TDHCA #
02015
Region 7
General Set-Aside
Forward Commitment
DEVELOPMENT NAME: Eagle's Point Apartments

TDHCA #: 02015

DEVELOPMENT LOCATION AND DESIGNATIONS

Region: 7
Site Address: 1855 Webberville Road
City: Austin
County: Travis
Zip Code: 78721

Allocation over 10 Years: $12,000,000
Development Type: Elderly

OWNER AND PRINCIPAL INFORMATION

Owner Entity Name: Eagle's Point Housing Partners, Ltd.
Principal Names: NDG-Eagle Point, LLC
Principal Contact: Robert Voelker
Percentage Ownership: 95%

TAX CREDIT ALLOCATION INFORMATION

Annual Credit Allocation Recommendation: $1,200,000
Allocation over 10 Years: $12,000,000
Credits Requested: $1,200,000
Eligible Basis Amount: $1,282,595
Equity/Gap Amount: $1,270,650

UNIT INFORMATION

<table>
<thead>
<tr>
<th>Eff</th>
<th>1 BR</th>
<th>2 BR</th>
<th>3 BR</th>
<th>4 BR</th>
<th>5 BR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>0</td>
<td>16</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>20</td>
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<tr>
<td>40%</td>
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<td>64</td>
<td>13</td>
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<tr>
<td>50%</td>
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<td>60%</td>
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<td>16</td>
<td>2</td>
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<td>0</td>
<td>18</td>
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<tr>
<td>MR</td>
<td>0</td>
<td>40</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>48</td>
</tr>
<tr>
<td>Total LI Units:</td>
<td>192</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Owner/Employee Units: 0
Total Project Units: 240
Applicable Fraction: 80.00%

BUILDING INFORMATION

Total Development Cost: $16,857,045
Gross Building Square Feet: 223,000
Total NRA SF: 196,000
Gross/Net Rentable: 1.14
Average Square Feet/Unit: 817
Cost Per Net Rentable Square Foot: $86.01
Credits per Low Income Unit: $6,250

INCOME AND EXPENSE INFORMATION

Effective Gross Income: $1,595,137
Total Expenses: $897,913
Net Operating Income: $697,224
Estimated 1st Year Debt Coverage Ratio: 1.17

DEVELOPMENT TEAM

Developer: NuRock Development Group, Inc.
Housing GC: Alpha Construction Company
Infrastructure GC: NA
Cost Estimator: NA
Architect: Hatfield Crookless Architects, Inc.
Property Manager: NuRock Management, Inc.
Engineer: NA
Syndicator: Red Capital Markets, Inc.

Market Analyst: The Siegel Group
Originator/UW: NA
Appraiser: NA
Attorney: NA
Supp Services: NuRock Housing Foundation, Inc.
Accountant: NA
Permanent Lender: Red Capital Market

DEPARTMENT EVALUATION

Points Awarded: 144
Site Review: Acceptable
Underwriting Finding: AC

Underwriting Findings: A=Acceptable, AC=Acceptable with Conditions, NR=Not Recommended
2002 Development Profile and Board Summary (Continued)

Project Name: Eagle’s Point Apartments  
Project Number: 02015

PUBLIC COMMENT SUMMARY
Note: "O" = Opposed, "S" = Support, "NC" or Blank = No comment

# of Letters, Petitions, or Witness Affirmation Forms (not from Officials):
Support: 4  Opposition: 0

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

Local/State/Federal Officials w/ Jurisdiction:

<table>
<thead>
<tr>
<th>Local Official</th>
<th>Comment from Other Public Official</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gus Garcia, Mayor, S</td>
<td>Danny Thomas, City Council, Place 6, S</td>
</tr>
<tr>
<td>Dawnna M. Dukes, Dist. 50</td>
<td>James L. Hargrove, Exec. Director, Austin Housing Authority, S</td>
</tr>
<tr>
<td>Gonzalo Barrientos, Dist. 14 S</td>
<td>Paul Hilgers, Austin Community Development Officer, S</td>
</tr>
</tbody>
</table>

CONDITIONS TO COMMITMENT
Receipt, review, and acceptance of documentation from the city confirming that the proposed development is a conforming use.

Alternate Recommendation:

RECOMMENDATION BY PROGRAM MANAGER AND DIRECTOR OF HOUSING PROGRAMS IS BASED ON:

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

☐ To serve a greater number of lower income families for fewer credits
☐ To serve a greater number of lower income families for a longer period of time
☐ To ensure the Development's consistency with local needs or its impact as part of a revitalization or preservation plan
☐ To ensure the allocation of credits among as many different entities as practicable without diminishing the quality of the housing that is built

Comment: As a region with a shortfall valued at more than 6% of its total regional allocation, this region was selected for a 2003 Forward Commitment. This development was selected because it was the next highest scoring development in Region 7.

Brooke Boston, Acting LIHTC Co-Manager  Date  David Burrell, Director of Housing Programs  Date

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

The recommendation by the Executive Award and Review Advisory Committee for the 2002 LIHTC applications is also based on the above reasons. If a decision was based on any additional reason, that reason is identified below:

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

☐ BOARD OF DIRECTOR’S APPROVAL AND DESCRIPTION OF DISCRETIONARY FACTORS (if applicable):

Approved Credit Amount:  Date of Determination:  

Michael E. Jones, Chairman of the Board  Date

6/17/02 10:46 AM
### Compliance Status Summary

**Project ID #: 02015**
**LIHTC 9% ✓**
**LIHTC 4% □**

**Project Name: Eagle's Point Apartments**
**HOME □**
**HTF □**

**Project City: Coppell**
**BOND □**
**SECO □**

#### Housing Compliance Review

- Project(s) in material non-compliance □
- No previous participation □
- Status of Findings (individual compliance status reports and National Previous Participation and Background Certification(s) available)

- Projects Monitored by the Department
  - # reviewed 0
  - # not yet monitored or pending review 1
  - # of projects grouped by score 0-9: 0
  - 10-19: 0
  - 20-29: 0

- Members of the development team have been disbarred by HUD □
- National Previous Participation Certification Received No
- Non-Compliance Reported

- Completed by Sara Carr Newsom
- Completed on 05/02/2002

#### Single Audit

- Status of Findings (any outstanding single audit issues are listed below)
  - single audit not applicable ✓
  - no outstanding issues □
  - outstanding issues □

- Comments:

- Completed by Lucy Trevino
- Completed on 05/13/2002

#### Program Monitoring

- Status of Findings (any unresolved issues are listed below)
  - monitoring review not applicable ✓
  - monitoring review pending □
  - reviewed; no unresolved issues □
  - reviewed; unresolved issues found □

- Comments:

- Completed by Ralph Hendrickson
- Completed on 05/13/2002
Community Affairs
Status of Findings  (any unresolved issues are listed below)

monitoring review not applicable ☑ monitoring review pending ☐
reviewed; no unresolved issues ☐ reviewed; unresolved issues found ☐

Comments:
Completed by ______________________ Completed on ____________

Housing Finance
Status of Findings  (any unresolved issues are listed below)

monitoring review not applicable ☐ monitoring review pending ☐
reviewed; no unresolved issues ☐ reviewed; unresolved issues found ☐

Comments:
Completed by ______________________ Completed on ____________

Housing Programs
Status of Findings  (any unresolved issues are listed below)

monitoring review not applicable ☐ monitoring review pending ☐
reviewed; no unresolved issues ☑ reviewed; unresolved issues found ☐

Comments:
Completed by C.Hudson ______________________ Completed on 06/06/2002

Multifamily Finance
Status of Findings  (any unresolved issues are listed below)

monitoring review not applicable ☐ monitoring review pending ☐
reviewed; no unresolved issues ☐ reviewed; unresolved issues found ☐

Comments:
Completed by ______________________ Completed on ____________

Executive Director: Edwina Carrington  Date Signed: June 10, 2002
DEVELOPMENT NAME

Eagle's Point

APPLICANT

Name: Eagle's Point Housing Partners, Ltd. Type: ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address: 700 E Sandy Lake Road, Suite 146 City: Coppell State: TX
Zip: 75019 Contact: Robert H Voelker Phone: (972) 745-0756 Fax: (972) 745-2190

PRINCIPALS of the APPLICANT

Name: NDG-Eagle Point, LLC (%) 0.0095 Title: Managing General Partner
Name: Victory Family Ministry (%) 0.0005 Title: Co-General Partner
Name: Red Capital Markets (%) 99.99 Title: Limited Partner
Name: Robert G Hoskins (%) N/A Title: Owner of Managing GP

MANAGING GENERAL PARTNER

Name: NDG-Eagle Point, LLC Type: ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address: 700 E Sandy Lake Road, Suite 146 City: Coppell State: TX
Zip: 75019 Contact: Robert H Voelker Phone: (972) 745-0756 Fax: (972) 745-2190

CO-GENERAL PARTNER

Name: Victory Family Ministry Type: ☐ For Profit ☒ Non-Profit ☐ Municipal ☐ Other
Address: 21 Pinnacle Way City: Carrollton State: GA
Zip: 30117 Contact: Lamar A Bell Phone: (770) 834-9765 Fax: (770) 832-9672

PROPERTY LOCATION

Location: 1855 Webberville Road ☒ QCT ☐ DDA
City: Austin County: Travis Zip: 78721

REQUEST

<table>
<thead>
<tr>
<th>Amount</th>
<th>Interest Rate</th>
<th>Amortization</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,200,000</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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

Proposed Use of Funds: New construction ☒ Set-Aside: ☒ Elderly ☐ Rural ☐ Non-Profit
**SITE DESCRIPTION**

<table>
<thead>
<tr>
<th>Size:</th>
<th>10.001 acres</th>
<th>435,644 square feet</th>
<th>Zoning/Permitted Uses:</th>
<th>MF-3 CO*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flood Zone Designation:</td>
<td>Zone X</td>
<td>Status of Off-Sites:</td>
<td>Partially Improved</td>
<td></td>
</tr>
</tbody>
</table>

* Applicant is seeking rezoning to MF-4, Multifamily Residence Moderate-High Density district

**DESCRIPTION of IMPROVEMENTS**

<table>
<thead>
<tr>
<th>Total Units:</th>
<th>240</th>
<th># Rental Buildings:</th>
<th>7*</th>
<th># Common Area Buildings:</th>
<th>1</th>
<th># of Floors:</th>
<th>3</th>
<th>Age:</th>
<th>N/A yrs</th>
<th>Vacant:</th>
<th>N/A at / /</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td></td>
<td>Bedrooms</td>
<td></td>
<td>Bathroom</td>
<td></td>
<td>Size in SF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200</td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
<td>750</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td></td>
<td>2</td>
<td></td>
<td>2</td>
<td>1,150</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Net Rentable SF: 196,000 Av Un SF: 817 Common Area SF: 27,000** Gross Bldng SF: 223,000

Property Type: ☒ Multifamily ☐ SFR Rental ☒ Elderly ☒ Mixed Income ☐ Special Use

* Application indicates only four residential buildings, but architectural plans indicate seven residential buildings
* *Includes 24,000 square feet in air-conditioned/heated hallways

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a concrete slab on grade, 50% masonry/brick veneer, 50% Hardiplank siding exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & tile flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, five three-stop elevators

**ON-SITE AMENITIES**

Community rooms, management offices, fitness facilities, kitchen, restrooms, computer center, central mailroom, swimming pool, perimeter fencing with limited access gate, picnic area

Uncovered Parking: 240 spaces Carports: N/A spaces Garages: N/A spaces

**OTHER SOURCES of FUNDS**

**LONG TERM/PERMANENT FINANCING**

<table>
<thead>
<tr>
<th>Source:</th>
<th>Red Capital Market</th>
<th>Contact:</th>
<th>Leslie Houston</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Amount:</td>
<td>$7,074,309</td>
<td>Interest Rate:</td>
<td>Like-term US Treasury +225 bps; max of 7.5%</td>
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<tr>
<td>Additional Information:</td>
<td>$7,639,355 interim loan for a period of 24 months</td>
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<tr>
<td>Amortization:</td>
<td>30 yrs</td>
<td>Term:</td>
<td>18 yrs</td>
</tr>
<tr>
<td>Commitment:</td>
<td>☒ LOI</td>
<td>☐ Firm</td>
<td>☐ Conditional</td>
</tr>
<tr>
<td>Annual Payment:</td>
<td>$593,575</td>
<td>Lien Priority:</td>
<td>1st</td>
</tr>
<tr>
<td>Date:</td>
<td>02/15/2002</td>
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**LIHTC SYNDICATION**

<table>
<thead>
<tr>
<th>Source:</th>
<th>Red Capital Group</th>
<th>Contact:</th>
<th>Leslie Houston</th>
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<tbody>
<tr>
<td>Address:</td>
<td>901 Cherry Street</td>
<td>City:</td>
<td>Fort Worth</td>
</tr>
<tr>
<td>State:</td>
<td>TX</td>
<td>Zip:</td>
<td>76102</td>
</tr>
<tr>
<td>Net Proceeds:</td>
<td>$9,239,076</td>
<td>Net Syndication Rate (per $1.00 of 10-yr LIHTC):</td>
<td>77¢</td>
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<tr>
<td>Commitment</td>
<td>☒ LOI</td>
<td>☐ Firm</td>
<td>☐ Conditional</td>
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<td>Additional Information:</td>
<td></td>
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</table>

2
APPLICANT EQUITY

Amount: $543,660       Source: Deferred developer fee

VALUATION INFORMATION

<table>
<thead>
<tr>
<th>ASSESSED VALUE</th>
<th></th>
<th>Assessment for the Year of: 2002</th>
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<tbody>
<tr>
<td>Land: 13.0 acres</td>
<td>$156,000</td>
<td></td>
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<tr>
<td>Land: per acre</td>
<td>$12,000</td>
<td>Valuation by: Travis County Appraisal District</td>
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<tr>
<td>Prorated Value: 10.001 acres</td>
<td>$120,012</td>
<td>Tax Rate: 2.5043</td>
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</table>

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest money contract

<table>
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<tr>
<th>Contract Expiration Date: 10/01/2002</th>
<th>Anticipated Closing Date: 09/15/2002</th>
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<tbody>
<tr>
<td>Acquisition Cost: $1,132,675</td>
<td>Other Terms/Conditions: $5K earnest money; $2.60 per square foot cost</td>
</tr>
<tr>
<td>Seller: Thomas G Warren</td>
<td>Related to Development Team Member: No</td>
</tr>
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</table>

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Eagle’s Point is a proposed new construction development of 240 units of mixed income housing located in east Austin. Although the Application indicates that the development is comprised of four residential buildings, the architectural plans indicate seven as follows:

- One Building Type A with 18 one-bedroom units and five two-bedroom units;
- One Building Type B with 36 one-bedroom units and six two-bedroom units;
- One Building Type C with 51 one-bedroom units and two two-bedroom units;
- One Building Type D with 12 one-bedroom units and nine two-bedroom units;
- One Building Type E with 21 one-bedroom units and nine two-bedroom units;
- One Building Type F with 38 one-bedroom units; and
- One Building Type G with 24 one-bedroom units and nine two-bedroom units.

Based on the site plan the apartment buildings are arranged around a central open space, with the parking set along the boundaries of the site. Many of the buildings are connected by covered walkways. The clubhouse/office is located at the entrance with the pool situated nearby. The 3,000-square foot community building plan includes a large TV lounge/living area, a billiard's room, a full-service kitchen, a ballroom, a business center and public restrooms as well as management/leasing offices. The development lacks a public laundry facility. Although each unit is equipped with washer/dryer connections, the application indicates that a washer and dryer are not a part of the appliance package. Should residents be unable to afford their own washer and dryer, it appears that they will have to take their laundry to a Laundromat. The nearest public laundry facility was not identified in the application and market study.

Supportive Services: The Applicant has contracted with Victory Family Ministry, Inc. to provide the following supportive services to tenants: resident committees, regularly scheduled speakers, personal assistance with money management, a computer with internet access, free blood pressure and blood sugar tests, community involvement, honor system library, stocked game room and survey of residents’ need. These optional services will be provided at no cost to tenants. The contract requires the Applicant to pay an annual fee of $20,000 for the support services.

Schedule: The Applicant anticipates construction to begin in March of 2003, to be completed in March of 2004, to be placed in service and substantially leased-up in July of 2004.
**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units will be reserved for elderly tenants. Twenty of the units (8%) will be reserved for households earning 30% or less of AMGI, 77 units (32%) will be reserved for households earning 40% or less of AMGI, 77 units (32%) will be reserved for households earning 50% or less of AMGI, 18 units (8%) will be reserved for households earning 60% or less of AMGI, and the remaining 48 units will be offered at market rents. It should also be noted that no subsidy was provided to support the 30% units and therefore no selection points were provided for this item though these units will still be restricted as proposed.

**Special Needs Set-Asides:** None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.

**Compliance Period Extension:** The Applicant has elected to extend the compliance period an additional 25 years.

**MARKET HIGHLIGHTS**

A market feasibility study dated February 21, 2002 and prepared by The Siegel Group highlighted the following findings:

**Definition of Market/Submarket:** “The Primary Market Area (PMA) is defined by the following boundaries: FM 973 to the east, Highway 71 to the south, Loop 1 to the west and FM 1825 to the north. The Secondary Market Area is defined as all of Travis County.” (p. 3)

<table>
<thead>
<tr>
<th>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</th>
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</thead>
<tbody>
<tr>
<td><strong>Type of Demand</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Household Growth</td>
</tr>
<tr>
<td>Resident Turnover</td>
</tr>
<tr>
<td>Other Sources:</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL DEMAND</strong></td>
</tr>
</tbody>
</table>

Ref: p. 93

**Capture Rate:** The Market Analyst has calculated a capture rate of 10.7% (p. 93). The Market Analyst excluded the market rate units and failed to account for 350 additional comparable units in the market area that have not yet been stabilized for at least 12 months. The Underwriter calculated a concentration capture rate of 22% based upon a revised supply of 590 unstabilized comparable affordable units divided by a revised demand for 2,690 units. Ashford Park, a 200 unit elderly development, is also applying for tax credits in the current LIHTC cycle. These 200 units were not included in the Underwriter’s concentration capture rate calculation because the development is not located in the market analyst-defined Primary Market Area.

**Market Rent Comparables:** The market analyst surveyed 15 comparable apartment projects, including federally subsidized units, in the market area. (p. 41)

<table>
<thead>
<tr>
<th>RENT ANALYSIS (net tenant-paid rents)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit Type (% AMI)</strong></td>
</tr>
<tr>
<td>1-Bedroom (30%)</td>
</tr>
<tr>
<td>1-Bedroom (40%)</td>
</tr>
<tr>
<td>1-Bedroom (50%)</td>
</tr>
<tr>
<td>1-Bedroom (60%)</td>
</tr>
<tr>
<td>1-Bedroom (MR)</td>
</tr>
<tr>
<td>2-Bedroom (30%)</td>
</tr>
<tr>
<td>3-Bedroom (40%)</td>
</tr>
<tr>
<td>3-Bedroom (50%)</td>
</tr>
</tbody>
</table>
3-Bedroom (60%) $876  $876  $0  $869  +$7
3-Bedroom (MR) $920  N/A  N/A  $869  +$51
(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = $500, program max = $600, differential = -$100)

Submarket Vacancy Rates: “Apartment managers surveyed in the PMA admit that occupancy rates have dropped 3% - 5% overall within the last 12 months, at 92.4% landlords in the PMA are offering concessions, temporarily increasing the affordability of Austin’s multifamily market.” (p. 36)

Absorption Projections: “Although vacancies averaged 7.5% among 18 projects surveyed, the persistent need for affordable housing, the projected rental rates, newer units and competitive amenities contemplated should further enhance the attractiveness of the development and support a lease-up rate of 12 to 13 units per month or an 18 month lease-up period.” (p. 89)

Known Planned Development: “There are currently 30 apartment-style facilities for seniors in the Austin area. The Lodge at Merriltown, a 294-units development, has completed construction and is currently leasing units. Heatherwilde Park, a 168-unit development, is under construction and anticipates moving initial residents in March of 2002, and Primrose at Shadow Creek, a 176-unit development, is currently under construction anticipating construction completion by the Spring of 2002.” (p. 39) The market analyst did not include the following developments: Collinwood Village (174 units), Fort Branch Landing (250 units), Springdale Estates (43 units), Riverside Meadows (240 units), and Blunn Creek (280 units). Of these, only Collinwood Village strictly serves elderly residents. Within the PMA only Primrose at Shadow Creek and Collinwood Village will compete with the subject for concentration purposes.

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

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject is located at 1855 Webberville Road in Austin, Travis County, approximately 0.75 miles west of US Highway 183.

Population: The Primary Market Area contains approximately 381,070 people in 165,880 households. The number of persons 55 and older in the PMA was 55,542 in 2000 and is projected at 66,562 in 2005. The number of seniors in the Primary Area grew at an annual rate of 3.32% from 1990 to 2000. It is projected that this growth will continue at an estimated 3.97% annually (2,204 seniors per year) through 2005. The Secondary Market Area, including the PMA, contains approximately 743,348 people in 305,911 households. The number of persons 55 and older in the SMA was 105,760 in 2000 and is projected at 129,594 in 2005.

Adjacent Land Uses: The parcels of land surrounding the subject property are primarily vacant, undeveloped sites with a mix of proposed uses. Adjacent land uses include:
- North: Vacant land, Martin Luther King Boulevard
- South: Webberville Road, vacant land beyond
- East: Vacant land
- West: Vacant land

Site Access: Major arteries in the PMA include Highway 71, Loop 1, US Highway 290 West, US Highway 183 and Interstate 35.

Public Transportation: Public Transportation needs are served by Capital Metro (funded by a one-cent city sales tax), which provides services as far north as Cedar Park, Austin, and Pflugerville, and as far south as Manchaca. There is a Capital Metro bus stop approximately 0.6 miles from the subject.

Shopping & Services: The Austin metropolitan area is home to seven area colleges and universities, and eleven major hospitals and one children’s hospital. A grocery/pharmacy is located within 2 miles of the subject. The Austin Parks and Recreation Department offers a variety of programs and services for people age 50 years and older: three seniors centers, door-to-door transportation, congregate meals, information about employment opportunities and a facility for seniors to sell their home made goods. There are six advocacy organizations or agencies, several organizations that provide senior educational services, senior employment organizations and meal delivery programs.

Other Site Characteristics: The application indicates that rezoning from MF-3 to MF-4 has been requested.
Based on the market study, the current zoning of MF-3 allows a maximum apartment density of up to 36 units per acre and the development will have only 24 units per acre. Therefore it is not known why the change in zones has been requested. Receipt, review and acceptance of documentation from the city confirming that the proposed development is a conforming use is a condition of this report.

**Site Inspection Findings:** The site was inspected by a TDHCA staff member on May 2002 and was found to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated January 14, 2002 was prepared by Leigh Engineering, Inc. and contained the following findings and recommendations:

“In conclusion, this ESA has revealed no evidence of recognized environmental conditions in connection with the property. Based on this conclusion, Leigh recommends no further environmental investigation of the property at this time.”

**OPERATING PROFORMA ANALYSIS**

**Income:** The maximum tax credit rents for the two bedroom units appear to be $7 more than the market rent established by the Market Analyst. In addition, the market rents anticipated by the Applicant are $13 and $51 more than the Market Analyst’s rents for comparable one-bedroom and two-bedroom units, respectively. The Underwriter adjusted rents accordingly which reduces gross potential rent by $13,000. The market analyst included a significantly higher per square foot estimate of market rents but this figure in both cases is inconsistent with the final market rent estimate conclusion provided by the market analyst. Moreover, the per square foot rent calculations were heavily influenced by eight non-seniors-only properties and all of the 11 market comparables provided, save one, had significantly smaller units (60 to 144 square feet for one-bedroom comparable and 30 to 314 square feet for two-bedrooms). The average market rent for the one-bedroom market units at seniors-only developments is $656 or $0.95 per foot which would translate to a rent of $715 based on the size of the proposed units. This rent is actually less than the maximum 60% rent. Similarly, the average market rent for the two-bedroom market units at seniors-only developments is $862 or $0.89 per foot which would translate to a rent of $1,024 based on the size of the proposed units. The problem with using a square foot average most apparent in this case since this square foot based rent is $149 more than the highest actual rent being achieved for a two-bedroom seniors only product and similarly well over all but one of the other market comparables in the study. Since the market analyst concluded market rents that are not on a per square foot basis more than 5% greater than the maximum 60% rent the selection points for item 4 (I) in the selection criteria should be reconsidered. The Applicant included only $5.89 per unit per month in secondary income, which is understated compared to the underwriting guideline of $10 per unit per month. However, because the development does not include a public laundry facility, the Underwriter has decreased secondary income to $5 per unit per month. The result is a potential gross income that the Applicant’s estimate is $15,000 or 1% more than the Underwriter’s estimate.

**Expenses:** The Applicant’s total operating expense estimate is within 5% of the Underwriter’s TDHCA database-derived estimate. However, several of the Applicant’s line item expenses differed by more than 5% or $5,000 when compared to the Underwriter’s line items. These include: general and administrative ($45K lower), payroll ($76K lower), repairs and maintenance ($25K higher), utilities ($10K lower), water, sewer and trash ($29K higher), property insurance ($41K higher), and property tax ($5K higher).

**Conclusion:** Overall, the Applicant net operating income estimate exceeds 5% of the Underwriter’s estimate. Therefore, the Underwriter’s proforma should be used to determine the development’s ability to service debt. Both the Applicant’s and the Underwriter’s debt coverage ratios fall within the Department’s debt coverage ratio (DCR) guideline of 1.10 to 1.25.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** The acquisition price is assumed to be reasonable since the acquisition is an arm’s-length transaction.

**Off-Site Costs:** The Applicant claimed off-site costs of $259,900 for force main construction and 12” waterline extension. The Applicant provided sufficient third party certification through a registered professional engineer to justify these costs.

**Site Work Cost:** The Applicant’s claimed site work costs of $5,680 per unit are considered reasonable
compared to historical site work costs for multifamily projects.

**Direct Construction Cost:** The Applicant’s direct construction cost estimate is within 5% of the Underwriter’s Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Interim Financing Fees:** The Underwriter reduced the Applicant’s eligible interim financing fees by $68K to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent adjustment to the Applicant’s eligible basis estimate.

**Fees:** The Applicant’s general requirements, contractor’s general and administrative fees, and contractor’s profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant’s eligible fees in these areas have been reduced with the overage of $68,628 effectively moved to ineligible costs. The Applicant’s developer fees also exceed 15% of the Applicant’s adjusted eligible basis and therefore the eligible potion of the Applicant’s developer fee must be reduced by $20,498.

**Conclusion:** The Applicant’s total development cost is within 5% of the Underwriter’s estimate. Therefore, the Applicant’s estimate, adjusted for overstated fees and ineligible costs, will be used to determine the development’s eligible basis of $14,612,142 and total funding needs as presented in the application.

### FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with three types of financing: a conventional interim to permanent loan, syndicated LIHTC equity, and deferred developer’s fees.

**Conventional Interim to Permanent Loan:** There is a commitment for interim to permanent financing through Red Mortgage Capital, Inc. in the amount of $7,639,355 during the interim period and $7,074,309 at conversion to permanent. The commitment letter indicated a term of 24 months for the construction portion and 18 years for the permanent. The permanent loan will be amortized over 30 years at a fixed interest rate based on the like-term US Treasury Rate plus 225 basis points. The Underwriter has utilized the lender’s maximum rate of 7.5%.

**LIHTC Syndication:** Red Capital Markets, Inc. has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $9,239,076 based on a syndication factor of 77%. The funds would be disbursed in a three-phased pay-in schedule:
1. 60% upon closing of the construction loan;
2. 20% upon final certificate of occupancy; and
3. 20% upon development stabilization.

**Deferred Developer’s Fees:** The Applicant’s proposed deferred developer’s fees of $543,660 amount to 28% of the total proposed fees.

**Financing Conclusions:** As stated above, the Applicant’s total development cost estimate, adjusted for overstated fees and ineligible costs, was used to determine the development’s eligible basis and recommended annual tax credit allocation of $1,282,595. Based on this recommendation, the anticipated syndication proceeds would increase by $391,607. However, applications are limited to a maximum of $1,200,000 in annual credit. The deferred developer fees needed are equal to those proposed by the Applicant, 28% of eligible developer’s fees, which appear to be repayable from cashflow within the first five years of stabilized operation.

### REVIEW of ARCHITECTURAL DESIGN

The exterior of the residential buildings will be a combination of brick and siding, although the architectural plans indicate combination brick/plaster exteriors. Each unit includes a balcony and washer/dryer connections. The units appear to be well-designed with adequate storage space including a kitchen pantry. The exterior of the clubhouse/office is similar to the residential buildings. The architectural plans also indicate optional covered walkways from the clubhouse to the residential building.

### IDENTITIES of INTEREST

The Applicant, developer, property manager, and support service providers are related entities. These are common identities of interest for LIHTC-funded developments.
APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:
- The Applicant and Managing General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Victory Family Ministry, Inc., the Co-General Partner, submitted an unaudited financial statement as of December 18, 2001 reporting total assets of $25K and consisting of $314 in cash and a mobile home. Liabilities totaled $16.6K, resulting in a net worth of $8.7K.
- Robert G Hoskins also submitted a personal financial statement.

Background & Experience:
- The Applicant and Managing General Partner are new entities formed for the purpose of developing the project.
- Robert G Hoskins, owner of the Managing General Partner, indicates participation in 13 LIHTC developments in Georgia, Texas and Florida totaling 3,087 units since 1994.

SUMMARY OF SALIENT RISKS AND ISSUES
- Significant inconsistencies in the application could affect the financial feasibility of the project.
- Significant locational issues exist with regard to zoning.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $1,200,000 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of documentation from the city confirming that the proposed development is a conforming use.
2. Since the market analyst concluded market rents that are not, on a per square foot basis, more than 5% greater than the maximum 60% rents, the selection points for item 4 (I) in the selection criteria should be reconsidered.

Credit Underwriting Supervisor: 
Lisa Veccheiti 
Date: May 30, 2002

Director of Credit Underwriting: 
Tom Gouris 
Date: May 30, 2002
## Eagle's Point, Austin, LIHTC 02015

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>Number</th>
<th>Bedrooms</th>
<th>No. of Baths</th>
<th>Size in SF</th>
<th>Gross Rent Let</th>
<th>Net Rent per Unit</th>
<th>Rent per Month</th>
<th>Rent per SF</th>
<th>Unit Pd Utl</th>
<th>Mgt. Ser. Utl</th>
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<td>16</td>
<td>1</td>
<td>1</td>
<td>750</td>
<td>$400</td>
<td>$334</td>
<td>$5,144</td>
<td>0.45</td>
<td>$66.00</td>
<td>$38.00</td>
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<td>$38.00</td>
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<td>$800</td>
<td>$734</td>
<td>$11,744</td>
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<td>$38.00</td>
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<td>MR</td>
<td>40</td>
<td>1</td>
<td>1</td>
<td>750</td>
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<td>$10,320</td>
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<td>$396</td>
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<td>$45.00</td>
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<td>TC 40%</td>
<td>13</td>
<td>2</td>
<td>2</td>
<td>1,150</td>
<td>$440</td>
<td>$398</td>
<td>$1,824</td>
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<td>TC 50%</td>
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<td>2</td>
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<td>1,150</td>
<td>$716</td>
<td>$9,308</td>
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<td>TCT 60%</td>
<td>2</td>
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<td>1,150</td>
<td>$690</td>
<td>$9,178</td>
<td>0.76</td>
<td>$84.00</td>
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**Total: 244**

**Average:**

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,279,292</td>
<td>$1,722,792</td>
<td>$1,279,292</td>
<td>$1,722,792</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**SECONDARY INCOME**

- **Per Upl**
  - Management: $5,000
  - Payroll & Payroll Tax: $12,593
  - Repairs & Maintenance: $5,674
  - Utilities: $5,181
  - Water, Sewer, & Trash: $11,963
  - Property Insurance: $4,393
  - Property Tax: $1,250
  - Reserve for Replacements: $200
  - Other Expenses: $200

**Net Operating Income:**

- $973,913
- $865,602
- $54,311

**NET CASH FLOW**

- $432
- $148,347
- $0.76

**DEBT SERVICE**

- First Lien Mortgage: $593,575
- Additional Financing: $0

**AGGREGATE DEBT COVERAGE RATIO**

- 1.17

## Comparative Analysis

### Funding Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Total Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer's Profit</td>
<td>$1,132,560</td>
</tr>
<tr>
<td>Contractor's G &amp; J</td>
<td>$259,900</td>
</tr>
<tr>
<td>Contractor's Profit</td>
<td>$2,800,080</td>
</tr>
<tr>
<td>Indirect Construction</td>
<td>$267,700</td>
</tr>
<tr>
<td>Ineligible Expenses</td>
<td>$275,316</td>
</tr>
<tr>
<td>Developer's Profit</td>
<td>$2,160,941</td>
</tr>
<tr>
<td>Interim Financing</td>
<td>$753,952</td>
</tr>
<tr>
<td>Reserves</td>
<td>$488,000</td>
</tr>
</tbody>
</table>

**Total Sources:**

- $16,406,404
- $16,857,045
- $16,857,045

**Potential Gross Income:**

- $1,710,072
- $1,722,792
- $1,279,292

**Net Operating Income:**

- $1,129,335
- $1,305,000
- $0

**Vacancy & Collection Loss:**

- -7.50%
- -7.50% of Potential Gross Rent

**Secondary Income Rent:**

- $5.00 Per Unit Per Month
- $5.98 Per Unit Per Month

**Efficient Gross Income:**

- $1,279,292
- $1,722,792
- $0

**Total Net Rentable Sq Ft:**

- 136,000

**Top Sources:**

- Developer's Profit: $1,132,560
- Contractor's G & J: $259,900
- Contractor's Profit: $2,800,080
- Indirect Construction: $267,700
- Ineligible Expenses: $275,316
- Developer's Profit: $2,160,941
- Interim Financing: $753,952
- Reserves: $488,000

**Total Sources:**

- $16,406,404
- $16,857,045
- $16,857,045

**Top Income:**

- $1,710,072
- $1,722,792
- $1,279,292

**Vacancy & Collection Loss % of Potential Gross Income:**

- -7.50%

**Property Insurance:**

- 2.46%
- $39,200
- 0.41

**Water, Sewer, & Trash:**

- 6.96%
- $110,963
- 0.71

**Utilities:**

- 3.18%
- $50,674
- 0.21

**Payroll & Payroll Tax:**

- 12.59%
- $200,900
- 0.64

**Property Tax:**

- 9.44%
- $150,624
- 0.80

**Reserve for Replacements:**

- 3.01%
- $200
- 0.24

**Other Expenses:**

- 4.50%
- $10,400
- 0.25

**Total Expenses:**

- $897,913
- $863,602
- $34,311

**Negative Cash Flow:**

- 4.50%
- $54,311

**Agg. Debt Coverage Ratio:**

- 1.17

**Alternative Debt Coverage Ratio:**

- 1.17

**Construction Cost:**

- $1,132,560
- $1,132,560
- $1,132,560

**Top Cost:**

- $47,342

**Recap-Back Construction Costs:**

- $11,352,409
- $11,735,387
- $9,897

**Top Floors:**

- $16,857,045

**Total Net Rentable Sq Ft:**

- 136,000

**Top Unit:**

- $16,857,045

**Top Rent:**

- $11,735,387

**Top Rent per SF:**

- $70.00

**Top Rent per Month:**

- $1,000

**Top % of Total:**

- 6.22%
## Direct Construction Cost Estimate

### Residential Quality Multiple Residence Basis

<table>
<thead>
<tr>
<th>Category</th>
<th>Factor</th>
<th>Units/Sq Ft</th>
<th>PER SF</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Cost</td>
<td>1.00</td>
<td>1,000</td>
<td>1.00</td>
<td>1,000</td>
</tr>
<tr>
<td>Adjustments</td>
<td>4.50%</td>
<td>45</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Exterior Wall Finish</td>
<td>5.00%</td>
<td>50</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Roofing</td>
<td>0.00%</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Subfloor</td>
<td>0.25%</td>
<td>25</td>
<td>0.50</td>
<td>125</td>
</tr>
<tr>
<td>Floor Cover</td>
<td>1.82%</td>
<td>18</td>
<td>0.16</td>
<td>480</td>
</tr>
<tr>
<td>Purchaser/Balconies</td>
<td>4.50%</td>
<td>45</td>
<td>0.09</td>
<td>405</td>
</tr>
<tr>
<td>Plumbing</td>
<td>2.03%</td>
<td>20</td>
<td>0.40</td>
<td>80</td>
</tr>
<tr>
<td>Built-in Appliances</td>
<td>1.17%</td>
<td>11</td>
<td>0.01</td>
<td>11</td>
</tr>
<tr>
<td>Stairs</td>
<td>1.70%</td>
<td>17</td>
<td>0.17</td>
<td>17</td>
</tr>
<tr>
<td>Floor Insulation</td>
<td>0.00%</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Heating/Cooling</td>
<td>0.00%</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Railways</td>
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<td>44</td>
<td>0.04</td>
<td>44</td>
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<tr>
<td>Covered &amp; Core Area</td>
<td>0.87%</td>
<td>86</td>
<td>0.03</td>
<td>86</td>
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<tr>
<td>Three-Stop-Elevators</td>
<td>1.45%</td>
<td>14</td>
<td>0.21</td>
<td>28</td>
</tr>
<tr>
<td>SUBTOTAL</td>
<td>58.83%</td>
<td>588</td>
<td>10.94</td>
<td>1,094</td>
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<tr>
<td>Current Cost Multiplier</td>
<td>1.04%</td>
<td>10</td>
<td>0.01</td>
<td>10</td>
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<tr>
<td>Local Multiplier</td>
<td>0.88%</td>
<td>8.10%</td>
<td>0.01</td>
<td>8.10%</td>
</tr>
<tr>
<td>TOTAL DIRECT CONSTRUCTION COST</td>
<td>55.83%</td>
<td>558.33%</td>
<td>10.94%</td>
<td>1,094%</td>
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</table>

### Operating Income & Expense Proforma

#### INCOME at 3.00%

<table>
<thead>
<tr>
<th>Potential Gross Income</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
<th>YEAR 20</th>
<th>YEAR 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,710,072</td>
<td>$1,761,374</td>
<td>$1,814,215</td>
<td>$1,868,642</td>
<td>$1,924,701</td>
<td>$2,231,256</td>
<td>$2,586,637</td>
<td>$2,994,701</td>
<td>$3,402,897</td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>14,400</td>
<td>14,832</td>
<td>15,277</td>
<td>15,735</td>
<td>16,207</td>
<td>16,789</td>
<td>21,781</td>
<td>25,250</td>
<td>33,935</td>
</tr>
<tr>
<td>Other Support Income</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Potential Gross Income</td>
<td>1,724,472</td>
<td>1,776,260</td>
<td>1,829,492</td>
<td>1,884,377</td>
<td>1,940,908</td>
<td>2,250,045</td>
<td>2,608,419</td>
<td>3,023,875</td>
<td>4,063,831</td>
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<td>Employee or Other Non-Rental Income</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Effective Gross Income</td>
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<td>$1,642,991</td>
<td>$1,692,280</td>
<td>$1,743,049</td>
<td>$1,795,340</td>
<td>$2,081,291</td>
<td>$2,412,787</td>
<td>$2,797,082</td>
<td>$3,755,844</td>
</tr>
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#### EXPENSEs at 4.00%

| General & Administrative | $78,343 | $84,477 | $90,718 | $97,132 | $103,756 | $110,580 | $117,588 | $125,784 | $134,282 |
| Management               | 79,757  | 82,150  | 84,614  | 87,152  | 90,764  | 94,488  | 98,279  | 102,282 | 106,618 |
| Payroll & Payroll Tax    | 200,900 | 208,936 | 217,935 | 226,985 | 236,035 | 245,095 | 254,165 | 264,245 | 274,539 |
| Repairs & Maintenance   | 90,412  | 94,029  | 97,790  | 101,701 | 105,769 | 109,837 | 114,015 | 118,303 | 122,798 |
| Utilities               | 50,674  | 54,089  | 57,501  | 61,012  | 64,523  | 68,035  | 71,657  | 75,479  | 80,511  |
| Water, Sewer & Trash    | 110,963 | 115,402 | 120,018 | 124,819 | 129,811 | 135,811 | 141,811 | 147,811 | 154,811 |
| Insurance               | 39,200  | 40,768  | 42,399  | 44,095  | 45,858  | 47,615  | 49,472  | 51,330  | 53,288  |
| Property Tax            | 150,624 | 156,649 | 162,915 | 169,432 | 176,209 | 184,085 | 192,061 | 200,037 | 208,013 |
| Reserve for Replacements| 48,000  | 49,920  | 51,917  | 53,993  | 56,153  | 58,393  | 60,633  | 62,973  | 65,313  |
| Other                   | 49,040  | 51,002  | 53,042  | 55,163  | 57,370  | 59,679  | 61,980  | 64,380  | 66,880  |
| TOTAL EXPENSES           | $897,913 | $933,022 | $969,531 | $1,007,467 | $1,046,894 | $1,088,329 | $1,131,765 | $1,176,202 | $1,222,639 |
| NET OPERATING INCOME     | $697,224 | $709,959 | $722,749 | $730,582 | $748,467 | $781,736 | $825,342 | $868,557 | $915,109 |

#### Debt Service

| First Line Financing     | $593,575 | $593,575 | $593,575 | $593,575 | $593,575 | $593,575 | $593,575 | $593,575 | $593,575 |
| Second Line              | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| Other Financing          | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| NET CASH FLOW            | $103,649 | $116,384 | $129,174 | $142,007 | $154,871 | $169,166 | $184,782 | $200,383 | $217,084 |

### Debt Coverage Ratio

| Ratio                    | 1.17%   | 1.28%   | 1.22%   | 1.24%   | 1.26%   | 1.37%   | 1.47%   | 1.57%   | 1.72%   |

### Payment Computation

| Primary                   | $7,074,309 | Term 360 | 1.17% |
| Secondary                 | 0.00%      | Subtotal DCR 1.17% |
| Additional                | 0.00%      | Aggregate DCR 1.17% |

### Recommended Financing Structure

- **Primary Debt Service**: $593,575
- **Secondary Debt Service**: 0
- **Additional Debt Service**: 0

**NET CASH FLOW**: $103,649

---

**TCSheet Version Date**: 4/25/01

**Page**: 2

**Print Date**: 6/14/02 10:58 AM
### LIHTC Allocation Calculation - Eagle's Point, Austin, LIHTC 02015

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>APPLICANT’S TDHCA TOTAL AMOUNTS</th>
<th>APPLICANT’S TDHCA REHAB/NEW ELIGIBLE BASIS</th>
<th>TDHCA REHAB/NEW ELIGIBLE BASIS</th>
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<tbody>
<tr>
<td>(1) Acquisition Cost</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Purchase of land</td>
<td>$1,132,560</td>
<td>$1,132,560</td>
<td></td>
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<tr>
<td>Purchase of buildings</td>
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</tr>
<tr>
<td>(2) Rehabilitation/New Construction Cost</td>
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<tr>
<td>On-site work</td>
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<td>$1,363,309</td>
<td>$1,363,309</td>
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<tr>
<td>Off-site improvements</td>
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<tr>
<td>(3) Construction Hard Costs</td>
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<tr>
<td>New structures/rehabilitation ha</td>
<td>$8,440,690</td>
<td>$8,176,522</td>
<td>$8,440,690</td>
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<tr>
<td>(4) Contractor Fees &amp; General Requirements</td>
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<tr>
<td>Contractor overhead</td>
<td>$205,884</td>
<td>$190,797</td>
<td>$196,080</td>
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<td>Contractor profit</td>
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<td>$572,390</td>
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<tr>
<td>General requirements</td>
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<td>$588,240</td>
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<td>(5) Contingencies</td>
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<td>(8) All Ineligible Costs</td>
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<td>(9) Developer Fees</td>
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<td>(10) Development Reserves</td>
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<td>$16,406,404</td>
<td>$14,612,142</td>
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</table>

Deduct from Basis:
- All grant proceeds used to finance costs in eligible basis
- B.M.R. loans used to finance cost in eligible basis
- Non-qualified non-recourse financing
- Non-qualified portion of higher quality units [42(d)(3)]
- Historic Credits (on residential portion only)

**TOTAL ELIGIBLE BASIS**

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<thead>
<tr>
<th></th>
<th>$14,612,142</th>
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<tr>
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<td>Applicable Percentage</td>
<td>8.44%</td>
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<tr>
<td>TOTAL AMOUNT OF TAX CREDITS</td>
<td>$1,282,595</td>
<td>$1,250,863</td>
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</table>

**Syndication Proceeds**

| | 0.7699 | $9,874,997 | $9,630,683 |
|-------------------------|---------------|---------------|
| Maximum Tax Credit Amount | $1,200,000 | |
| Sydication Proceeds based on Maximum Tax Credit Amount | $9,239,076 | |
TDHCA #
02041
Region 8A
General
Set-Aside
Forward
Commitment
**DEVELOPMENT NAME:** Villas at Costa Verde  
**TDHCA #:** 02041

### DEVELOPMENT LOCATION AND DESIGNATIONS
- **Region:** 8A  
- **Site Address:** 6000 Block of N. Foster Rd.  
- **City:** San Antonio  
- **County:** Bexar  
- **Zip Code:** 78244  
- **Development Type:** Family  
- **Allocation over 10 Years:** $10,666,670

### OWNER AND PRINCIPAL INFORMATION
- **Owner Entity Name:** Costa Verde, LTD.
- **Principal Names:**
  - Costa Verde Royal Castle, Ltd.: Daniel Markson (99%)
  - Affordable Housing Visions for Texas, Inc.: Michael N. Casias (1%)
  - Daniel B. Markson: NA (0%)
  - Elliot Stone: NA (0%)
  - Royal Castle Texas, L.L.C.: Daniel B. Markson (0%)

### TAX CREDIT ALLOCATION INFORMATION
- **Annual Credit Allocation Recommendation:** $1,066,667  
- **Allocation over 10 Years:** $10,666,670
- **Credits Requested:** $1,066,667  
- **Eligible Basis Amount:** $0  
- **Equity/Gap Amount:** $0

### UNIT INFORMATION

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<th>2 BR</th>
<th>3 BR</th>
<th>4 BR</th>
<th>5 BR</th>
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<td>6</td>
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<td>0</td>
<td>120</td>
<td>80</td>
<td>0</td>
<td>190</td>
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</table>

- **Total LI Units:** 190
- **Owner/Employee Units:** 0
- **Total Project Units:** 200
- **Applicable Fraction:** 95.00%

### BUILDING INFORMATION
- **Total Development Cost:** $0
- **Gross Building Square Feet:** 205,133
- **Total NRA SF:** 201,516
- **Gross/Net Rentable:** 1.02
- **Average Square Feet/Unit:** 1,008
- **Cost Per Net Rentable Square Foot:** $0.00
- **Credits per Low Income Unit:** $5,614

### INCOME AND EXPENSE INFORMATION
- **Effective Gross Income:** $0
- **Total Expenses:** $0
- **Net Operating Income:** $0
- **Estimated 1st Year Debt Coverage Ratio:** 0.00

### DEVELOPMENT TEAM
- **Developer:** Royal Castle Builders, LLC
- **Housing GC:** Royal Castle Construction LLC
- **Infrastructure GC:** Royal Castle Construction LLC
- **Cost Estimator:** Royal Castle Construction LLC
- **Architect:** Mucasey and Associates
- **Property Manager:** Orion Real Estate Services, Inc.
- **Engineer:** Baker/Aicklen & Associates
- **Syndicator:** Boston Capital Corporation
- **Market Analyst:** Apartment Market Data Research
- **Originator/UW:** NA
- **Appraiser:** Land America OneStop
- **Attorney:** Stearns Weaver Miller Weissler
- **Supp Services:** American Agape Foundation, Inc.
- **Accountant:** Reznick, Fedder & Silverman
- **Permanent Lender:** AGM Financial Servive

### DEPARTMENT EVALUATION
- **Points Awarded:** 129
- **Site Review:** Acceptable
- **Underwriting Finding:** Not Available

Underwriting Findings: A=Acceptable, AC=Acceptable with Conditions, NR=Not Recommendd

6/17/02 10:42 AM
2002 Development Profile and Board Summary (Continued)

Project Name: Villas at Costa Verde  Project Number: 02041

PUBLIC COMMENT SUMMARY  Note: “O” = Opposed, “S” = Support, “NC” or Blank = No comment

# of Letters, Petitions, or Witness Affirmation Forms (not from Officials):  Support: 3  Opposition: 0

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

CONDITIONS TO COMMITMENT

THIS DEVELOPMENT HAS NOT YET BEEN UNDERWRITTEN. THE CREDIT RECOMMENDATION FOR THIS DEVELOPMENT, AND ANY CONDITIONS, ARE STILL SUBJECT TO UNDERWRITING.

Alternate Recommendation:

RECOMMENDATION BY PROGRAM MANAGER AND DIRECTOR OF HOUSING PROGRAMS IS BASED ON:

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

☑ To serve a greater number of lower income families for fewer credits  ☑ To serve a greater number of lower income families for a longer period of time

☐ To ensure the Development’s consistency with local needs or its impact as part of a revitalization or preservation plan  ☐ To ensure the allocation of credits among as many different entities as practicable without diminishing the quality of the housing that is built

Comment: As a region with a shortfall valued at more than 6% of its total regional allocation, this region was selected for a 2003 Forward Commitment. This was one of three developments with identical scores (#02087 and #02145 are the other two). However, in applying the evaluation factor of serving more low income families for fewer credits, this development is using only $5,614 in credits per low income unit to serve 190 low income families, while the other two were serving fewer low income families for an average of $7,600 credits per low income unit.

This development was only added to the recommendation list late Friday and due to time constraints, the underwriting report and final recommendation amount, are not yet available.

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

The recommendation by the Executive Award and Review Advisory Committee for the 2002 LIHTC applications is also based on the above reasons. If a decision was based on any additional reason, that reason is identified below:

__________

☐ BOARD OF DIRECTOR’S APPROVAL AND DESCRIPTION OF DISCRETIONARY FACTORS (if applicable):

Approved Credit Amount: ___________________________ Date of Determination: ___________________________

__________

Michael E. Jones, Chairman of the Board  Date

Edward D. Garza, Mayor
Ruth Jones McClendon, Dist. 120
Judith Zaffirini, Dist. 21
Robert R. Puente, State Representative, District 119
John H. Sanders, Councilman, District 2
Andrew D. Cameron, City Housing Director, NC

Edward D. Garza, Mayor
Ruth Jones McClendon, Dist. 120
Judith Zaffirini, Dist. 21
Robert R. Puente, State Representative, District 119
John H. Sanders, Councilman, District 2
Andrew D. Cameron, City Housing Director, NC

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

RECOMMENDATION BY PROGRAM MANAGER AND DIRECTOR OF HOUSING PROGRAMS IS BASED ON:

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

☑ To serve a greater number of lower income families for fewer credits  ☑ To serve a greater number of lower income families for a longer period of time

☐ To ensure the Development’s consistency with local needs or its impact as part of a revitalization or preservation plan  ☐ To ensure the allocation of credits among as many different entities as practicable without diminishing the quality of the housing that is built

Comment: As a region with a shortfall valued at more than 6% of its total regional allocation, this region was selected for a 2003 Forward Commitment. This was one of three developments with identical scores (#02087 and #02145 are the other two). However, in applying the evaluation factor of serving more low income families for fewer credits, this development is using only $5,614 in credits per low income unit to serve 190 low income families, while the other two were serving fewer low income families for an average of $7,600 credits per low income unit.

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__________

☐ BOARD OF DIRECTOR’S APPROVAL AND DESCRIPTION OF DISCRETIONARY FACTORS (if applicable):

Approved Credit Amount: ___________________________ Date of Determination: ___________________________

__________

Michael E. Jones, Chairman of the Board  Date
## Developer Evaluation

### Compliance Status Summary

<table>
<thead>
<tr>
<th>Project ID #</th>
<th>02041</th>
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<tbody>
<tr>
<td>LIHTC 9%</td>
<td>✓</td>
</tr>
<tr>
<td>LIHTC 4%</td>
<td>□</td>
</tr>
<tr>
<td>Project Name</td>
<td>Villas at Costa Verde</td>
</tr>
<tr>
<td>City</td>
<td>San Antonio, Texas</td>
</tr>
<tr>
<td>HOME</td>
<td>□</td>
</tr>
<tr>
<td>HTF</td>
<td>□</td>
</tr>
<tr>
<td>BOND</td>
<td>□</td>
</tr>
<tr>
<td>SECO</td>
<td>□</td>
</tr>
</tbody>
</table>

### Housing Compliance Review

- Project(s) in material non-compliance: □
- No previous participation: □
- Status of Findings (individual compliance status reports and National Previous Participation and Background Certification(s) available):

<table>
<thead>
<tr>
<th># reviewed</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td># not yet monitored or pending review</td>
<td>2</td>
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<tr>
<td># of projects grouped by score</td>
<td>0-9: 0</td>
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</tbody>
</table>

- Members of the development team have been disbarred by HUD: □
- National Previous Participation Certification Received: Yes
- Non-Compliance Reported: No

**Completed by** Sara Carr Newsom  
**Completed on** 06/14/2002

### Single Audit

- Status of Findings (any outstanding single audit issues are listed below):
  - single audit not applicable: □
  - no outstanding issues: □
  - outstanding issues: □

**Comments:**

**Completed by**  
**Completed on**  

### Program Monitoring

- Status of Findings (any unresolved issues are listed below):
  - monitoring review not applicable: □
  - monitoring review pending: □
  - reviewed; no unresolved issues: □
  - reviewed; unresolved issues found: □

**Comments:**

**Completed by**  
**Completed on**
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<th>Category</th>
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<th>Monitoring Review</th>
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<td>Completed on</td>
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Executive Director: ___________________________    Date Signed: __________
The Underwriting Report for #02041 is Not Yet Available
TDHCA #
02078

Region 3

General
Set-Aside

Forward
Commitment
DEVELOPMENT PROFILE AND BOARD SUMMARY FOR RECOMMENDED APPLICATIONS
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Development Name: Sphinx at Murdeaux
TDHCA #: 02078

DEVELOPMENT LOCATION AND DESIGNATIONS
Region: 3
Site Address: 7400 Block of Loop 12
City: Dallas
County: Dallas
Zip Code: 75217

Allocation over 10 Years: $11,330,950
Development Type: Family

Gross/Net Rentable: 1.02
Average Square Feet/Unit: 1,037
Cost Per Net Rentable Square Foot: $79.73

Net Operating Income: $372,759

DEVELOPMENT LOCATION AND DESIGNATIONS
DDA
TTC
DDA
QCT

Special Needs: 8 Units for Handicapped/Developmentally Disabled

OWNER AND PRINCIPAL INFORMATION
Owner Entity Name: Murdeaux Villas, L.P.
Principal Names: Principal Contact: Percentage Ownership:
SDC Murdeaux, LLC Jay O. Oji 100 %
Sphinx Development, Corporation Jay O. Oji 100 %
NA NA 0 %
NA NA 0 %
NA NA 0 %

TAX CREDIT ALLOCATION INFORMATION
Annual Credit Allocation Recommendation: $1,133,095 Allocation over 10 Years: $11,330,950
Credits Requested: $1,144,545 Eligible Basis Amount: $1,169,901 Equity/Gap Amount: $1,133,095

UNIT INFORMATION
Eff 1 BR 2 BR 3 BR 4 BR 5 BR Total
30% 0 0 18 9 3 0 30
40% 0 0 36 18 6 0 60
50% 0 0 36 18 6 0 60
60% 0 0 0 0 0 0 0
MR 0 0 0 0 0 0 0
Total 0 0 90 45 15 0 150

Owner/Employee Units: 0
Total Project Units: 150
Applicable Fraction: 100.00

BUILDING INFORMATION
Total Development Cost: $12,396,361
Gross Building Square Feet: 158,852
Total NRA SF: 155,475
Gross/Net Rentable: 1.02
Average Square Feet/Unit: 1,037
Cost Per Net Rentable Square Foot: $79.73
Credits per Low Income Unit: $7,554

INCOME AND EXPENSE INFORMATION
Effective Gross Income: $1,003,895
Total Expenses: $631,136
Net Operating Income: $372,759
Estimated 1st Year Debt Coverage Ratio: 1.10

DEVELOPMENT TEAM
Developer: Sphinx Development Corp.
Housing GC: Glenn Lynch Co.
Infrastructure GC: NA
Cost Estimator: Glenn Lynch Co.
Architect: Humphries and Partners
Property Manager: M. Myers Management
Engineer: Hickman Consulting
Syndicator: First Union
Note: "NA" = Not Yet Available
Market Analyst: James Sawyer & Associates
Originator/UW: First Union Securities
Appraiser: James Sawyer & Associates
Attorney: True and Shackleford
Supp Services: Royal Communities
Accountant: Thomas Stephens LLC
Permanent Lender: First Union

DEPARTMENT EVALUATION
Underwriting Findings: A=Acceptable, AC=Acceptable with Conditions, NR=Not Recommended
2002 Development Profile and Board Summary (Continued)

Project Name: Sphinx at Murdeaux  Project Number: 02078

PUBLIC COMMENT SUMMARY  Note: "O" = Opposed, "S" = Support, "NC" or Blank = No comment

# of Letters, Petitions, or Witness Affirmation Forms(not from Officials): Support: 6 Opposition: 0

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

CONDITIONS TO COMMITMENT

Receipt, review and acceptance of consistent building plans and site plans to match the rent schedule.
Receipt, review and acceptance of a revised permanent loan commitment reflecting a maximum total debt service not to exceed $338,716, or an alternative financing structure acceptable to the Department.
Receipt, review and acceptance of a complete pay-in schedule by the equity partner.

Should the rates or terms of the proposed debt or syndication be altered, the previous recommendations and conditions should be re-evaluated by the Underwriter.

Alternate Recommendation:

RECOMMENDATION BY PROGRAM MANAGER AND DIRECTOR OF HOUSING PROGRAMS IS BASED ON:

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

☐ To serve a greater number of lower income families for fewer credits
☐ To serve a greater number of lower income families for a longer period of time
☐ To ensure the Development's consistency with local needs or its impact as part of a revitalization or preservation plan
☐ To ensure the allocation of credits among as many different entities as practicable without diminishing the quality of the housing that is built

Comment: As a region with a shortfall valued at more than 6% of its total regional allocation, this region was selected for a 2003 Forward Commitment. This development was selected because it was the next highest scoring development in Region 3.

Brooke Boston, Acting LIHTC Co-Manager  Date  David Burrell, Director of Housing Programs  Date

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

The recommendation by the Executive Award and Review Advisory Committee for the 2002 LIHTC applications is also based on the above reasons. If a decision was based on any additional reason, that reason is identified below:

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

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

Approved Credit Amount:  Date of Determination:

Michael E. Jones, Chairman of the Board  Date
**Developer Evaluation**

**Compliance Status Summary**

**Project ID #:** 02078

**LIHTC 9% ✓**  **LIHTC 4% □**

**Project Name:** Sphinx @ Murdeaux

**HOME □**  **HTF □**

**Project City:**

**BOND □**  **SECO □**

---

**Housing Compliance Review**

- Project(s) in material non-compliance ☑
- No previous participation □

**Status of Findings** (individual compliance status reports and National Previous Participation and Background Certification(s) available)

- Projects Monitored by the Department
  - # reviewed 5
  - # not yet monitored or pending review 2
  - # of projects grouped by score
    - 0-9: 4
    - 10-19: 0
    - 20-29: 0
  - Members of the development team have been disbarred by HUD □
  - National Previous Participation Certification Received N/A
  - Non-Compliance Reported

**Completed by** Jo En Taylor  **Completed on** 05/23/2002

---

**Single Audit**

- Status of Findings (any outstanding single audit issues are listed below)
  - single audit not applicable ✓
  - no outstanding issues □
  - outstanding issues □

**Comments:**

**Completed by** Lucy Trevino  **Completed on** 05/23/2002

---

**Program Monitoring**

- Status of Findings (any unresolved issues are listed below)
  - monitoring review not applicable ✓
  - monitoring review pending □
  - reviewed; no unresolved issues □
  - reviewed; unresolved issues found □

**Comments:**

**Completed by** Ralph Hendrickson  **Completed on** 05/23/2002
<table>
<thead>
<tr>
<th><strong>Community Affairs</strong></th>
<th>Status of Findings (any unresolved issues are listed below)</th>
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<tbody>
<tr>
<td>monitoring review not applicable ✔️</td>
<td>monitoring review pending ☐</td>
</tr>
<tr>
<td>reviewed; no unresolved issues ☐</td>
<td>reviewed; unresolved issues found ☐</td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
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<table>
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<tr>
<th><strong>Housing Finance</strong></th>
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<tr>
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<td>reviewed; no unresolved issues ☐</td>
<td>reviewed; unresolved issues found ☐</td>
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<td>reviewed; no unresolved issues ✔️</td>
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<td>Completed by</td>
<td>Completed on 06/06/2002</td>
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<table>
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<th><strong>Multifamily Finance</strong></th>
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<tr>
<td>reviewed; no unresolved issues ☐</td>
<td>reviewed; unresolved issues found ☐</td>
</tr>
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<td><strong>Comments:</strong></td>
<td></td>
</tr>
<tr>
<td>Completed by</td>
<td>Completed on</td>
</tr>
</tbody>
</table>

**Executive Director:** Edwina Carrington
**Date Signed:** June 14, 2002
DEVELOPMENT NAME

The Sphinx at Murdeaux

APPLICANT

Name: Murdeaux Villas, L.P.  Type: For Profit
Address: 12970 Pandora Drive, Suite 210  City: Dallas  State: Texas
Zip: 75238  Contact: Jay Oji  Phone: (214) 324-1405  Fax: (214) 342-1409

PRINCIPALS of the APPLICANT

Name: SDC Murdeaux, LLC (%): .01  Title: Managing General Partner
Name: Sphinx Development Corp. (%): n/a  Title: 50% owner of G.P.
Name: Jay O. Oji (%): n/a  Title: 50% owner of G.P.
Name: First Union National Bank (%): 99.99  Title: Limited Partner

GENERAL PARTNER

Name: SDC Murdeaux, LLC  Type: For Profit
Address: 12970 Pandora Drive, Suite 210  City: Dallas  State: Texas
Zip: 75238  Contact: Jay Oji  Phone: (214) 324-1405  Fax: (214) 342-1409

PROPERTY LOCATION

Location: 7400 Block of Loop 12  City: Dallas  County: Dallas  Zip: 75217

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits
Proposed Use of Funds: New Construction  Set-Aside: General

SITE DESCRIPTION

Size: 18.01 acres  784,516 square feet  Zoning/Permitted Uses: MF-1 Multifamily
Flood Zone Designation: May partially be in 100 year flood plain  Status of Off-Sites: Raw Land
TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

| Total Units:          | 150                         |
| # Rental Buildings:  | 12                          |
| # Common Area Bldgs: | 1                           |
| # of Floors:         | 2                           |
| Age: 0 yrs          | Vacant: n/a                  |

<table>
<thead>
<tr>
<th>Number</th>
<th>Bedrooms</th>
<th>Bathroom</th>
<th>Size in SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>2</td>
<td>2</td>
<td>954</td>
</tr>
<tr>
<td>45</td>
<td>3</td>
<td>2</td>
<td>1,115</td>
</tr>
<tr>
<td>15</td>
<td>4</td>
<td>2</td>
<td>1,296</td>
</tr>
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</table>

Net Rentable SF: 155,475  Av Un SF: 1,037  Common Area SF: 3,377  Gross Bldng SF: 158,852

Property Type: ☑ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on concrete slab on grade, 50% brick, 50% hardiboard siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing.

APPLIANCES AND INTERIOR FEATURES

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

ON-SITE AMENITIES

3,377 SF community building with activity room, management offices, fitness & laundry facilities, kitchen, restrooms, computer/business center, swimming pool, children's play area, and picnic area.

Uncovered Parking: □ spaces  Carports: □ spaces  Garages: □ spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

<table>
<thead>
<tr>
<th>Source: First Union</th>
<th>Contact: Robert Klixbull</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Amount:</td>
<td>$3,700,000</td>
</tr>
<tr>
<td>Interest Rate:</td>
<td>10 year treasury plus 500 basis points- 8% minimum</td>
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<td>Additional Information:</td>
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<td>Amortization:</td>
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<td>Term: 2 yrs</td>
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<td>Commitment:</td>
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<tr>
<td>☐ None</td>
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<tr>
<td>☐ Firm</td>
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LONG TERM/PERMANENT FINANCING

<table>
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<tr>
<th>Source: First Union</th>
<th>Contact: Robert Klixbull</th>
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<tbody>
<tr>
<td>Principal Amount:</td>
<td>$3,812,000</td>
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<td>Interest Rate:</td>
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<td>Term: 18 yrs</td>
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<td>☐ None</td>
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LONG TERM/PERMANENT FINANCING

<table>
<thead>
<tr>
<th>Source: Jubilee Metro Church</th>
<th>Contact: Rev. Lawrence</th>
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<tr>
<td>Principal Amount:</td>
<td>$158,000</td>
</tr>
<tr>
<td>Interest Rate:</td>
<td>3.75%</td>
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<tr>
<td>Additional Information:</td>
<td>2 units be set aside for tenants at 30% of AMGI</td>
</tr>
<tr>
<td>Amortization:</td>
<td>27 yrs</td>
</tr>
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<td>Term: 10 yrs</td>
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<tr>
<td>Commitment:</td>
<td>☑ Letter of Interest</td>
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<td>☐ None</td>
<td></td>
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<td>☐ Firm</td>
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<td>Annual Payment:</td>
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<td>Commitment Date:</td>
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</table>
LIHTC SYNDICATION

Source: First Union  Contact: Robert Klixbull
Address: One First Union Center  City: Charlotte
State: NC  Zip: 28288  Phone: (704) 383-0280  Fax: (704) 383-9525
Net Proceeds: $8,584,361  Net Syndication Rate (per $1.00 of 10-yr LIHTC) 75¢
Commitment  □ None  □ Firm  □ Letter of Interest  Date: 1/ 3/ 2002
Additional Information: Complete pay-in schedule not provided

APPLICANT EQUITY

Amount: N/A  Source: Deferred developer fee

VALUATION INFORMATION

ASSESSED VALUE

Land: $81,050  Assessment for the Year of: 2001
Building: N/A  Valuation by: Dallas County Appraisal District
Total Assessed Value: $81,050

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Purchase Contract
Contract Expiration Date: 12/ 12/ 2001  Anticipated Closing Date: 9/ 30/ 2002
Acquisition Cost: $988,500  Other Terms/Conditions:
Seller: Graue Properties, Ltd.  Related to Development Team Member: No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Sphinx at Murdeaux is a proposed new construction development of 150 units of affordable housing located in southeast Dallas. The development is comprised of 12 residential buildings as follows:
• (6) Building Type/Style A with eight two-bedroom units, and eight three-bedroom units;
• (2) Building Type/Style B with 16 two-bedroom units;
• (2) Building Type/Style C with eight four-bedroom units; and
• (2) Building Type/Style D with four two-bedroom units.
However, the building plans are inconsistent with the unit mix provided by the Applicant. Without the correct information the Underwriter is not able to perform a reliable cost estimate. Receipt, review and acceptance of consistent building plans and site plans is a condition of the report. Based on the site plan the apartment buildings are distributed evenly throughout the site arranged in two groups separated by parking lots, with the community building and swimming pool located near the entrance to the site. The 3,377 -square foot community building plan includes the management office, a community room, business center, exercise room, kitchen, restrooms, laundry facilities and maintenance room.
Supportive Services: The Applicant has contracted with Royal Community Foundation, Inc. to provide the following supportive services to tenants: Financial, vocational, relational, philosophical needs for adults. Literacy, scholastic aid and computer skills for children. Health classes for adults and children and spiritual
assistance. The fee will be no cost to the tenants. The Applicant will pay $220,000 over a five year period.

**Schedule:** The Applicant anticipates construction to begin in April of 2003, to be completed in July of 2004, to be placed in service in December of 2004, and to be substantially leased-up in January of 2005.

### Populations Targeted

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI). The Applicant will set-aside 30 of the units (20% of the total) for households earning 30% or less of AMGI, 60 of the units (40%) will be reserved for households earning 40% or less of AMGI, and the remaining 60 units (40%) will be reserved for households earning 50% or less of AMGI.

**Special Needs Set-Asides:** 8 units (5.3%) will be handicapped-accessible.

**Compliance Period Extension:** The Applicant has elected to extend the compliance period an additional 25 years.

### Market Highlights

A market feasibility study dated March 26, 2002 was prepared by James Sawyer and highlighted the following findings:

**Definition of Market/Submarket:** “The market area consists of the area south of IH-30 between IH-35 on the west and the Dallas city limits inn the south as east.” (p. 41)

**Total Local/Submarket Demand for Rental Units:** There is currently a total shortage of 2,453 units in the primary market place. (p. 53)

#### Annual Income-Eligible Submarket Demand Summary

<table>
<thead>
<tr>
<th>Type of Demand</th>
<th>Market Analyst</th>
<th>Underwriter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units of Demand</td>
<td>% of Total Demand</td>
</tr>
<tr>
<td>Household Growth</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Resident Turnover</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Pent-up Demand</td>
<td>3,477</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL DEMAND</strong></td>
<td>3,477</td>
<td>100%</td>
</tr>
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</table>

**Capture Rate:** “The subject’s pro rata share would equate to 6% of the total new demand in the submarket.” (p. 53) The Underwriter calculated a concentration capture rate of 6% as well, based on a demand of 8,556 units and a total of 539 units added to the supply which includes Hillside Apartment a 2001 4% bond transaction.

**Market Rent Comparables:** The market analyst surveyed five comparable apartment projects totaling 1,092 units in the market area. (p. 59)

### Rent Analysis (net tenant-paid rents)

<table>
<thead>
<tr>
<th>Unit Type (% AMI)</th>
<th>Proposed</th>
<th>Program Max</th>
<th>Differential</th>
<th>Market</th>
<th>Differential</th>
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</thead>
<tbody>
<tr>
<td>2-Bedroom (30%)</td>
<td>$359</td>
<td>$372</td>
<td>-$13</td>
<td>$646</td>
<td>-$287</td>
</tr>
<tr>
<td>2-Bedroom (40%)</td>
<td>$504</td>
<td>$523</td>
<td>-$19</td>
<td>$646</td>
<td>-$142</td>
</tr>
<tr>
<td>2-Bedroom (50%)</td>
<td>$649</td>
<td>$672</td>
<td>-$23</td>
<td>$646</td>
<td>+$3</td>
</tr>
<tr>
<td>3-Bedroom (30%)</td>
<td>$414</td>
<td>$430</td>
<td>-$16</td>
<td>$828</td>
<td>-$414</td>
</tr>
<tr>
<td>3-Bedroom (40%)</td>
<td>$582</td>
<td>$603</td>
<td>-$21</td>
<td>$828</td>
<td>-$246</td>
</tr>
<tr>
<td>3-Bedroom (50%)</td>
<td>$749</td>
<td>$776</td>
<td>-$27</td>
<td>$828</td>
<td>-$79</td>
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<tr>
<td>4-Bedroom (30%)</td>
<td>$453</td>
<td>$471</td>
<td>-$18</td>
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<td>n/a</td>
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<tr>
<td>4-Bedroom (40%)</td>
<td>$640</td>
<td>$664</td>
<td>-$24</td>
<td>No data</td>
<td>n/a</td>
</tr>
<tr>
<td>4-Bedroom (50%)</td>
<td>$827</td>
<td>$856</td>
<td>-$29</td>
<td>No data</td>
<td>n/a</td>
</tr>
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</table>

(Note: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)
Submarket Vacancy Rates: “The submarket was 88.4% occupied as of year-end 2001” (p. 49)
Absorption Projections: The property should absorb 139 units in the first year to reach 92.5% stabilization. (p. 53)

The market analyst used comparable properties that were not even in the primary market area, and did not do a sufficient job of calculating the demand. Nonetheless, the Underwriter found the market study marginally provided sufficient information on which to base a funding recommendation.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Dallas is located in northern region of the state in Dallas County. The site is an irregularly-shaped parcel located in the southeast area of Dallas, approximately 7.5 miles from the central business district. The site is situated on the west side of Murdeaux Lane.

Population: The estimated 2001 population of the submarket was 234,669 and is expected to increase by 1% to approximately 237,150 by 2006. Within the primary market area there were estimated to be 76,582 households in 2001.

Adjacent Land Uses: Land uses in the overall area in which the site is located are predominantly mixed, with vacant commercial land to the north, freestanding retail to the east, vacant flood plain land to the west and single family residence constructed in the 1960’s to the south.

Site Access: Access to the property is from going west along Highway 12 from Highway 175. The development has one main entry, from the north from Murdeaux. Access to Interstate Highway 20 is 3.5 miles southeast, which provides connections to all other major roads serving the Dallas area.

Public Transportation: The Dallas Area Rapid Transit Authority (DART) provides public transportation in the area however the location of the nearest bus stop is unknown.

Special Adverse Site Characteristics: According to the market study performed by James Sawyer and Associates, Inc. “a portion of the western boundary of the site appears to be within a flood hazard zone.” However no mention of this was made by the environmental engineer. A flood map provided was too small to determine the effect of the floodplain. A survey by Barry S Rhodes conducted in 1984 was provided and it reflected the flood management area on the western 4.4808 acres of the site. This area is also reflected on the site plan and no improvements including drives or parking appear to be planned for that area.

Site Inspection Findings: TDHCA staff performed a site inspection on May 6, 2002 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 28, 2002 was prepared by RRI Environmental Consulting and Risk Management and contained the following findings and recommendations:

Findings: Although various types and quantities of trash and debris were observed, none of the items appeared to represent potential hazards to the subject site. As a result, no further environmental assessment is needed at this time.

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are slightly lower than the maximum rents allowed under LIHTC guidelines. This may be because the Applicant used 2001 gross rents. The market study indicates that the property can achieve the maximum net allowable for all the units and therefore the maximum net tax credits rents were adopted by the Underwriter. Both the Underwriter and the Applicant used $10 per unit per month in secondary income and a vacancy and collection loss factor of 7.5%.

Expenses: The Applicant’s estimate of total operating expense is 8% lower than the Underwriter’s TDHCA database-derived estimate. The Applicant’s budget shows several line item estimates that deviate significantly when compared to the adjusted database averages, particularly payroll ($35K lower), repairs and maintenance ($30K higher), water, sewer and trash ($23K lower) and property tax ($12K lower) than the Underwriter’s estimates.

Conclusion: The Applicant’s effective gross income and net operating income are within 5% of the Underwriter’s estimates, however the Applicant’s expenses are more than 5% outside the Underwriter’s estimate, therefore, the Underwriter’s NOI will be used to evaluate debt service capacity. When combining
the two loans, the Underwriter’s estimated debt coverage ratio (DCR) of 1.08 is slightly lower than the program minimum standard of 1.10. The maximum total debt service for this project should be limited to $338,716 by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term.

CONSTRUCTION COST ESTIMATE EVALUATION

**Land Value:** The site cost of $988,500 ($54,886 per acre) is assumed to be reasonable since the acquisition is arm’s-length transaction.

**Sitework Cost:** The Applicant’s claimed sitework costs of $6,500 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant’s direct construction cost estimate is $355K or 6% higher than the Underwriter’s Marshall & Swift *Residential Cost Handbook*-derived estimate. This would suggest that the Applicant’s costs are overstated.

**Ineligible Costs:** The Applicant incorrectly included $32,000 in marketing, as an eligible cost; the Underwriter moved this cost to ineligible costs, resulting in an equivalent reduction in the Applicant’s eligible basis.

**Interim Financing Fees:** The Underwriter reduced the Applicant’s eligible interim financing fees by $15,365 to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent adjustment to the Applicant’s eligible basis estimate.

**Fees:** The Applicant’s general requirements, contractor’s general and administrative fees, and contractor’s profit were below the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. However, the Applicant also submitted a cost of $132,000 for field supervision and $48,727 for general and administrative costs for field work. The Underwriter moved these amounts into general requirements, contractor’s general and administrative fees, and contractor’s profit to maximize the Applicant’s fees at the 6%, 2% and 6% amounts. The Applicant’s developer fees exceed 15% of the Applicant’s adjusted eligible basis and therefore the eligible portion of the Applicant’s developer fee must be reduced by $28,860.

**Conclusion:** The Applicant’s total project cost estimate is within 5% of the Underwriter’s verifiable estimate and is therefore generally acceptable. The Applicant’s total project cost estimate of $82,642 per unit, or $79.73 per square foot appears acceptable for this product type. The Applicant is requesting $1,144,545 in tax credits, based on an applicable percentage of 8.20%. As a result of adjustments to the Applicant’s budget, an eligible basis of $10,662,608 is used to determine a credit allocation of $1,169,901 from this method. This credit amount will be used to compare to the gap.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with three types of financing from four sources: a conventional interim to permanent loan, an additional loan, syndicated LIHTC equity, the Applicant’s cash equity, and deferred developer’s fees.

**Conventional Interim to Permanent Loan:** There is a commitment for interim to permanent financing through First Union in the amount of $3,700,000 during the interim period and $3,812,000 at conversion to permanent. The commitment letter indicated a term of 24 months for the construction portion and 18 years for the permanent at a fixed interest rate at the 10-year treasury plus 500 basis points with a minimum of 8% with a 30 year amortization.

**Private Loan:** The Jubilee Metro Church will be providing additional funding of $158,000 as assistance as long as there is a set-aside for units at 30% of AMGI. The interest rate will be fixed at 3.75% with a term of 10 years, amortized over 27 years.

**LIHTC Syndication:** First Union has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $8,584,361 based on a syndication factor of 75%. Although the letter indicates that 50% of the proceeds will be paid upon admission to the partnership, no further distributions were mentioned. Receipt, review and acceptance of a complete pay-in schedule by the equity partner is a condition of the report.

**Financing Conclusions:** Based on the Applicant’s adjusted calculation of eligible basis, the LIHTC
allocation should not exceed $1,169,901, resulting in syndication proceeds of $8,773,383. However, according to the Underwriter’s analysis, the Applicant will only need $8,497,359 in syndication proceeds for the development of the project. As a result, the Underwriter reduced the amount of tax credits to $1,133,095. Based on this analysis, the Applicant will not have to defer any of their fees.

**REVIEW of ARCHITECTURAL DESIGN**

The exterior elevations are functional with varied rooflines. All units are of average size for market rate and LIHTC units, and have covered patios or balconies with small outdoor storage closets. Each unit has a semi-private exterior entry that is shared with three other units off an interior breezeway. The units are in two-story walk-up structures with mixed brick and hardiboard siding exterior finish and pitched roofs. The site plans and the building plan are inconsistent with the rent schedule and therefore this report is conditioned on receipt review and acceptance of a new set of building plans.

**IDENTITIES of INTEREST**

Applicant, General Partner and The Developer are related entities. These are common relationships for LIHTC-funded developments.

**APPLICANTS’/PRINCIPALS’ FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**
- The Applicant is single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The General Partner, Sphinx Development Corporation, submitted an unaudited financial statement as of May 5, 2002 reporting total assets of $2,981,908 and consisting of $20,250 in cash, $463,301 in receivables, $1,997,954 in partnership interests, $47,301 in machinery and equipment and $453,102 in deferred developer fees and escrow deposits. Liabilities totaled $100,000, resulting in a net worth of $2,881,908.

**Background & Experience:**
- The Applicant is a new entity formed for the purpose of developing the project.
- The General Partner/Developer has completed three LIHTC housing developments totaling 440 units since 1994.

**SUMMARY OF SALIENT RISKS AND ISSUES**
- The Applicant’s operating expenses are more than 5% outside of the Underwriter’s verifiable range.
- Significant inconsistencies in the application could affect the financial feasibility of the project.
- Significant locational risks exist regarding a portion of the property being located in the flood plain.
- The significant financing structure changes being proposed have not been reviewed and accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**RECOMMENDATION**

✓ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $1,133,095 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review and acceptance of consistent building plans and site plans to match the rent schedule;
2. Receipt, review, and acceptance of a revised permanent loan commitments reflecting a maximum total debt service not to exceed $338,716;
3. Receipt, review and acceptance of a complete pay-in schedule by the equity partner;
4. Should the rates or terms of the proposed debt or syndication be altered, the previous recommendations and conditions should be re-evaluated by the Underwriter.

<table>
<thead>
<tr>
<th>Underwriter:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Fugina</td>
<td>June 14, 2002</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Credit Underwriting Supervisor:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Anderson</td>
<td>June 14, 2002</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Director of Credit Underwriting:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Gouris</td>
<td>June 14, 2002</td>
</tr>
</tbody>
</table>
MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Sphinx at Murdeaux, Dallas, LIHTC #02078

<table>
<thead>
<tr>
<th>TYPE OF UNIT</th>
<th>NUMBER</th>
<th>SIZE IN FT</th>
<th>TOTAL NET RENTABLE SQ FT</th>
<th>COST TO BUILD</th>
<th>NET COST TO BUILD</th>
<th>2.00%</th>
<th>1.17%</th>
<th>2,806</th>
<th>2.806</th>
<th>2.806</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC40%</td>
<td>18</td>
<td>2</td>
<td>2</td>
<td>954</td>
<td>$347</td>
<td>$0.34</td>
<td>$522</td>
<td>$43,300</td>
<td>$0.28</td>
<td>$289</td>
</tr>
<tr>
<td>TC40%</td>
<td>36</td>
<td>2</td>
<td>2</td>
<td>954</td>
<td>347</td>
<td>0.32</td>
<td>50,195</td>
<td>58,152</td>
<td>0.37</td>
<td>388</td>
</tr>
<tr>
<td>TC50%</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1,115</td>
<td>864</td>
<td>0.16</td>
<td>24,876</td>
<td>24,911</td>
<td>0.16</td>
<td>166</td>
</tr>
<tr>
<td>TC50%</td>
<td>18</td>
<td>3</td>
<td>2</td>
<td>1,115</td>
<td>864</td>
<td>0.16</td>
<td>24,876</td>
<td>24,911</td>
<td>0.16</td>
<td>166</td>
</tr>
<tr>
<td>TC50%</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>1,296</td>
<td>578</td>
<td>0.16</td>
<td>24,876</td>
<td>24,911</td>
<td>0.16</td>
<td>166</td>
</tr>
<tr>
<td>TC50%</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>1,296</td>
<td>578</td>
<td>0.16</td>
<td>24,876</td>
<td>24,911</td>
<td>0.16</td>
<td>166</td>
</tr>
<tr>
<td>TOTAL</td>
<td>150</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**INCOME**

Total Net Rentable Sq Ft: 155.475

**POTENTIAL GROSS RENT**

Secondary Income: Per Unit Per Month: $10.00

Other Support Income: (describe)

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

$1,003,895

$969,192

**EXPENSES**

% of EGI PER UNIT PER SQ FT

<table>
<thead>
<tr>
<th>Factor</th>
<th>PER SQ FT</th>
<th>PER UNIT</th>
<th>% of EGI</th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative Management</td>
<td>5.19%</td>
<td>$347</td>
<td>0.34</td>
</tr>
<tr>
<td>Payroll &amp; Payroll Tax</td>
<td>0.9%</td>
<td>335</td>
<td>0.32</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>0.39%</td>
<td>408</td>
<td>0.04</td>
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<tr>
<td>Utilities</td>
<td>0.24%</td>
<td>253</td>
<td>0.01</td>
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<tr>
<td>Property Insurance</td>
<td>0.16%</td>
<td>166</td>
<td>0.00</td>
</tr>
<tr>
<td>Property Tax</td>
<td>0.66%</td>
<td>683</td>
<td>0.00</td>
</tr>
<tr>
<td>Reserve for Replacements</td>
<td>0.19%</td>
<td>200</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>0.51%</td>
<td>533</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES**

62.87% $64,208 $4.06 $631,136 $579,472 $23,734 $23,863 $59.79%

**NET OPERATING INC**

37.13% $52,485 $2.40 $372,759 $389,252 $52,162 $52,598 $40.21%

**DEBT SERVICE**

First Lien Mortgage: 33.44% $92,836 $5.24 $335,653 $335,653 $5.24 $335,653 34.63%

Additional Financing: 0.93% $62 $0.06 9,314 $0.00 0.00

Additional Financing: 0.00% $0 $0.00 0.00

**NET CASH FLOW**

2.75% $815 $0.08 $27,791 $354,067 $0.35 $360 5.58%

**AGGREGATE DEBT COVERAGE RATIO**

1.10

**ALTERNATIVE DEBT COVERAGE RATIO**

1.10

**CONSTRUCTION COST**

<table>
<thead>
<tr>
<th>Factor</th>
<th>PER SQ FT</th>
<th>PER UNIT</th>
<th>% of TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Cost (site or bldg)</td>
<td>8.31%</td>
<td>$6,590</td>
<td>$6.36</td>
</tr>
<tr>
<td>Off-Sites</td>
<td>0.00%</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Sitework</td>
<td>8.19%</td>
<td>$6,500</td>
<td>6.27</td>
</tr>
<tr>
<td>Direct Construction</td>
<td>50.23%</td>
<td>39,858</td>
<td>38.45</td>
</tr>
<tr>
<td>Contingency</td>
<td>2.10%</td>
<td>975</td>
<td>0.94</td>
</tr>
<tr>
<td>General Reqs</td>
<td>6.00%</td>
<td>2,781</td>
<td>2.68</td>
</tr>
<tr>
<td>Contractor's G</td>
<td>2.00%</td>
<td>927</td>
<td>0.89</td>
</tr>
<tr>
<td>Contractor's Pr</td>
<td>6.00%</td>
<td>2,781</td>
<td>2.68</td>
</tr>
<tr>
<td>Indirect Construction</td>
<td>2.76%</td>
<td>2,188</td>
<td>2.11</td>
</tr>
<tr>
<td>Ineligible Costs</td>
<td>2.96%</td>
<td>2,351</td>
<td>2.27</td>
</tr>
<tr>
<td>Developer's G &amp; A</td>
<td>3.08%</td>
<td>1,820</td>
<td>1.76</td>
</tr>
<tr>
<td>Developer's Profit</td>
<td>11.92%</td>
<td>7,047</td>
<td>6.80</td>
</tr>
<tr>
<td>Interim Financing</td>
<td>3.91%</td>
<td>3,101</td>
<td>2.99</td>
</tr>
<tr>
<td>Reserves</td>
<td>3.06%</td>
<td>2,425</td>
<td>2.34</td>
</tr>
<tr>
<td>TOTAL COST</td>
<td>100.00%</td>
<td>79,344</td>
<td>79.55</td>
</tr>
</tbody>
</table>

**Recap-Hard Construction Costs**

$7,430 $53,822 $51.93 $8,073,374 $8,478,498 $54.53 $56,523 $46.40

**SOURCES OF FUNDS**

<table>
<thead>
<tr>
<th>Factor</th>
<th>PER SQ FT</th>
<th>PER UNIT</th>
<th>% of TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Lien Mortgage</td>
<td>32.03%</td>
<td>$92,413</td>
<td>$9.24</td>
</tr>
<tr>
<td>Additional Financing</td>
<td>1.33%</td>
<td>$1,053</td>
<td>0.10</td>
</tr>
<tr>
<td>LIHTC Syndication Proceeds</td>
<td>72.13%</td>
<td>577,229</td>
<td>55.21</td>
</tr>
<tr>
<td>Deferred Developer Fees</td>
<td>0.00%</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Additional (excess) Funds Required</td>
<td>-5.68%</td>
<td>($4,352)</td>
<td>($4.20)</td>
</tr>
</tbody>
</table>

**TOTAL SOURCES**

$11,901,608 $12,396,361 $12,396,361
### Direct Construction Cost Estimate

**Residential Cost Handbook**

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>FACTOR</th>
<th>UNITS/SQ FT</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Cost</td>
<td>$40.02</td>
<td>$6,222,803</td>
<td></td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exterior Wall Finish</td>
<td>4.50%</td>
<td></td>
<td>$1.80</td>
</tr>
<tr>
<td>Elderly</td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Roofing</td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Subfloor</td>
<td></td>
<td>(1.96%)</td>
<td>(304,737)</td>
</tr>
<tr>
<td>Floor Cover</td>
<td></td>
<td></td>
<td>1.82</td>
</tr>
<tr>
<td>Porches/Balconies</td>
<td>$15.02</td>
<td>775</td>
<td>228,256</td>
</tr>
<tr>
<td>Plumbing</td>
<td>$585</td>
<td>465</td>
<td>272,025</td>
</tr>
<tr>
<td>Built/In Appliance</td>
<td>$1,550</td>
<td>750</td>
<td>322,500</td>
</tr>
<tr>
<td>Stairs/Fireplaces</td>
<td>$1,550</td>
<td>750</td>
<td>322,500</td>
</tr>
<tr>
<td>Floor Insulation</td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Heating/Cooling</td>
<td></td>
<td></td>
<td>1.41</td>
</tr>
<tr>
<td>Garages/Carpports</td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Comm &amp;/or Aux Bldg</td>
<td>$55.81</td>
<td>3,377</td>
<td>188,467</td>
</tr>
<tr>
<td><strong>Initial Total</strong></td>
<td></td>
<td></td>
<td>49.32</td>
</tr>
<tr>
<td><strong>Current Cost Multiplier</strong></td>
<td>1.04</td>
<td></td>
<td>1.97</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$40.02</td>
<td>$6,222,803</td>
<td></td>
</tr>
</tbody>
</table>

### Payment Computation

<table>
<thead>
<tr>
<th>Payment Type</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Primary</td>
<td>$1,812,000</td>
</tr>
<tr>
<td>Int Rate</td>
<td>8.00%</td>
</tr>
<tr>
<td>DCR</td>
<td>1.11</td>
</tr>
<tr>
<td>Secondary</td>
<td>$158,000</td>
</tr>
<tr>
<td>Int Rate</td>
<td>3.75%</td>
</tr>
<tr>
<td>DCR</td>
<td>1.08</td>
</tr>
<tr>
<td>Additional</td>
<td>$1,544,361</td>
</tr>
<tr>
<td>Int Rate</td>
<td>0.00%</td>
</tr>
<tr>
<td>DCR</td>
<td>1.08</td>
</tr>
</tbody>
</table>

### Recommended Financing Structure

- **Primary Debt Service**: $329,402
- **Secondary Debt Service**: $9,314
- **Additional Debt Service**: 0
- **NET CASH FLOW**: $34,043

### Operating Income & Expense Proforma: Recommended Financing Structure

<table>
<thead>
<tr>
<th>INCOME at 3.00%</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
<th>YEAR 20</th>
<th>YEAR 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POTENTIAL GROSS RENT</strong></td>
<td>$1,067,292</td>
<td>$1,099,311</td>
<td>$1,132,290</td>
<td>$1,166,259</td>
<td>$1,201,247</td>
<td>$1,392,574</td>
<td>$1,614,375</td>
<td>$1,871,503</td>
<td>$2,515,144</td>
</tr>
<tr>
<td><strong>Secondary Income</strong></td>
<td>18,000</td>
<td>18,311</td>
<td>18,632</td>
<td>18,953</td>
<td>19,274</td>
<td>21,185</td>
<td>23,096</td>
<td>25,007</td>
<td>31,918</td>
</tr>
<tr>
<td><strong>Other Support Income</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL POTENTIAL GROSS INCOME</strong></td>
<td>$1,085,292</td>
<td>$1,117,851</td>
<td>$1,151,386</td>
<td>$1,185,928</td>
<td>$1,221,506</td>
<td>$1,416,060</td>
<td>$1,641,602</td>
<td>$1,930,664</td>
<td>$2,557,562</td>
</tr>
<tr>
<td><strong>Vacancy &amp; Collection Loss</strong></td>
<td>$81,397</td>
<td>$83,839</td>
<td>$86,354</td>
<td>$88,945</td>
<td>$91,613</td>
<td>$106,204</td>
<td>$123,120</td>
<td>$142,730</td>
<td>$191,817</td>
</tr>
<tr>
<td><strong>EFFECTIVE GROSS INCOME</strong></td>
<td>$1,003,895</td>
<td>$1,034,012</td>
<td>$1,065,032</td>
<td>$1,096,983</td>
<td>$1,129,893</td>
<td>$1,309,855</td>
<td>$1,518,481</td>
<td>$1,760,336</td>
<td>$2,365,745</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES at 4.00%</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General &amp; Administrative</strong></td>
<td>$52,093</td>
<td>$54,177</td>
<td>$56,344</td>
<td>$58,598</td>
<td>$60,942</td>
<td>$74,145</td>
<td>$90,209</td>
<td>$109,753</td>
<td>$162,461</td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td>50,195</td>
<td>51,701</td>
<td>53,252</td>
<td>54,849</td>
<td>56,495</td>
<td>65,493</td>
<td>75,924</td>
<td>88,017</td>
<td>118,287</td>
</tr>
<tr>
<td><strong>Payroll &amp; Payroll Tax</strong></td>
<td>142,545</td>
<td>148,246</td>
<td>154,176</td>
<td>160,343</td>
<td>166,757</td>
<td>202,885</td>
<td>246,841</td>
<td>300,320</td>
<td>444,547</td>
</tr>
<tr>
<td><strong>Repairs &amp; Maintenance</strong></td>
<td>61,150</td>
<td>63,598</td>
<td>66,142</td>
<td>68,787</td>
<td>71,539</td>
<td>87,038</td>
<td>105,895</td>
<td>128,837</td>
<td>190,711</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>37,959</td>
<td>39,478</td>
<td>41,057</td>
<td>42,699</td>
<td>44,407</td>
<td>54,028</td>
<td>65,733</td>
<td>79,975</td>
<td>118,382</td>
</tr>
<tr>
<td><strong>Water, Sewer &amp; Trash</strong></td>
<td>49,988</td>
<td>51,987</td>
<td>54,667</td>
<td>56,230</td>
<td>58,479</td>
<td>71,148</td>
<td>86,563</td>
<td>105,317</td>
<td>155,895</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>24,876</td>
<td>25,871</td>
<td>26,906</td>
<td>27,982</td>
<td>29,101</td>
<td>35,406</td>
<td>43,077</td>
<td>52,410</td>
<td>77,580</td>
</tr>
<tr>
<td><strong>Property Tax</strong></td>
<td>102,396</td>
<td>106,492</td>
<td>110,751</td>
<td>115,181</td>
<td>119,789</td>
<td>145,741</td>
<td>177,316</td>
<td>215,733</td>
<td>319,337</td>
</tr>
<tr>
<td><strong>Reserve for Replacements</strong></td>
<td>30,000</td>
<td>31,200</td>
<td>32,448</td>
<td>33,746</td>
<td>35,096</td>
<td>42,699</td>
<td>51,950</td>
<td>63,205</td>
<td>93,560</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>79,933</td>
<td>83,130</td>
<td>86,456</td>
<td>89,914</td>
<td>93,510</td>
<td>113,770</td>
<td>138,418</td>
<td>168,407</td>
<td>249,283</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$631,136</td>
<td>$655,880</td>
<td>$681,598</td>
<td>$708,329</td>
<td>$736,114</td>
<td>$892,354</td>
<td>$1,081,927</td>
<td>$1,311,973</td>
<td>$1,930,042</td>
</tr>
<tr>
<td><strong>NET OPERATING INCOME</strong></td>
<td>$372,759</td>
<td>$365,866</td>
<td>$386,802</td>
<td>$417,835</td>
<td>$416,481</td>
<td>$409,277</td>
<td>$403,415</td>
<td>$428,415</td>
<td>$525,703</td>
</tr>
<tr>
<td><strong>DEBT SERVICE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Lien</td>
<td>9,314</td>
<td>9,314</td>
<td>9,314</td>
<td>9,314</td>
<td>9,314</td>
<td>9,314</td>
<td>9,314</td>
<td>9,314</td>
<td>9,314</td>
</tr>
<tr>
<td><strong>NET CASH FLOW</strong></td>
<td>$34,043</td>
<td>$36,054</td>
<td>$44,718</td>
<td>$55,063</td>
<td>$57,344</td>
<td>$59,587</td>
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<td>(8) All Ineligible Costs</td>
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<td>(9) Developer Fees</td>
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<td>$273,007</td>
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<td>(10) Development Reserves</td>
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<td>TOTAL DEVELOPMENT COSTS</td>
<td>$12,396,361</td>
<td>$11,901,608</td>
<td>$10,662,608</td>
<td>$10,196,715</td>
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</table>

Deduct from Basis:
- All grant proceeds used to finance costs in eligible basis
- B.M.R. loans used to finance cost in eligible basis
- Non-qualified non-recourse financing
- Non-qualified portion of higher quality units (42(d)(3))
- Historic Credits (on residential portion only)

TOTAL ELIGIBLE BASIS $10,662,608 $10,196,715

High Cost Area Adjustment 130% 130%

TOTAL ADJUSTED BASIS $13,861,390 $13,255,730

Applicable Fraction 100% 100%

TOTAL QUALIFIED BASIS $13,861,390 $13,255,730

Applicable Percentage 8.44% 8.44%

TOTAL AMOUNT OF TAX CREDITS $1,169,901 $1,118,784

Syndication Proceeds 0.7499 $8,773,383 $8,390,038

Actual Gap of Need $8,497,359

Gap-Driven Allocation $1,133,095
TDHCA #
02110
Region 4
General Set-Aside
Forward Commitment
DEVELOPMENT LOCATION AND DESIGNATIONS
Development Name: Northside Apartments  
City: Tyler  
Count: Smith  
Zip Code: 75702  
Allocation over 10 Years: $7,443,560  
Development Type: Family  
Total Project Units: 96  
Gross/Net Rentable: 1.03  
Average Square Feet/Unit: 1,116  
Cost Per Net Rentable Square Foot: $74.95  
Net Operating Income: $256,599

OWNER AND PRINCIPAL INFORMATION
Owner Entity Name: Finlay Interests 18, Ltd.  
Principal Names:  
Finlay Interests GP 18, LLC  
Principal Contact: Christopher Finlay  
Percentage Ownership: 100%  
Principal Contact: NA  
Percentage Ownership: 0%  
Principal Contact: NA  
Percentage Ownership: 0%  
Principal Contact: NA  
Percentage Ownership: 0%  

TAX CREDIT ALLOCATION INFORMATION
Annual Credit Allocation Recommendation: $744,356  
Allocation over 10 Years: $7,443,560  
Credits Requested: $799,916  
Eligible Basis Amount: $744,356  
Eligible Basis Amount: $754,683

UNIT INFORMATION
Eff 1 BR 2 BR 3 BR 4 BR 5 BR Total
30% 0 0 0 0 0 0 0
40% 0 0 5 5 0 0 10
50% 0 0 19 20 0 0 39
60% 0 0 23 23 0 0 46
MR 0 0 0 0 0 0 0
Total 0 0 47 48 0 0 95

BUILDING INFORMATION
Gross Building Square Feet: 110,684
Total NRA SF: 107,136
Gross/Net Rentable: 1.03
Average Square Feet/Unit: 1,116
Cost Per Net Rentable Square Foot: $74.95
Credits per Low Income Unit: $7,835

INCOME AND EXPENSE INFORMATION
Effective Gross Income: $594,036
Total Expenses: $337,437
Net Operating Income: $256,599
Estimated 1st Year Debt Coverage Ratio: 1.23

DEPARTMENT EVALUATION
Points Awarded: 118  
Site Review: Underwriting Finding: AC  
Underwriting Findings: A=Acceptable, AC=Acceptable with Conditions, NR=Not Recommended  

DEVELOPMENT TEAM
Developer: Finlay Development, LLC  
Housing GC: Finlay Construction, LLC  
Infrastructure GC: NA  
Cost Estimator: NA  
Architect: Parker & Associates  
Property Manager: Finlay Real Estate Services, Inc.  
Engineer: NA  
Syndicator: Simpson Housing Solutions, LLC  
Marketable: The Gerald Teel Company  
Originator/UW: Finlay Construction, LLC  
Appraiser: NA  
Supp Services: Texas Inter-Faith Housing Corp.  
Accountant: Novogradac & Company, LLP  
Permanent Lender: Red Capital Group  
6/17/02 10:42 AM
Receipt, review, and acceptance of documentation from the ESA inspector that all of the issues addressed in the Phase I ESA have been satisfactorily mitigated.

Receipt, review, and acceptance of a survey with a flood stamp and identification of the location of the floodplain.

Should any of the drives, buildings or other improvements be planned for areas in the 100-year flood hazard area, documentation of mitigation plans to include insurance for the buildings and tenants are required.

Should the actual cost of the development be established through a fixed price contract or at cost certification to be lower than the underwriter's estimate or the rates, terms and amounts of the permanent financing or syndication change a re-evaluation of the recommendations and conditions in this report should be conducted.

**CONDITIONS TO COMMITMENT**

Receipt, review, and acceptance of documentation from the ESA inspector that all of the issues addressed in the Phase I ESA have been satisfactorily mitigated.

Receipt, review, and acceptance of a survey with a flood stamp and identification of the location of the floodplain.

Should any of the drives, buildings or other improvements be planned for areas in the 100-year flood hazard area, documentation of mitigation plans to include insurance for the buildings and tenants are required.

Should the actual cost of the development be established through a fixed price contract or at cost certification to be lower than the underwriter's estimate or the rates, terms and amounts of the permanent financing or syndication change a re-evaluation of the recommendations and conditions in this report should be conducted.

**Alternate Recommendation:**

**RECOMMENDATION BY PROGRAM MANAGER AND DIRECTOR OF HOUSING PROGRAMS IS BASED ON:**

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

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

☐ To serve a greater number of lower income families for a longer period of time

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

☐ To ensure the allocation of credits among as many different entities as practicable without diminishing the quality of the housing that is built

Comment: As a region with a shortfall valued at more than 6% of its total regional allocation, this region was selected for a 2003 Forward Commitment. This development was selected because it was the next highest scoring development in Region 4.

Brooke Boston, Acting LIHTC Co-Manager

David Burrell, Director of Housing Programs

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

The recommendation by the Executive Award and Review Advisory Committee for the 2002 LIHTC applications is also based on the above reasons. If a decision was based on any additional reason, that reason is identified below:

Edwina Carrington, Executive Director

Chairman of Executive Award and Review Advisory Committee

☐ BOARD OF DIRECTOR’S APPROVAL AND DESCRIPTION OF DISCRETIONARY FACTORS (if applicable):

Approved Credit Amount: [ ] Date of Determination: [ ]

Michael E. Jones, Chairman of the Board

Date
## Compliance Status Summary

**Project ID #:** 02110  
**LIHTC 9% ✓**  **LIHTC 4% □**

**Project Name:** Northside Apartments  
**HOME □**  **HTF □**

**Project City:** Tyler  
**BOND □**  **SECO □**

---

### Housing Compliance Review

- Project(s) in material non-compliance  
  - No previous participation

  Status of Findings (individual compliance status reports and National Previous Participation and Background Certification(s) available)

  Projects Monitored by the Department

<table>
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<th># reviewed</th>
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<tbody>
<tr>
<td># not yet monitored or pending review</td>
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</table>

- # of projects grouped by score
  - 0-9: 0
  - 10-19: 0
  - 20-29: 0

- Members of the development team have been disbarred by HUD  
  - No

- National Previous Participation Certification Received  
  - Yes

- Non-Compliance Reported  
  - No

**Completed by:** Jo En Taylor  
**Completed on:** 04/16/2002

---

### Single Audit

Status of Findings (any outstanding single audit issues are listed below)

- single audit not applicable ✓  
- no outstanding issues □  
- outstanding issues □

**Comments:**

**Completed by:** Lucy Trevino  
**Completed on:** 04/29/2002

---

### Program Monitoring

Status of Findings (any unresolved issues are listed below)

- monitoring review not applicable ✓  
- monitoring review pending □

- reviewed; no unresolved issues □  
- reviewed; unresolved issues found □

**Comments:**

**Completed by:** Ralph Hendrickson  
**Completed on:** 04/29/2002
### Community Affairs

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<td>reviewed; unresolved issues found ☐</td>
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<tr>
<td>Comments:</td>
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<tr>
<td>Completed by ___________________</td>
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### Housing Finance

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### Housing Programs

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<tr>
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### Executive Director:

Edwina Carrington

### Date Signed:

June 10, 2002
DEVELOPMENT NAME

Northside Apartments

APPLICANT

Name: Finlay Interests 18, Ltd.  Type: ☒ For Profit  ☐ Non-Profit  ☐ Municipal  ☐ Other
Address: 4300 Marsh Landing Blvd., Suite 101  City: Jacksonville Beach  State: FL
Zip: 32250  Contact: Jeffrey Spicer  Phone: (904) 280-1000  Fax: (904) 280-9993

PRINCIPALS of the APPLICANT

Name: Finlay Interests GP 18, LLC  (%): 01  Title: Managing General Partner
Name: Simpson Housing Solutions  (%): 99.99  Title: Limited Partner
Name: Finlay GP Holdings, Ltd.  (%): n/a  Title: Owner of Finlay Interests GP
Name: Finlay Holdings, Inc.  (%): n/a  Title: Owner of Finlay GP Holdings
Name: Christopher C. Finlay  (%): n/a  Title: Owner of Finlay Holdings, Inc

GENERAL PARTNER

Name: Finlay Interests GP 18, LLC  Type: ☐ For Profit  ☐ Non-Profit  ☐ Municipal  ☐ Other
Address: 4300 Marsh Landing Blvd., Suite 101  City: Jacksonville Beach  State: FL
Zip: 32250  Contact: Jeffrey Spicer  Phone: (904) 280-1000  Fax: (904) 280-9993

PROPERTY LOCATION

Location: 10.216 acres of Lot 28A, Block 1200 (WNW/Loop 323/Lakewood Dr.) ☒ QCT  ☐ DDA
City: Tyler  County: Smith  Zip: 75702

REQUEST

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

Proposed Use of Funds: New Construction  Set-Aside: ☒ General  ☐ Rural  ☐ Non-Profit

SITE DESCRIPTION

Size: 10.216 acres  445,009 square feet  Zoning/ Permitted Uses: C-1 & R-1*
Flood Zone Designation: Zone C and A  Status of Off-Sites: Fully Improved

* In the process of being re-zoned.
DESCRIPTION of IMPROVEMENTS

Total Units: 96  # Rental Buildings: 6  # Common Area Bldgs: 2  # of Floors: 2  Age: N/A yrs  Vacant: __ at __/__/__

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<th>Bathroom</th>
<th>Size in SF</th>
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<tr>
<td>48</td>
<td>3</td>
<td>2</td>
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Property Type: ☒ Multifamily  ☐ SFR Rental  ☐ Elderly  ☐ Mixed Income  ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on concrete slab on grade, 25% brick veneer/75% Vinyl siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & tile flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, fiberglass tub/shower, washer & dryer connections, laminated counter tops, cable

ON-SITE AMENITIES

Community room, management offices, fitness & laundry facilities, restrooms, computer/business center, central mailroom, swimming pool, equipped children's play area, volleyball court, perimeter fencing

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Red Capital Group  Contact: R. Barth Kallmerten
Principal Amount: $2,984,097  Interest Rate: 7.5%
Additional Information: ____________________________
Amortization: 2 yrs  Term: 2 yrs  Commitment: ☐ None  ☐ Firm  ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Red Capital Group  Contact: R. Barth Kallmerten
Principal Amount: $2,371,000  Interest Rate: 8.25%
Additional Information: ____________________________
Amortization: 30 yrs  Term: 18 yrs  Commitment: ☐ None  ☐ Firm  ☒ Conditional
Annual Payment: $213,750  Lien Priority: 1st  Commitment Date 02/21/2002
Source: Simpson Housing Solutions  
Contact: Mike Sugrue  
Address: 720 E. Park Blvd., Suite 100  
City: Plano  
State: TX Zip: 75074  
Phone: (972) 422-4343  
Fax: (972) 422-0224  

LIHTC SYNDICATION

Net Proceeds: $5,998,770  
Net Syndication Rate (per $1.00 of 10-yr LIHTC) 75¢  
Commitment  
Additional Information:  

APPLICANT EQUITY

Amount: $254,395  
Source: Deferred developer fee  

VALUATION INFORMATION

ASSESSED VALUE

Land: (37.362 acres) $211,300  
Prorated: $5.655/acre  
Total Assessed Value: (10.216 acres) $57,776  
Assessment for the Year of: 2001  
Valuation by: Smith County Appraisal District  
Tax Rate: 2.053734  

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Unimproved Property Contract and Assignment of Contract  
Contract Expiration Date: 08/15/2002  
Anticipated Closing Date: 08/15/2002  
Acquisition Cost: $550,000  
Other Terms/Conditions: $1,000 earnest money deposit  
Seller: JH Brogan  
Related to Development Team Member: No  

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.  

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Northside Apartments is a proposed new construction development of 96 units of affordable housing located in northwest Tyler. The development is comprised of six residential buildings as follows:  
• (6) Building Type I with eight two-bedroom units and eight three-bedroom units;  
Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building, mailboxes, and swimming pool located near the entrance to the site. The 3,548-square foot community building plan includes the management office, a club room, fitness room, computer room, kitchen, restrooms, and laundry facilities.  

Supportive Services: The Applicant has contracted with Texas Inter-Faith Management Corporation to provide the following supportive services to tenants: personal growth opportunities program, family skills development program, education program, fun and freedom activities program, neighborhood advancement program, and information and referral services for other local service providers. These services will be provided at no cost to tenants. The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services, to pay a one-time startup fee of $1,000 plus $8.98/unit per month for these support services. The Applicant has reflected this expense amount in their operating budget.  

Schedule: The Applicant anticipates construction to begin in October of 2002, to be completed in September of 2003, to be placed in service in February of 2004, and to be substantially leased-up in January of 2004.
**POPPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Ninety-five of the units will be reserved for low-income tenants and one unit will be employee-occupied. Ten of the units (10%) will be reserved for households earning 40% or less of AMGI, 39 units (41%) will be reserved for households earning 50% or less of AMGI and 46 (48%) units will be reserved for households earning 60% or less of AMGI.

**Special Needs Set-Asides:** Five units (5%) will be handicapped-accessible.

**Compliance Period Extension:** The Applicant has elected to extend the compliance period an additional 25 years.

**MARKET HIGHLIGHTS**

A market feasibility study dated February 22, 2002 was prepared by The Gerald A. Teel Company, Inc. and highlighted the following findings:

**Definition of Market/Submarket:** “The subject primary market area is comprised of the city of Tyler.” (p. 2)

**ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY**

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<th>Units of Demand</th>
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<td>15</td>
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<td>1,761</td>
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<tr>
<td>Other Sources (1.7%)</td>
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<td>2%</td>
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<tr>
<td><strong>TOTAL ANNUAL DEMAND</strong></td>
<td><strong>1805</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Ref: p. 54

**Capture Rate:** “Overall, the total estimated LIHTC qualified demand is 1,805 units, which includes possible tenants from waiting lists in the vicinity. Additionally, some 56 units in one LIHTC property in Tyler are still available, as this 120-unit property is at 53% occupancy. Therefore, it still has 56 units available. Combining the subject 95 rentable units and the 56 available units result in an 8.4% capture rate. Even if the other two subsidized properties in the area with 260 total units are included the capture rate would be 22.8%.” (p. 53)

**Market Rent Comparables:** The market analyst surveyed six comparable apartment projects totaling 1,138 units in the market area. (p. 17)

**RENT ANALYSIS (net tenant-paid rents)**

<table>
<thead>
<tr>
<th>Unit Type (% AMI)</th>
<th>Proposed</th>
<th>Program Max</th>
<th>Differential</th>
<th>Market</th>
<th>Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-Bedroom (40%)</td>
<td>$361</td>
<td>$361</td>
<td>$0</td>
<td>$650</td>
<td>-$289</td>
</tr>
<tr>
<td>2-Bedroom (50%)</td>
<td>$468</td>
<td>$468</td>
<td>$0</td>
<td>$650</td>
<td>-$182</td>
</tr>
<tr>
<td>2-Bedroom (60%)</td>
<td>$575</td>
<td>$575</td>
<td>$0</td>
<td>$650</td>
<td>-$75</td>
</tr>
<tr>
<td>2-Bedroom (EO)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$650</td>
<td>N/A</td>
</tr>
<tr>
<td>3-Bedroom (40%)</td>
<td>$417</td>
<td>$417</td>
<td>$0</td>
<td>$850</td>
<td>-$433</td>
</tr>
<tr>
<td>3-Bedroom (50%)</td>
<td>$540</td>
<td>$540</td>
<td>$0</td>
<td>$850</td>
<td>-$310</td>
</tr>
<tr>
<td>3-Bedroom (60%)</td>
<td>$664</td>
<td>$664</td>
<td>$0</td>
<td>$850</td>
<td>-$186</td>
</tr>
</tbody>
</table>

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

**Submarket Vacancy Rates:** “The overall survey for the Tyler area indicated a 4th Quarter 2001 average occupancy of 91% for all product type and 94% for the newer product…this overall market is operating at stabilized occupancy levels, and the newer better properties are maintaining the highest occupancy levels.” (p. 18)

**Absorption Projections:** “Considering the subject location and LIHTC rents, an absorption rate of about 8 to 12 units per month would be plausible as all of the prior products are in superior locations.” (p. 20)
Known Planned Development: “According to representatives for Planning and Zoning, and Permits, there have been no recent permits granted for development of apartments in the City.” (p. 3)

The Underwriter found the market study to be acceptable.

<table>
<thead>
<tr>
<th>SITE and NEIGHBORHOOD CHARACTERISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location:</strong> Tyler is located in east Texas, approximately 90 miles west of Dallas in Smith County. The site is a rectangular-shaped parcel located in the northwest area of Tyler, approximately 2+ miles from the central business district. The site is situated on the south side of the West NW Loop 323.</td>
</tr>
<tr>
<td><strong>Population:</strong> The estimated 2000 population of the subject area was 75,915 and is expected to increase by 1.36% to approximately 76,948 by 2005. Within the primary market area there were estimated to be 29,974 households in 2000. (p. 6)</td>
</tr>
<tr>
<td><strong>Adjacent Land Uses:</strong> Land uses in the overall area in which the site is located are mixed with vacant land, commercial and older housing. Adjacent land uses include:</td>
</tr>
<tr>
<td>• North: vacant land, Loop 323</td>
</tr>
<tr>
<td>• South: vacant land, older smaller frame housing</td>
</tr>
<tr>
<td>• East: vacant land, fish farm</td>
</tr>
<tr>
<td>• West: Tyler Utilities Service plant and offices</td>
</tr>
<tr>
<td><strong>Site Access:</strong> Access to the property is from the east or west along West NW Loop 323. The development is to have one main entry, one from the east or west from West NW Loop 323. US Highways 271 and 69 are the primary north/south roadways in the vicinity, which provides connections to all other major roads serving the Tyler area.</td>
</tr>
<tr>
<td><strong>Public Transportation:</strong> “Tyler also has a public bus system, the Transit Management of Tyler, in addition to rail, and shuttle service.” (p. 1)</td>
</tr>
<tr>
<td><strong>Shopping &amp; Services:</strong> “The primary retail facilities are off of Loop 323 further west to southwest. Most of the retail uses are located southwesterly of Highway 69, some 1 to 2 miles away. Grocery stores, including Wal-Mart, Brookshire Brothers, etc. are all located along the Loop 323 corridor.” (p. 5)</td>
</tr>
<tr>
<td><strong>Special Adverse Site Characteristics:</strong> The subject site is currently zoned C-1 and R-1. The Applicant submitted a letter from the City of Tyler confirming receipt of a rezoning request. Receipt, review and acceptance of documentation from the City of Tyler confirming that the site has been rezoned and that the proposed development is a conforming use is a condition of this report. The Phase I ESA indicates that a portion of the site may be within Zone A and a floodplain map was not provided. Receipt, review, and acceptance of a survey with a flood statement and identifiable location of the flood plain is a condition of this report. Should any of the drives, buildings, or other improvements be planned for areas currently within the 100-year flood hazard area, documentation of mitigation plans to include insurance for the buildings and tenants are a condition of this report.</td>
</tr>
<tr>
<td><strong>Site Inspection Findings:</strong> The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.</td>
</tr>
</tbody>
</table>

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 27, 2002, was prepared by Apex Geoscience, Inc. and contained the following findings and conclusions:

“Our research did not discover that the site has ever been utilized for commercial or industrial uses. The environmental regulatory database did not cite the subject property or adjacent properties for any regulatory propriates.

A former municipal landfill that was operational in the late 1950’s and 1960’s is located west and northwest of the site. Because closure of the landfill was accomplished before current regulatory standards were established, records relating to the landfill site were not available from State or local agencies. An interview was conducted with a party familiar with the site. He stated that trash within the portion of the landfill to the northwest was burned in shallow trenches. Trash within the section west of the site was not burned, thus resulting in a known methane gas emission problem at the nearby site. He indicated that since the portion of the former landfill site to the west was uphill from the subject property any remaining methane gas was not likely to migrate to the subject property.
Although property boundaries were not visibly apparent at the site, it appears that based upon the information provided by Finlay Properties, Inc. regarding the approximate site location, that most, or all of the subject site is situated in an area subject to minimal flooding (Zone C). However, an area of a 100-year flood (Zone A) does appear to be located along the eastern boundary of the site. Based upon the information provided, which did not include site survey maps, a small portion of the southeastern corner of the site could possibly be located in Zone A. A survey would be needed to confirm or refute this suspicion.

Apex did not discover any evidence of groundwater monitoring or other assessment of the closed landfill site to the west and northwest. Furthermore, no information was discovered during this study indicating whether the landfill was imperviously lined or unlined. Since the landfill properties appear to be topographically elevated as compared to the relative elevation of the subject site, it is possible that shallow groundwater leachate from the closed landfill could be moving in the direction of the subject property. In an interview conducted with a former TNRCC Administrator (Mr. Victor Cain), he indicated that he believes the methane gas produced by decomposing trash beneath the landfill cover to the west should be mostly depleted. Based on this assumption, Apex believes that the primary potential risk associated with the site could be due to the effects of contaminated migrating groundwater and leachate from the nearby landfill. Numerous agencies were contacted during this study including the East Texas Councils of Government (ETCOG), which as been awarded a grant to list and compile records on closed and abandoned landfill sites, and the TNRCC which maintains current regulatory authority over landfills. However, none of the entities contacted could provide records regarding whether any pre- or post-closure studies were conducted at the abandoned landfill site. Whether the quantities of dissolved gases, contaminants, or other substances in landfill leachate from the nearby site have been evaluated or whether they could ever affect the property is apparently not currently known. Their discovery or evaluation of such is beyond the scope and magnitude of this study. Otherwise, no other potential adverse environmental conditions as defined by ASTM Practice E 1527-97 were noted during the course of this study.” (p.18-19) Receipt, review and acceptance of a Phase I study to discover and evaluate the dissolved gases, contaminants or other substances in landfill leachate from the nearby abandoned landfill will pose an environmental hazard to the site, is a condition of this report.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s rent projections are the maximum rents allowed under LIHTC guidelines for all of the units except one, which will be employee-occupied. Estimates of secondary income are estimated at $15/unit, and are like vacancy and collection loss estimates in line with TDHCA underwriting guidelines. The Applicant stated that tenants will pay water and sewer in this project, and rents and expenses were calculated accordingly. As a result, the Applicant’s effective gross income estimate is identical to the Underwriter’s estimate.

**Expenses:** The Applicant’s estimate of total operating expense of $3,515 per unit is slightly less than 1% lower than the Underwriter’s TDHCA database-derived estimate. The Underwriter adjusted several line item estimates based on IREM Region 6 database expenses and other factors. Management fees were set at 5%, payroll was adjusted to use average IREM per unit cost, and utilities and water, sewer and trash was adjusted to reflect tenant paid water and sewer. The Applicant’s budget shows several line item estimates that deviate significantly when compared to the Underwriter’s estimates, particularly general and administrative ($17K lower), payroll ($12K lower), repairs and maintenance ($16K higher), utilities ($12K lower), water, sewer, and trash ($9K higher), insurance ($6K higher) and property tax ($8K higher).

**Conclusion:** The Applicant’s estimate of total operating expenses is within 5% of the database-derived estimate. Therefore, the Applicant’s NOI should be used to evaluate debt service capacity. In both the Applicant’s and the Underwriter’s income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within an acceptable range of TDHCA underwriting guidelines of 1.10 to 1.25. However, the Applicant used a permanent loan interest rate of 8.25% which is slightly higher than the 8% maximum. Nonetheless, the DCR with the lower rate is 1.23 or still acceptable.
CONSTRUCTION COST ESTIMATE EVALUATION

**Land Value:** The Applicant submitted an Unimproved Property Contract wherein the seller, J. H. Brogan, is selling the property described as Lot 2B, Block 1200, Tyler, Texas to the purchaser, Finlay Properties, Inc. for the purchase price of $550,000. The Applicant also submitted an Assignment of Contract wherein the purchaser, Finlay Properties, Inc., assigned to the Applicant, Finlay Interests 18, Ltd., all its rights, title and interest as described in the above Unimproved Property Contract. The acquisition appears to be an arm’s-length transaction.

**Sitetwork Cost:** The Applicant’s claimed sitework costs of $5,942 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant’s direct construction cost estimate is $471K or 12% higher than the Underwriter’s Marshall & Swift Residential Cost Handbook-derived estimate after all of the Applicant’s additional justifications were considered. This would suggest that the Applicant’s direct construction costs are overstated.

**Fees:** The Applicant’s contractor’s fees for general requirements, general and administrative expenses, and profit all exceed the 6%, 2% and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently, the Applicant’s eligible fees in these areas of $14,700 have been reduced with the overage effectively moved to ineligible costs. The Applicant’s developer fees are within 15% of the Applicant’s eligible basis.

**Conclusion:** The Underwriter regards the Applicant’s total costs to be overstated by $594K or 7.4%. This percentage exceeds the acceptable 5% margin of tolerance, and therefore the Underwriter’s cost estimate is used to size the total sources of funds needed for the development. As a result, a credit allocation of $744,356 annually is derived from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant’s costs to determine the recommended credit amount. This is $55,560 less than initially requested though the Applicant used a lower 8.34% applicable percentage.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with four types of financing from three sources: a conventional permanent loan, a construction loan, syndicated LIHTC equity and deferred developer’s fees.

**Conventional Permanent Loan:** There is a commitment letter from Red Capital Group for a permanent loan in the amount of $2,371,000. The loan term is 18 years with an amortization of 30 years. The interest rate is fixed at 8.25%. This rate is higher than the maximum rate of 8% being used for Underwriting during this application cycle.

**Construction Financing:** The Applicant intends to use Red Capital Group for an interim construction loan of $2,984,097. The term for this loan is 24 months and the interest rate is 7.50%.

**LIHTC Syndication:** Simpson Housing Solutions has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $5,998,770 based on a syndication factor of 75%. The funds would be disbursed in a four-phased pay-in schedule:

1. 20% of its aggregate capital contribution (“Initial Contribution”) shall be made available to draw upon as requested by General Partner and approved by SHS upon satisfaction of the applicable funding conditions, which shall include, execution of the Partnership Agreement, closing of the Construction Loan and receipt of a commitment for a “Permanent Loan” acceptable to Limited Partner;
2. 35% of its aggregate capital contribution (“Second Contribution”) shall be made available to draw upon during the construction phase of the Development as requested by General Partner and approved by SHS upon satisfaction of the applicable funding conditions, which amount shall be funded on a pari passu basis with the construction loan and or bridge loan; provided however, the initial disbursement of any portion of the Second Contribution shall be contingent upon the construction lender having funded an initial amount under the construction loan of not less than the amount of the Initial Contribution made by the Limited Partner;
3. 25% of its aggregate capital contribution (“Third Contribution”) shall be made available to draw upon as requested by General Partner and approved by SHS upon satisfaction of the applicable funding conditions, which shall include, final completion of construction and receipt of final certificates of
occupancy for all residential units;
4. 20% the balance of its capital contribution (“Final Contribution”) shall be made available to draw upon as requested by General Partner and approved by SHS upon satisfaction of the applicable funding conditions, which shall include, among other things, closing of the Permanent Loan, the occurrence of “Rental Achievement” and receipt of IRS Form 8609 with respect to the Development.

**Deferred Developer’s Fees:** The Applicant’s proposed deferred developer’s fees of $254,395 amount to 27% of the total fees. However, based on the Underwriter’s total development cost estimate and the revised syndication proceeds, the developer would only have to defer $77,256 in fees, which is $177,139 less than originally estimated.

**Financing Conclusions:** Based on the Underwriter’s estimate of eligible basis, the LIHTC allocation should not exceed $744,356 annually for ten years, resulting in syndication proceeds of approximately $5,582,109. The Applicant’s deferred developer fee will be reduced to $77,256. Also the Underwriter reduced the interest rate on the permanent loan to 8% instead of the proposed 8.25%.

**REVIEW of ARCHITECTURAL DESIGN**

The exterior elevations are simple, with varied rooflines. All units are of average size for market rate and LIHTC units, and have covered patios or balconies. Each unit has a semi-private exterior entry that is an interior breezeway that is shared with three other units. The units are in two-story structures with mixed brick veneer/vinyl siding exterior finish and gabled roofs.

**IDENTITIES of INTEREST**

Christopher C. Finlay is the owner of the Applicant, Finlay Interests 18, Ltd., and is also a managing member of the Developer and General Contractor.

**APPLICANTS/PRINCIPALS’ FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**
- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principal of the Applicant, Christopher C. Finlay, submitted an unaudited financial statement as of February 14, 2002.

**Background & Experience:**
- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The Developer, Finlay Development, LLC, has completed 15 LIHTC and affordable housing developments totaling 1,367 units since 1993.

**SUMMARY of SALIENT RISKS and ISSUES**

- The Applicant’s development costs differ from the Underwriter’s verifiable estimate by more than 5%.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**RECOMMENDATION**

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $744,356 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report;
2. Receipt, review and acceptance of documentation from the ESA inspector that all of the issues addressed in the Phase I ESA have been satisfactorily mitigated.
3. Receipt, review and acceptance of a survey with a flood stamp and identification of the location of the floodplain:
4. Should any of the drives, buildings or other improvements be planned for areas in the 100-year flood hazard area, documentation of mitigation plans to include insurance for the buildings and tenants are required;
5. Should the actual cost of the development be established through a fixed price contract or at cost certification to be lower than the underwriter’s estimate or the rates, terms, and amounts of the permanent financing or syndication change a re-evaluation of the recommendations and conditions in this report should be conducted.

Associate Underwriter: Raquel Morales

Date: June 11, 2002

Director of Credit Underwriting: Tom Gouris

Date: June 11, 2002
## MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

### Northside Apartments, Tyler, LIHTC #02110

#### Type of Unit | Number | No. of Units | Site or Bl | Gross Rent | Net rent per unit | Rent per month | Rent per Sq Ft | Rent per Unit
|TC 40%|5|2|1,017|$628|$361|$3,807|0.36|67
|TC 50%|19|2|1,017|$575|13,233|0.57|67
|TC 60%|23|2|1,017|0|0.00|67
|EO 1|2|2|1,017|0|0.00|67
|TC 40%|5|3|1,215|$495|2,083|0.46|67
|TC 50%|20|3|1,215|618|13,233|0.57|67
|TC 60%|23|3|1,215|742|15,263|0.55|78

**TOTAL:** 96

**AVG:**
- Gross Rent: $62,077
- Net Rent per Unit: $3,614
- Rent per Month: $36,142
- Rent per Sq Ft: $0.36
- Rent per Unit: $3,614

### INCOME

- **Potential Gross Rent:** $624,921
- **Secondary Income:** $15.00
- **Other Support Income:** $0

**Potential Gross Income:** $642,201

**Vacancy & Collection Loss:** -7.50%

**Effective Gross Income:** $594,036

### EXPENSES

#### General & Administrative
- **% of EGI:** 5.85%
- **Per Unit:** $362
- **Per Sq Ft:** $0.32
- **Per Unit:** $34,732
- **Per Month:** $17,800

#### Management
- **% of EGI:** 5.00%
- **Per Unit:** $309
- **Per Sq Ft:** $0.28
- **Per Unit:** $29,702
- **Per Month:** $29,702

#### Payroll & Payroll Tax
- **% of EGI:** 16.02%
- **Per Unit:** $991
- **Per Sq Ft:** $0.89
- **Per Unit:** $95,159
- **Per Month:** $83,375

#### Repairs & Maintenance
- **% of EGI:** 6.87%
- **Per Unit:** $425
- **Per Sq Ft:** $0.38
- **Per Unit:** $40,791
- **Per Month:** $57,240

#### Utilities
- **% of EGI:** 2.93%
- **Per Unit:** $181
- **Per Sq Ft:** $0.16
- **Per Unit:** $17,394
- **Per Month:** $5,400

#### Water, Sewer, & Trash
- **% of EGI:** 1.82%
- **Per Unit:** $113
- **Per Sq Ft:** $0.10
- **Per Unit:** $10,805
- **Per Month:** $20,100

#### Property Insurance
- **% of EGI:** 3.25%
- **Per Unit:** $201
- **Per Sq Ft:** $0.18
- **Per Unit:** $19,284
- **Per Month:** $25,713

#### Property Tax
- **% of EGI:** 2.05%
- **Per Unit:** $616
- **Per Sq Ft:** $0.55
- **Per Unit:** $59,148
- **Per Month:** $67,099

#### Reserve for Replacements
- **% of EGI:** 3.23%
- **Per Unit:** $200
- **Per Sq Ft:** $0.18
- **Per Unit:** $19,200
- **Per Month:** $20,100

#### Other Expenses: Compliance & Support
- **% of EGI:** 1.99%
- **Per Unit:** $123
- **Per Sq Ft:** $0.11
- **Per Unit:** $11,808
- **Per Month:** $11,808

**Total Expenses:** $338,022

**Net Operating Income:** $256,014

### DEBT SERVICE

- **Red Capital Group:** $213,750
- **LIHTC Syndication Proceeds:** $0

**Total Debt Service:** $213,750

**Net Cash Flow:** $42,264

### CONSTRUCTION COST

<table>
<thead>
<tr>
<th>Description</th>
<th>Factor</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Cost (site or bldg)</td>
<td>6.85%</td>
<td>$5,729</td>
</tr>
<tr>
<td>Off-Sites</td>
<td>0.00%</td>
<td>0</td>
</tr>
<tr>
<td>Sitework</td>
<td>7.10%</td>
<td>$5,942</td>
</tr>
<tr>
<td>Direct Construction</td>
<td>49.95%</td>
<td>$4,010,967</td>
</tr>
<tr>
<td>General Requirements</td>
<td>6.00%</td>
<td>$274,883</td>
</tr>
<tr>
<td>Contractor's G &amp; A</td>
<td>2.00%</td>
<td>$91,628</td>
</tr>
<tr>
<td>Contractor's Prof</td>
<td>6.00%</td>
<td>$274,883</td>
</tr>
<tr>
<td>Indirect Construction</td>
<td>3.74%</td>
<td>$300,283</td>
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<tr>
<td>Ineligible Costs</td>
<td>6.38%</td>
<td>$512,471</td>
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<tr>
<td>Developer's G &amp; A</td>
<td>4.52%</td>
<td>$266,910</td>
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<tr>
<td>Developer's Profit</td>
<td>10.48%</td>
<td>$617,978</td>
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<tr>
<td>Interim Financing</td>
<td>3.38%</td>
<td>$271,195</td>
</tr>
<tr>
<td>Reserves</td>
<td>2.29%</td>
<td>$183,756</td>
</tr>
<tr>
<td>TOTAL COST</td>
<td>100.00%</td>
<td>$8,030,365</td>
</tr>
</tbody>
</table>

### Recap-Hard Construction Costs

- **$6,256**
- **$55,490**
- **$49.73**
- **$5,327,772**
- **$5,879,494**
- **$54,88**
- **$61,245**
- **$6,278**

### SOURCES OF FUNDS

- **Red Capital Group:** $2,371,000
- **LIHTC Syndication Proceeds:** $5,998,970
- **Deferred Developer Fees:** $2,371,000
- **Additional (excess) Funds Required:** $73,900

**Total Sources:** $8,030,365

**Net Cash Flow:** $42,264

**Effective Gross Income:** $594,036
## MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

### Direct Construction Cost Estimate

#### Residential Cost Handbook

**Average Quality Multiple Residence Basis**

<table>
<thead>
<tr>
<th>Category</th>
<th>Factor</th>
<th>Units/Sq Ft</th>
<th>PER OF</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Cost</td>
<td>$39.53</td>
<td>$4,235,395</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Adjustments**

| Exterior Wall Finish         | 2.75%  | 71.09       | $118,483|
| Elderly                      | 0.00%  | 0           |         |
| Roofing                      | 0.00%  | 0           |         |
| Subfloor                     | (0.98%)| (100,893)   |         |
| Floor Cover                  | 1.82%  | 194,988     |         |
| Porches/Balconies            | 5.40%  | 226,875     |         |
| Plumbing                     | 1.37%  | 189,480     |         |
| Built-In Appliances          | 1.39%  | 188,480     |         |
| Stairs/Fireplaces            | 2.30%  | 32,400      |         |

**Primary**

- Int Rate 8.25%
- Term 360
- DCR 1.20

**Secondary**

- Int Rate 0.0%
- Subtotal DCR 1.20

**Additional**

- Int Rate 1.20

**Direct Construction Costs**

- Total Direct Construction Costs: $46.09, $4,938,094
- Plans, specs, survey, bl 3.90% ($1.80) ($192,586)
- Interim Construction In 3.38% (1.56) (166,661)
- Contractor's OH & Profit 11.50% (5.30) (567,881)

**Net Direct Construction Costs:** $37.44, $4,010,967

### Operating Income & Expense Pro forma: Recommended Financing Structure Applicant's NOI

**Income at 3.00%**

- **Year 1**: $624,924, $643,672, $662,882, $682,871, $703,567, $715,384, $745,254, $1,059,808, $1,472,674
- **Year 10**: $775,086, $898,537, $1,041,650, $1,399,891

**Expenses at 4.00%**

- **Year 1**: $19,252, $20,023, $20,823, $21,619, $21,023, $21,011, $21,002, $21,002, $21,002
- **Year 10**: $330,505, $390,539, $439,128, $487,470, $535,343, $583,546, $632,035, $680,876, $729,008


**Debt Service**

- **First Lien Financing**: $208,771, $208,771, $208,771, $208,771, $208,771, $208,771, $208,771, $208,771, $208,771
- **Second Lien**: $0, $0, $0, $0, $0, $0, $0
- **Other Financing**: $0, $0, $0

**Net Cash Flow**: $47,828, $52,452, $57,088, $61,735, $66,389, $89,558, $111,942, $132,446, $161,408

**Debt Coverage Ratio**: 1.83, 1.25, 1.27, 1.30, 1.32, 1.43, 1.64, 1.63, 1.77
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>APPLICANT’S TOTAL AMOUNTS</th>
<th>TDHCA TOTAL AMOUNTS</th>
<th>APPLICANT’S REHAB/NEW ELIGIBLE BASIS</th>
<th>TDHCA REHAB/NEW ELIGIBLE BASIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Acquisition Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of land</td>
<td>$550,000</td>
<td>$550,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of buildings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Rehabilitation/New Construction Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-site work</td>
<td>$570,412</td>
<td>$570,412</td>
<td>$570,412</td>
<td>$570,412</td>
</tr>
<tr>
<td>Off-site improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(3) Construction Hard Costs</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>New structures/rehabilitation cost</td>
<td>$4,482,039</td>
<td>$4,010,967</td>
<td>$4,482,039</td>
<td>$4,010,967</td>
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<tr>
<td>(4) Contractor Fees &amp; General Requirements</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Contractor overhead</td>
<td>$103,149</td>
<td>$91,628</td>
<td>$101,049</td>
<td>$91,628</td>
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<tr>
<td>Contractor profit</td>
<td>$309,447</td>
<td>$274,883</td>
<td>$303,147</td>
<td>$274,883</td>
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<tr>
<td>General requirements</td>
<td>$309,447</td>
<td>$274,883</td>
<td>$303,147</td>
<td>$274,883</td>
</tr>
<tr>
<td>(5) Contingencies</td>
<td>$105,000</td>
<td>$105,000</td>
<td>$105,000</td>
<td>$105,000</td>
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<tr>
<td>(6) Eligible Indirect Fees</td>
<td>$300,283</td>
<td>$300,283</td>
<td>$300,283</td>
<td>$300,283</td>
</tr>
<tr>
<td>(7) Eligible Financing Fees</td>
<td>$271,195</td>
<td>$271,195</td>
<td>$271,195</td>
<td>$271,195</td>
</tr>
<tr>
<td>(8) All Ineligible Costs</td>
<td>$512,471</td>
<td>$512,471</td>
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<tr>
<td>(9) Developer Fees</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Developer overhead</td>
<td>$308,989</td>
<td>$266,910</td>
<td>$308,989</td>
<td>$266,910</td>
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<tr>
<td>Developer fee</td>
<td>$617,978</td>
<td>$617,978</td>
<td>$617,978</td>
<td>$617,978</td>
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<tr>
<td>(10) Development Reserves</td>
<td>$183,756</td>
<td>$183,756</td>
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<tr>
<td>TOTAL DEVELOPMENT COSTS</td>
<td>$8,624,166</td>
<td>$8,030,365</td>
<td>$7,363,239</td>
<td>$6,784,138</td>
</tr>
</tbody>
</table>

**Deduct from Basis:**
- All grant proceeds used to finance costs in eligible basis
- B.M.R. loans used to finance cost in eligible basis
- Non-qualified non-recourse financing
- Non-qualified portion of higher quality units [42(d)(3)]
- Historic Credits (on residential portion only)

**TOTAL ELIGIBLE BASIS:**
- $7,363,239
- $6,784,138

**TOTAL ADJUSTED BASIS:**
- $9,572,211
- $8,819,379

**Applicable Fraction:**
- 100%
- 100%

**TOTAL QUALIFIED BASIS:**
- $9,572,211
- $8,819,379

**Applicable Percentage:**
- 8.44%
- 8.44%

**TOTAL AMOUNT OF TAX CREDITS:**
- $807,895
- $744,356

**Syndication Proceeds:**
- 0.7499
- $6,058,604
- $5,582,109