation | 74 | 29 | 9% | 1/11/2018 | Application withdrawn 4/30/18 |
| 18412 | Lord Road Apartments | San Antonio | Bexar | 9 | NC | \$ - | General | 324 | 50 | 4% | 1/18/2018 | \$2,975,000 Direct Loan award returned after 4/26/18 Board approval |
| 18417 | Sphinx at Throckmorton Villas | McKinney | Collin | 3 | NC | \$ 3,000,000 | General | 220 | 18 | 4% | 2/15/2018 | |
| 18000 | Evergreen at Garland Senior Community | Garland | Dallas | 3 | NC | \$ 1,500,000 | Elderly Limitation | 105 | 25 | 9% | 4/2/2018 | |
| 18002 | Evergreen at Basswood Senior Community | Garland | Dallas | 3 | NC | \$ 2,000,000 | Elderly Limitation | 116 | 34 | 9% | 4/2/2018 | |
| 18036 | Clyde Ranch | Clyde | Callahan | 2 | NC | \$ 660,000 | General | 40 | 11 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| 18040 | Farmhouse Row | Slaton | Lubbock | 1 | NC | \$ 660,000 | General | 48 | 11 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| 18052 | Nacogdoches Lofts | San Antonio | Bexar | 9 | NC | \$ 2,025,000 | Elderly Limitation | 102 | 35 | 9% | 4/2/2018 | |
| 18053 | Alazan Lofts | San Antonio | Bexar | 9 | NC | \$ - | General | 88 | 24 | 9% | 4/2/2018 | Application terminated |
| 18054 | Piedmont Lofts | San Antonio | Bexar | 9 | NC | \$ 2,350,000 | General | 55 | 41 | 9% | 4/2/2018 | Requested CHDO set-aside, which is unavailable for this application |
| 18369 | The Residences at Canyon Lake | Canyon Lake | Comal | 9 | NC | \$ 1,060,000 | Elderly Limitation | 35 | 11 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| 18421 | Travis Flats | Austin | Travis | 7 | NC | \$ 3,000,000 | General | 146 | 50 | 4% | 4/4/2018 | |
| Total Amount Requested Under General Set Aside: Development Sites in non-PJs | | | | | | \$ 5,380,000 | Total Units | 343 | 51 | | | |
| Total Amount Requested Under General Set Aside: Development Sites in PJs | | | | | | \$ 10,875,000 | Total Units | 1,010 | 324 | | | |
| Total Amount Requested Under General Set Aside: TOTAL | | | | | | \$ 16,255,000 | Total Units | 1,353 | 375 | | | |
| Total Amount Awarded Under General Set Aside (HOME) | | | | | | \$ - | Total Units | | | | | |
| Total Amount Awarded Under General Set Aside (TCAP RF) | | | | | | \$ - | Total Units | | | | | |
| Total Amount Awarded Under General Set Aside (NSPI PI) | | | | | | \$ - | Total Units | | | | | |
| Total Amount Remaining Under General Set Aside (HOME) | | | | | | \$ 13,318,946 | | | | | | |
| Total Amount Remaining Under General Set Aside (TCAP RF) | | | | | | \$ 9,446,231 | | | | | | |
| Total Amount Remaining Under General Set Aside (NSPI PI) | | | | | | \$ 5,000,000 | | | | | | |

Total Set Aside Funding Level: \$27,765,177

1 = Housing Activity: New Construction=NC, Rehabilitation=R, ADR = Adaptive Reuse

2= Layering of Other Department Funds: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program

3 = Date Received: The date that the application, all required 3rd Party Reports, Application Fees (if applicable), and Certificate of Reservation (if applicable) were received.

18036 Clyde Ranch - Application Summary

| PROPERTY IDENTIFICATION | |
|-------------------------|------------------|
| Application # | 18036 |
| Development | Clyde Ranch |
| City / County | Clyde / Callahan |
| Region/Area | 2 / Rural |
| Population | General |
| Set-Aside | General |
| Activity | New Construction |

| RECOMMENDATION | | | | | | |
|-------------------|-----------|-------------|---------------|--------|------|--|
| TDHCA Program | Request | Recommended | | | | |
| LIHTC (9% Credit) | \$500,000 | \$500,000 | \$12,500/Unit | \$0.88 | | |
| | Amount | Rate | Amort | Term | Lien | |
| MF Direct Loan | \$660,000 | 4.00% | 30 | 15 | 2 | |

| KEY PRINCIPAL / SPONSOR | | |
|--|-----------------|-------------|
| Daniel Sailler, III Sallie Burchett | | |
| Related Parties | Contractor - No | Seller - No |

TYPICAL BUILDING ELEVATION/PHOTO



| UNIT DISTRIBUTION | | | INCOME DISTRIBUTION | | |
|-------------------|-----------|-------------|---------------------|-----------|-------------|
| # Beds | # Units | % Total | Income | # Units | % Total |
| Eff | - | 0% | 30% | 3 | 8% |
| 1 | 8 | 20% | 40% | - | 0% |
| 2 | 20 | 50% | 50% | 8 | 20% |
| 3 | 12 | 30% | 60% | 29 | 73% |
| 4 | - | 0% | MR | - | 0% |
| TOTAL | 40 | 100% | TOTAL | 40 | 100% |

PRO FORMA FEASIBILITY INDICATORS

| Pro Forma Underwritten | | Applicant's Pro Forma | |
|------------------------|--------------|-----------------------|--------------|
| Debt Coverage | 1.15 | Expense Ratio | 59.2% |
| Breakeven Occ. | 87.5% | Breakeven Rent | \$598 |
| Average Rent | \$633 | B/E Rent Margin | \$35 |
| Property Taxes | \$438/unit | Exemption/PILOT | 0% |
| Total Expense | \$4,293/unit | Controllable | \$2,866/unit |

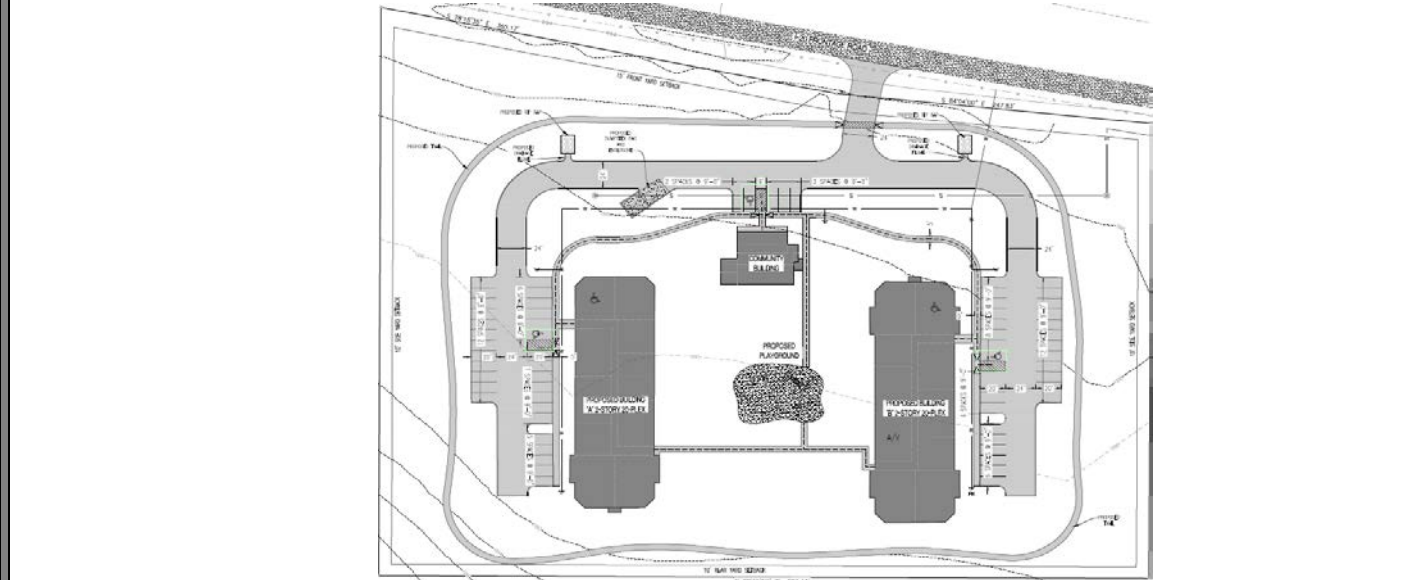
MARKET FEASIBILITY INDICATORS

| | |
|----------------------------------|----------------|
| Gross Capture Rate (30% Maximum) | 4.8% |
| Highest Unit Capture Rate | 38% (3 BR/60%) |
| Dominant Unit Cap. Rate | 17% (2 BR/60%) |
| Premiums (↑60% Rents) | N/A |
| Rent Assisted Units | N/A |

DEVELOPMENT COST SUMMARY

| Costs Underwritten | Applicant's Costs | |
|--------------------|-----------------------|---------------------|
| Avg. Unit Size | 1,049 SF | Density 6.7/acre |
| Acquisition | \$16K/unit | \$655K |
| Building Cost | \$71.89/SF | \$75K/unit \$3,018K |
| Hard Cost | \$88K/unit | \$3,503K |
| Total Cost | \$156K/unit | \$6,251K |
| Developer Fee | \$863K (30% Deferred) | Paid Year: 14 |
| Contractor Fee | \$480K | 30% Boost Yes |

SITE PLAN



| DEBT (Must Pay) | | | | | CASH FLOW DEBT / GRANT FUNDS | | | | | EQUITY / DEFERRED FEES | | |
|------------------------------|-------|-------|--------------------|------|--------------------------------|------|-------|-----------------|------|-----------------------------|--------------------|--------------------|
| Source | Term | Rate | Amount | DCR | Source | Term | Rate | Amount | DCR | Source | Amount | |
| Horizon Bank | 15/30 | 6.00% | \$900,000 | 1.83 | City of Clyde (Fee Waiver) | 0/0 | 0.00% | \$250 | 1.15 | Monarch Private Capital | \$4,399,560 | |
| | | | | | | | | | | Deferred Developer Fee | \$258,095 | |
| TDHCA | 15/30 | 4.00% | \$660,000 | 1.15 | | | | | | TOTAL EQUITY SOURCES | \$4,657,655 | |
| | | | | | | | | | | TOTAL DEBT SOURCES | \$1,593,250 | |
| TOTAL DEBT (Must Pay) | | | \$1,560,000 | | CASH FLOW DEBT / GRANTS | | | \$33,250 | | TOTAL CAPITALIZATION | | \$6,250,905 |

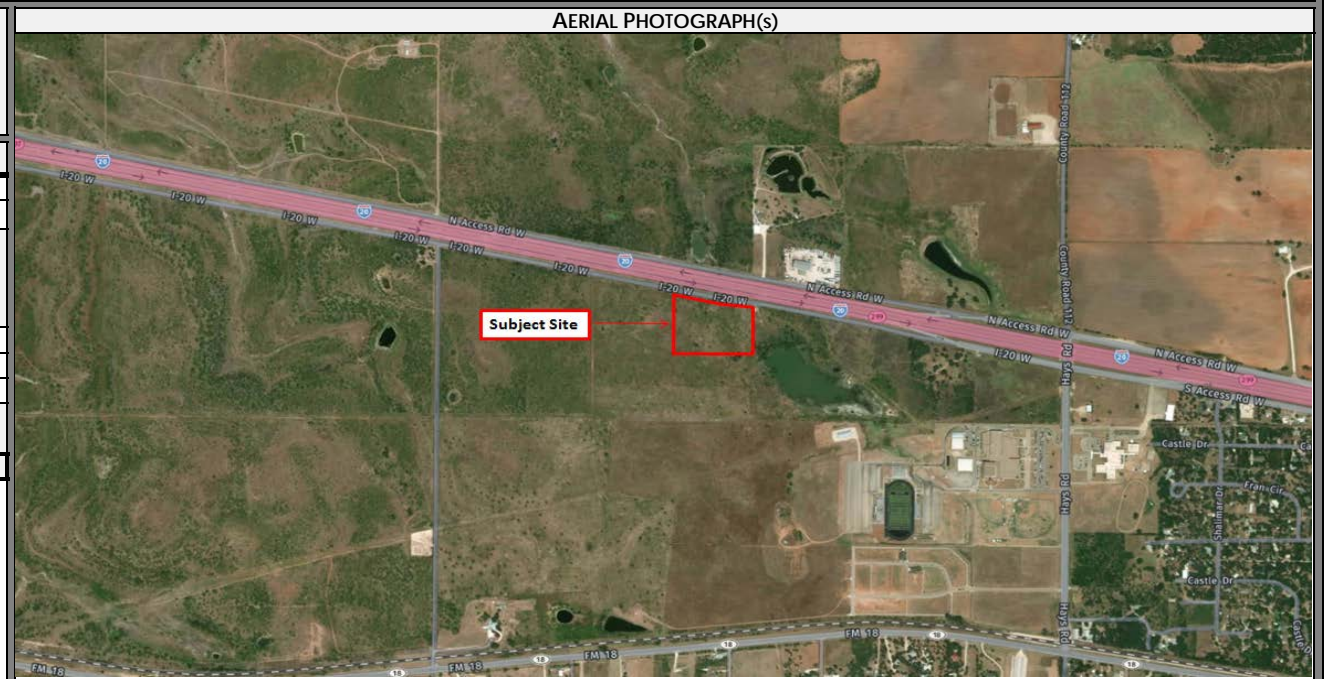
CONDITIONS

- Receipt and acceptance before Direct Loan Closing
 - a: Substantially final construction contract with Schedule of Values.
 - b: Updated term sheets with substantially final terms from all lenders
 - c: Substantially final draft of limited partnership agreement.
 - d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization rezising on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.
 - e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.
 - f: Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that all drives, parking and amenities will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property until such time that the site is officially designated to be no longer in the floodplain.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

| |
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| |
|--|

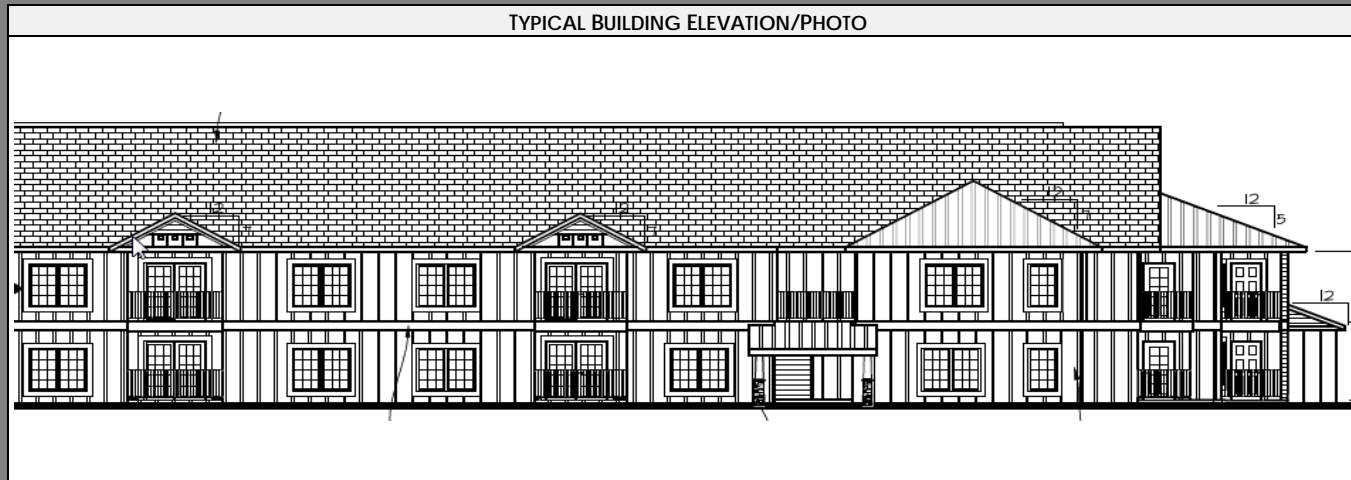
| RISK PROFILE | |
|------------------------------|--|
| STRENGTHS/MITIGATING FACTORS | |
| o | 100% Affordable |
| WEAKNESSES/RISKS | |
| o | Low Debt Coverage Ratio at 1.15 |
| o | Feasibility contingent on secondary income |



18040 Farmhouse Row - Application Summary

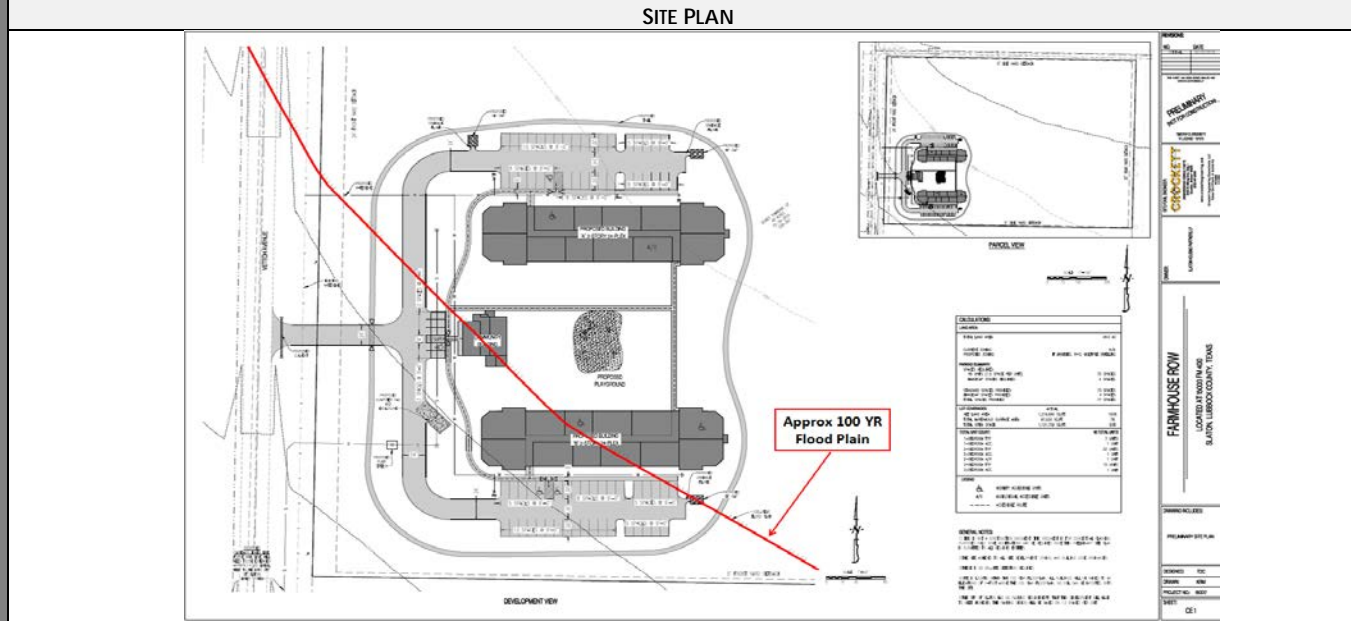
| PROPERTY IDENTIFICATION | | RECOMMENDATION | | | | | |
|-------------------------|------------------|------------------------------------|-----------|-------------|---------------|--------|------|
| Application # | 18040 | TDHCA Program LIHTC (9% Credit) | Request | Recommended | | | |
| Development | Farmhouse Row | | \$642,500 | \$642,500 | \$13,385/Unit | \$0.87 | |
| City / County | Slaton / Lubbock | | Amount | Rate | Amort | Term | Lien |
| Region/Area | 1 / Rural | MF Direct Loan | \$660,000 | 4.00% | 30 | 15 | 2 |
| Population | General | | | | | | |
| Set-Aside | General | | | | | | |
| Activity | New Construction | | | | | | |

| KEY PRINCIPAL / SPONSOR | | |
|--|-----------------|-------------|
| Daniel Sailler, III Sallie Burchett | | |
| Related Parties | Contractor - No | Seller - No |



| UNIT DISTRIBUTION | | | INCOME DISTRIBUTION | | |
|-------------------|-----------|-------------|---------------------|-----------|-------------|
| # Beds | # Units | % Total | Income | # Units | % Total |
| Eff | - | 0% | 30% | 4 | 8% |
| 1 | 8 | 17% | 40% | - | 0% |
| 2 | 24 | 50% | 50% | 10 | 21% |
| 3 | 16 | 33% | 60% | 34 | 71% |
| 4 | - | 0% | MR | - | 0% |
| TOTAL | 48 | 100% | TOTAL | 48 | 100% |

| PRO FORMA FEASIBILITY INDICATORS | | | |
|----------------------------------|--------------|-----------------------|--------------|
| Pro Forma Underwritten | | Applicant's Pro Forma | |
| Debt Coverage | 1.20 | Expense Ratio | 53.4% |
| Breakeven Occ. | 85.3% | Breakeven Rent | \$627 |
| Average Rent | \$681 | B/E Rent Margin | \$54 |
| Property Taxes | \$458/unit | Exemption/PILOT | 0% |
| Total Expense | \$4,156/unit | Controllable | \$2,675/unit |



| MARKET FEASIBILITY INDICATORS | | | |
|----------------------------------|-----|----------|------|
| Gross Capture Rate (30% Maximum) | | | 3.9% |
| Highest Unit Capture Rate | 18% | 3 BR/60% | 11 |
| Dominant Unit Cap. Rate | 11% | 2 BR/60% | 17 |
| Premiums (↑60% Rents) | N/A | | N/A |
| Rent Assisted Units | N/A | | |

| DEVELOPMENT COST SUMMARY | | | |
|--------------------------|------------|-------------------|--------------|
| Costs Underwritten | | Applicant's Costs | |
| Avg. Unit Size | 1,075 SF | Density | 1.7/acre |
| Acquisition | | \$09K/unit | \$435K |
| Building Cost | \$71.01/SF | \$76K/unit | \$3,663K |
| Hard Cost | | \$104K/unit | \$4,969K |
| Total Cost | | \$167K/unit | \$8,034K |
| Developer Fee | \$1,226K | (23% Deferred) | Paid Year: 8 |
| Contractor Fee | \$694K | 30% Boost | Yes |

| DEBT (Must Pay) | | | | | CASH FLOW DEBT / GRANT FUNDS | | | | | EQUITY / DEFERRED FEES | |
|------------------------------|-------|-------|--------------------|------|--------------------------------|------|-------|-----------------|------|-----------------------------|--------------------|
| Source | Term | Rate | Amount | DCR | Source | Term | Rate | Amount | DCR | Source | Amount |
| Horizon Bank | 15/30 | 6.10% | \$1,475,000 | 1.62 | City of Slaton Fee Waiver | 0/0 | 0.00% | \$250 | 1.20 | Raymond James | \$5,589,191 |
| TDHCA | 15/30 | 4.00% | \$660,000 | 1.20 | | | | | | Deferred Developer Fee | \$276,877 |
| TOTAL DEBT (Must Pay) | | | \$2,135,000 | | CASH FLOW DEBT / GRANTS | | | \$33,250 | | TOTAL EQUITY SOURCES | \$5,866,068 |
| | | | | | | | | | | TOTAL DEBT SOURCES | \$2,168,250 |
| | | | | | | | | | | TOTAL CAPITALIZATION | \$8,034,318 |

CONDITIONS

- Receipt and acceptance before Direct Loan Closing
 - a: Substantially final construction contract with Schedule of Values.
 - b: Updated term sheets with substantially final terms from all lenders
 - c: Substantially final draft of limited partnership agreement.
 - d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.

- e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.
- f: Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that all drives, parking and amenities will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property until such time that the site is officially designated to be no longer in the floodplain.
- g: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

AERIAL PHOTOGRAPH(S)



RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- 100% Affordable

WEAKNESSES/RISKS

- Located within the 100 Year Flood Plain

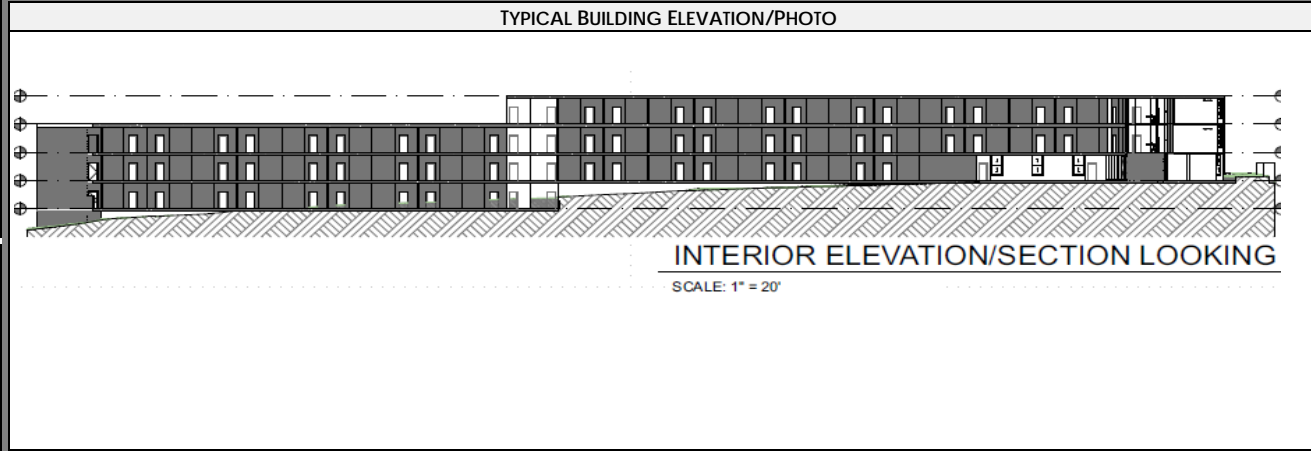
AREA MAP



18099 Waters Park Studios - Application Summary

| PROPERTY IDENTIFICATION | | RECOMMENDATION | | | | | |
|-------------------------|---------------------|--|--|-------------|-------------|---------------|--------|
| Application # | 18099 | TDHCA Program | | Request | | Recommended | |
| Development | Waters Park Studios | LIHTC (9% Credit) | | \$1,500,000 | \$1,500,000 | \$11,364/Unit | \$0.96 |
| City / County | Austin / Travis | | | Amount | Rate | Amort | Term |
| Region/Area | 7 / Urban | Multifamily Direct Loan Soft Repayable | | \$1,000,000 | | | 40 |
| Population | Supportive Housing | | | | | | 1 |
| Set-Aside | Non-Profit | | | | | | |
| Activity | New Construction | | | | | | |

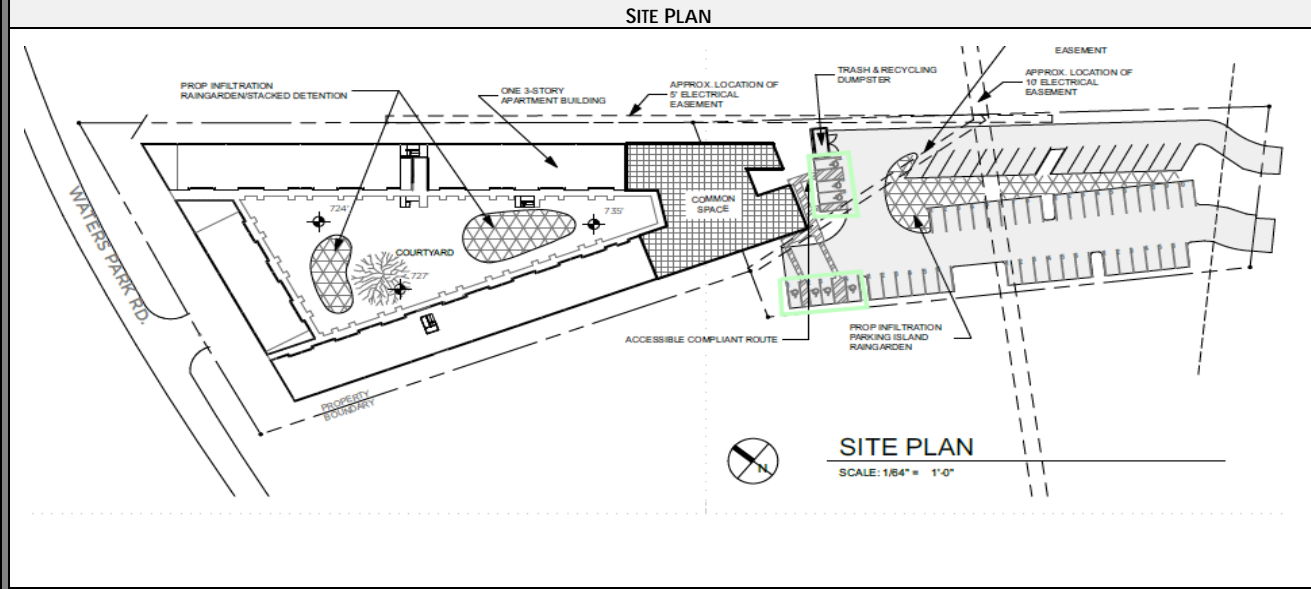
| KEY PRINCIPAL / SPONSOR | | |
|--|------------------|-------------|
| Walter Moreau/Foundation Communities Jennifer Hicks | | |
| Related Parties | Contractor - TBD | Seller - No |



| UNIT DISTRIBUTION | | | INCOME DISTRIBUTION | | |
|-------------------|------------|-------------|---------------------|------------|-------------|
| # Beds | # Units | % Total | Income | # Units | % Total |
| Eff | 132 | 100% | 30% | 27 | 20% |
| 1 | - | 0% | 40% | 27 | 20% |
| 2 | - | 0% | 50% | 78 | 59% |
| 3 | - | 0% | 60% | - | 0% |
| 4 | - | 0% | MR | - | 0% |
| TOTAL | 132 | 100% | TOTAL | 132 | 100% |

PRO FORMA FEASIBILITY INDICATORS

| | | |
|------------------------|-----------------------|---------------------------|
| Pro Forma Underwritten | Applicant's Pro Forma | |
| Debt Coverage | N/A | Expense Ratio 82.7% |
| Breakeven Occ. | 76.5% | Breakeven Rent \$515 |
| Average Rent | \$625 | B/E Rent Margin 110% |
| Property Taxes | \$352/unit | Exemption/PILOT 0% |
| Total Expense | \$5,838/unit | Controllable \$4,541/unit |



MARKET FEASIBILITY INDICATORS

| | |
|----------------------------------|--------------------|
| Gross Capture Rate (30% Maximum) | 3.1% |
| Highest Unit Capture Rate | 6% 0 BR/50% 78 |
| Dominant Unit Cap. Rate | 6% 0 BR/50% 78 |
| Premiums (↑60% Rents) | #DIV/0! # 35,"No") |
| Rent Assisted Units | N/A |

DEVELOPMENT COST SUMMARY

| Costs Underwritten | Applicant's Costs | |
|--------------------|-------------------------|----------------------|
| Avg. Unit Size | 518 SF | Density 53.9/acre |
| Acquisition | \$32K/unit | \$4,261K |
| Building Cost | \$166.73/SF | \$86K/unit \$11,400K |
| Hard Cost | \$108K/unit | \$14,291K |
| Total Cost | \$189K/unit | \$24,993K |
| Developer Fee | \$1,772K (46% Deferred) | Paid Year: 6 |
| Contractor Fee | \$1,996K | 30% Boost Yes |

| DEBT (Must Pay) | | | | | CASH FLOW DEBT / GRANT FUNDS | | | | | EQUITY / DEFERRED FEES | | |
|------------------------------|------|-------|--------------------|-----|--------------------------------|------|-------|--------------------|-----|---------------------------------|---------------------|---------------------|
| Source | Term | Rate | Amount | DCR | Source | Term | Rate | Amount | DCR | Source | Amount | |
| City of Austin | 40/0 | 0.00% | \$4,000,000 | | City of Austin Fee Waivers | 0/0 | 0.00% | \$363,827 | | Bank of America | \$14,400,000 | |
| | | | | | TDHCA (MDL) Soft Repayable | 0/0 | | \$1,000,000 | | Foundation Communities, Inc. | \$4,410,658 | |
| | | | | | | | | | | Foundation Communities, Inc. | \$818,069 | |
| | | | | | | | | | | Additional (Excess) Funds Req'd | (\$0) | |
| | | | | | | | | | | TOTAL EQUITY SOURCES | \$19,628,727 | |
| | | | | | | | | | | TOTAL DEBT SOURCES | \$5,363,827 | |
| TOTAL DEBT (Must Pay) | | | \$4,000,000 | | CASH FLOW DEBT / GRANTS | | | \$1,363,827 | | TOTAL CAPITALIZATION | | \$24,992,554 |

CONDITIONS

- 1 Receipt and acceptance before Direct Loan Closing
 - a: Substantially final construction contract with Schedule of Values.
 - b: Updated term sheets with substantially final terms from all lenders
 - c: Substantially final draft of limited partnership agreement.
 - d: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.
 - e: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.
- 2 Receipt and acceptance by Commitment:
 - a: Firm commitment for \$4M loan from AHFC clearly stating all terms and conditions.
 - b: Any outstanding URA documentation.
- 3 Receipt and acceptance by Cost Certification:
 - a: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
 - b: Certification that testing for asbestos and lead-based paint was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented by a qualified abatement company.
 - c: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.
 - d: Certification that septic field remediation was performed by a qualified company.
 - e: Certification of proper reporting and closure of non operational domestic water well by a licensed well driller.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

AERIAL PHOTOGRAPH(S)



RISK PROFILE

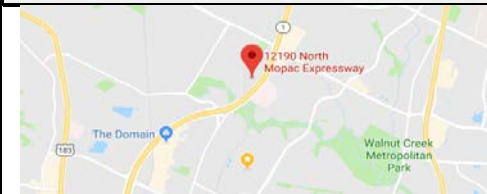
STRENGTHS/MITIGATING FACTORS

- Applicant's experience with developing and operating
- No foreclosable debt
- Sponsor's history of fundraising
- High SRO occupancy

WEAKNESSES/RISKS

- Dependent on sponsor's financial capacity and fund
- Several environmental remediations

AREA MAP



4b

4b

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**

APPENDIX



2018-1 Multifamily Direct Loan Program - Application Log - July 19, 2018

Per 2018-1 Multifamily Direct Loan Notice of Funding Availability published in the *Texas Register* on 12/29/2017, First Amendment to NOFA published in the *Texas Register* on 4/6/2018, and Second Amendment to the NOFA to be published in the *Texas Register* on 7/27/18

The following data was compiled using information submitted by each applicant. While this data has been reviewed or verified by the Department, errors may still be present. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Where Applications are layered with 9% or 4% Tax credits, the Applications are also subject to evaluation under the Department criteria for those fund sources. Applicants are encouraged to review 10 TAC §§11.1(b) and 10.2(a) concerning Due Diligence and Applicant Responsibility, along with 10 TAC Subchapter C related to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications. This log will be updated periodically as staff completes application reviews and as more applications are received. The Multifamily Direct Loan Program - Application Log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Applicants that identify an error in the log should contact Andrew Sinnott at andrew.sinnott@tdhca.state.tx.us as soon as possible. Identification of an error early does not guarantee that the error can be addressed administratively.

Applications sorted by date received within each set-aside.

| TDHCA Application # | Property Name | Property City | Property County | Region | Housing Activity ¹ | Multifamily Direct Loan Request/Award | Target Population | Total Units | MF Direct Loan Units | Layering ² | Date Received ³ | Comments |
|---|------------------------------------|---------------|-----------------|--------|-------------------------------|---------------------------------------|--------------------|-------------|----------------------|-----------------------|----------------------------|---|
| 18502 | Arlinda Gardens Supportive Housing | Bryan | Brazos | 8 | NC | \$ 1,000,000 | Supportive Housing | 29 | 13 | | 3/1/2018 | |
| 18099 | Waters Park Studios | Austin | Travis | 7 | NC | \$ 1,000,000 | Supportive Housing | 132 | 10 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| Total Amount Requested Under SH/SR Set Aside | | | | | | \$ 2,000,000 | Total Units | 161 | 23 | | | |
| Total Amount Awarded Under SH/SR Set Aside | | | | | | \$ - | Total Units | | | | | |
| Total Amount Remaining Under SH/SR Set Aside | | | | | | \$ 22,324,041 | | | | | | |

TCAP RF \$3,300,000
NHIF \$19,024,041
Total Set Aside Funding Level: \$22,324,041

CHDO (HOME funds only)

| TDHCA# | Property Name | Property City | Property County | Region | Housing Activity ¹ | Multifamily Direct Loan Request/Award | Target Population | Total Units | MF Direct Loan Units | Layering ² | Date Received ³ | Comments |
|--|-----------------------|---------------|-----------------|--------|-------------------------------|---------------------------------------|--------------------|-------------|----------------------|-----------------------|----------------------------|---|
| 18322 | Las Casitas de Azucar | Santa Rosa | Cameron | 11 | NC | \$ 1,600,000 | General | 50 | 14 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| 18391 | Merritt Manor | Manor | Travis | 7 | NC | \$ 2,000,000 | Elderly Limitation | 146 | 30 | 9% | 4/2/2018 | |
| Total Amount Requested Under CHDO Set Aside | | | | | | \$ 3,600,000 | Total Units | 196 | 44 | | | |
| Total Amount Awarded Under CHDO Set Aside | | | | | | \$ - | Total Units | | | | | |
| Total Amount Remaining Under CHDO Set Aside | | | | | | \$ 8,215,058 | | | | | | |

Total Set Aside Funding Level: \$8,215,058

HOME (limited availability statewide) \$13,318,946
NSPI PI (available statewide) \$5,000,000
TCAP RF (available statewide) \$9,446,231
NSPI PI and TCAP RF Total \$14,446,231

General

| TDHCA# | Property Name | Property City | Property County | Region | Housing Activity ¹ | Multifamily Direct Loan Request/Award | Target Population | Total Units | MF Direct Loan Units | Layering ² | Date Received ³ | Comments |
|---|--|---------------|-----------------|--------|-------------------------------|---------------------------------------|--------------------|--------------|----------------------|-----------------------|----------------------------|---|
| 18500 | Rio Lofts | San Antonio | Bexar | 9 | NC | \$ - | General | 81 | 36 | 9% | 1/11/2018 | Application withdrawn 4/11/18 |
| 18501 | Secretariat Apartments | Arlington | Tarrant | 3 | NC | \$ - | Elderly Limitation | 74 | 29 | 9% | 1/11/2018 | Application withdrawn 4/30/18 |
| 18412 | Lord Road Apartments | San Antonio | Bexar | 9 | NC | \$ - | General | 324 | 50 | 4% | 1/18/2018 | \$2,975,000 Direct Loan award returned after 4/26/18 Board approval |
| 18417 | Sphinx at Throckmorton Villas | McKinney | Collin | 3 | NC | \$ 3,000,000 | General | 220 | 18 | 4% | 2/15/2018 | |
| 18000 | Evergreen at Garland Senior Community | Garland | Dallas | 3 | NC | \$ 1,500,000 | Elderly Limitation | 105 | 25 | 9% | 4/2/2018 | |
| 18002 | Evergreen at Basswood Senior Community | Garland | Dallas | 3 | NC | \$ 2,000,000 | Elderly Limitation | 116 | 34 | 9% | 4/2/2018 | |
| 18036 | Clyde Ranch | Clyde | Callahan | 2 | NC | \$ 660,000 | General | 40 | 11 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| 18040 | Farmhouse Row | Slaton | Lubbock | 1 | NC | \$ 660,000 | General | 48 | 11 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| 18052 | Nacogdoches Lofts | San Antonio | Bexar | 9 | NC | \$ 2,025,000 | Elderly Limitation | 102 | 35 | 9% | 4/2/2018 | |
| 18053 | Alazan Lofts | San Antonio | Bexar | 9 | NC | \$ - | General | 88 | 24 | 9% | 4/2/2018 | Application terminated |
| 18054 | Piedmont Lofts | San Antonio | Bexar | 9 | NC | \$ 2,350,000 | General | 55 | 41 | 9% | 4/2/2018 | Requested CHDO set-aside, which is unavailable for this application |
| 18369 | The Residences at Canyon Lake | Canyon Lake | Comal | 9 | NC | \$ 1,060,000 | Elderly Limitation | 35 | 11 | 9% | 4/2/2018 | To be recommended for award at 7/26 Board meeting |
| 18421 | Travis Flats | Austin | Travis | 7 | NC | \$ 3,000,000 | General | 146 | 50 | 4% | 4/4/2018 | |
| Total Amount Requested Under General Set Aside: Development Sites in non-PJs | | | | | | \$ 5,380,000 | Total Units | 343 | 51 | | | |
| Total Amount Requested Under General Set Aside: Development Sites in PJs | | | | | | \$ 10,875,000 | Total Units | 1,010 | 324 | | | |
| Total Amount Requested Under General Set Aside: TOTAL | | | | | | \$ 16,255,000 | Total Units | 1,353 | 375 | | | |
| Total Amount Awarded Under General Set Aside (HOME) | | | | | | \$ - | Total Units | | | | | |
| Total Amount Awarded Under General Set Aside (TCAP RF) | | | | | | \$ - | Total Units | | | | | |
| Total Amount Awarded Under General Set Aside (NSPI PI) | | | | | | \$ - | Total Units | | | | | |
| Total Amount Remaining Under General Set Aside (HOME) | | | | | | \$ 13,318,946 | | | | | | |
| Total Amount Remaining Under General Set Aside (TCAP RF) | | | | | | \$ 9,446,231 | | | | | | |
| Total Amount Remaining Under General Set Aside (NSPI PI) | | | | | | \$ 5,000,000 | | | | | | |

Total Set Aside Funding Level: \$27,765,177

1 = Housing Activity: New Construction=NC, Rehabilitation=R, ADR = Adaptive Reuse

2= Layering of Other Department Funds: 9%≠9% Competitive Tax Credits, 4%≠4% Tax Credit Program

3 = Date Received: The date that the application, all required 3rd Party Reports, Application Fees (if applicable), and Certificate of Reservation (if applicable) were received.



**Texas Department of Housing and Community Affairs
Non-Competitive (4%) Housing Tax Credit (HTC) Program
2018 Application Status Log - Local Bond Issuer**

Updated as of June 7, 2018

| TDHCA # | Previous TDHCA# | Application Status | 4% HTC Board Meeting Date | Development Name | Development Address | City | County | ZIP Code | Region | Construction Type | Total Units | Target Population | Requested HTC Amount | Recommended HTC Amount | Bond Issuer | Bond Issuer Contact | Bond Issuer Phone | Bond Reservation Date | Bond Expiration Date | Bond Reservation Amount | Bond Priority Designation | Applicant | Applicant Contact | Applicant Phone | Applicant Email | | | | | | | | |
|---------------------|-----------------|--------------------|---------------------------|--------------------------------------|---|-------------|---------|----------|--------|-------------------|--------------|--------------------|----------------------|------------------------|--------------------|---------------------|-------------------|-----------------------|----------------------|-------------------------|---------------------------|--|-------------------|-----------------|-----------------------------|--|--|--|--|--|--|--|--|
| 18407 | 17419 / 16448 | Approved | 3/22/2018 | Sphinx at Sierra Vista Senior Villas | 2942 South Riverside Drive | Fort Worth | Tarrant | 76119 | 3 | NC | 272 | Elderly Limitation | \$1,625,720 | \$1,625,720 | Tarrant County HFC | Patricia Ward | (817) 850-7940 | 1/4/2018 | 12/31/2020* | \$27,000,000 | N/A | Riverside Senior Investments, LP | Jay Oji | (214) 342-1400 | jay@sdcus.com | | | | | | | | |
| 18417 | | Withdrawn | 5/24/2018 | Sphinx at Throckmorton | 820 E. University Drive | McKinney | Collin | 75069 | 3 | NC | 220 | General | \$1,719,937 | \$0 | McKinney HFC | Cristel Todd | (972) 547-7519 | 1/4/2018 | 12/31/2020* | \$23,090,308 | N/A | SDC Throckmorton Villas, LP | Jay Oji | (214) 342-1400 | jay@sdcus.com | | | | | | | | |
| 18408 | | Active | 7/12/2018 | Sansom Bluff | Northeast Corner of La Junta Street and Buchanan Street | Sansom Park | Tarrant | 76114 | 3 | NC | 296 | General | \$1,619,519 | \$0 | Tarrant County HFC | Patricia Ward | (817) 850-7940 | 1/4/2018 | 12/31/2020* | \$22,000,000 | N/A | LDG Commons at Manor Village, LP | Justin Hartz | (512) 351-9352 | jhartz@ldgdevelopment.com | | | | | | | | |
| 18414 | | Approved | 4/26/2018 | Prince Hall Gardens | 4820 East Berry Street | Fort Worth | Tarrant | 76105 | 3 | Acq/Rehab | 76 | General | \$347,694 | \$347,353 | Trinity River PFC | Matthew Corcoran | (817) 333-2421 | 1/11/2018 | 6/10/2018 | \$8,000,000 | 3 | FW Steele Prince Hall, LLC | Paul Moore | (303) 226-9111 | pmoore@steelellc.com | | | | | | | | |
| 18424 | 17413 | Approved | 4/26/2018 | Flora Lofts | 2121 Flora Street | Dallas | Dallas | 75201 | 3 | NC | 52 | General | \$696,992 | \$696,992 | City of Dallas HFC | Karen Schaffner | (214) 670-5390 | 4/12/2018 | 9/9/2018 | \$15,000,000 | 3 | Flora Street Lofts, Ltd. | Graham Greene | (214) 954-0430 | ggreene@oglesbygreene.com | | | | | | | | |
| 18427 | | Active | 7/12/2018 | Beckley Townhomes | 801 Beckleymeade Avenue | Dallas | Dallas | 75232 | 3 | Acq/Rehab | 100 | General | \$473,031 | \$0 | TSAHC | David Danenfelzer | (512) 477-3562 | 5/23/2018 | 10/20/2018 | \$8,000,000 | 3 | Dallas Leased Housing Associates V, LLLP | Jeff Spicer | (763) 392-9875 | jeff.spicer@dominiuminc.com | | | | | | | | |
| Total Units: | | | | | | | | | | | 1,016 | Total HTC: | | \$6,482,893 | \$2,670,065 | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------|--|----------|-----------|---------------------|---|-----------|-------|-------|---|-----------|------------|--------------------|-----------|--------------------|---------------------------------------|------------------|----------------|----------|----------|----------------|---|--------------------------------|------------------|----------------|-------------------------|--|--|--|--|--|--|--|--|
| 18402 | | Approved | 4/26/2018 | Hampton Homes | 3301 West 15th Street and 1400 Jenkins Street | Texarkana | Bowie | 75501 | 4 | Acq/Rehab | 50 | General | \$192,386 | \$192,386 | Texarkana Public Facility Corporation | Antonio Williams | (903) 838-8548 | 2/5/2018 | 7/5/2018 | \$20,000,000** | 3 | Texarkana Housing Partners, LP | Antonio Williams | (903) 838-8548 | awilliams@texarkana.org | | | | | | | | |
| 18403 | | Approved | 4/26/2018 | HATT Scattered Site | Various Scattered Sites | Texarkana | Bowie | 75501 | 4 | Acq/Rehab | 42 | Elderly Preference | \$123,946 | \$123,946 | Texarkana Public Facility Corporation | Antonio Williams | (903) 838-8548 | 2/5/2018 | 7/5/2018 | \$20,000,000** | 3 | Texarkana Housing Partners, LP | Antonio Williams | (903) 838-8548 | awilliams@texarkana.org | | | | | | | | |
| 18404 | | Approved | 4/26/2018 | Robinson Terrace | 1010 Dan Haskins Way | Texarkana | Bowie | 75501 | 4 | Acq/Rehab | 130 | Elderly Preference | \$460,949 | \$460,949 | Texarkana Public Facility Corporation | Antonio Williams | (903) 838-8548 | 2/5/2018 | 7/5/2018 | \$20,000,000** | 3 | Texarkana Housing Partners, LP | Antonio Williams | (903) 838-8548 | awilliams@texarkana.org | | | | | | | | |
| 18405 | | Approved | 4/26/2018 | Williams Homes | 1001 Dan Haskins Way | Texarkana | Bowie | 75501 | 4 | Acq/Rehab | 52 | Elderly Preference | \$179,313 | \$179,313 | Texarkana Public Facility Corporation | Antonio Williams | (903) 838-8548 | 2/5/2018 | 7/5/2018 | \$20,000,000** | 3 | Texarkana Housing Partners, LP | Antonio Williams | (903) 838-8548 | awilliams@texarkana.org | | | | | | | | |
| 18406 | | Approved | 4/26/2018 | Bright Street | 3101 - 3139 and 3201 Bright Street | Texarkana | Bowie | 75501 | 4 | Acq/Rehab | 20 | General | \$80,615 | \$80,615 | Texarkana Public Facility Corporation | Antonio Williams | (903) 838-8548 | 2/5/2018 | 7/5/2018 | \$20,000,000** | 3 | Texarkana Housing Partners, LP | Antonio Williams | (903) 838-8548 | awilliams@texarkana.org | | | | | | | | |
| Total Units: | | | | | | | | | | | 294 | Total HTC: | | \$1,037,209 | \$1,037,209 | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------|--|--------|-----------|---------------------|------------------------|---------|--------|-------|---|-----------|------------|--------------------|-----------|------------------|-------------|------------|----------------|----------|-----------|--------------|---|------------------------|-----------------|----------------|---------------------|--|--|--|--|--|--|--|--|
| 18400 | | Active | 7/26/2018 | Anna Dupree Terrace | 10012 Cullen Boulevard | Houston | Harris | 77051 | 6 | Acq/Rehab | 151 | Elderly Preference | \$790,981 | \$0 | Houston HFC | Jeff Smith | (713) 461-2749 | 6/6/2018 | 11/3/2018 | \$12,000,000 | 2 | Anna Dupree Terrace LP | William Elsbree | (617) 899-6297 | bill@cpmcompany.com | | | | | | | | |
| Total Units: | | | | | | | | | | | 151 | Total HTC: | | \$790,981 | \$0 | | | | | | | | | | | | | | | | | | |

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|---------------------|-------|----------|------------|----------------------------------|---|------------|------------|-------|---|-----------|--------------|--------------------|-------------|--------------------|--------------------------------|-------------------|----------------|------------------------|--------------------|--------------|--------|---------------------------------------|---------------|----------------|------------------------------|--|--|--|--|--|--|--|--|
| 18401 | | Approved | 5/24/2018 | Pathways at Chalmers Court South | SWC of East 3rd Street and Chalmers Avenue | Austin | Travis | 78702 | 7 | NC | 86 | General | \$666,396 | \$656,951 | Austin Affordable PFC, Inc. | Ron Kowal | (512) 767-7792 | 1/8/2018 | 6/7/2018 | \$15,000,000 | 3 | Pathways at Chalmers Courts South, LP | Ron Kowal | (512) 767-7792 | ronk@hacanet.org | | | | | | | | |
| 18413 | 17407 | Approved | 12/14/2017 | Shadow Ridge | 2250 E Old Settlers Blvd | Round Rock | Williamson | 78664 | 7 | NC | 316 | General | \$2,401,018 | \$2,390,933 | Capital Area HFC | Jim Shaw | (512) 347-9903 | 1/11/2017; 12/31/2019* | 1/8/2018; 6/7/2018 | \$48,000,000 | N/A; 3 | Pedcor Investments-2016-CLX, L.P. | Craig Lintner | (317) 208-3769 | clintner@pedcor.net | | | | | | | | |
| 18416 | 17443 | Approved | 4/26/2018 | Commons at Manor Village | 11.5 Hwy 290 and Loop 212 | Manor | Travis | 78653 | 7 | NC | 172 | Elderly | \$1,044,009 | \$1,044,000 | Strategic HFC of Travis County | Robert Onion | (512) 480-8245 | 1/8/2018 | 6/7/2018 | \$20,000,000 | 3 | LDG Commons at Manor Village, LP | Justin Hartz | (512) 351-9352 | jhartz@ldgdevelopment.com | | | | | | | | |
| 18415 | 17446 | Approved | 4/26/2018 | Hills at Leander | NW of Woodview Drive and 183A Frontage Road | Leander | Williamson | 78641 | 7 | NC | 228 | Elderly Preference | \$1,020,556 | \$1,020,556 | Capital Area HFC | Jim Shaw | (512) 347-9903 | 3/1/2018 | 7/29/2018 | \$20,000,000 | 3 | Hills at Leander, LP | Ina Spokas | (512) 689-3343 | ina.spokas@cgdevelopment.com | | | | | | | | |
| 18421 | | Active | 9/6/2018 | Travis Flats | 5325 - 5335 Aripport Boulevard | Austin | Travis | 78751 | 7 | NC | 146 | General | \$1,056,355 | \$0 | Travis County HFC | Andrea Shields | (512) 854-9116 | 3/1/2018 | 7/29/2018 | \$17,000,000 | 3 | Austin TCHFC-DMA Housing, LLC | JoEllen Smith | (512) 328-3232 | joellens@dmacompanies.com | | | | | | | | |
| 18422 | | Active | 7/12/2018 | Elysium Grand | 3300 Oak Creek Drive | Austin | Travis | 78727 | 7 | NC | 90 | General | \$338,763 | \$0 | Austin HFC | Mandy Demayo | (512) 974-3100 | 3/13/2018 | 8/10/2018 | \$10,000,000 | 3 | Elysium Grand, LP | Megan Lasch | (830) 330-0762 | megan@o-sda.com | | | | | | | | |
| 18420 | | Active | 7/12/2018 | Walnut Creek | 6409 Springdale Road | Austin | Travis | 78723 | 7 | Acq/Rehab | 98 | General | \$615,231 | \$0 | TSAHC | David Danenfelzer | (512) 477-3562 | 6/5/2018 | 11/2/2018 | \$15,000,000 | 3 | LH Walnut Creek Austin LP | Jacob Levy | (310) 883-7900 | jacob@levyaffiliated.com | | | | | | | | |
| Total Units: | | | | | | | | | | | 1,136 | Total HTC: | | \$7,142,328 | \$5,112,449 | | | | | | | | | | | | | | | | | | |

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|---------------------|---------------|----------|-----------|----------------------|--------------------------|-------------|---------|-------|---|-----------------------|------------|--------------------|-------------|--------------------|--|---------------|----------------|-----------|-------------|--------------|-----|--------------------------------|--------------|----------------|--------------------------|--|--|--|--|--|--|--|--|--|
| 18418 | 17623 | Active | 6/28/2018 | Liv at Boerne | 3 Shooting Club Drive | Boerne | Kendall | 78006 | 9 | New Construction | 162 | Elderly Preference | \$852,545 | \$0 | Boerne Public Facilities Corp. | Jeff Thompson | (830) 248-1502 | 1/8/2018 | 6/7/2018 | \$18,000,000 | 3 | LIV Boerne Hills, LP | Joel Pollack | (210) 354-3705 | joel@210dg.com | | | | | | | | | |
| 18412 | 17442 & 17403 | Approved | 4/26/2018 | Lord Road | 4835 Lord Road | San Antonio | Bexar | 78220 | 9 | New Construction | 324 | General | \$1,648,531 | \$1,648,531 | San Antonio Housing Trust Finance Corporation | John Kenny | (210) 735-2772 | 1/10/2017 | 12/31/2019* | \$24,000,000 | N/A | Lord Road Apartments, Ltd. | John Kenny | (210) 735-2772 | johnk@sahousingtrust.org | | | | | | | | | |
| 18419 | 17422 | Active | 6/28/2018 | St. Johns Apartments | 222 East Mitchell Street | San Antonio | Bexar | 78210 | 9 | NC and Adaptive Reuse | 228 | General | \$1,177,934 | \$0 | San Antonio Housing Trust Public Finance Corporation | John Kenny | (210) 735-2772 | 1/12/2017 | 12/31/2019* | \$22,000,000 | N/A | 222 Mitchell Redevelopment, LP | Joel Pollack | (210) 354-3705 | joel@210dg.com | | | | | | | | | |
| Total Units: | | | | | | | | | | | 714 | Total HTC: | | \$3,679,010 | \$1,648,531 | \$0 | | | | | | | | | | | | | | | | | | |

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|---------------------|--|--------|-----------|---------------------------------|------------------------------------|---------|---------|-------|----|-----------|------------|-------------------|-------------|--------------------|---------------------------------|---------------|----------------|-----------|-----------|--------------|-----|-------------------------|----------------|----------------|--------------------|--|--|--|--|--|--|--|--|
| 18409 | | Active | 6/28/2018 | John Cramer Memorial Apartments | 184 Barker Road | El Paso | El Paso | 79915 | 13 | Acq/Rehab | 144 | General | \$1,117,767 | \$0 | Alamito Public Facilities Corp. | Art Provenghi | (915) 849-3709 | 1/25/2018 | 6/24/2018 | \$16,000,000 | 3 | EP Cramer Three, LP | Tom Deloye | (915) 849-3813 | tdeloye@hacep.org | | | | | | | | |
| 18410 | | Active | 6/28/2018 | Ambrosio Guillen Apartments | 621 East 9th Avenue | El Paso | El Paso | 79901 | 13 | Acq/Rehab | 130 | General | \$1,144,281 | \$0 | Alamito Public Facilities Corp. | Art Provenghi | (915) 849-3709 | 1/25/2018 | 6/24/2018 | \$17,000,000 | 3 | EP Cramer Three, LP | Tom Deloye | (915) 849-3813 | tdeloye@hacep.org | | | | | | | | |
| 18411 | | Active | 6/28/2018 | MLK Memorial Apartmtns | 9101 Butternut Street | El Paso | El Paso | 79907 | 13 | Acq/Rehab | 152 | General | \$957,882 | \$0 | Alamito Public Facilities Corp. | Art Provenghi | (915) 849-3709 | 1/25/2018 | 6/24/2018 | \$18,000,000 | 3 | EP Cramer Three, LP | Tom Deloye | (915) 849-3813 | tdeloye@hacep.org | | | | | | | | |
| 18428 | | Active | 7/26/2018 | Sherman Plaza South Apartments | 4528 Blanco Ave. and 110 Barcelona | El Paso | El Paso | 79905 | 13 | Acq/Rehab | 194 | General | \$1,195,999 | \$0 | Alamito Public Facilities Corp. | Art Provenghi | (915) 849-3709 | TBD | TBD | TBD | TBD | EP Sherman South II, LP | Satish Bhaskar | (915) 849-3700 | sbhaskar@hacep.org | | | | | | | | |
| Total Units: | | | | | | | | | | | 620 | Total HTC: | | \$4,415,929 | \$0 | | | | | | | | | | | | | | | | | | |

Total Units: 3,780 Total HTC: 22,757,369 \$10,468,254 Total Bonds Reserved: \$375,090,308

*Application received Traditional Carryforward from Bond Reserve Board
**One bond reservation that includes all five properties (18402 - 18406)



**Texas Department of Housing and Community Affairs
Non-Competitive (4%) Housing Tax Credit (HTC) Program
2018 Application Status Log - TDHCA as Bond Issuer**

Updated as of June 7, 2018

| TDHCA # | Previous TDHCA# | Application Status | Board Meeting Date | Development Name | Development Address | City | County | ZIP Code | Region | Construction Type | Total Units | Target Population | Requested HTC Amount | Recommended HTC Amount | Recommended Bond Amount | Bond Reservation Date | Bond Expiration Date | Bond Reservation Amount | Bond Priority Designation | Applicant | Applicant Contact | Phone | Email |
|---------------------|-----------------|--------------------|--------------------|---|-------------------------------------|---------------|----------|----------|--------|-------------------|--------------|-------------------------|----------------------|------------------------|-------------------------|-----------------------|----------------------|-------------------------|---------------------------|--|--------------------|----------------|--------------------------------|
| 18607 | 17610 | Active | 7/26/2018 | Burk Village | 716 Park Street | Burkburnett | Wichita | 76354 | 2 | Acq/Rehab | 40 | General | \$100,341 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Burk Village, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| Total Units: | | | | | | | | | | | 40 | Total HTC/Bonds: | | \$100,341 | \$0 | \$0 | | | | | | | |
| 18614 | 17602 | Closed | 3/22/2018 | Springs Apartments | 4702 Ambassador Way | Balch Springs | Dallas | 75180 | 3 | NC | 221 | General | \$1,314,707 | \$1,314,707 | \$20,000,000 | 1/17/2018 | 6/16/2018 | \$20,000,000 | 3 | LDG Springs Apartments, LP | Justin Hartz | (512) 351-9335 | jhartz@ldgdevelopment.com |
| 18600 | 17426 | Active | 7/12/2018 | Forestwood Apartments | 4540 Lasater Road | Balch Springs | Dallas | 75181 | 3 | NC | 220 | General | \$1,340,973 | \$0 | \$0 | 5/7/2018 | 10/4/2018 | \$20,000,000 | 3 | LDG Forestwood, LP | Justin Hartz | (512) 351-9335 | jhartz@ldgdevelopment.com |
| Total Units: | | | | | | | | | | | 441 | Total HTC/Bonds: | | \$2,655,680 | \$1,314,707 | \$20,000,000 | | | | | | | |
| 18604 | 17603 | Approved | 5/24/2018 | Crosby Plaza | 6616 FM 2100 | Crosby | Harris | 77532 | 6 | Acq/Rehab | 86 | General | \$418,378 | \$390,778 | \$7,000,000 | 3/9/2018 | 8/6/2018 | \$8,800,000 | 3 | Crosby Plaza 34 LLC | Christian Szymczak | (310) 698-0739 | christian@thinkhousingdev.com |
| 18606 | 17609 | Active | 7/26/2018 | Bay City | 3301 Royal Street | Baytown | Harris | 77521 | 6 | Acq/Rehab | 62 | General | \$129,008 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Bay City Village, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| 18613 | 17618 | Active | 7/26/2018 | Lantana Apartments | 2200 North Adams Street | Beeville | Bee | 78102 | 6 | Acq/Rehab | 92 | General | \$303,144 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Lantana Apartments, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| 18616 | | Pre-Application | 6/28/2018* | Park Yellowstone Townhomes | 3322 Yellowstone Boulevard | Houston | Harris | 77021 | 6 | Acq/Rehab | 210 | General | \$884,537 | \$0 | \$0 | TBD | TBD | TBD | TBD | Yellowstone Boulevard, LLC | Steven Rice | (860) 325-1744 | srice@vestacorp.com |
| Total Units: | | | | | | | | | | | 450 | Total HTC/Bonds: | | \$1,735,067 | \$390,778 | \$7,000,000 | | | | | | | |
| 18601 | | Active | 6/28/2018 | Riverside Townhomes (Fka Fairway Village) | 6118 Fairway Drive | Austin | Travis | 78741 | 7 | Acq/Rehab | 128 | General | \$917,364 | \$0 | \$0 | 4/6/2018 | 9/3/2018 | \$20,000,000 | 3 | THF Fairway, LP | Mark Mayfield | (830) 693-4521 | mmayfield@txhf.org |
| 18602 | | Active | 6/28/2018 | Oaks on Lamar (Fka Santa Maria Village) | 8071 North Lamar Boulevard | Austin | Travis | 78753 | 7 | Acq/Rehab | 176 | General | \$893,259 | \$0 | \$0 | 4/6/2018 | 9/3/2018 | \$20,000,000 | 3 | THF SMV, LP | Mark Mayfield | (830) 693-4521 | mmayfield@txhf.org |
| 18605 | 17608 | Active | 7/26/2018 | Bastrop Oak Grove | 1910 Wilson Street | Bastrop | Bastrop | 78602 | 7 | Acq/Rehab | 48 | General | \$131,595 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Bastrop Oak Grove, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| 18608 | 17613 | Active | 7/26/2018 | Elgin Meadowpark | 401 N. Highway 95 | Elgin | Bastrop | 78621 | 7 | Acq/Rehab | 28 | General | \$67,346 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Elgin Meadowpark, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| 18615 | 17625 | Closed | 3/22/2018 | The Preserve at Hunters Crossing | 200 block of Hunters Crossing Blvd. | Bastrop | Bastrop | 78602 | 7 | New Construction | 140 | General | \$845,800 | \$650,264 | \$13,000,000 | 11/14/2017 | 4/13/2018 | \$13,000,000 | 2 | The Preserve at Hunters Crossing, L.P. | Lucille Jones | (830) 257-5323 | ljones@macdonald-companies.com |
| Total Units: | | | | | | | | | | | 520 | Total HTC/Bonds: | | \$2,855,364 | \$650,264 | \$13,000,000 | | | | | | | |
| 18609 | 17614 | Active | 7/26/2018 | Evant Tom Sawyer Place | 411 Tom Sawyer Street | Evant | Coryell | 76525 | 8 | Acq/Rehab | 18 | General | \$47,191 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Evant Tom Sawyer Place, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| 18612 | 17617 | Active | 7/26/2018 | Lampasas Gardens | 1311 Plum Street | Lampasas | Lampasas | 76550 | 8 | Acq/Rehab | 24 | General | \$93,708 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Lampasas Gardens, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| Total Units: | | | | | | | | | | | 42 | Total HTC/Bonds: | | \$140,899 | \$0 | \$0 | | | | | | | |
| 18603 | | Pre-Application | 1/18/2018* | McMullen Square Apartments | 537 North General McMullen Drive | San Antonio | Bexar | 78228 | 9 | Acq/Rehab | 100 | General | \$412,778 | \$0 | \$0 | TBD | TBD | TBD | TBD | TCD McMullen, LP | Don Herman | (949) 279-8684 | donalderman@gmail.com |
| 18610 | 17615 | Active | 7/26/2018 | Hondo Brian | 231 Stage Coach Drive | Hondo | Medina | 78861 | 9 | Acq/Rehab | 40 | General | \$118,156 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Hondo Brian Place, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| 18611 | 17616 | Active | 7/26/2018 | Hondo Gardens | 3100 Avenue Q | Hondo | Medina | 78861 | 9 | Acq/Rehab | 32 | General | \$91,714 | \$0 | \$0 | TBD | TBD | TBD | TBD | THF Hondo Gardens, LLC | Wes Larmore | (213) 634-1566 | Wlarmore@Related.com |
| Total Units: | | | | | | | | | | | 172 | Total HTC/Bonds: | | \$622,648 | \$0 | \$0 | \$0 | | | | | | |
| Total Units: | | | | | | | | | | | 1,665 | Total HTC/Bonds: | | \$8,110,009 | \$2,355,749 | \$40,000,000 | \$101,800,000 | | | | | | |

*Pre-Applications being presented to the Board for consideration of an Inducement Resolution.

Appendix

9% HTC Application Log

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**