

EC-20-17



Mayor Timothy M. Keller

CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

INTER-OFFICE MEMORANDUM

January 15, 2020

TO: Klarissa J. Pena, President, City Council

FROM: Timothy M. Keller, Mayor

A handwritten signature in black ink, appearing to be 'TK' or similar, is written over the name 'Timothy M. Keller'.

SUBJECT: Approval of the Santana Apartments Development Agreement with Supportive Housing Coalition of New Mexico to Utilize Workforce Housing Trust Funds Towards the Development of a Multi-Family Rental Housing Project.

Approval is requested for the proposed Development Agreement between the City of Albuquerque and Supportive Housing Coalition of New Mexico to provide gap financing towards the future development of the Santana Apartments. Located at 4501 Central Avenue NE, Santana will consist of 111 multi-family rental housing units, of which, 94 units are designated for persons who are at or below 80% AMI and 17 units at Market Rate.

The proposed City contribution of \$950,000 will come from its Workforce Housing Trust Fund.

The project will seek a Low Income Housing Tax Credit Allocation from the New Mexico Mortgage Finance Authority in February 2020, which will leverage the City's local contribution provided for in this agreement.

This request is forwarded to the Council for its consideration and approval.

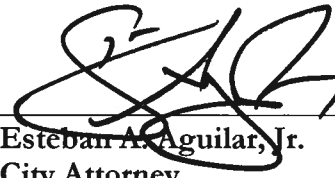
Approval of the Santana Apartments Development Agreement with Supportive
Housing Coalition of New Mexico to Utilize Workforce Housing Trust Funds
Towards the Development of a Multi-Family Rental Housing Project.

Recommended:

Approved as to Legal Form:



Sarita Nair Date
Chief Administrative Officer



Esteban A. Aguilar, Jr. Date
City Attorney

Recommended:



Carol M. Pierce Date
Director, Family & Community Services

Cover Analysis

1. What is it?

This is a request for approval of the proposed Development Agreement between the City of Albuquerque and Supportive Housing Coalition of New Mexico (SHCNM) to provide gap financing towards the future development of the Santana Apartments. Located at 4501 Central Avenue NE, Santana will consist of 111 rental housing units, 34 restricted units at or below 30% AMI (11 one-bedroom, 22 two-bedroom, and 1 three-bedroom), of which 22 are designated for special needs persons; 22 restricted units at 50% AMI (6 one-bedroom, 15 two-bedroom, and 1 three-bedroom); 27 restricted units at 60% of AMI (13 one-bedroom, 13 two-bedroom, and 1 three-bedroom); 11 restricted units at 80% AMI (3 one-bedroom and 8 two-bedroom); and 17 market rate units.

2. What will this piece of legislation do?

This legislation will provide \$950,000 of City Workforce Housing Trust Funds for the construction of the Santana Apartments, a \$20.6 Million project.

3. Why is this project needed?

The funding will provide gap financing in the form of a local contribution from the City, which the SHCNM will leverage in hopes of obtaining a Low Income Housing Tax Credit Award from the New Mexico Mortgage Finance Authority.

4. How much will it cost and what is the funding source?

This will cost \$950,000 in City Workforce Housing Trust Funds.

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

No. The Workforce Housing funds are utilized in construction and secured through a City Mortgage, City Promissory Note, and City Restrictive Real Estate Covenants that ensures that there the project remains Affordable Housing for at least 90 years. It is necessary that any project revenue be utilized by the project for the long-term, as provided for in the Project's Pro-Forma.

DEVELOPMENT AGREEMENT

By and between the
City of Albuquerque, Albuquerque, New Mexico,
Department of Family & Community Services,
a municipal corporation,

and

Supportive Housing Coalition of New Mexico, a New Mexico non-profit corporation,
P.O. Box 27459
Albuquerque, New Mexico 87125

_____, 2020

SANTANA APARTMENTS

4501 Central Avenue NE
Albuquerque, NM 87108

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DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into this ____ day of _____, 2020, by and between the **City of Albuquerque**, Albuquerque, New Mexico, a municipal corporation (hereinafter "City"), and **Supportive Housing Coalition of New Mexico**, a New Mexico non-profit corporation, P.O. Box 27459 Albuquerque, NM 87125 (hereinafter "Developer"). City and Developer are sometimes hereinafter referred to collectively as "the Parties" and individually as "a Party."

RECITALS

WHEREAS, the City adopted the Workforce Housing Opportunity Act (Sections 14-9-1 et seq. ROA 1994) mandating the expansion of housing production to meet the affordable housing needs of working families; and

WHEREAS, a portion of the housing funds provided hereunder are pursuant to the Workforce Housing Act, the proceeds of which were derived from a taxable bond sale conducted in _____, 20____, and sold to the State Treasurer.

WHEREAS, the enactment of R-06-42 on September 6, 2006, established a City policy to support and enhance the development of Workforce Housing; and

WHEREAS, the City has determined by Resolution adopted September 21, 1992, Enactment No. 134-1994, that a serious shortage of decent, safe, sanitary and affordable residential housing exists in the City of Albuquerque; and

WHEREAS, the Project (defined below) includes an affordable rental project located at 4501 Central Avenue NE, within the Highland/Central Metropolitan Redevelopment Area ("MRA") that is located within the corporate limits of the City; and

WHEREAS, the project is located in the Highland/Central Metropolitan Redevelopment Area, an area appropriate for in-fill affordable housing; and

WHEREAS, the Developer responded to an Affordable Housing Development Project Request for Qualification, RFP-DFCS-CD-AHD-19-01-Rental, for funding of the Affordable Housing project Santana Apartments ("Project"); and

WHEREAS, the Developer is applying for a Low-Income Housing Tax Credit ("LIHTC") allocation (the "Tax Credit Award") from the New Mexico Mortgage Finance Authority (hereinafter "MFA") which will fund a significant portion of the overall cost of the Project; and

WHEREAS, the purpose of the Project is to construct 111 multi-family rental housing units, of which, 94 units are designated for persons who are at or below 80% AMI upon the Property as more particularly described herein; and

WHEREAS, the Developer is a non-profit corporation organized pursuant to the laws of the State of New Mexico; and

WHEREAS, the Developer and its development team have the necessary construction and marketing expertise to develop and market the Project; and

NOW THEREFORE, and in consideration of the premises and the mutual covenants hereinafter, set forth, the Parties formally covenant and agree as follows:

ARTICLE I

Definitions

Section 1.1 The Definitions in the City's Workforce Housing Program Rules and Regulations, if any, as they exist at the time of the execution of this Agreement or as amended during the term of this Agreement are adopted by reference and incorporated herein as though set forth in full in this paragraph.

Section 1.2 Capitalized terms shall have the meaning assigned to them in this Agreement. If not otherwise defined in this Agreement, capitalized terms shall retain their customary meaning.

Section 1.3 The following additional Definitions as shown in **Exhibit A** except where the context indicates otherwise, shall have the respective meanings set forth in **Exhibit A**.

ARTICLE II

Project Purpose and Description

Section 2.1. Purpose of Project. The purpose of the Project is to develop a 111 unit mixed income, multifamily rental housing development in the MRA. Populations to be served will be low income households that are at or below 80% AMI, as 94 of the 111 units will be affordable for this income range during the Project Term.

Section 2.2. Project Term. The development of the Project and the provision of the Affordable Housing Units (as defined below) by the Developer are to commence dependent upon the award of Low Income Housing Tax Credits by the Mortgage Finance Authority to the Developer, and shall be undertaken and completed in such sequence as to assure their expeditious completion in light of the purposes of this Agreement but, in any event, the obligation to provide the Affordable Housing Units required hereunder shall be continued for ninety-nine (99) years from the completion of the Project ("Affordability Period") with a renewable ninety-nine (99) years after the first Affordability Period. If the Developer can provide sufficient credible evidence that the building placed on the Project's land is functionally obsolete or has reached the end of its useful life and financing the redevelopment of the building as an affordable housing project is not economically feasible, the City's governing body may approve the demolition of the building. A new building shall be built upon the Project's land that shall at a minimum include the same affordability requirements as specified in the original agreement. If no additional City funds are infused in the Project, credit will be given for the number of years the Affordability Period has

been met. If additional City funds are infused, the initial ninety-nine (99) years Affordability Period will commence anew with a renewable ninety-nine (99) years of affordability requirements.

Section 2.3. Project Description. The Project named Santana Apartments is located at 4501 Central Avenue NE, as legally described in **Exhibit B**. The Project is a 111 unit, mixed income development that shall consist of 34 restricted units at or below 30% AMI (11 one-bedroom, 22 two-bedroom, and 1 three-bedroom), of which 22 are designated for special needs persons; 22 restricted units at 50% AMI (6 one-bedroom, 15 two-bedroom, and 1 three-bedroom); 27 restricted units at 60% of AMI (13 one-bedroom, 13 two-bedroom, and 1 three-bedroom); 11 restricted units at 80% AMI (3 one-bedroom and 8 two-bedroom); and 17 market rate units. The Project shall remain an affordable rental housing project as provided herein.

Section 2.4. Management of Property. Following the Tax Credit Award, the Developer and an equity fund will form and own interests in a separate affiliated entity (the "Ownership Entity") which will develop and own the Project, with the Developer serving as the managing member or general partner. Following the formation of such Ownership Entity, this Agreement shall be assigned by the Developer to such Ownership Entity. The Developer shall manage the property through a property management agreement with Monarch Properties, Inc., a professional property management company, or other property management company as approved by the City in writing.

ARTICLE III

Funds Committed to the Project

Section 3.1 Description of City Loan and Conveyance of Real Property. To assist with the Project the City shall provide a loan to Developer in an amount not to exceed Nine Hundred Fifty Thousand Dollars and No Cents (\$950,000.00) of Workforce Housing Trust Funds subject to the terms and conditions contained herein (the "City Loan"). The City Loan will in turn be loaned by the Developer to the Ownership Entity, with such loan to be evidenced by a Promissory Note (the "City Note") which will be secured by a Mortgage (the "City Mortgage") encumbering the Project, in the attached forms substantially similar to **Exhibit D** and **Exhibit C**, respectively. The Developer shall sign at Closing of the City Loan a Collateral Assignment of the City Note and City Mortgage in the form attached as **Exhibit K**, and the Restrictive Real Estate Covenants running to the benefit of the City in the form attached as **Exhibit I**. The Developer and the Ownership Entity shall sign at Closing of the City Loan the Agreement to Assume Rights and Responsibilities in the form attached as **Exhibit L**. Developer shall not enter into any subordination agreements related to the City Note and/or the City Mortgage without the City's written consent.

Section 3.2. Project Budget. The proposed Project Budget, including Schedules A, A-1, B, C, and D, are all attached as **Exhibit E**. If Pre-Development, Land Acquisition or Land Donation are part of this project but were funded separately, the Schedules shown in **Exhibit E** shall be completed for those activities and shall be incorporated into the Project Budget shown in **Exhibit E**. The proposed Project Budget shall be subject to change or amendment from time to time, subject to prior written approval of the Authorized City Representative. The Authorized City Representative shall not unreasonably withhold such approval if (a) the combined amount of all

sources of funds available remains sufficient to pay all anticipated costs of the Project, (b) the proposed amendment to the Project Budget does not adversely affect Developer's ability to complete the Project pursuant to this Agreement, (c) Developer promptly provides written notice of any such proposed amendment to the City, and (d) the proposed amendment does not reflect a material change to the Plans, Specifications and Elevations.

Section 3.3. Schedule of Loan Disbursements. Attached hereto as **Exhibit F** and incorporated herein as though set forth in full in this paragraph is the schedule of loans from the City and the terms thereof.

Section 3.4. Other Loans/Subsidies. Other loans and subsidies, if applicable, are listed on the attached **Exhibit F** and incorporated herein as though set forth in full in this paragraph. Without the prior knowledge and written approval of the City, the Developer shall not encumber either the Project or the Developer as a whole with obligations which could impede the success of the Project.

Section 3.5. Tax Credits. Tax Credits, if applicable, are listed on the attached **Exhibit E** and incorporated herein as though set forth in full in this paragraph.

Section 3.6. Non-Receipt of Low Income Housing Tax Credits. Should the Developer not receive an award of Low Income Housing Tax Credit financing from the New Mexico Mortgage Finance Authority by September 30, 2020, the Federal or City funds may be undesignated and available for other affordable housing projects, as determined by the City. The Developer shall immediately notify the City of such failure, and in any event within ten (10) business days of Developer's notification by lender or sponsor of the Tax Credit financing of the failure of that financing, and, no later than five (5) business days thereafter. Failure to comply with this provision is a material Event of Default.

Section 3.7. Private Activity Volume Cap Tax Exempt Bonds. Private Activity Volume Cap Tax Exempt Bonds may be issued for the Project. Pursuant to the New Mexico County Revenue Bond Act (NMSA 1978 Comp. §4-62-1 *et seq.*), a Multifamily Housing Revenue Note (the "Revenue Note") may be issued for the Project which will entail conveyance by the Developer to Bernalillo County of legal title to the Project and leasing the Project back to the Developer by the County for the term of the Note.

ARTICLE IV

Commencement and Completion of the Project

Section 4.1. Agreement to Construct and Complete the Project.

A. Developer shall construct the Project in accordance with the Plans, Specifications and Elevations (the "**Plans**") prepared by Developer, including any and all supplements, amendments and additions or deletions thereon or therein, as approved by the City.

B. Developer shall construct the Project with all reasonable dispatch and according to the Development Schedule attached as **Exhibit G**. An updated Development Schedule shall be

provided within sixty (60) days after execution of the Agreement and shall be provided as part of the subsequent quarterly reports. Failure to meet the Development Schedule after notice and cure under Article XII is a material Event of Default of this Agreement.

C. Developer shall have sole responsibility for construction of the Project and shall perform the responsibilities by itself or through affiliates, agents, contractors, subcontractors or others selected by it in whatever lawful manner it deems necessary or advisable provided it is in conformance with all applicable funding sources. Developer shall procure from the appropriate state, county, municipal and other authorities and corporations appropriate building permits and certificates of occupancy, connection arrangements for the supply of water, electricity and other utilities and discharge of sewage and industrial waste disposal for the operation of the Project.

Section 4.2. Establishment of Completion Date.

A. The Developer shall complete the construction of the Project no later than **September 30, 2022** ("Completion Date"). Failure to complete the construction by the Completion Date is a material Event of Default of this Agreement.

B. The completion date shall be evidenced to the City by (i) permanent Certificate(s) of Occupancy issued by the City; (ii) if applicable, a certificate of completion and acceptance by the City accepting public infrastructure required to be constructed; and (iii) release of liens by contractors, subcontractors and suppliers employed in the Project. Such documents shall be delivered to the City promptly but not later than thirty (30) days after the completion of the Project, unless an extension of such date has been agreed to in writing by the parties to this Agreement. Notwithstanding the foregoing, such certificates of occupancy shall be given without prejudice to any rights of the City against any third party existing at the date of such documents or which may subsequently come into being.

C. At all times during the construction phase, the City may conduct inspections of the project during normal business hours after giving reasonable notice to Developer. Notwithstanding the above, within five (5) days after substantial completion of the building, Developer shall arrange for a Project walk through with the Developer's Authorized Representative, City's Authorized Representative, Construction Contractor and Independent Architect/Engineer to prepare the Project punch list on a unit by unit basis as well as common areas. Developer shall cause each item on the punch list to be remedied no later than thirty (30) days after issuance or prior to rental of the apartment unit to the original renter, whichever occurs first.

Section 4.3 Developer to Pursue Remedies Against Contractor and Subcontractors and their Sureties. In the event of default of any contractor or subcontractor under any contract made in connection with the Project, Developer shall promptly proceed either separately or in conjunction with others to exhaust any remedies against the contractor or subcontractor so in default and against each surety for the performance of such contractor or subcontractor. Developer may prosecute or defend any action or proceeding or take other action involving such contractor or

subcontractor or surety or other guarantor or indemnitor which Developer deems reasonably necessary.

ARTICLE V

Real Property Acquisition

Section 5.1. Conditions Precedent to Disbursements of City Loan Authorized Under this Agreement. The Developer currently has an option to purchase the Real Property. At the closing of the City Loan, once the Real Property has been conveyed to the Developer, the Developer shall immediately record the Restrictive Real Estate Covenants in Section 5.5, prior to transferring title to the Real Property to the Ownership Entity.

To the extent that any or all of the actions in this Section were performed in conjunction with the earlier agreement between parties regarding this property and the information is not stale; the reports do not need to be duplicated. Depending on the nature of the report, if the report is stale, it shall be updated at Developer's expense before the loan of additional monies.

- A. Phase 1 environmental survey.
- B. ALTA/ASCM Survey. ALTA survey of the Real Property at the expense of Developer.
- C. Developer shall assist the City in complying with all applicable Environmental Review and historic preservation requirements of the U.S. Department of Housing and Urban Development and the State Historic Preservation Office of New Mexico, prior to expending any City HOME funding stipulated under this Agreement.
- D. Geotechnical Investigation Report. The Developer shall or shall cause to be submitted to the City a Geotechnical Investigation Report in a form acceptable to the City.
- E. Evidence of all other sources of financing dedicated to the Project.
- F. Title Insurance Commitment and Title Insurance Policy.
- G. Schedule of Material Events and Activities. Developer shall provide to the City a projected schedule of material events and activities from the date of acquisition of the Real Property through the stabilized occupancy of the Project to eligible families.

Section 5.2 Construction Financing. The Developer shall submit, or cause to be submitted to the City evidence of the Tax Credit Award and commitments to the Developer to provide the balance of all construction financing for this Project. In the event that the Developer does not receive the Tax Credit Award, this Agreement shall terminate and the City shall have no obligation to make the Workforce Housing Loan.

Section 5.3. Affirmative Marketing Plan. Developer, at the expense of Developer, shall provide to the City an updated affirmative marketing plan along with procedures in conformance with 24 CFR §92.351 and the Fair Housing Act.

Section 5.4. Restrictive Real Estate Covenants. At closing, Developer and Ownership Entity shall execute and deliver Restrictive Real Estate Covenants to the City. To insure the City's goals in regards to this Project, the City shall require the Restrictive Real Estate Covenants to be recorded and to run with the land, binding upon the Developer and Ownership Entity, its successors and assigns. The Restrictive Real Estate Covenants shall be recorded prior to any other document other than any deed which conveys ownership of the Real Property to the Developer. It is anticipated that the 8 live/work units will be released from the terms of the Restrictive Real Estate Covenants upon completion of the Project.

Section 5.5. Subordination, No Effect on Restrictive Covenants. Upon the City's approval of the Developer's financing arrangements, the City will subordinate the City Mortgage to one or more mortgages for borrowed funds necessary to develop the Project. However, the Restrictive Covenants will not be subordinated and will continue to run with the land for the term of the Affordability Period. The City shall execute documents as may be necessary to effectuate such subordination as provided in Section 6.4 of this Agreement.

ARTICLE VI

Usage and Documentation of City Funds

Section 6.1. Use of Loan Proceeds, Repayment, Discharge. The City Funds shall be an amount not greater than **NINE HUNDRED AND FIFTY THOUSAND DOLLARS AND NO CENTS (\$950,000.00)**, which includes all City funds allocated for this Project, and shall be used for the development and construction of the Project. The City Funds shall be repayable to the City by the Developer in accordance with the terms and conditions of the City Note and this Agreement.

Section 6.2. Disbursement of City Loan Proceeds Authorized Under This Agreement. The City Loan, secured by a Collateral Assignment of the Mortgage, authorized under this Agreement in the amount of **Nine Hundred and Fifty Thousand Dollars and No Cents (\$950,000.00)**, shall be disbursed to the Developer and loaned to the Ownership Entity to pay actual costs incurred by the Ownership Entity for purposes authorized under this Agreement and per the projected project budget attached hereto and incorporated herein as **Exhibit E** and for no other purpose.

A. In addition to any other requirements herein, City Loan disbursement shall only be made in the event Developer meets the criteria set forth herein at Section 5.1, upon the execution of this Agreement by both parties.

B. Developer agrees to provide City with a Request for City Loan Disbursement, in a form acceptable to City and substantially similar to **Exhibit H**, not less than ten (10) days prior to distribution date.

C. Developer will submit supporting invoices and documentation for costs actually incurred by Developer. Construction costs must be certified by the Architect/Engineer.

D. Plans, Specifications and Elevations for the Project. Developer shall submit one complete set of the Design and Development Plans, Specifications and Elevations for the Project to the City. The City shall review and approve the proposed Construction Plans, Specifications and Elevations prior to the commencement of any construction work pursuant hereto. In a case of material change, the Authorized Developer Representative shall certify to the City that such revised Plans, Specifications and Elevations (not to be confused with plans for building permits) will not materially affect the purpose of the Project as set forth herein, provided that no such material change shall be made without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed, as determined in the City's sound governmental judgment in compliance with all applicable laws and ordinances. Plans for building permits and other approvals must also be submitted to the appropriate City Departments.

Section 6.3. Loan Documentation. Developer shall execute and deliver a collateral assignment of the City Note and the City Mortgage to the City in the same amount encumbering the Real Property in order to evidence the obligation to repay the City Loan to the City.

Section 6.4. Subordination and Release. The City Mortgage shall be subject and subordinate to any mortgage or bond securing the Construction Loan(s) and the initial Permanent Loan(s), and the New Mexico Mortgage Finance Authority Land Use Restriction Agreement, and City shall execute documents as may be necessary to effectuate such subordination in substantially the form attached as **Exhibit J**. However, the Restrictive Covenants will not be subordinated and will continue to run with the land for the term of the Affordability Period.

ARTICLE VII

Warranties and Obligations

Section 7.1. Warranties and Obligations by the City. The City makes the following warranties as the basis for the undertakings on its part contained herein.

A. The City is a municipal corporation organized and existing under and pursuant to the laws of the State of New Mexico and is authorized to provide financing for, acquire, construct, own, lease, rehabilitate, improve, sell and otherwise assist projects for the purpose of providing adequate residential housing including residential housing for individuals and families of low and moderate income by inducing private enterprise to locate, develop and expand such residential housing facilities in the City.

B. At Closing, the City shall file or cause to be filed the Restrictive Real Estate Covenants, Deed, City Mortgage and other title documents in the Office of the County Clerk of Bernalillo County.

C. Adhere to initial rents for Affordable Units as published by the Mortgage Finance Authority annually. Any rent increases of the Affordable Units must be approved in writing by the

City prior to implementation. If utilities are not included in the rent, an allowance must be made using the City's established Utility Allowance.

Section 7.2. Warranties and Obligations by Developer. Developer makes the following warranties as the basis for the undertakings on its part herein contained.

A. Developer is a New Mexico non-profit corporation duly organized and validly existing as such under the laws of the State of New Mexico with authority to perform the transactions set forth herein, has the power to enter into this Agreement and by proper action has duly authorized the execution and delivery of this Agreement.

B. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the compliance with the terms and conditions of this Agreement violate or will violate the terms of Developer's Articles of Organization or Operating Agreement or conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or any instrument to which Developer is now a party or by which it is bound or constitutes or will constitute a default under any of the foregoing or will result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the Real Property or assets of Developer under the terms of any instrument or agreement.

C. There are no pending or threatened legal or administrative proceedings against Developer or affecting the Project which, if determined adversely, would have a material adverse effect on Developer or the Project.

D. The Real Property shall be used towards the development of the Project. The Developer, or its agents, shall provide a range of supportive services to the occupants of the Project.

E. The Restrictive Real Estate Covenants attached hereto as **Exhibit I** are binding on the Project and the Developer who shall comply therewith.

F. During the Affordability Period, the Developer shall comply with the following provisions including, but not limited, to:

1. Requirements of the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) and Section 104(d) of the Housing and Community Development Act of 1974.

2. Regulations of the Uniform Administrative Requirements as described in 24 CFR §92.505, as applicable.

3. Federal laws and regulations as described in 24 CFR Part 92, Subpart E.

4. Local housing code requirements and allow the City to inspect the Real Property.

5. Affirmative marketing plan submitted to City along with procedures in conformance with 24 CFR §92.351 and the Fair Housing Act. Developer will maintain accurate records which document and verify affirmative marketing efforts.

6. All applicable federal, state and local laws, in particular, but not limited to labor and employment laws regarding construction of public works, including but not limited to: 24 CFR Part 70, and 24 CFR §92.354 (Davis-Bacon Act); 24 CFR Part 5, Subpart A, and 24 CFR §92.350 (Excluded Parties); 24 CFR Part 135 (Section 3); 24 CFR Part 8, 24 CFR §92.504; and 24 CFR §100.205 (Accessibility for Disabled Persons).

7. Applicable provisions of NMSA Chapter 13, Articles 4 through 4D and the Public Works Minimum Wage Act Policy Manual at NMAC Title 11, Chapter 1, Part 2.

8. Maintain the Project as an affordable rental housing project as provided by the Workforce Housing Opportunity Act and ensure that in the event that the Project ceases to be an affordable rental housing project that the Project, with all improvements and fixtures intact, normal wear and tear excepted, is returned to the City.

9. Adhere to the rent formula as set forth in the Restrictive Real Estate Covenants (Deed Restrictions) attached to this Agreement as **Exhibit I**. Any rent increases of the Affordable Units other than those related to increases in the imputed income limits must be approved in writing by the City prior to implementation. If utilities are not included in the rent, an allowance must be made using the City's established Utility Allowance as it may be amended from time to time. In the event of any conflict between the terms of this Section 9 and the terms of Section 42 of the Internal Revenue Code (the "Code"), the terms of the Code shall control.

10. Maintain income verification of tenants and their family size residing in Affordable Units using 94 CFR §5.609 criteria. Income verification and family size documentation must be secured prior to occupancy of the affordable units, and thereafter verified and certified at least annually. Following occupancy, if an Affordable Unit's tenants' income exceeds 80% of the City's Median Income adjusted for family size, the tenant may remain in the unit until the expiration of the tenants lease term; low-income housing tax credit rules shall apply to over-income tenants following occupancy. In the event of any conflict between the terms of this Section 10 and the terms of the Section 42 of the Code, the terms of the Code shall control.

11. Assist the City in complying with all applicable environmental assessment and historic preservation requirements of the U.S. Department of Housing and Urban Development and the State Historic Preservation Office of New Mexico.

12. Use its best efforts to afford Minority and Women-Owned Business Enterprises (that is, businesses which are at least fifty-one percent owned and controlled by

minority group member or women) the maximum practicable opportunity to participate in the performance of this Agreement.

13. Execute annual leases, unless otherwise mutually agreed between tenant and owner and permissible under the federal, state and local laws regarding the funding for this Project, with tenants in the affordable units.

G. The Developer shall establish a maintenance reserve fund for the Project in an amount not less than Three Hundred Dollars and No Cents (\$300.00) per unit per annum from the date of acceptance of the Certificate of Occupancy issued by the City of Albuquerque until all the terms of this Agreement are met and the Affordability Period has expired. From time to time, the City may adjust the maintenance reserve amount to reflect current maintenance costs and will notify Developer in writing of any increase or decrease at least annually.

H. The Developer shall assure that the property manager for the facility participates in the Albuquerque Police Department's Crime Free Multi-Housing Program or such like program as may be in existence at that time and obtains program certification within one year of execution of this Agreement and remain so certified thereafter. Failure to obtain the certifications, or revocation of the certification of the facility or the facility manager, shall constitute a material default of this Agreement.

I. None of the units in the Project shall at any time be utilized on a transient basis; and none of the Project nor any portion thereof shall ever be used as a hotel, motel dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

J. At all times during the term of this Agreement and until the Affordability Period has expired, the Project shall comply in all material respects with all applicable zoning and planning ordinances, building codes, Federal Model Energy Code, flood regulations, environmental laws, ordinances, statutes, rules and regulations relating to the Project.

K. Developer shall not, during the term of this Agreement, amend or change its By-Laws or Articles of Incorporation or the governing documents of the Ownership Entity in any manner if such amendment or change would result in a conflict with the terms of this Agreement. Developer shall have the right to admit the Fund as a member, which admission will not conflict with the terms of this Agreement.

L. The Developer shall comply with the provisions of, and act in accordance with, all federal laws, rules and regulations, and Executive Orders related to equal employment opportunity, affirmative action, equal access to programs and services, and the enforcement of Civil Rights, including, but not limited to, Section 3 of the Housing and Urban Development Act of 1968, Sections 103 and 109 of the Housing and Community Development Act of 1974, as amended, Title VI and Title VII of the Civil Rights Act of 1964, as amended, Title VIII of the Civil Rights Act of 1968, Sections 502, 503, 504 and 505 of the Rehabilitation Act of 1973, Equal Pay Act of 1963, Age Discrimination in Employment Act of 1967, as amended, the Vietnam Era Veterans

Readjustment Act of 1974, the 1986 U.S. Immigration Reform and Control Act, Americans with Disabilities Act of 1990, Executive Order 11063 of 1962 and Executive Order 11246 of 1965, as amended, and the Nontraditional Employment for Women Act of 1991; the New Mexico Human Rights Act and the Albuquerque Human Rights Ordinance, and as well as all rules and regulations pertaining to each such statute or ordinance; and will not discriminate against any person or applicant because of race, color, religion, sex, age, family status, national origin or ancestry, physical or mental handicap, sexual orientation, gender identity, disability, or Vietnam-era or disabled veteran status, and will make reasonable accommodation to the known physical or mental handicap or disability of an otherwise qualified applicant for tenancy.

M. Any renovation, improvement, repair, construction, reconstruction or alteration that Developer pursues as a result of this Agreement and Project is a Public Work subject to the provisions of NMSA Chapter 13, Articles 4 through 4D and the Public Works Minimum Wage Act Policy Manual at NMAC Title 11, Chapter 1, Part 2.

N. Use of Funds for Sectarian Religious Purposes: The Developer covenants and agrees that no funds awarded through this program will be used for sectarian religious purposes, and specifically that:

1. there will be no religious test for eligibility;
2. there will be no requirement for attendance at religious services;
3. there will be no inquiry as to religious preference or affiliation;
4. there will be no proselytizing; and
5. services provided will be essentially secular.

O. The Plans and Specification for the construction of the Project shall be reviewed by the City.

P. The provisions contained herein shall be binding on the successors and assigns of Developer.

Q. Developer shall have sole responsibility for construction of the units and may perform the same by itself or through affiliates, agents, contractors, subcontractors or others selected by it in whatever lawful manner it deems necessary or advisable provided it is in conformance with the terms of this Agreement. Developer shall procure from the appropriate state, county, municipal and other authorities and corporations appropriate building permits and certificates of occupancy, connection arrangements for the supply of gas, water, electricity and other utilities and discharge of sewage and industrial waste disposal for the operation of the units.

R. The Developer, or its agents, shall provide a range of representative supportive services to the occupants of the Project. These supportive services shall include, but are not limited

to, health education, health screenings, computer training, job training, job search assistance, mental health services and case management.

S. Developer will conduct its operations in accordance with *the Administrative Requirements for Contracts Awarded Under the City of Albuquerque, Department of Family and Community Services*, as amended.

ARTICLE VIII

Monitoring /Reports Required

Section 8.1. The Developer shall report, in writing, at least quarterly during the construction and lease-up phases of the Project. The quarterly report shall include the process of construction as a percentage complete, construction funds expended with remaining balance, and number of units completed and a certified rent roll showing household size, ethnicity, race, and whether the occupant is female head of household.

Section 8.2. The City, at its discretion, may require a reasonable Administrative Fee from the Developer for the purpose of monitoring the project in accordance with this Agreement.

Section 8.3. Following completion of construction and the lease-up of 65% of the units, for all non-HOME funded projects, income received for the rental of affordable units shall be reported quarterly. An income report detailing the uses of income received from the rental of affordable units for the reporting period will be provided by Developer within 30 days after the close of the quarter until the terms of this Agreement have been met. The City, at its sole discretion, may change the reporting frequency for non-HOME funded projects.

Section 8.4. The Developer shall report annually within 90 days of the close of the Developer's fiscal year until the terms of this Agreement have been met. The report shall include, but not be limited to, the financial statements for the Project, Income and Expense Statement for the Project, a Program Income budget, if applicable, for proposed uses of Program Income for the forthcoming year, and a certified rent roll showing household size, ethnicity, race, whether the occupant is female head of household, date of execution of the occupants' current lease, adjusted gross income and rental rates.

Section 8.5. At any time during normal business hours and as often as the City, its designee, or the appropriate funding entity may deem necessary, there shall be made available to the City or the appropriate funding entity for examination, all of the Developer's records with respect to all matters covered by this Agreement. The Developer shall permit the City or the appropriate funding entity to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement.

Section 8.6. The Developer shall comply with all applicable monitoring provisions of the City's housing regulations including but not limited to the Workforce Housing Regulations as determined by the City.

ARTICLE IX
Fees, Taxes, Insurance and Other Amounts Payable

Section 9.1. Payment, Fees and Other Amounts Payable. Developer shall promptly pay or cause to be paid, as the same become due, all governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any interest therein or other property constructed, installed or bought by Developer therein or thereon which, if not paid, will become a lien on the Real Property prior to or on a parity with the City Mortgage including all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, provided that with respect to governmental charges that may lawfully be paid in installments over a period of years, Developer shall be obligated to pay only such installments as are required to be paid during the term of this Agreement when due. Developer may, in good faith, contest any such charges and in the event of any such contest may permit the charges so contested to remain unpaid during the period of such a contest and any appeal therefrom, provided that during such period, enforcement of any such contested item shall be effectively stayed. If Developer shall fail to pay any of the foregoing items required herein to be paid by Developer, the City may (but shall be under no obligation to) pay the same and any amounts so advanced therefore by the City shall become an additional obligation of Developer to the City, which amounts, together with interest thereon at statutory judgment interest rate from the date thereof, Developer agrees to pay on demand. Any such amounts so advanced by the City shall be secured by the City Mortgage.

Section 9.2. Payments Required. The obligations of Developer to make the payments required in Section 9.1 hereof and to perform and observe the other agreements on its part contained in this Development Agreement shall be absolute and unconditional without offset or counterclaim for claims against the City or any other party.

Section 9.3. Maintenance of Project. Developer agrees that, during the term of this Agreement, it shall, at its own expense, keep, or cause to be kept, the Project in a reasonably safe condition, and keep the buildings and all other improvements forming a part of the Project in good repair and in good operating condition, making all necessary repairs thereto and renewals and replacements thereof. Any tangible property purchased or installed with proceeds from the City Funds or Loans or received in exchange for tangible property purchased or installed with proceeds from the City Funds or Loans shall become a part of the Project and the Real Property thereof. Developer shall not permit any mechanic's lien, security interest, or other encumbrance to be established or to remain against the Project for labor or materials furnished in connection with the construction or installation of the Project or any additions, modifications, improvements, repairs, renewals or replacements made by it, provided that if Developer shall notify the City of its intention to do so, Developer may, in good faith, contest any mechanic's or other liens filed or established against the Project and such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless Developer determines or the City shall notify Developer that, in the opinion of the City, by non-payment of any such items, the City Mortgage as to any part of the Project shall be materially endangered or

the Project or any part thereof shall be subject to loss or forfeiture in which event the Developer shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Section 9.4. Insurance Required. During the construction period and throughout the term of this Agreement, Developer itself through its contractors, subcontractors or agents shall keep the Project insured against loss or damage by maintaining policies of insurance and by paying, as the same become due and payable, all premiums with respect thereto, including but not necessarily limited to the following coverage:

A. Comprehensive General Liability Insurance. Developer shall obtain comprehensive general liability insurance, including automobile insurance, with liability limits in amounts not less than \$1,000,000 aggregate limit of liability for bodily injury, including death, and property damage in any one occurrence. Said policies of insurance must include coverage for all operations performed on or about the Project, including coverage for collapse, explosion and underground liability coverage, coverage for the use of all owned, non-owned, hired automobiles, vehicles and other equipment both on and off the Project site and contractual liability coverage which shall specifically insure the indemnification provisions of this Agreement. The above requirement shall include but shall not be limited to protection against damage or destruction of public and private property, including telephone conduit, telegraph conduit, power conduit, telephone signal cables, fiber optics cables, television cables, computer cables, fire alarm circuits, gas mains, water service connections, sanitary sewer, sewer, house or building connections, water mains, water service connections, steam lines, petroleum products pipelines, storm drains, storm inlet lines including all appurtenances thereto while located below the surface of the ground including injury or death to person or persons caused by Developer's operations including blasting and trenching, backfilling, tamping, with or without the use of mechanical equipment, and the collapse of or structural damage to a building, house or structure including power, telephone, telegraph, fire alarm, street light poles, curb, gutter and sidewalk on public or private property and destruction of or damage to other public or private property resulting therefrom including injury or death to person or persons and all causes by Developer's operations in the removal of other building structures including their supports, trees and utility poles or by excavation including blasting and trenching, backfilling, tamping with or without use of mechanical equipment. Other public and private property as used above shall include but not be limited to lawns, plants, flowers, trees, fences, yards, walls.

B. Owner's Protective Public Liability Insurance. Developer shall procure, or cause or be procured, and maintain, during the life of construction, an owner's protective public liability insurance policy with liability limits in an amount not less than \$1,000,000 combined single limit of liability for bodily injury, including death and property damage in any one occurrence.

C. Worker's Compensation Insurance. Developer shall comply with the provisions of the Worker's Compensation Act, the Subsequent Injury Act and the New Mexico Occupational Disease Disablement Law. Developer shall procure and maintain, during the life of the Project, complete Worker's and Employer's Liability Insurance in accordance with New Mexico law and regulations. Such insurance shall include coverage permitted under NMSA 1978, §52-1-10 for safety devices. With respect to worker's compensation insurance, if Developer elects to be self-

insured, it shall comply with the applicable requirements of law. If any portion of the construction of the Project is to be subcontracted or sublet, Developer shall require the contractor and subcontractor to similarly provide such coverage (or qualify as self-insured) for all latter's employees to be engaged in such work. It is agreed with respect to all worker's compensation insurance, Developer and its surety shall waive any right of subrogation they may acquire against the City, its officers, agents and employees by reason of any payment made on account of injury, including death, resulting therefrom sustained by any employee of the insured arising out of performance of this Agreement. Neither the Developer nor its employees are considered to be employees of the City of Albuquerque for any purpose whatsoever. The Developer is considered to be an independent contractor at all times in the performance of this Agreement. The Developer further agrees that neither it nor its employees are entitled to any benefits from the City under the provisions of the Worker's Compensation Act of the State of New Mexico, nor to any of the benefits granted to employees of the City under the provisions of the Merit System Ordinance as now enacted or hereafter amended.

D. Builder's Risk Insurance. Developer shall procure and maintain, until completion of the construction, builder's risk, vandalism and malicious mischief insurance. Alternatively, Developer shall procure and maintain insurance against loss or damage to the Project by fire, lightning, vandalism, and malicious mischief with the uniform extended coverage endorsement limited only as may be provided in the standard form or extended coverage endorsement at the time in use by the State of New Mexico to provide for not less than 90% recovery of the market value of the buildings and other improvements but in any event no less than the cost of fully paying the City Note.

E. Increased Limits. The City may require Developer to reasonably increase the maximum limits of any insurance required herein and Developer shall promptly comply.

F. Proof of Insurance. Prior to any funding and during the term of this Agreement, not less than once each year, on or before May 31, Developer shall provide to the City without demand, or more frequently upon demand, proof of all required insurance coverages.

Section 9.5. Performance, Payment and Other Bonds. Developer or Contractor shall furnish or cause to be furnished, performance and payment bonds, or other security such as an irrevocable letter of credit, acceptable to the City, as security for the faithful performance and payment of all its obligations pursuant to the construction of the Project. These bonds shall be in amounts at least equal to the amount of the City Note and in such form and with such sureties as are licensed to conduct business in the State of New Mexico and are named in the current list of surety companies acceptable on federal bonds as published in the Federal Register by the Audit Staff of Accounts, U. S. Treasury Department. The performance bond shall also include coverage for any guaranty period provided by the contractor. The surety on the performance bond shall furnish a waiver whereby it consents to the progress or partial payment to any contractor of amounts for materials and acknowledges that such payment shall not preclude enforcement of such remedied as may be available against such surety. Developer shall cause the City to be named a joint obligee on such bonds. If the surety on any bond furnished by Developer is declared bankrupt or becomes insolvent or its right to do business in the State of New Mexico is revoked, Developer shall substitute or

cause to be substituted another bond and surety within ten (10) days thereafter. The Developer may furnish an irrevocable letter or letters of credit in form satisfactory to the City as an alternative to the performance, payment bonds specified above. Any such letter must be drawn against a New Mexico institution whose deposits are federally insured and shall be payable exclusively to the City on demand.

Section 9.6. Application of Net Proceeds of Insurance. The Net Proceeds of builder's risk insurance and of fire and other hazard and casualty insurance, carried pursuant to the provisions of this Agreement hereof, shall be applied as provided in this Agreement and the Net Proceeds of liability insurance carried pursuant to the provisions of this Agreement hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The net proceeds of the bonds provided pursuant to this Agreement shall be applied to curing the defect in performance or payment.

Section 9.7. Additional Provisions Respecting Insurance. All insurance required to be taken out by Developer pursuant to this Agreement shall be taken out and maintained in generally recognized responsible insurance companies authorized to do business in the state of New Mexico selected by Developer. All applicable policies evidencing such insurance shall name both the City and Developer as named insured and the City shall be named as loss payee as to the City's mortgages under the builder's risk and property insurance required by this Agreement. An original or duplicate copy of the insurance policies providing the coverage required by Section 6 hereof shall be deposited with the City. Prior to expiration or exchange of such policy, Developer shall furnish the City evidence satisfactory to the City that the policy has been renewed or replaced or is no longer required by this Agreement. All policies required hereunder shall provide that the City shall be given thirty (30) days prior written notice of cancellation, non-renewal or material alteration of coverage. Provisions that the insurance company shall "endeavor to give the City notice" shall not be allowed

Section 9.8. Advances by City. If Developer shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operating condition shall permit or shall fail to keep the buildings in good repair and good operating condition, the City may, but shall be under no obligation to, obtain the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements and all amounts so advanced therefore by the City shall become an additional obligation of Developer to the City which amounts, together with any interest thereon at the statutory judgment interest rate thereof, Developer agrees to pay on demand. Any such amounts advanced by the City shall be secured by the City Mortgage and shall be paid upon demand by the City.

ARTICLE X

Damage, Destruction and Condemnation

Section 10.1. Damage, Destruction, and Condemnation. In the event the Project is destroyed or damaged, in whole or in part, by fire, or other casualty or title to or the temporary use of the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any

governmental body or any person, firm or corporation, acting under governmental authority, Developer shall have the right to use the net proceeds of insurance or from any award made in such eminent domain proceedings to be applied to the restoration of the buildings and other improvements located on the Real Property to substantially the same conditions as existed prior to the casualty causing the damage or destruction or the exercise of eminent domain; provided that such proceeds are sufficient to rebuild the Project or if such proceeds are insufficient, then Developer shall fund any deficiency.

Section 10.2. Partial Damage, Destruction, and Condemnation. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the City Loan, in a manner that provides adequate security to the City for repayment of the remaining balance of the City Loan. In the event City and Developer cannot agree on the approach to take, City shall make the final decision and Developer agrees to be bound by that decision. In the event of any conflicts between the terms of mortgages encumbering the Project regarding the application of casualty proceeds or condemnation proceeds, the terms of the mortgages shall control in the order of their priority.

ARTICLE XI

Special Covenants

Section 11.1 City's Right of Access to the Project. Developer agrees that the City and any of its duly authorized agents shall have the right at all reasonable times, and subject to the rights of the tenants to enter upon and examine and inspect the Project provided that any such inspections shall be conducted in a manner that will minimize any intrusion on the operations of the Project.

Section 11.2 Good Standing. Developer warrants and represents that it has executed, filed and recorded all certificates and other documents and has done and shall continue to do throughout the term of this Agreement such other acts as may be necessary or appropriate to comply with all applicable requirements for the formation, qualification and operation of a non-profit corporation, and the operation and ownership of the Project under the laws of the State of New Mexico.

Section 11.3 Granting of Easements. If no Event of Default under this Agreement shall then be continuing, Developer may at any time grant easements, licenses, rights-of-way including the dedication of public roads, streets or highways, and other rights or privileges in the nature of easements with respect to any Real Property included in the Project, consistent with the purposes of the Project, free from the lien of the City Mortgage or Developer may release existing easements, licenses, rights-of-way and other rights or privileges with or without consideration subject to review and approval by the City. Developer shall furnish to the City a survey showing such easement, license or right-of-way, a copy of the instrument of grant and a certificate executed by a duly Authorized Developer Representative stating that such grant or release is not detrimental to the proper conduct of the business of Developer and that such grant or release shall not impair the effective use of market value or interfere with the effective operation of the Project.

Section 11.4 Release and Indemnification Agreement. Developer releases the City from, and covenants and agrees that the City shall not be liable to the Developer for any loss or damage to

property or any injury to or death of any person or persons occasioned by any cause whatsoever pertaining to the Project or the use thereof.

Developer shall defend, indemnify and hold harmless the City from any loss, claim, damage, acts, penalty, liability, disbursement, litigation expense, attorneys' fees and expense or court costs arising out of or in any way relating to this Agreement, the City Mortgage, the Partnership Note or any other cause whatsoever pertaining to the Project, subject to the limitations found in NMSA 1978 § 56-7-1. The City shall promptly, after receipt of notice of the existence of a claim in respect of which indemnity hereunder shall be sought or of the commencement of any action against the City in respect of which indemnity hereunder may be sought, notify Developer in writing of the existence of such claim or commencement of such action. This section shall not apply to the negligent act or failure to act of the City or of its officials, employees and agents.

This indemnification agreement shall survive the term or termination of this Agreement.

Section.11.5 Sale, Assignment or Encumbrance of Project. Except as otherwise expressly permitted herein including the financing referenced in **Exhibit F** or in the City Mortgage, Developer shall not sell, assign, dispose of, mortgage or in any way encumber the Project or any part thereof without the prior written consent of the City. Any conveyance of the Project during the term of this Agreement shall incorporate the covenants found in **Exhibit I** and agreements contained herein.

Section 11.6 Exceptions. Notwithstanding the foregoing, the following shall not constitute a sale or conveyance, cause a default under this Agreement, or cause an acceleration of the City Loan: (A) the withdrawal, removal, and/or replacement of a managing member or general partner of the Ownership Entity pursuant to the terms of the Operating Agreement or Partnership Agreement of the Ownership Entity, provided that any required substitute managing member or general partner is reasonably acceptable to the City; (B) an admission of an investor into the Ownership Entity, or a transfer of an investor member's or partner's interest in the Ownership Entity; (C) the execution and delivery of a purchase option and right of first refusal agreement (the "Option"), as described in the Operating Agreement or Partnership Agreement of the Ownership Entity; and (D) the exercise of the Option by the Project sponsor identified therein.

The City's consent to (a) the exercise of the Option by the Project sponsor identified therein, and to (b) the assumption without penalty of the City Note by the Project sponsor shall be required and such consent shall not be unreasonably withheld.

Section 11.7 Authority of Authorized City Representative. Whenever, under the provisions of this Agreement, the approval of the City is required or Developer is required to take some action at the request of the City, such approval or such request shall be made by the Authorized City Representative unless otherwise specified in this Agreement and Developer shall be authorized to act on any such approval or request.

Section 11.8 Authority of Authorized Developer Representative. The Developer represents and warrants to the City that the Authorized Developer Representative is empowered to take all actions contemplated herein and that reliance by the City on the authority of the Authorized Developer Representative shall not give rise to a complaint against the City as a result of any action taken by the City.

Section 11.9 Financial Statement of Developer. During the term of this Agreement, Developer agrees to furnish the City a copy of its audited annual financial statements at least annually within ninety-nine (90) days of the end of the Developer's fiscal year.

ARTICLE XII

Events of Default Defined and Remedies Upon Default

Section 12.1. Events of Default Defined. The following shall be "material events of Default" under this Agreement, also referred to as "Events of Default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

A. Failure by Developer to pay within fifteen (15) days of the receipt of notice of monies due any amount required to be paid pursuant to the Partnership Note.

B. Failure by Developer to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, or under the City Mortgage or City Note (other than payment, which is governed under Section 12.1.A of this Agreement), including failure to comply with NMSA Chapter 13, Articles 4 through 4D or NMAC Title 11, Chapter 1, Part 2, for a period of ten (10) days after written notice from City to Developer specifying such failure and requesting that it be remedied. Provided, however, if the default in question is not reasonably susceptible to cure within such ten (10) day period Developer shall not be in default if, within such ten day period, Developer notifies City that it has undertaken reasonable measures to cure the default and specifies the nature of such measures. If Developer fails to take corrective action or to cure the default within a reasonable time, the investor member of the Developer may remove and replace the managing member with a substitute managing member reasonably acceptable to the City who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions.

C. Failure of Developer to maintain its existence as a non-profit corporation for as long as this Agreement is in effect, or to dissolve or otherwise dispose of all or substantially all of its assets, or consolidate with or merge into another entity without the prior written consent of the City, which consent will not withheld unreasonably.

D. The occurrence of an "Event of Default" under the City Mortgage, City Note or Restrictive Real Estate Covenants.

Section 12.2. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City nor any remedy conferred upon or reserved to the City pursuant to the City Mortgage or the City Note is intended to be exclusive of any other available remedy or remedies but each and every

such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

Section 12.3. Agreement to Pay Attorneys' Fees and Expenses. If Developer defaults under any of the provisions of this Agreement or the City Mortgage, City Note or the Restrictive Real Estate Covenants and the City employs attorneys, in house or outside, or incurs other expenses for the enforcement of performance or observance or any obligations or agreement on the part of Developer herein contained in this Agreement, the City Mortgage, the City Note or the Restrictive Real Estate Covenants, Developer agrees that it shall on demand therefore pay to the City the reasonable fees of such attorneys and such other reasonable expenses incurred by the City.

Section 12.4. No Additional Waiver Implied by One Waiver. If any provision contained in this Agreement should be breached by any Party and thereafter waived by the Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

Section 12.5. Redemption Period. In the event the City shall elect to foreclose the City Mortgage, the period of redemption shall be one month in lieu of nine months.

Section 12.6. Remedies Upon Default.

A. Upon any Event of Default ("Default") and regardless of any other notices previously provided, the City may send a Final Notice of Default to Developer describing the Default and requiring cure within fifteen (15) days from the date of the mailing or delivery of the Notice.

B. If the Default is not cured or arrangements satisfactory to the City made to cure the Default, the City may elect to (1) accelerate, impose interest and call due the City Note and the City Mortgage; and (2) sue for compensatory damages suffered by the City due to the Default as well as, if appropriate, punitive damages.

ARTICLE XIII

Miscellaneous

Section 13.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the City: Authorized City Representative
Director, Department of Family and Community Services
City of Albuquerque

Post Office Box 1293
Albuquerque, NM 87103

If to Developer: Authorized Developer Representative
Supportive Housing Coalition of New Mexico
P.O. Box 27459
Albuquerque, New Mexico 87125
Telephone: 505-255-3643

The City and Developer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificate or other communication shall be sent.

Section 13.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City and Developer, and their respective successors and assigns, subject however to the limitations contained herein.

Section 13.3. Severability. In the event any covenant, condition or provision herein is held to be invalid, illegal, or unenforceable by any court of competent jurisdiction, such covenant, condition or provision shall be deemed amended to conform to applicable laws so as to be valid or enforceable or, if it cannot be so amended without materially altering the intention of the parties, it shall be stricken. If stricken, all other covenants, conditions and provisions of this Agreement shall remain in full force and effect provided that the striking of such covenants, conditions or provisions does not materially prejudice either the City or the Developer in its respective rights and obligations contained in the valid covenants, conditions or provisions of this Agreement.

Section 13.4. Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or in the City Mortgage, this Agreement shall not be effectively amended, changed, modified, altered or terminated except by mutual written agreement of the Parties. The Director of the Family Services Department is authorized to enter into amendments to this Agreement which do not materially adversely impact the City's rights or obligations pursuant to this Agreement.

Section 13.5. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.6. Other Instruments. Developer and the City covenant that they shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such instrument, supplemental hereto and further acts, instruments and transfers as may be required hereunder.

Section 13.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico.

Section 13.8. Recording. This Agreement as well as the City Mortgage, the Note and the Restrictive Real Estate Covenants and every assignment and modification thereof shall be recorded in the office of the County Clerk of Bernalillo County New Mexico, by the Department of Family & Community Services.

Section 13.9. No Pecuniary Liability of City. No provision, covenant or agreement contained in this Agreement or any obligations herein imposed upon the City or the breach thereof shall constitute an indebtedness of the City within the meaning of any constitutional provision or statutory limitations of the State of New Mexico or shall constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 13.10. Officials, Agents and Employees Not Personally Liable. No official, agent or employee of the City and no member of the City Council shall be personally liable on this Agreement.

Section 13.11. Waiver. No provisions of this Agreement shall be deemed to have been waived by either party unless such waiver is in writing, signed by the party making the waiver and addressed to the other party, nor shall any custom or practice which may evolve between the parties in the administration of the terms of this Agreement be construed to waive or lessen the right of either party to insist upon the performance of the other party in strict accordance with the terms of this Agreement. Further, the waiver by any party of a breach by the other party or any term, covenant, or condition hereof shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition thereof.

Section 13.12. Gender, Singular/Plural. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

Section 13.13. Captions and Section Headings. The captions, section headings, and table of contents contained in this Agreement are for convenience of reference only, and in no way limit, define, or enlarge the terms, scope, and conditions of this Agreement.

Section 13.14. Relationship of Contract Documents. All documents attached to this Agreement or incorporated into this Agreement are complementary, and any requirement of one contract document shall be as binding as if required by all. Any inconsistency among the various documents shall be resolved in favor of the language in this Development Agreement which, along with its amendments, if any, is deemed to be the primary document.

Section 13.15. Exhibits, Certificates, Documents Incorporated and Attachments. Incorporation by Reference: All certificates, documents, exhibits, attachments, riders, and addenda referred to in this Agreement are hereby incorporated into this Agreement by reference and made a part hereof as though set forth in full in this Agreement to the extent they are consistent with its conditions and terms.

Section 13.16. Governmental Rights and Powers. Nothing in this Agreement shall be construed or interpreted as limiting, relinquishing, waiving, or defining governmental rights and the police powers of the City or abrogating the requirement of any ordinance.

Section 13.17. Cross References. References in the text of this Agreement to articles, sections, or exhibits pertain to articles, sections or exhibits of this Agreement unless otherwise specified.

Section 13.18. Time is of the Essence. Subject to the qualifications otherwise set forth herein, time is of the essence in the performance of this Agreement.

Section 13.19. Assignment and Subletting. The Developer shall not delegate, assign, sublet, mortgage or otherwise transfer, in whole or in part, any of the rights or responsibilities granted in this Agreement or the City Mortgage, the City Note and the Restrictive Real Estate Covenants without the prior written approval of the City. The City has no obligation to and shall not be required to approve any assignment or other transfer of this Agreement that would result in the services required in this Agreement being performed by any other person or entity other than the Developer.

Section 13.20. No Partnership or Agency. Nothing contained in this Agreement is intended or shall be construed in any respect to create or establish any relationship other than that of the owner and contractor, and nothing herein shall be construed to establish any partnership, joint venture or association or to make Developer the general representative or agent of City for any purpose whatsoever.

Section 13.21. Force Majeure. Except as expressly provided in this Agreement, neither City, nor Developer shall be deemed to be in default hereunder if either party is prevented from performing any of the obligations, other than payment of rental, fees and charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of the public enemy, weather conditions and the results of acts of nature, riots, rebellion, sabotage, or any other similar circumstances for which it is not responsible or which are not within its control. After the termination of any such event of Force Majeure forbearance shall terminate, and the obligation to perform shall recommence with an appropriate and reasonable extension to any deadlines.

Section 13.22. Forum Selection. Any cause of action, claim, suit, demand, or other case or controversy arising from or related to this Agreement shall only be brought in a state district court located in Bernalillo County, New Mexico or in a federal district court located in New Mexico. The parties irrevocably admit themselves to, and consent to, the jurisdiction of either of both said courts. The provisions of this section shall survive the termination of this Agreement.

Section 13.23. Compliance with Laws. The Developer shall comply with all applicable laws, ordinances, regulations and procedures of Federal, State, and local governments in the development, construction, maintenance and management of the Project

Section 13.24. Savings. City and Developer acknowledge and agree that they have thoroughly read this Agreement, including all exhibits thereto, and have sought and received whatever

competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. City and Developer further acknowledge that the Agreement is the result of negotiations between them and this Agreement shall not be construed against either party by reason of that party's preparation of all or part of this Agreement.

Section 13.25. Survival. All obligations, covenants and agreements contained herein which are not performed at or before the closing but which are to be performed after the closing as provided in this Agreement shall survive the closing of this transaction.

Section 13.26. Approval Required. This Agreement shall not become effective or binding until approved by the highest approval authority required by the City under this Agreement. The effective date of this Agreement shall be the date of signature of the highest approval authority required by the City.

Section 13.27. Agreement Binding. This Agreement and all parts contained herein shall be binding upon each party and such transferees, their successors, assigns and all parties claiming by, through or under any of them. It is further agreed that each and every conveyance of any portion of the Project shall contain the covenants specified in this Agreement and those contained in **Exhibit I**, Restrictive Real Estate Covenants, attached hereto.

IN WITNESS WHEREOF the City and Developer have caused this Agreement to be executed in their respective names and all as of the date first written above.

CITY OF ALBUQUERQUE

SUPPORTIVE HOUSING COALITION OF
NEW MEXICO

(Signature below must be that of a board
member or officer authorized to bind the
corporation).

Approved By:

By: _____
Steve Ross, Executive Director

Carol M. Pierce, Director
Dept. of Family & Community Services

State Taxation and Revenue Department

Date: _____

Taxpayer Identification Number

Federal Taxpayer Identification Number

Definitions

The following additional terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

1. “Act” means the HOME Investment Partnerships Act at Title II of the Cranston-Gonzales National Affordable Housing Act, as amended, 42 U.S.C. 12701 *et seq.*
2. “Adjusted Income” means the Annual Income of a household less any eligible allowances as specified in 24 CFR §5.611.
3. “Adjusted Monthly Income” means one twelfth of Adjusted Income.
4. “Affordable” means the total housing cost, which includes principal, interest, taxes and insurance, does not generally exceed 30% of the purchaser’s annual income.
5. “AMI” means Area Median Income which is the annual income figure for a specific geographic area which is determined annually by the U.S. Department of Housing and Urban Development and adjusted for family size.
6. “Annual Income” means the anticipated total income from all sources, as defined in 24 CFR §5.609, to be received by the Family Head and spouse and each additional member of the household during a twelve month period.
7. “Authorized City Representative” for the purposes of this Agreement shall be the Director of the Department of Family and Community Services or his/her designee.
8. “Authorized Developer Representative” means the person designated to act on behalf of the Developer.
9. “Buildings” means those certain buildings and all other structures, improvements, equipment, fixtures and facilities described or shown in the plans and specifications forming a part of the Project which are now or hereafter located on the Real Property as they may at any time exist.
10. “City” means the Department of Family and Community Services, City of Albuquerque, New Mexico, which is acting on behalf of the City as manager of this Agreement and does not obligate other City Departments which have separate and distinct obligations in regard to planning, zoning, inspections, licensing, and permitting.

11. “City Loan” means that amount of the Workforce Housing Trust Fund Loan in the amount of \$950,000.00 authorized under this Agreement and provided through the City to construct the Project.
12. “City’s Low Income” families means households earning Family Income of 80% or less of the City’s median income for the area, as determined by the U. S. Department of Housing and Urban Development.
13. “City Mortgage” means the mortgage against the Real Property, in substantially the form set forth in **Exhibit D** attached hereto, executed by the Partnership/ Ownership Entity in favor of the Developer to secure repayment of the Developer Loan in the event of a default, and which has been collaterally assigned by the Developer to the City to secure repayment of the City Loan made from the Workforce Housing Trust Funds in the event of a default under this Development Agreement.
14. “City Note” means the promissory note, substantially in the form attached hereto as **Exhibit C**, which evidences the obligation of the Partnership / Ownership Entity to repay the Developer Loan, and which has been collaterally assigned by the Developer to the City to secure repayment of the City Loan made from the Workforce Housing Trust Funds in the event of a default under this Development Agreement.
15. “City’s Very Low-Income” families means households earning Family Income of 50% or less of Area Median Family Income.
16. “Completion Date” means the date of completion of the rehabilitation of the Project as that date shall be certified pursuant to Section 4.2 hereof.
17. “Rehabilitation Period” means the period between the beginning of construction or installation of the Project and the Completion Date.
18. “Council” means the Council of the City or any successor governing body of the City.
19. “Developer” means the natural or artificial person who enters into a Development Agreement with the City for the purpose of constructing, owning or managing a Project under the Act. The term Developer includes the initial entity, its partners, successors, assigns, agents and representatives.
20. “Developer’s Fees” means those fees earned by the Developer involved in the Project which are the result of services provided to obtain Project financing, managing the rehabilitation of the Project, and maintaining and/or managing the Project after completion of rehabilitation .
21. “Family” means one or more individuals residing in a household.

22. “Family Income” means the gross annual income earned or received through all sources by a Family.
23. “General Fund” means those funds provided by Resolution 189, Enactment Number 51-1997 of the City Council of the City of Albuquerque to match funds provided through the HOME Investment Partnerships Program.
24. “Home Investment Partnership Program” means the program authorized by the Act of the Federal U.S. Department of Housing and Urban Development that provides funds to the City of Albuquerque in support of affordable housing development.
25. “Home Assisted Unit” means that residential unit, which either directly or indirectly has received financial assistance for acquisition and/or rehabilitation from funds authorized in the Act. In rental projects where the funds provided through the Act are only a portion of the total Project cost, a prorated number of units shall be defined in the Agreement and designated as floating HOME assisted units.
26. “Housing Quality Standards” means the standards set forth in 24 CFR Part 887 to maintain a decent, safe and sanitary living environment.
27. “Income Determination Criteria” means those income inclusions and exclusions as permitted under 24 CFR §5.609.
28. “Independent Engineer” means an engineer or architect or engineering or architectural firm approved by the City qualified to practice the profession of engineering or architecture under the laws of the State and who or which is not an employee of the City.
29. “Net Proceeds” when used with respect to any insurance payment or condemnation award means the gross proceeds from the insurance payment or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys fees) incurred in the collection of such gross proceeds.
30. “Permitted Encumbrances” means as of any particular time:
- i) liens for taxes and special assessments on the Project contested or not then delinquent as permitted by Article IX hereof;
 - ii) utility, access or other easements and rights-of-way, mineral rights, restrictions and exceptions that shall not materially interfere with or impair Developer’s use of the Project (or if no operations are being conducted therein, the operations for which the Project was designed);
 - iii) mechanic’s liens, security interests or other encumbrances to the extent permitted by Article VIII hereof;
 - iv) liens resulting from governmental regulations on the use and occupancy of the Project;
 - v) liens subordinate to the lien given to the City under and subject to the terms of this Agreement and to which the City has consented;

vi) liens arising by reason of deposits with or the giving of any form of security to or required by any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license by Developer or to enable Developer to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation or other insurance or to share in the privileges or benefits required for entities participating in such arrangements;

vii) any judgment lien against Developer so long as the finality of such judgment is being contested and execution thereof is stayed by appropriate proceedings promptly initiated and diligently conducted; and viii) such minor defects, irregularities, encumbrances, easements, rights-of-way, reservations, patents, and clouds on title as normally exist with respect to properties similar in character to the Project and as so not in the aggregate materially impair the Real Property affected thereby for the purpose for which it is acquired or is held by Developer.

31. "Person" means any natural person, firm association, trust, partnership, corporation or public body.

32. "Plans, Specifications and Elevations" means the plans, specifications and elevations for the Project as they shall be revised by Developer pursuant to Section 5.1 hereof.

33. "Program Income" means that portion of income generated from the Project subject to the requirements of 24 CFR Part 92 for HOME funded projects and the Workforce Housing Program Regulations for Workforce Housing Trust funded projects.

34. "Project" means the residential apartment development to be constructed upon the Real Property, including an underground garage for the use of the apartment residents, related on-site and off-site improvements, equipment and related rights therein.

35. "Real Property" or "Property" means the real estate that consists of the property located at 7909 Central Avenue NW, Albuquerque, Bernalillo County, New Mexico 87121, being all the property described on Exhibit B and improvements thereon (if any), interest in real estate and other rights purchased under this Agreement and any instrument supplementing or amending this Agreement together with all additions thereto and substitutions therefor, less such real estate and interests in real estate taken by the exercise of the power of eminent domain as provided herein.

36. "Restrictive Real Estate Covenants" means those real estate covenants imposed on the Real Property in the form attached as **Exhibit I** to insure the City's goals in regards to the Project.

37. "Special Needs" households means homeless people and/or people with physical or developmental disabilities or chronic mental illnesses as defined in HUD's Handbook 4571.2, Section 1-5, Parts A.2. and A.3.

38. “Subordination Agreement” means the agreement whereby the City agrees to subordinate the lien of the City Mortgage to all other Project financing, in substantially the form attached as **Exhibit J**.

39. “Utility Allowance” is the amount established by a schedule that is appropriate for a specific rent to cover the cost of utilities that are paid to the utility company as approved by the City.

40. “Workforce Housing” means rental and/or for-sale housing that is affordable to an individual whose annual household income does not exceed 80% of the area median income (AMI) and whose monthly housing payment does not exceed 30% of the imputed income limit applicable to such unit or 35% under special conditions to be defined in the Workforce Housing Plan. The AMI is published annually by the United States Department of Housing and Urban Development.

Legal Description

4501 Central Avenue NE:

A tract of land in the City of Albuquerque, New Mexico and more particularly described as follows;

The Westerly twenty-five feet (W'ly 25') of Lots numbered One (1) to Thirteen (13) inclusive, and all of Lots numbered Eighteen (18) to Thirty-six (36) inclusive, in Block numbered Forty-four (44) of the valley View Addition to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat thereof, filed in the office of the Probate Clerk and Ex-Officio Recorder of Bernalillo County, New Mexico, on September 2, 1911, in Plat Book D1, Page 32.

**MORTGAGE, ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT**

(\$950,000.00 Loan)

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (“**Mortgage**”) is made as of _____, 2020, by SANTANA APARTMENTS, LLC, a New Mexico limited liability limited corporation, whose address is P.O. Box 27459, Albuquerque, New Mexico 87125, as mortgagor (“**Borrower**”) and SUPPORTIVE HOUSING COALITION OF NEW MEXICO, a New Mexico nonprofit corporation, whose address is P.O. Box 27459, Albuquerque, New Mexico 87125, as mortgagee (“**Lender**”).

Borrower, in consideration of the indebtedness herein recited hereby mortgages, warrants, grants, conveys and assigns to Lender, Borrower’s leasehold interest in the real property located in the City of Albuquerque, County of Bernalillo, New Mexico as described on Exhibit B attached hereto and incorporated herein by this reference (the “**Land**”).

(a) TOGETHER WITH all of Borrower’s interest in any and all buildings and improvements now or hereafter erected on the Land, including but not limited to the fixtures, appurtenances, attachments, appliances, equipment, machinery, and other articles attached to such buildings and improvements, but specifically excluding personalty of tenants in the buildings (the “**Improvements**”). The Land and Improvements are referred to collectively as the “**Property**”.

(b) For purposes of this Mortgage, “fixtures” shall be deemed to include, to the fullest extent allowed by law, all equipment and machinery now or at any time hereafter located in, on, under or about the Property or appurtenant thereto, that is used in connection therewith and which is or becomes so related to the Property that an interest arises in it under real estate law. Such fixtures shall include, without limitation, all machinery, equipment (including without limitation pipes, furnaces, conveyors, drums, fire sprinklers and alarms systems, and air conditioning, heating, refrigerating, electronic monitoring, food storage, food processing, trash and garbage removal and maintenance equipment), office equipment, built-in tables, chairs, planters, desks, sofas, shelves, lockers, cabinets, safes, furnishings, appliances including without limitation iceboxes, refrigerators, dishwashers, stoves, ovens, microwave ovens, trash compactors, washers, dryers, fans, heaters, water heaters and incinerators), rugs, carpets and other floor coverings, draperies, drapery rods and brackets, awnings, window shades, venetian blinds, curtains, lamps, chandeliers and other lighting fixtures.

(c) TOGETHER WITH, all rents, issues, profits, royalties, deposits, receipts, revenues, income and all other benefits derived from the Property (collectively, the “**Rents**”), subject to the right, power and authority hereinafter given to Borrower to collect and apply the Rents.

Borrower and Lender covenant and agree as follows:

1. **Note; Other Obligations Secured.** This Mortgage is given to secure to Lender: (1) the repayment of the indebtedness evidenced by Borrower's Promissory Note (the "**Note**") of even date herewith in the principal sum of \$950,000.00, according to the terms of the Note payable to order of Lender, and extensions or renewals thereof; (2) the performance of each agreement and covenant of Borrower incorporated by reference or contained herein; and (3) payment of additional sums and interest thereon which may hereafter be loaned by Lender to Borrower, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Mortgage.

2. **Payment of Principal.** Borrower shall promptly pay when due the principal of the indebtedness evidenced by the Note, and late charges as provided in the Note and shall perform all of Borrower's other covenants contained in the Note.

3. **Prior Mortgages and Deeds of Trust Charges Liens.** Borrower shall perform all or Borrower's obligations under any prior mortgage and any other prior liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may have or attain a priority over this Mortgage. Despite the foregoing, Borrower shall not be required to make payments otherwise required by this Section 3 if Borrower, after notice to Lender, shall in good faith contest such obligation by, or defend enforcement of such obligation in, legal proceedings which operate to prevent the enforcement of the obligation or forfeiture of the Property or any part thereof, only upon Borrower making all such contested payments and other payments as ordered by the court to the registry of the court in which such proceedings are filed.

4. **Property Insurance.**

(a) Borrower shall keep the Improvements now existing or hereafter erected on the Property insured against loss by fire or hazards included within the term "extended coverage" in an amount at least equal to the lesser of (1) the insurable value of the Property or (2) an amount sufficient to pay the sums secured by this Mortgage as well as any prior encumbrances on the Property. All of the foregoing shall be known as "**Property Insurance.**"

(b) The insurance carrier providing the Property Insurance shall be qualified to write Property Insurance in New Mexico and shall be chosen by Borrower subject to Lender's right to reject the chosen carrier for reasonable cause. All Property Insurance policies and renewals thereof shall include a standard mortgage clause in favor of Lender, and shall provide that the insurance carrier shall notify Lender at least ten (10) days before cancellation, termination or any material change of coverage. Property Insurance policies shall be furnished to Lender at or before closing, Lender shall have the right to hold the policies and renewals thereof.

(c) In the event of loss, Borrower shall give prompt notice to the Property Insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

(d) Property Insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security

of this Mortgage is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the Property Insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is given in accordance with Section 13 by tender to Borrower that the Property Insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the Property Insurance proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Mortgage or any part thereof.

(e) Any such application of proceeds to principal shall not extend or postpone the due date of any required payments under the Note or change the amount of such payments. Notwithstanding anything herein to the contrary, if under Section 15 the Property is acquired by Lender, all right, title and interest of Borrower in and to any Property Insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Mortgage immediately prior to such sale or acquisition.

(f) All of the rights of Borrower and Lender hereunder with respect to insurance carriers, insurance policies and insurance proceeds are subject to the rights of any holder of a prior mortgage with respect to said insurance carriers, policies and proceeds.

(g) Borrower shall be in compliance with the requirements of this Section 4 if Borrower is in compliance with the insurance requirements set forth in any prior mortgage secured by the Property, or any other mortgage which may have or attain priority to this Mortgage.

5. Preservation and Maintenance of Property. Borrower shall keep the property in good repair and shall not commit waste or permit impairment or deterioration of the Property. Borrower shall perform all of Borrower's obligations under any declarations, covenants, by-laws, rules, or other documents governing the use, ownership or occupancy of the Property.

6. Protection of Lender' Security.

(a) Except when Borrower has exercised Borrower's rights under Section 3 above, if the Borrower fails to perform the covenants and agreements contained in this Mortgage, or if a default occurs in a prior lien, or if an action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, with notice to Borrower if required by law, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to:

(i) any general or special taxes or ditch or water assessments levied or accruing against the Property;

(ii) the premiums on any insurance necessary to protect any improvements comprising a part of the Property;

(iii) sums due on any prior lien or encumbrance on the Property;

(iv) the reasonable costs and expenses of defending, protecting, and maintaining the Property and Lender's interest in the Property, including repair and maintenance costs and expenses, costs and expenses of protecting and securing the Property, receiver's fees and expenses, inspection fees, appraisal fees, court costs, attorney fees and costs, and fees and costs of an attorney in the employment of the Lender or holder of the certificate of purchase;

(v) all other costs and expenses allowable by the evidence of debt or this Mortgage; and

(vi) such other costs and expenses which may be authorized by a court of competent jurisdiction.

(b) Borrower hereby assigns to Lender any right Borrower may have by reason of any prior encumbrance on the Property or by law or otherwise to cure any default under said prior encumbrance.

(c) Any amounts disbursed by Lender pursuant to this Section 6, with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and Lender may bring suit to collect any amounts so disbursed plus interest specified in Section 1. Nothing contained in this Section 6 shall require Lender to incur any expense or take any action hereunder.

7. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspection of the Property, provided that Lender shall give Borrower written notice prior to any such inspection specifying reasonable cause thereof related to Lender's interest in the Property.

8. **Condemnation.**

(a) The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender as herein provided. However, Developer shall have the right to apply the net proceeds of insurance or any award made in a condemnation proceeding to the restoration of the buildings and other improvements located on the Real Property to substantially the same conditions as existed prior to the casualty causing the damage or destruction or the exercise of eminent domain; provided such proceeds are sufficient to rebuild the Project or if such proceeds are insufficient, then Developer shall fund any deficiency. All of the rights of Borrower and Lender hereunder with respect to such proceeds are subject to the rights of any holder of a prior mortgage.

(b) In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, the proceeds remaining after taking out any part of the award due any prior lien holder (net award) shall be divided between Lender and Borrower, in the same ratio as the amount of the sums secured by this Mortgage immediately prior to the date of taking bears to Borrower's equity in the Property immediately prior to the date of taking. Borrower's equity

in the Property means the fair market value of the Property less the amount of sums secured by both this Mortgage and all prior liens (except taxes) that are to receive any of the award, all at the value immediately prior to the date of taking; provided that the proceeds paid to Lender shall not exceed all amounts secured by this Mortgage. Notwithstanding anything to the contrary contained herein but subject to the rights of any senior lender, so long as the value of Lender's lien is not impaired, any condemnation proceeds may be used by Borrower for repair and/or restoration of the Project.

(c) If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is given, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Mortgage.

(d) Any such application of proceeds to principal shall not extend or postpone the due date of any required payments under the Note or change the amount of such payments.

(e) Borrower shall be in compliance with the requirements of this Section 8 if Borrower is in compliance with provisions regarding condemnation set forth in any prior mortgage secured by the Property, or any other mortgage which may have or attain priority to this Mortgage.

9. **Borrower Not Released.** Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower, nor Borrower's successors in interest, from the original terms of this Mortgage. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Borrower nor Borrower's successors in interest.

10. **Forbearance by Lender Not a Waiver.** Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by law, shall not be a waiver or preclude the exercise of any such right or remedy.

11. **Remedies Cumulative.** Each remedy provided in the Note and this Mortgage is distinct from and cumulative to all other rights or remedies under the Note and this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. **Successors and Assigns Bound; Joint and Several Liability; Captions.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Section 20. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the sections in this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

13. **Notice.** Except for any notice required by law to be given in another manner, (a)

any notice to Borrower provided for in this Mortgage shall be in writing and shall be given and be effective upon (1) delivery to Borrower and Borrower's Limited Partner, or (2) mailing such notice by first class U.S. mail, addressed to Borrower and Borrower's Limited Partner at Borrower's and Borrower's Limited Partner's address stated herein or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be in writing and shall be given and be effective upon (1) delivery to Lender, or (2) mailing such notice by first class U.S. mail, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given in any manner designated herein. Borrower's Limited Partner's address is:

Santana Apartments LLC
P.O. Box 27459
Albuquerque, New Mexico 87125

14. **Governing Law; Severability.** The Note and this Mortgage shall be governed by the law of New Mexico. In the event that any provision or clause of this Mortgage or the Note conflicts with the law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Mortgage and Note are declared to be severable.

15. **Acceleration; Foreclosure; Other Remedies.** At any time upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, or upon any default in a prior lien upon the property, subject to any cure period provided therein, Lender, at Lender's option, may declare the indebtedness secured hereby to be immediately due and payable without further demand, and may foreclose this Mortgage by judicial proceeding and may invoke any one or more other remedies permitted by applicable law or provided in this Mortgage or in the Note. Lender shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees, costs of documentary evidence, abstracts and title reports. Notwithstanding any other provisions of this Mortgage or the Note to the contrary, Borrower may not, until the end of the Compliance Period (as such term is defined in Borrower's Partnership Agreement), exercise its rights under this Mortgage without the prior written consent of the Borrower's Limited Partner.

16. **Borrower's Right to Cure Default.** Whenever foreclosure is commenced for non-payment of any sums due hereunder, Borrower or parties liable hereon shall be entitled to cure said defaults by paying all delinquent principal and interest payments due as of the date of cure, costs, expenses, late charges, reasonable attorney's fees and other fees all in the manner provided by law. Upon such payment, this Mortgage and the obligations secured hereby shall remain in full force and effect as though no Acceleration had occurred, and the foreclosure proceedings shall be discontinued. The Limited Partner shall have the right, but not the obligation, to cure defaults hereunder in the same manner as set out in the Note.

17. **Assignment of Rents; Appointment of Receiver; Lender In Possession.** As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property; however, Borrower shall, prior to Acceleration under Section 15 or abandonment of the Property,

have the right to collect and retain such rents as they become due and payable.

- a. Lender shall be entitled to a receiver for the Property after Acceleration under Section 15, and shall also be so entitled during the time covered by foreclosure proceedings and the period of redemption, if any; and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of Borrower or of the then owner of the Property, and without regard to the value thereof. Such receiver may be appointed by any court of competent jurisdiction upon ex parte application and without notice, notice being hereby expressly waived.
- b. Upon Acceleration under Section 15 or abandonment of the Property, Lender in person, by agent or by judicially-appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied, first, to payment of the costs of preservation and management of the Property, second, to payments due upon prior liens, and then to the sums secured by this Mortgage. Lender and the receiver shall be liable to account only for those rents actually received.

18. **Release.** Upon payment of all sums secured by this Mortgage, Lender shall cause the release of this Mortgage. Borrower shall pay all costs of recordation.

19. **Waiver of Exemptions.** Borrower hereby waives all right of homestead and any other exemption in the property under state or federal law presently existing or hereafter enacted.

20. **Transfer of the Property, Assumption.** The following events shall be referred to herein as a “**Transfer**”: (i) a transfer or conveyance of title (or any portion thereof, legal or equitable) of the Property (or any part thereof or interest therein), (ii) the execution of a contract or agreement creating a right to title (or any portion thereof, legal or equitable) in the Property (or any part thereof or interest therein), (iii) or an agreement granting a possessory right in the Property (or any portion thereof), in excess of three (3) years, (iv) a sale or transfer of, or the execution of a contract or agreement creating a right to acquire or receive, a general partnership interest or more than fifty percent (50%) of the controlling interest or more than fifty percent (50%) of the beneficial interest in the Borrower, or (v) the reorganization, liquidation or dissolution of the Borrower. Not to be included as a Transfer are (i) the creation of a lien or encumbrance subordinate to this Mortgage, (ii) the creation of a purchase money security interest for household appliances, (iii) a transfer by devise, descent or by operation of the law upon the death of a joint tenant, (iv) a transfer of limited partnership interests of Borrower, (v) the removal or substitution of the general partner of Borrower in accordance to the Amended and Restated Agreement of Limited Partnership of the Borrower, or (vi) the participation of a tax credit equity partner. At the election of Lender, in the event of each and every Transfer:

- a. All sums secured by this Mortgage shall become immediately due and payable (an Acceleration).
- b. If a Transfer occurs and should Lender not exercise Lender’s option pursuant

to Section 20(a) to Accelerate, the transferee shall be deemed to have assumed all of the obligations of Borrower under this Mortgage including all sums secured hereby whether or not the instrument evidencing such conveyance, contract or grant expressly so provides. This covenant shall run with the Property and remain in full force and effect until said sums are paid in full. The Lender may without notice to the Borrower deal with the transferee in the same manner as with the Borrower with reference to said sums including the payment or credit to the transferee of undisbursed reserve funds on payment in full of said sums, without in any way altering or discharging the Borrower's liability hereunder for the obligations hereby secured.

- c. Should Lender not elect to Accelerate upon the occurrence of such transfer then, subject to Section 20(b) above, the mere fact of a lapse of time or the acceptance of payment subsequent to any of such events, whether or not Lender had actual or constructive notice of such Transfer, shall not be deemed a waiver of Lender's right to make such election nor shall Lender be estopped therefrom by virtue thereof. The issuance on behalf of the Lender of a routine statement showing the status of the loan, whether or not Lender had actual or constructive notice of such Transfer, shall not be a waiver or estoppel of Lender's said rights.

21. **Subordination.** Lender agrees that the lien of this Mortgage shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the "**Extended Use Agreement**") recorded against the Property, provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Mortgage or upon a transfer of the Property by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

22. **No Oral Agreements.** Pursuant to Section 58-6-5 NMSA 1978, a contract, promise or commitment to loan money or to grant, extend or renew credit, or any modification thereof, in an amount greater than Twenty-five Thousand Dollars and No/100 Dollars (\$25,000.00) not primarily for personal, family or household purposes made by a financial institution is not enforceable unless made in writing and signed by the party to be charged or that party's authorized representatives.

23. **Maximum Amount of Indebtedness.** Notwithstanding any provision to the contrary in this Mortgage or the Note which permits any additional sums to be advanced on or after the date of this Mortgage, whether as additional loans or for any payments authorized by this Mortgage, the total indebtedness secured by this Mortgage shall not at any time exceed three hundred percent (300%) of the original principal amount of the Note set forth in Section 1 of this Mortgage.

24. **Borrower's Copy.** Borrower acknowledges receipt of a copy of the Note and this Mortgage.

IN WITNESS WHEREOF, Borrower has executed this Mortgage as of the date first written above.

BORROWER:

SANTANA APARTMENTS LLC

By SUPPORTIVE HOUSING COALITION, Manager

By _____
STEVE ROSS, Executive Director

LENDER:

SUPPORTIVE HOUSING COALITION OF NEW MEXICO

By: _____
STEVE ROSS, Executive Director

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

On this _____ day of _____, 2020, before me personally appeared STEVE ROSS, the Executive Director of SUPPORTIVE HOUSING COALITION OF NEW MEXICO, the Manager of SANTANA APARTMENTS LLC, and acknowledged that he executed the same as his free act and deed on behalf of the Borrower .

My Commission Expires: _____
Notary Public

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

On this _____ day of _____, 2020, before me personally appeared STEVE ROSS, the Executive Director of SUPPORTIVE HOUSING COALITION OF NEW MEXICO, and acknowledged that he executed the same as his free act and deed on behalf of the SUPPORTIVE HOUSING COALITION OF NEW MEXICO.

My Commission Expires: _____
Notary Public

Exhibit D

PROMISSORY NOTE

\$950,000.00

FOR VALUE RECEIVED, the undersigned, SANTANA APARTMENTS LLC, a New Mexico limited liability limited corporation ("Maker"), promises to pay to the order of SUPPORTIVE HOUSING COALITION OF NEW MEXICO, a New Mexico nonprofit corporation ("Holder"), the principal sum of NINE HUNDRED FIFTY THOUSAND DOLLARS and No/100 (\$950,000.00), or so much thereof as may have been advanced to Maker by Holder, together with all charges as provided herein and accrued interest on the principal balance thereof outstanding from time to time at the applicable rate of interest as hereinafter specified.

On _____, 2020, Holder and the City of Albuquerque, New Mexico (the "City"), entered into a Development Agreement, (the "Development Agreement"), concerning the construction and development of an affordable housing community known as the Santana Apartments Project in the City of Albuquerque, New Mexico (the "Project") and, pursuant to the Development Agreement, a Loan has been made to Holder by the City (the "Loan").

The loan represented by this Promissory Note ("Note") is being made with the City Loan. In consideration for the loan evidenced hereby, Maker agrees that it will comply with the applicable obligations and use restrictions respecting the Project set forth in the Restrictive Real Estate Covenants, dated _____, 2020 (the "Restrictive Real Estate Covenants"). Maker agrees that it will reasonably cooperate with Holder in connection with Holder's audit and other reporting requirements to the City and the State of New Mexico in connection with the loan evidenced hereby.

The Note will accrue interest at the rate of one percent (1%) per annum.

The proceeds of the loan evidenced by this Note may be assigned, with the prior written approval of both the City and Holder, to any successors, assignees or purchasers of the Project (each a "Successor Owner") who agree in writing to assume all obligations of Maker under the Development Agreement, the Mortgage, as herein defined, and this Note, and Maker will thereupon be released from all future liability hereunder, and such Successor Owner(s) will thereafter be treated as the "Maker" for all purposes hereunder.

If not sooner paid, the entire outstanding balance of the principal sum and all accrued and unpaid interest thereon will be immediately due and payable in full on the earlier of (i) December 31, 2119, (ii) upon Maker's default or breach of this Note, subject to the notice and cure provisions set forth herein, or (iii) in the event of a sale or refinancing of the Project.

All payments of principal and interest hereunder are payable in lawful money of the United States at Holder's office at 625 Silver Ave., SW, Suite 420, Albuquerque, New Mexico 87102, or at such other place as Holder may from time to time give notice in writing to Maker. All payments received hereunder will be applied first to accrued interest as of the date of payment and then to the outstanding principal balance of this Note.

This Note is secured by a Mortgage and Security Agreement of even date herewith, recorded in the real property records of Bernalillo County, New Mexico (the "Mortgage"), conveying a mortgage and security interest in the Project and the real property constituting the site therefor. All of the provisions of the Mortgage are incorporated herein by reference.

Prepayments of all or any part of the balance of this Note may be made at any time and from time to time by Maker. No premium or penalty will be charged in connection with such prepayment.

The occurrence of any of the following is a default of the terms of this Note: (i) Maker fails to pay when due any installment of principal or interest hereunder; (ii) Maker dissolves or otherwise fails to maintain its status as a New Mexico limited liability limited partnership; or (iii) Maker fails to perform the covenants contained in this Note, the Mortgage, the Development Agreement or the Restrictive Real Estate Covenants.

In the event the City requires repayment by Holder of the Loan, or any part thereof, Holder may, at its option, accelerate the indebtedness evidenced hereby to the extent of such repayment obligation, subject to the terms herein, including the notice and cure provisions below. If Holder fails to make any such repayment when due, Maker will have the right to make the required repayment directly to the City and will be entitled to full credit for all such payments against amounts otherwise due to Holder under this Note.

Upon an event of default hereunder, Holder shall provide notice thereof to Maker (a "Default Notice"). Maker will have thirty (30) days after receipt of a Default Notice to cure the default addressed therein (the "Cure Period"). If such default is reasonably capable of being cured within the Cure Period, Maker will have such period to effect a cure prior to exercise of remedies by Holder under this Note and the Mortgage. If such default is such that it is not reasonably capable of being cured within the Cure Period and if Maker initiates corrective action within the Cure Period and diligently and in good faith works to effect a cure as soon as possible, then Maker shall have such additional time as is reasonably necessary to cure such default. Unless and until Maker receives a Default Notice, no action or inaction by or on behalf of Maker will be deemed an event of default hereunder, triggering Maker's obligation to cure or to pay the indebtedness evidenced hereby. In the event Maker receives a Default Notice and fails to cure the applicable default or Maker and Holder have not agreed in writing to a settlement thereof within the Cure Period, as extended, the whole unpaid balance hereof will, at once or at any time thereafter during the continuance of such default, at the option of Holder, become immediately due and payable, and Maker will pay on demand to Holder all costs and expenses, including reasonable attorney's fees, incurred by Holder in pursuing its remedies under this Note.

Maker's limited partner (the "Limited Partner") may, at its option, cure any default for a period of thirty (30) days following notice thereof, which period may be extended with the prior

consent of Holder if the Limited Partner has initiated efforts to cure the default within such thirty (30) day period and continues to diligently pursue those efforts to completion. Any cure of any default made or tendered by the Limited Partner will be deemed to be a cure by Maker and will be accepted or rejected on the same basis as if made or tendered by Maker.

All notices to Maker given hereunder must be in writing, must be hand delivered or sent by overnight courier or by certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

Maker: Supportive Housing Coalition of New Mexico
P.O. Box 27459
Albuquerque, New Mexico 87125

Limited Partner: SANTANA APARTMENTS LLC
P.O. Box 27459
Albuquerque, New Mexico 87125

Any such notice will be deemed effective when hand delivered, or one business day after timely delivery to an overnight courier for next day delivery to Maker (as evidenced by a receipt from the overnight courier), or three days after notice is deposited with the U.S. Postal Service. Copies of all notices hereunder or under the Mortgage sent to Maker must also be sent to the Limited Partner at the address set forth above. Any notice hereunder or under the Mortgage delivered to Maker will be deemed ineffective and not delivered until a copy of such notice is delivered to the Limited Partner

Except to the extent expressly provided herein, Maker waives presentment for payment, notice of protest and notice of dishonor. Maker consents to any number of renewals or extensions of the time of payment hereof. Any such renewals or extensions may be made without notice to Maker and without affecting its liability.

Failure to accelerate the indebtedness evidenced hereby by reason of default in the payment of an installment of principal, interest, or principal and interest, or the acceptance of a past due installment of the same, will not be construed as a novation of this Note or as a waiver of the right of Holder to thereafter insist upon strict compliance with the terms of this Note without previous notice of such intention being given to Maker. This Note cannot be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

As used herein, the terms "Maker" and "Holder" will be deemed to include their respective successors, legal representatives and assigns, whether voluntary by action of the parties or involuntary by operation of law. This Note will be construed according to the laws of the State of New Mexico.

Any and all references in this Note to any other document or documents are references to such document or documents as the same may from time to time be modified, amended, renewed, consolidated or extended.

The representative of Maker subscribing below represents that he has full power, authority and legal right to execute and deliver this Note and that the debt evidenced hereby constitutes a valid and binding obligation of Maker.

Holder agrees that it shall not assign or transfer this Loan (or any interest therein) to any third party without the prior written consent of Maker and Limited Partner.

This Note is executed in Albuquerque, New Mexico on the _____ day of _____, 2020.

SANTANA APARTMENTS LLC, a New Mexico
limited liability corporation

By: Supportive Housing Coalition of New
Mexico, a New Mexico limited liability
company, General Partner

By: _____
STEVE ROSS
Executive Director

HOME Investment Partnerships Program ("HOME") Multi-Family Underwriting Template

U.S. Department of Housing and Urban Development
Office of Community Planning and Development

***CHANGES TO THIS APPLICATION ARE HIGHLIGHTED - See 1) Development Costs; 2) Sources & Uses

Project Information	
Project Name:	Santana
Address:	TBD near intersection of Central and Adams in Albuquerque, NM
Developer:	Thomas Development Co.
Date of Analysis:	8/1/2019
City:	Albuquerque
State:	NM
Development Type:	Walkup Garden Apartments (2-4 Stories)

NOTES ON KEY HOME REQUIREMENTS AND THIS TEMPLATE

This HOME Multi-Family Underwriting Template is intended to assist in planning multi-family affordable rental housing, not single-family affordable housing.

Typical users will be Participating Jurisdiction (PJ) underwriters, Community Housing Development Organization (CHDO) underwriters, and underwriters for other developers of HOME-assisted affordable rental housing projects. This template supports normal underwriting tasks such as review of development costs and review of operating revenues and expenses, but also includes features that help the user determine the appropriate amount of HOME assistance as well as the appropriate number and mix of HOME-assisted units.

Users may find it helpful to review the HOME Underwriting and Subsidy Layering Notice, CPD 15-11. This template does not cover all elements of the Notice requirements.

The U.S. Department of Housing and Urban Development and ICF International assume no liability for the use, functionality, or content of this template. This template is for draft calculations only. All inputs, outcomes, and calculations should be independently verified.

This template does not automatically cap rents at HOME levels. Each user must do this, as applicable, on the Rents and Income tab.

This template does not include cost allocation which must be completed separately by the PJ to allocate costs and designate the number of HOME units. Users should refer to the guidance provided in CPD Notice 16-15 and utilize the HOME cost allocation tool available at the following links: <https://www.hudexchange.info/resources/documents/Notice-CPD-16-15-Allocating-Eligible-Costs-and-Identifying-HOME-Assisted-Units-in-Multi-Unit-HOME-Rental-and-Homeownership-Development-Projects.pdf>, and <https://www.hudexchange.info/resource/5190/home-cost-allocation-tool/> for guidance on allocating costs and determining maximum investment and minimum HOME units."

HOME PJs must conduct a subsidy layering analysis prior to commitment of HOME funds.

\$407	Cells with light green background are data entry cells
\$40,700	Cells with white background are formulas

Do not change formulas (many of them track to other formulas)

- ? Blue boxes like this contain guidance (place the mouse pointer over the question mark)
If the guidance text is too small for the user to read, increase the zoom setting on the tab.

The Role of HOME Funds in a Development Project

In rental housing development projects, HOME funds typically serve as "gap financing" – funds provided when the contributions of private lenders and other funding resources are not sufficient to cover the cost of developing and leasing-up the project. PJ and non-profit staff are often called upon to determine the appropriate amount of HOME funds required to "fill the gap" in order to make the project feasible, while ensuring the project is not over-subsidized and that HOME funds are used only for HOME-eligible expenses.

While HOME funds are an indispensable resource for many affordable housing projects, they come with requirements that can also influence a project's finances. To ensure that a portion of the housing units created when HOME funds are invested will remain available to low-income and very-low-income households, rents for these units are limited for a specified period to affordable levels appropriate to the project's geographic area. These HOME rent limits may impact the amount of income generated by the property, which in turn can influence the amount and availability of private and other public funding resources for the project.

HOME Investment Partnerships Program ("HOME") Multi-Family Underwriting Template

U.S. Department of Housing and Urban Development
Office of Community Planning and Development

*****CHANGES TO THIS APPLICATION ARE HIGHLIGHTED - See 1) Development Costs; 2) Sources & Uses**

Multi-Family Underwriting

Underwriting is the process of determining the financial feasibility and the terms of a project. The objective of underwriting is to determine whether the ongoing revenues from a property will be sufficient to cover construction and operating costs to ensure that property will be sustainable for the specific period of affordability. There is no one "right" way to do underwriting. However, across all approaches, there are some common elements:

- Review of costs for constructing the project in order to determine both reasonableness and eligibility.
- Review of the sources of financing for the project.
- Review the projected profitability and financial health of the project.
- Establish the financing and operating terms.

Introduction to this Template

The HOME Multi-Family Underwriting Template is composed of several interrelated Excel tabs, which are accessible by tabs found at the bottom of the Excel screen. Open the Template in Excel and look along the bottom of the screen. You will see a set of tabs reading:

- Intro
- Requirements
- Rents and Income
- Development Costs
- Repl Reserve
- Const Schedule
- LIHTC Basis
- Operating Expenses
- First Mortgage Sizing
- Sources and Uses
- Pro Forma Assumptions
- Operating Pro-Forma
- Administrative Record
- Summary

Microsoft Excel and This Template

This template is provided in Excel 2007 format. Two versions are available. One is macro-enabled (an .xlsm file); this version includes radio buttons that will allow the user to hide and reveal columns and rows used for supporting calculations, and helpful features such as automatically providing the appropriate number of columns on the Operating Pro-Forma tab. If you are using the .xlsm format, be sure to always save the file in .xlsm format (if you save it in .xlsx format, you will lose all of the macros).

In the .xlsm format, if you click on a radio button labeled 'Hide Columns' or 'Hide Rows', the template will hide the rows or columns that hold supporting calculations. A radio button labeled 'Reveal columns' or 'Reveal rows' will reveal (un-hide) the supporting calculations.

For users whose information technology policies do not allow enabled macros, this template is also available in a non-macro-enabled format (an .xlsx file).

This template also contains two forms of protection. The first is worksheet (tab) protection (formula cells are locked to prevent accidental damage to formulas). The second is workbook protection (which prevents accidental deletion of tabs). However, if you need to make custom modifications to this template, you can do so by entering the password (the password is a single blank character).

Upon completing this tab, proceed to the *Requirements* tab.

HOME and Other Affordable Housing Requirements

Enter data in green cells only

The HOME Program, as well as other affordable housing programs (e.g., Low-Income Housing Tax Credits or the Community Development Block Grant), are designed to provide effective resources for housing development, while ensuring that use of public funds results in increased availability of affordable housing. To meet the latter objective, the HOME Program and other affordable housing programs impose requirements and restrictions, such as maximum subsidies, maximum rents for units reserved for affordable housing, and affordability periods during which units must remain affordable.

Note that some individual units may be subsidized using both HOME funds and funds from another affordable housing program. For the purposes of this Template, consider those units to be HOME-assisted units.

Use this worksheet to enter (or change) the following: Area Median Incomes, rents, utility allowances, the HOME period of affordability, and HOME per-unit investment limits.

Project Name - Santana : 111 Units

4 Person AMI at 100% AMI

?

HOME Investment Limits

HOME per Unit Limit - 0 Bedroom	\$100,000	
HOME per Unit Limit - 1 Bedroom	\$125,000	
HOME per Unit Limit - 2 Bedroom	\$150,000	
HOME per Unit Limit - 3 Bedroom	\$175,000	
HOME per Unit Limit - 4 Bedroom	\$200,000	
HOME per Unit Limit - 5 Bedroom	\$200,000	(same as 4BR limit)

?

HOME Rent Limits (monthly, including rent and tenant-paid utilities)

Low 0 BR	Low 1 BR	Low 2 BR	Low 3 BR	Low 4 BR	Low 5 BR
	\$616	\$740	\$854		
High 0 BR	High 1 BR	High 2 BR	High 3 BR	High 4 BR	High 5 BR
	\$711	\$877	\$1,091		

?

HOME Utility Allowances (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$64	\$87	\$110		

?

HOME Affordability Period

HOME-Eligible Rental Activity (select one)	New Construction or Acquisition of New Housing	
Average Per-Unit HOME Subsidy (select one)	More than \$40,000	See the Note below
HOME Required Affordability Period (in years)	20	(Advisory information only.)
PJ's Required Affordability Period (in years)	20	(Must be at least as long as HOME requirement.)
PJ's Affordability Period in Compliance with HOME Program?	Yes	

Note: the Template indicates underwritten HOME subsidy of \$100,000 per unit. See the Sources and Uses and Rents and Income tabs.

HOME and Other Affordable Housing Requirements

Enter data in green cells only

?

Market Rents (the rents that these units could achieve without rent or income restrictions)

Market Rents (monthly, rent only, do not add tenant-paid utilities)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$1,100	\$1,300	\$1,700		

On the Rents and Income tab, for each unit type you will be able to select the most restrictive rent limit (for example, High HOME or Market or Project Based Section 8) and a set of utility allowances. You will also be able to underwrite, for each unit type, less than 100% of the applicable rent limit (for example, you can underwrite 95% of the High HOME rent instead of 100% if you choose).

Below are several sections in which you can enter the gross rents (rent plus tenant-paid utilities) and utility allowances for affordable housing programs other than HOME. Examples might include Low Income Housing Tax Credit (LIHTC) units restricted at 60% AMI rents, LIHTC units restricted at 50% AMI rents, CDBG units, and project-based Section 8 units.

If multiple programs use the same utility allowances (for example, LIHTC 60% and 50% and 40% AMI), you might choose to enter the utility allowances only once in the sections below.

Gross Rents and Utility Allowances for Other Affordable Housing Program #1

Other Affordable Housing Program Name LIHTC 50 AMI 50% of AMI (if AMI rents are applicable)

Gross Rent Limits for LIHTC 50 AMI (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$616	\$740	\$854		

Utility Allowances for LIHTC 50 AMI (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$64	\$87	\$110		

Gross Rents and Utility Allowances for Other Affordable Housing Program #2

Other Affordable Housing Program Name LIHTC 60 AMI 60% of AMI (if AMI rents are applicable)

Gross Rent Limits for LIHTC 60 AMI (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$739	\$888	\$1,025		

Utility Allowances for LIHTC 60 AMI (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$64	\$87	\$110		

Gross Rents and Utility Allowances for Other Affordable Housing Program #3

Other Affordable Housing Program Name LIHTC 40 AMI 40% of AMI (if AMI rents are applicable)

Gross Rent Limits for LIHTC 40 AMI (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$493	\$592	\$683		

Utility Allowances for LIHTC 40 AMI (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$64	\$87	\$110		

HOME and Other Affordable Housing Requirements

Enter data in green cells only

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HOME and Other Affordable Housing Requirements

Enter data in green cells only

Gross Rents and Utility Allowances for Other Affordable Housing Program #4						
Other Affordable Housing Program Name		LIHTC 30 AMI		30%		of AMI (if AMI rents are applicable)
Gross Rent Limits for LIHTC 30 AMI (monthly)						
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
	\$369	\$444	\$512			
Utility Allowances for LIHTC 30 AMI (monthly)						
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
	\$64	\$87	\$110			

Gross Rents and Utility Allowances for Other Affordable Housing Program #5						
Other Affordable Housing Program Name		Other 1		20%		of AMI (if AMI rents are applicable)
Gross Rent Limits for Other 1 (monthly)						
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Utility Allowances for Other 1 (monthly)						
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	

Gross Rents and Utility Allowances for Other Affordable Housing Program #6						
Other Affordable Housing Program Name		Other 2		25%		of AMI (if AMI rents are applicable)
Gross Rent Limits for Other 2 (monthly)						
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Utility Allowances for Other 2 (monthly)						
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	

Gross Rents and Utility Allowances for Other Affordable Housing Program #7						
Other Affordable Housing Program Name		Other 3		35%		of AMI (if AMI rents are applicable)
Gross Rent Limits for Other 3 (monthly)						
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Utility Allowances for Other 3 (monthly)						
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	

Gross Rents and Utility Allowances for Other Affordable Housing Program #8						
--	--	--	--	--	--	--

HOME and Other Affordable Housing Requirements

Enter data in green cells only

Other Affordable Housing Program Name	Other 4	80%	of AMI (if AMI rents are applicable)		
Gross Rent Limits for Other 4 (monthly)					
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$986	\$1,184	\$1,367		
Utility Allowances for Other 4 (monthly)					
0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
	\$64	\$87	\$110		

Upon completing this tab, proceed to the *Rents and Income* tab.

The rows below are working computations for AMI rents

	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	Percentage of AMI
20%	\$229	\$246	\$295	\$341	\$381	\$420	20%
25%	\$287	\$307	\$369	\$427	\$476	\$525	25%
30%	\$344	\$369	\$443	\$512	\$571	\$630	30%
35%	\$402	\$431	\$517	\$597	\$666	\$735	35%
40%	\$459	\$492	\$591	\$683	\$762	\$840	40%
45%	\$517	\$554	\$665	\$768	\$857	\$946	45%
50%	\$574	\$615	\$739	\$854	\$952	\$1,051	50%
55%	\$632	\$677	\$813	\$939	\$1,047	\$1,156	55%
60%	\$689	\$739	\$886	\$1,024	\$1,143	\$1,261	60%
80%	\$919	\$985	\$1,182	\$1,366	\$1,524	\$1,681	80%
100%	\$1,149	\$1,231	\$1,478	\$1,708	\$1,905	\$2,102	100%
120%	\$1,379	\$1,478	\$1,773	\$2,049	\$2,286	\$2,522	120%
N/A							N/A

Enter data in green cells only

Unit Type	Underwritten Rent Level	Number of Units	Square Footage per Unit	Gross Rent, per unit, per month	Monthly Utility Allowance	Net Rent After Utilities, per unit, per month
1 BR/ 1 BA	100% of LIHTC 30 AMI	11	549	\$369	\$64	\$305
1 BR/ 1 BA	100% of LIHTC 50 AMI	2	549	\$616	\$64	\$552
1 BR/ 1 BA	100% of Low HOME	4	549	\$616	\$64	\$552
1 BR/ 1 BA	100% of LIHTC 60 AMI	7	549	\$739	\$64	\$675
1 BR/Loft	100% of LIHTC 60 AMI	6	534	\$739	\$64	\$675
1 BR / 1 BA	100% of Other 4	3	549	\$986	\$64	\$922
1 BR / 1 BA	100% of Market	5	549	\$1,100	\$0	\$1,100
2 BR / 2 BA	100% of LIHTC 30 AMI	22	790	\$444	\$87	\$357
2 BR / 2 BA	100% of LIHTC 50 AMI	15	790	\$740	\$87	\$653
2 BR / 2 BA	100% of LIHTC 60 AMI	8	790	\$888	\$87	\$801
2 BR/Loft	100% of LIHTC 60 AMI	5	751	\$888	\$87	\$801
2 BR/ 2BA	100% of Other 4	8	790	\$1,184	\$87	\$1,097
2 BR/ 2BA	100% of Market	11	790	\$1,300	\$0	\$1,300
3 BR/ 2 BA	100% of LIHTC 30 AMI	1	1124	\$512	\$110	\$402
3 BR/ 2 BA	100% of LIHTC 50 AMI	1	1124	\$854	\$110	\$744
3 BR/ 2 BA	100% of LIHTC 60 AMI	1	1124	\$1,025	\$110	\$915
3 BR/ 2 BA	100% of Market	1	1124	\$1,700	\$0	\$1,700
Total		111	79,583	NA		\$78,607
Annual Gross Potential Rent						\$943,284

Rent Loss Rates (As % of GPR)	HOME Units	Market Rate Units	Other Affordable Units
Rent Loss Year 1 (Lease-Up)	20.0%	20.0%	20.0%
Stabilized Rent Loss Rate (after Year 1)	6.3%	6.3%	6.3%

Laundry and Other		\$2,007	per month
			per month
			per month
			per month
			per month
			per month
Total Other Revenue		\$2,007	per month

Development Costs

Enter data in green cells only

Project Name - Santana : 111 Units

Cost	Amount	Cost Per Unit	Cost Per Square Foot	Comment
Acquisition Costs				
Land	\$1,600,000	\$14,414	\$20	
Existing Structures	\$0	need data	need data	
Seller Carry Costs	\$100,000	\$901	\$1	
Site Work Costs (not included in construction contract)				
Demolition/Clearance	\$0	need data	need data	
Site Remediation	\$0	need data	need data	
Off-Site Costs (these are not HOME eligible)	\$0			
Improvements	\$0	need data	need data	
Construction Equipment (HOME eligible portion)	\$0	need data	need data	
Construction Equipment (non-HOME eligible portion)	\$0	need data	need data	
	\$0	need data	need data	
	\$0	need data	need data	
Construction / Rehabilitation Costs (construction)				
Site Work Included in Construction Contract	\$300,000	\$2,703	\$4	
Construction Equipment (HOME eligible portion)	\$0	need data	need data	
Construction Equipment (non-HOME eligible portion)	\$0	need data	need data	
New Construction	\$10,600,000	\$95,495	\$133	
Rehabilitation	\$0	need data	need data	
General Requirements	\$287,628	\$2,591	\$4	
Builder's Overhead	\$287,628	\$2,591	\$4	
Builder Profit	\$862,882	\$7,774	\$11	
Performance Bond Premium	\$149,000	\$1,342	\$2	
Construction Contingency	\$1,000,000	\$9,009	\$13	
Sales Tax	\$200,000	\$1,802	\$3	
Predevelopment Costs/Fees	\$200,000	\$1,802	\$3	
Architectural and Engineering Fees				
Architect Fee -- Design	\$95,000	\$856	\$1	
Architect Fee -- Construction Supervision	\$95,000	\$856	\$1	
Engineering Fees	\$190,000	\$1,712	\$2	
	\$0	need data	need data	
Other Owner Costs				
Project Consultant Fees	\$0	need data	need data	
Owner Attorney Fees (initial closing)	\$50,000	\$450	\$1	
Owner Attorney Fees (final closing)	\$10,000	\$90	\$0	
Syndication Costs	\$70,000	\$631	\$1	
Other Owner Organizational Expenses	\$0	need data	need data	
Market Study	\$8,500	\$77	\$0	
Survey	\$20,000	\$180	\$0	
Appraisal Fees	\$8,000	\$72	\$0	
Environmental Studies	\$0	need data	need data	
Capital Needs Assessment	\$0	need data	need data	
	\$0	need data	need data	
Tap Fees and Impact Fees	\$200,000	\$1,802	\$3	
Building Permits and Fees	\$0	need data	need data	
Tax Credit Fees	\$78,782	\$710	\$1	
Accounting / Cost Certification / Audit	\$30,000	\$270	\$0	
Soft Cost Contingency	\$250,000	\$2,252	\$3	
Energy Rater Reports	\$15,000	\$135	\$0	
Limited Partnership Fees	\$45,000	\$405	\$1	
Interim Financing Costs				
Construction Period Insurance	\$40,000	\$360	\$1	
Construction Period Taxes	\$55,000	\$495	\$1	
Construction Interest (see calculation below)	\$511,754	\$4,610	\$6	
Construction Loan Origination Fee	\$167,103	\$1,505	\$2	
Construction Loan Legal Fees	\$60,000	\$541	\$1	
Other Construction Loan Fees	\$0	need data	need data	
Bond Costs of Issuance	\$0	need data	need data	
Title and Recording Costs (for the construction loan)	\$40,000	\$360	\$1	
Post Construction Interest	\$228,353	\$2,057	\$3	
	\$0	need data	need data	
Permanent Financing Costs				
Credit Report	\$0	need data	need data	
Lender Origination / Financing Fee	\$65,670	\$592	\$1	
Lender's Counsel Fee	\$0	need data	need data	
Other Lender Fees	\$0	need data	need data	
Title and Recording Costs (for permanent financing)	\$0	need data	need data	
Establish Tax and Insurance Escrows	\$0	need data	need data	
	\$0	need data	need data	
	\$0	need data	need data	
Developer's Fee	\$2,190,148	\$19,731	\$28	
Initial Project Reserves				
Initial Rent-Up Reserve (not HOME eligible)	\$0	need data	need data	
Initial Operating Reserve (HOME-eligible portion)	\$410,942	\$3,702	\$5	

Initial Operating Reserve (non-HOME-eligible portion)	\$0			
Initial Debt Service Reserve (not HOME eligible)	\$0	need data	need data	
Initial Replacement Reserve (not HOME eligible)	\$0	need data	need data	
	\$0	need data	need data	
	\$0	need data	need data	

Project Administration and Management Costs				
Marketing/Management	\$20,000	\$180	\$0	
Operating Expenses	\$0	need data	need data	
Furniture, Fixtures & Equipment	\$100,000	\$901	\$1	
Tenant Relocation Costs	\$0	need data	need data	
	\$0	need data	need data	
	\$0	need data	need data	
Other Development Costs				
	\$0	need data	need data	
	\$0	need data	need data	
	\$0	need data	need data	
	\$0	need data	need data	
	\$0	need data	need data	
	\$0	need data	need data	

Total Development Costs	\$20,641,390
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Construction Interest Calculation	
Construction Loan Amount	\$16,710,318
Interest Rate	5.3%
Estimated First Draw Amount	\$0
Months of Construction	14.0
Months Const. Loan Outstanding After Completion	3.1
Average Outstanding Balance	50%

Interest on first draw, during construction period	\$0
Interest on remaining funds, during construction	\$511,753
Construction interest after completion	\$228,353
Total Construction Interest	\$740,106

Notes:

Construction Contingency is 8.7%
 General Requirements is 2.3% of construction costs
 Builder's Overhead is 2.3% of construction costs
 Builder Profit is 6.9% of construction costs

Developer's Fee is 12.1% of total development cost (excluding developer fee and initial reserves)

Later in this template, you will calculate the maximum allowable HOME investment and the minimum required number of HOME-assisted units. These calculations take place on the Cost Allocation tab. For these calculations, you need to have identified any development costs that are not HOME-eligible. List the ineligible costs here (these costs can be funded from other sources of funds, but cannot be funded by HOME).

Costs that Are Not HOME-Eligible	Amount	Comment
Construction Equipment (non-HOME eligible portion)	\$0	
Off-Site Costs (these are not HOME eligible)	\$0	
Initial Rent-Up Reserve (not HOME eligible)	\$0	
Initial Operating Reserve (non-HOME-eligible portion)	\$0	
Initial Debt Service Reserve (not HOME eligible)	\$0	
Initial Replacement Reserve (not HOME eligible)	\$0	
Other HOME-Ineligible Cost 1	\$0	
Other HOME-Ineligible Cost 2	\$0	
Other HOME-Ineligible Cost 3	\$0	
Other HOME-Ineligible Cost 4	\$0	

Total Non-HOME-Eligible Costs	\$0
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Upon completing this tab, proceed to the *Repl Reserve* tab

Replacement Reserve

Project Name - Santana : 111 Units

Enter data in green cells only

For HOME rental projects involving rehabilitation, Section 92.250(b)(1) of the HOME Final Rule requires the PJ to estimate the long term capital needs of the project and to determine a replacement reserve funding approach that will allow 100% of estimated long term capital needs -- over the HOME period of affordability -- to be funded from the replacement reserve. If the project has 26 total units or more, the PJ must require a capital needs assessment. These requirements must be included in the PJ's underwriting standards for rental projects involving rehabilitation.

There is no similar requirement for new construction rental projects, but it would be a best practice for PJs to include a similar requirement in the PJ's underwriting standards for new construction rental projects.

This worksheet will allow the user to determine an annual replacement reserve deposit that will satisfy the 92.250(b) requirement, plus a higher annual reserve deposit that will be adequate over the long term (including the years after completion of the HOME period of affordability).

Component	Quantity	Unit of Measure	?	?	?	?
			Replacement Cost (UoM)	RUL (Years)	EUL (Years)	
Signage	1	Each	\$15,000.00	30	30	
Driveways and Parking Areas (resurfacing)	20,000	Sq Yd	\$1.50	20	20	
Driveways and Parking Areas (sealing)	7,000	Sq Yd	\$0.50	7	7	
Other Site 1						
Other Site 2						
Other Site 3						
Windows	450	Each	\$400.00	20	30	
Exterior Walls 1	20,000	Sq Ft	\$9.00	30	30	
Exterior Walls 2		Sq Ft				
Exterior Painting	20,000	Units	\$300.00	7	7	
Other Exterior 1	1	Each				
Other Exterior 2	1	Each				
Roofing	180	Square	\$200.00	20	20	
Gutters	600	Lineal Ft	\$8.00	20	20	
Interior Flooring (Tile)	2,700	Sq Ft	\$5.00	15	15	
Interior Flooring (Carpet)	95,000	Sq Yd	\$10.00	7	7	
Kitchen Cabinets and Bath Vanities	111	Units	\$2,000.00	20	20	
Counter Tops and Sinks (Kitchens and Baths)	299	Units	\$500.00	20	20	
Refrigerators	111	Each	\$650.00	15	15	
Ranges	111	Each	\$400.00	25	25	
Exterior Doors	225	Each	\$600.00	20	20	
Elevators	0	Each				
Unit Heating System	112	Each	\$2,000.00	25	25	
Unit Cooling System	112	Each	\$1,000.00	15	15	
Unit Hot Water Heating System	112	Each	\$600.00	10	10	
Other Interior 1	0	Each				
Other Interior 2	0	Each				
Other Interior 3	0	Each				

Comment on capital needs estimate

Reserve Deposit Adequate During the HOME Period of Affordability (but likely to be inadequate thereafter): For a typical rental project, an annual replacement reserve deposit in the amount described below would satisfy the 92.250(b) requirement so long as (1) the annual deposit is increased each year for inflation and (2) there are no high-cost systems that will require replacement early in the HOME period of affordability. If either condition (1) or condition (2) cannot be satisfied, the PJ will need to make a more sophisticated computation, using a capital needs assessment or using a spreadsheet that is similar to those used in preparing capital needs assessments. Similarly, a more sophisticated computation should be used if the PJ intends to utilize a large initial reserve deposit and a smaller annual deposit. PJs should note that minimum compliance with the 92.250(b) requirement will not generally result in a replacement reserve that will be adequately funded over the long term; see the additional discussion in the next section. Over the HOME affordability period:

Long term capital needs accrue at a rate of \$1,013,254 per year during the HOME period of affordability. This accrual rate is \$9,128 per unit per year. An annual reserve deposit at this rate (increased annually for inflation) should be adequate to fund 100% of capital needs during the HOME period of affordability, for a typical rental project.

Reserve Deposit Adequate Over The Long Term: For a typical rental project, an annual replacement reserve deposit in the amount described below would be adequate to fund all long-term capital needs so long as (1) the annual deposit is increased each year for inflation and (2) there are no high-cost systems that will require replacement early in the life of the project. If either condition (1) or condition (2) cannot be satisfied, the PJ will need to make a more sophisticated computation, using a capital needs assessment or using a spreadsheet that is similar to those used in preparing capital needs assessments. Over the long term:

Long term capital needs accrue at a rate of \$1,068,355 per year (when all building systems are considered). This accrual rate is \$9,625 per unit per year. An annual reserve deposit at this rate (increased annually for inflation) should be adequate to fund 100% of capital needs over the long term, for a typical rental project.

Upon completing this tab, proceed to the *Const Schedule* tab

Construction Schedule

Project Name - Santana : 111 Units

Enter data in green cells only

The HOME Final Rule's definition of *commitment* specifies that if a project includes rehabilitation or new construction, a construction schedule is required at or before the time of the commitment. Additionally, construction must be scheduled to start within twelve months after the commitment date, and construction must be scheduled to be completed within four years after the commitment date.

			Total	Per Unit	
Intended HOME Commitment Date	July 1, 2020		\$10,900,000	\$98,198	Hard cost before contingency
Initial Closing Date	August 1, 2020		\$1,000,000	\$9,009	9.2% Hard cost contingency
Construction Start Date	September 1, 2020	2.0 months after HOME Commitment Date	\$1,438,138	\$12,956	13.2% GR / BO / BP
Other construction milestone #1			\$410,942	\$3,702	Initial reserves
Other construction milestone #2			\$4,452,162	\$40,110	Soft costs before contingency
Other construction milestone #3			\$250,000	\$2,252	5.6% Soft cost contingency
Other construction milestone #4			\$2,190,148	\$19,731	14.3% Developer fee (gross)
First Building Completion Date					
Last Building Completion Date	November 30, 2021	14.9 months construction time	\$20,641,390	\$185,958	Total Uses of Funds
		17.0 months after HOME Commitment Date			
Achievement of Sustaining Occupancy	May 31, 2022	6.0 months lease-up time			
Closing of Permanent Financing	September 30, 2022	10.0 months after construction completion			

Below, please include any comments about the construction schedule

Budgeted construction cost is \$98,198 per unit. Budgeted hard cost contingency is 9.2% of hard cost.

Budgeted soft costs are \$40,110 per unit. Budgeted soft cost contingency is 5.6% of soft cost.

The budgeted developer fee is \$19,731 per unit before any deferral. This is 14.3% of total hard cost + total soft cost.

Adequacy of the Development Budget and Risk of Cost Increases. Experience indicates that the primary risk of delay in starting construction is unanticipated escalation in development costs, to the extent that the sponsor has to seek additional funding. The three lines above present key information about the development budget, about available contingency allowances, and about the developer fee (which -- if not already deferred -- can provide additional ability to absorb cost increases).

The risk of cost increases is most significant early in the development process. Once the plans and specifications are completed and there is a firm-fixed-price construction contract, there is a lower risk of increases in hard costs. However, even if there is a performance bond, there is still the risk of hard cost increases due to change orders. The risk of increases in soft costs depends on how many of the soft costs are subject to firm-fixed-price contracts. Construction period interest costs will run over budget whenever construction takes longer than anticipated. Even if there is no construction loan or bridge loan, additional construction time typically results in increased soft costs of some sort.

Below, please discuss the current state of (1) plans and specs and (2) the construction contract. Discuss whether the contractor is bonded.

See application cover letter

Below, please discuss the adequacy of the development budget, the risk of cost increases, and why you are confident that even with moderately severe increases in development cost, the project is still likely to go forward on schedule.

See application cover letter

Construction to Start Within Twelve Months. The HOME Final Rule definition of *commitment* specifies that construction must be scheduled to start within twelve months after the date of the written agreement between the PJ and the project sponsor.

Experience indicates that the primary risks of delay in starting construction are (1) unanticipated increases in development cost requiring increased sources of funds; (2) unanticipated difficulties in finalizing non-HOME sources of funds; and (3) unanticipated difficulties with zoning, building permits and other entitlements.

Below, please explain why you believe that construction will start within twelve months. Please address each of the primary risks discussed above.

See application cover letter

Upon completing this tab, proceed to the *LIHTC Basis* tab or (if the project will not be utilizing LIHTCs) to the *Operating Expenses* tab

LIHTC Basis**Project Name - Santana : 111 Units****Enter data in green cells only**

This tab is useful for projects that will have Low Income Housing Tax Credits (LIHTCs). The purpose of this tab is to make a rough estimate of LIHTC equity, which you can use to compare to the developer's estimate. If the rough estimate here is materially different from the developer's estimate, you should ask the developer for an explanation.

To enter (or change) the number of LIHTC units, use column P of the Rents and Income tab.

LIHTC Eligible Basis	Acquisition	Construction
Estimated LIHTC Eligible Basis From 'Development Costs' page	\$100,000	\$18,057,643
Less any amounts not eligible as a result of a grant or other ineligible source of funds (enter as negative amounts):		
LIHTC Eligible basis	\$100,000	\$18,057,643

Applicable Fraction by Units:	84.68%	
Total LIHTC Units	94	(from the Rents and Income tab)
Total Units	111	(from the Rents and Income tab)
Applicable Fraction by Square Feet:	84.22%	
Square feet of total LIHTC Units	67,024	(from the Rents and Income tab)
Square feet of total Units	79,583	(from the Rents and Income tab)
Use This Applicable Fraction:	84.22%	(lowest of the two methods)

LIHTC Calculation	Acquisition	Construction	
Eligible Basis	\$100,000	\$18,057,643	
Applicable Fraction	\$84,219	\$15,207,965	84.22%
Basis Boost Factor	\$84,219	\$15,207,965	100%
Credit Factor	3.23%	9.00%	
Annual Credits	\$2,720	\$1,368,717	
LIHTC Equity Price (per dollar)	\$0.900	\$0.900	
Estimated LIHTC Equity	\$24,482	\$12,318,452	
Total Estimated LIHTC Equity	\$12,342,934		
Proposed LIHTC Equity	\$12,205,272		

Upon completing this tab, proceed to the *Operating Expenses* tab.

Operating Expenses

Enter data in green cells
only

Project Name - Santana : 111 Units

Expense	Annual Cost	Monthly Cost	Per Unit Per Year	Comment
Administrative / Management Expenses				
Management Fee	\$36,315	\$3,026	\$327	
Management Administrative Payroll Costs	\$55,500	\$4,625	\$500	
Renting / Advertising / Marketing Expenses	\$2,331	\$194	\$21	
Legal Fees	\$2,990	\$249	\$27	
Accounting / Audit Fees	\$7,000	\$583	\$63	
Telephone	\$2,775	\$231	\$25	
Office Supplies	\$2,775	\$231	\$25	
PJ Monitoring Fee (if any)	\$5,550	\$463	\$50	
Annual Issuer Fees	\$8,658	\$722	\$78	
Manager's Unit	\$8,991	\$749	\$81	
Operations and Maintenance Expenses				
Security	\$7,215	\$601	\$65	
Operations and Maintenance Payroll Costs	\$52,725	\$4,394	\$475	
Repairs Supplies	\$14,541	\$1,212	\$131	
Repairs Contracts	\$35,298	\$2,942	\$318	
Elevator (if any)		\$0		
Other Mechanical Equipment		\$0		
Interior Painting		\$0		
Exterminating	\$5,328	\$444	\$48	
Lawn and Landscaping	\$18,648	\$1,554	\$168	
Garbage Removal	\$12,543	\$1,045	\$113	
Snow Removal	\$1,500	\$125	\$14	
Resident Service Cost	\$720	\$60	\$6	
		\$0		
		\$0		
Utilities Paid by the Property				
Electricity	\$16,206	\$1,351	\$146	
Natural Gas, Oil, Other Fuel	\$5,772	\$481	\$52	
Sewer and Water	\$50,727	\$4,227	\$457	
		\$0		
Taxes / Insurance / Other Expenses				
Real Estate Taxes	\$0	\$0		
Payroll Taxes	\$7,436		\$67	
Other Taxes and Licenses	\$555	\$46	\$5	
Property Insurance	\$25,197	\$2,100	\$227	
Workers Compensation Insurance	\$1,000		\$9	
Health Insurance / Other Employee Benefits	\$8,436		\$76	
State Tax on Management Fees	\$2,860	\$238	\$26	
		\$0		
TOTAL OPERATING EXPENSES	\$399,592	\$33,299	\$3,600	
Reserve for Replacement Deposit	\$33,300	\$2,775	\$300	
TOTAL EXPENSES PLUS RESERVE	\$432,892	\$36,074	\$3,900	
SUBTOTAL ADMINISTRATIVE EXPENSES	\$132,885	\$11,074	\$1,197	
SUBTOTAL O&M EXPENSES	\$148,518	\$12,377	\$1,338	
SUBTOTAL OWNER PAID UTILITIES	\$72,705	\$6,059	\$655	
SUBTOTAL TAXES / INSURANCE / OTHER	\$45,484	\$2,384	\$410	
TOTAL OPERATING EXPENSES	\$399,592	\$31,893	\$3,600	

Upon completing this tab, proceed to the *First Mortgage Sizing* tab.

First Mortgage Sizing and Junior Loan Characteristics

Enter data in green cells only

Project Name - Santana : 111 Units

Net Operating Income Summary

	Annual	HOME Units	Other Affordable	Market Units
Gross Potential Rents	\$943,284	\$26,496	\$658,788	\$258,000
Rent Loss	(\$59,488)	(\$1,669)	(\$41,438)	(\$16,381)
Other Income	\$24,087			
Effective Gross Income	\$907,883			
Total Operating Expenses	(\$399,592)			
Replacement Reserve Deposit	(\$33,300)			
Net Operating Income (NOI)	\$474,991			

Capitalization Rate and Value

Capitalization Rate	6.0%	
Calculated Market Value	\$7,916,000	(NOI ÷ Capitalization Rate)
Lender's Appraised Value for the Project	\$8,000,000	
Value of Project at Sale**	\$9,625,149	(Year of sale is year 30)

** If Value of Project at Sale is left blank, the Template will use the Capitalization Rate to determine the project's value when sold.

Lender's Appraised Value has not yet been determined

In this Template:

First Mortgage means a fixed-rate, fixed-payment, self-amortizing loan (without balloon payments).
 Amortizing Second Mortgage means a junior fixed-rate, fixed-payment, self-amortizing loan (without balloon payments).
 Deferred Payment Loan means a loan that will receive no payments during its term.
 Custom Loan means any other type of loan (i.e., with some payments but not fixed-payment / self-amortizing).

First Mortgage Characteristics

Minimum Debt Service Coverage	1.20	
Maximum Loan to Value	90.0%	
Interest Rate	5.000%	5.78636% Annual P+I as % of loan amount
Mortgage Insurance Premium	0.00%	0.00000% Annual MIP as % of loan amount
Loan Term (years)	40	
First Mortgage Lender	Cedar Rapids B & T	

For each loan below, the Template asks 'Is this loan funded by the HOME program?'. The Template uses your answers to calculate the total amount of proposed HOME funding, recognizing that you may be planning multiple types of HOME funding (for example, a first mortgage loan with required monthly payments plus a soft second mortgage loan with payments limited to a share of cash flow). Later, on the Sources and Uses tab, you will verify that the proposed total HOME funding does not exceed the project's funding gap.

First Mortgage Loan Amount

Maximum Loan Amount by LTV	\$7,200,000	(Lender's value x maximum LTV)
Maximum Loan Amount by DSC	\$6,840,600	(NOI ÷ DSC ÷ [PI factor + MIP factor])
Calculated Maximum Loan Amount	\$6,840,600	(Lesser of the two limitations above)
Lender's Proposed Loan Amount	\$6,567,043	
Is this loan funded by the HOME program?	No	
Calculated Monthly P+I+MIP Payment	\$31,666.06	(This total is sometimes referred to as the 'debt service' payment)

Debt Service Coverage (DSC) is the ratio of Net Operating Income to the 1st mortgage debt service payment (P+I+MIP). If the ratio is below 1.0 it means that there is not enough NOI to cover the debt service payment, and the proposed project will not be viable unless the first mortgage debt service payment can be reduced (for example, by utilizing more HOME funds so that the first mortgage loan amount can be reduced). The HOME underwriter will want to consider whether to require DSC that is higher than required by the first mortgage lender. In general, the higher the DSC, the less risk that the project will have negative cash flow because of a future revenue or expense problem. However, a high DSC may indicate that the first mortgage loan amount can be increased (without endangering the finances of the project) which would allow HOME funding to be decreased.

Estimated Debt Service Coverage (DSC) Ratio	1.25
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First Mortgage Sizing and Junior Loan Characteristics

Enter data in green cells only

Project Name - Santana : 111 Units

First Mortgage Lender Origination and Financing Fees (Points)

Origination and Financing Fees	1.000%	of the loan amount
Calculated Origination and Financing Fees	\$65,670	
Amount entered on Development Costs tab	\$65,670	

Characteristics of Amortizing Second Mortgage Loan

Amortizing Second Mortgage Loan Amount	
Is this loan funded by the HOME program?	
Amortizing Second Mortgage Source	
Interest Rate	
Loan Term (years)	
Calculated Monthly P+I Payment	\$0.00

Final year of Operating Pro Forma

30

(from Pro Forma Assumptions page)

Characteristics of Deferred Payment Loan #1

Name of Deferred Payment Loan #1	HOME
Loan Amount for HOME	\$400,000
Is this loan funded by the HOME program?	Yes
Lender for HOME	New Mexico HOME
Interest Rate for HOME	0.000%
Loan Term (Maturity) for HOME	30

A deferred loan is one with no payments due until maturity

Characteristics of Deferred Payment Loan #2

Name of Deferred Payment Loan #2	
Loan Amount for	
Is this loan funded by the HOME program?	
Lender for	
Interest Rate for	
Loan Term (Maturity) for	

A deferred loan is one with no payments due until maturity

Characteristics of Custom Loan #1

Name of Custom Loan #1	
Loan Amount for	
Is this loan funded by the HOME program?	
Lender for	
Interest Rate for	
Loan Term (Maturity) for	

A custom loan has payments prior to maturity but is not a normal fixed rate amortizing loan.
Enter the annual payments for this loan directly on the Operating Pro Forma tab.

Characteristics of Custom Loan #2

Name of Custom Loan #2	
Loan Amount (Custom loan 1)	
Is this loan funded by the HOME program?	
Custom Loan 1 Source	
Custom Loan 1 Interest Rate	
Custom Loan 1 Year of Maturity	

A custom loan has payments prior to maturity but is not a normal fixed rate amortizing loan.
Enter the annual payments for this loan directly on the Operating Pro Forma tab.

Upon completing this tab, proceed to the *Sources and Uses* tab.

Sources and Uses of Funds

Enter data in green cells only

Project Name - Santana : 111 Units

In this template, the underwriter enters all proposed Sources of Funds (including HOME) on this tab (other than those that were already entered on the First Mortgage Sizing tab). The Uses of Funds are repeated below (from the Development Costs tab). Then the template verifies whether the Sources and Uses are in balance; be sure that Sources and Uses are balanced before moving forward. If there are insufficient Sources, potential solutions include deferring a greater portion of the developer fee, increasing HOME funding, and obtaining increased funding from some other source. If there are excess Sources, the HOME underwriter should consider reducing the proposed HOME funding.

PJs must perform cost allocation separately from this tool to verify that the proposed amount of HOME funding is within the allowable maximum HOME investment.

Sources of Funds	Amount	HOME?	Comment
First Mortgage Loan (proposed amount)	\$6,567,043	No	
Amortizing Second Mortgage Loan	\$0	0	
HOME	\$400,000	Yes	
	\$0	0	
	\$0	0	
	\$0	0	
Deferred Developer Fee	\$519,075		
Developer Cash Investment			
Tax Credit Equity (proposed amount)	\$12,205,272		
ABQ WHTF	\$950,000		
Total Sources of Funds	\$20,641,390		

Total HOME Funding \$400,000
 Developer Investment for Financial Analysis \$519,075 (used in Operating Pro Forma for IRR, etc.)

Uses of Funds / Total Development Cost	Amount	Comment
Acquisition Costs	\$1,700,000	
Site Work Costs	\$0	
Construction / Rehabilitation Costs	\$13,887,138	
Architectural / Engineering Costs	\$380,000	
Other Owner Costs	\$785,282	
Construction Interest	\$511,754	
Other Interim Financing Costs	\$590,456	
Permanent Financing Costs	\$65,670	
Developer's Fee	\$2,190,148	
Initial Project Reserves	\$410,942	
Project Management Costs	\$120,000	
Other Development Costs	\$0	
Total Uses of Funds	\$20,641,390	

Subsidy layering gap (before HOME funding) \$400,000 (Total Uses of Funds minus Total Sources of Funds other than HOME)

Months of Construction
Months Const. Loan Outstanding After Completion

Page 19 of 26

Project Administration and Management Costs

Total Development Costs (TDC)	\$20,641,390	\$3,065,741	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,020,226	\$0,020,226	\$0,045,226	\$0,095,200	\$0	\$0	\$1,281,679	\$0	\$0	\$0	\$0	\$1,220,525	\$0	\$0	\$19,901,283
TDC Excluding Construction Interest	\$19,901,284	\$3,065,741	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,015,226	\$0,020,226	\$0,020,226	\$0,045,226	\$0,095,200	\$0	\$0	\$1,281,679	\$0	\$0	\$0	\$0	\$1,220,525	\$0	\$0	\$19,901,283

[illegible]

Construction interest calculated above is 101.2% of the Construction interest estimate from Development Costs tab.

Key Assumptions For Operating Pro Forma Project Name - Santana : 111 Units

Enter data in green cells only

HOME Affordability Period

20 years

Go to the Requirements tab to adjust the HOME affordability period

Switch HOME unit rents to market after:

20 years

For units originally at HOME rents, the Operating Pro Forma uses HOME rents during this period, and market rents thereafter

Other Affordable Housing Affordability Period

Other Affordable Housing Affordability Period

15 years

Switch 'Other Affordable' unit rents to market after:

15 years

For units originally at LIHTC / Other Affordable rents, the Operating Pro Forma uses restricted rents during this period, and market

Inflation / Trending Assumptions

Total

Rent increase / rent trending assumptions:

HOME-assisted units

2.0%

Market Rate units

2.0%

Other affordable units

2.0%

Other income trending assumption

2.0%

Operating Expense Increase per Year

3.0%

Length of Pro Forma

Years to Sale*

30 years

* Years to Sale is used by the Template to determine the final year of the Pro-Forma.

Use one of the two radio buttons below, to set the number of years in the Operating Pro Forma tab.

Debt Service Coverage Ratio

In year 2 (first stabilized year)

1.26

In year 5

1.30

In year 10

1.37

In year 15

1.43

In year 20

3.96

Upon completing this tab, proceed to the *Operating Pro Forma* tab.

Operating Pro-Forma

"####" indicates that the columns should be widened.

Project Name - Santana : 111 Units

The only data entry cells on this tab are for payments on any 'custom loans' (see rows 31 and 32).

PROJECT TIMELINE

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Gross Potential Rent (GPR) Projections															
HOME/CDBG/LIHTC Rents	\$26,496	\$27,026	\$27,566	\$28,118	\$28,680	\$29,254	\$29,839	\$30,436	\$31,044	\$31,665	\$32,298	\$32,944	\$33,603	\$34,275	\$34,961
Market Rents	\$258,000	\$263,160	\$268,423	\$273,792	\$279,267	\$284,853	\$290,550	\$296,361	\$302,288	\$308,334	\$314,501	\$320,791	\$327,206	\$333,751	\$340,426
Other Affordable Rents	\$658,788	\$671,964	\$685,403	\$699,111	\$713,093	\$727,355	\$741,902	\$756,740	\$771,875	\$787,313	\$803,059	\$819,120	\$835,502	\$852,213	\$869,257
Gross Potential Rent	\$943,284	\$962,150	\$981,392	\$1,001,021	\$1,021,040	\$1,041,462	\$1,062,291	\$1,083,537	\$1,105,207	\$1,127,312	\$1,149,858	\$1,172,855	\$1,196,311	\$1,220,239	\$1,244,644

Effective Gross Income (EGI) Projections															
Vacancy Loss	(\$188,657)	(\$60,921)	(\$62,140)	(\$63,383)	(\$64,650)	(\$65,943)	(\$67,262)	(\$68,607)	(\$69,979)	(\$71,379)	(\$72,807)	(\$74,263)	(\$75,748)	(\$77,263)	(\$78,808)
Other Revenue	\$24,087	\$24,569	\$25,060	\$25,561	\$26,073	\$26,594	\$27,126	\$27,668	\$28,222	\$28,786	\$29,362	\$29,949	\$30,548	\$31,159	\$31,782
Effective Gross Income	\$778,714	\$925,798	\$944,312	\$963,199	\$982,463	\$1,002,113	\$1,022,155	\$1,042,598	\$1,063,450	\$1,084,719	\$1,106,413	\$1,128,541	\$1,151,111	\$1,174,135	\$1,197,618

Expense and Net Operating Income (NOI) Projections															
Management Expenses	\$132,885	\$136,872	\$140,978	\$145,207	\$149,563	\$154,050	\$158,672	\$163,432	\$168,335	\$173,385	\$178,587	\$183,945	\$189,463	\$195,147	\$201,001
Operations and Maintenance Expenses	\$148,518	\$152,974	\$157,563	\$162,290	\$167,159	\$172,174	\$177,339	\$182,659	\$188,139	\$193,783	\$199,596	\$205,584	\$211,752	\$218,105	\$224,648
Utilities Paid by Property	\$72,705	\$74,886	\$77,133	\$79,447	\$81,830	\$84,285	\$86,814	\$89,418	\$92,101	\$94,864	\$97,710	\$100,641	\$103,660	\$106,770	\$109,973
Taxes/Insurance/Reserves/Other Expenses	\$45,484	\$46,849	\$48,254	\$49,702	\$51,193	\$52,729	\$54,311	\$55,940	\$57,618	\$59,347	\$61,127	\$62,961	\$64,850	\$66,796	\$68,800
Total Expenses	(\$399,592)	(\$411,581)	(\$423,928)	(\$436,646)	(\$449,745)	(\$463,238)	(\$477,136)	(\$491,449)	(\$506,193)	(\$521,379)	(\$537,020)	(\$553,131)	(\$569,725)	(\$586,818)	(\$604,422)
Replacement Reserve Deposit	(\$33,300)	(\$34,299)	(\$35,328)	(\$36,388)	(\$37,480)	(\$38,604)	(\$39,762)	(\$40,955)	(\$42,184)	(\$43,450)	(\$44,754)	(\$46,097)	(\$47,480)	(\$48,904)	(\$50,371)
Net Operating Income	\$345,822	\$479,918	\$485,056	\$490,165	\$495,238	\$500,271	\$505,257	\$510,194	\$515,073	\$519,890	\$524,639	\$529,313	\$533,906	\$538,413	\$542,825

Debt Service															
First Mortgage Debt Service	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)
Second Mortgage Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Payment 1 Loan Payoff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Payment 2 Loan Payoff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Cash Flow (After Debt Service)															
Cash Flow	(\$34,171)	\$99,925	\$105,063	\$110,172	\$115,245	\$120,278	\$125,264	\$130,201	\$135,080	\$139,897	\$144,646	\$149,320	\$153,913	\$158,420	\$162,832
Proceeds from Property Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Return	(\$34,171)	\$99,925	\$105,063	\$110,172	\$115,245	\$120,278	\$125,264	\$130,201	\$135,080	\$139,897	\$144,646	\$149,320	\$153,913	\$158,420	\$162,832

Cash flow after debt service is negative in these years: 1, 30

Developer Return on Equity (Developer Investment is \$519,075)

Cash on Cash	-7%	19%	20%	21%	22%	23%	24%	25%	26%	27%	28%	29%	30%	31%	31%
Project Value based on Capitalization Rate	\$5,763,700	\$7,998,633	\$8,084,267	\$8,169,417	\$8,253,967	\$8,337,850	\$8,420,950	\$8,503,233	\$8,584,550	\$8,664,833	\$8,743,983	\$8,821,883	\$8,898,433	\$8,973,550	\$9,047,083

NOTE: Project Value equals \$0 if Net Operating Income is negative.

	IRR
IRR (Year 1 through sale of project)	19.8%

Debt at Year End

First Mortgage Remaining	\$6,514,202	\$6,458,664	\$6,400,278	\$6,338,905	\$6,274,392	\$6,206,579	\$6,135,296	\$6,060,366	\$5,981,602	\$5,898,809	\$5,811,780	\$5,720,299	\$5,624,137	\$5,523,055	\$5,416,802
Second Mortgage Remaining	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Payment Loan 1 Remaining	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Deferred Payment Loan 2 Remaining	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Operating Pro-Forma

PROJECT TIMELINE

	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross Potential Rent (GPR) Projections															
HOME/CDBG/LIHTC Rents	\$35,660	\$36,373	\$37,101	\$37,843	\$38,600	\$39,372	\$40,159	\$40,962	\$41,782	\$42,617	\$43,469	\$44,339	\$45,226	\$46,130	\$47,053
Market Rents	\$347,234	\$354,179	\$361,262	\$368,488	\$375,857	\$383,374	\$391,042	\$398,863	\$406,840	\$414,977	\$423,276	\$431,742	\$440,377	\$449,184	\$458,168
Other Affordable Rents	\$886,642	\$904,375	\$922,462	\$940,911	\$959,730	\$978,924	\$998,503	\$1,018,473	\$1,038,842	\$1,059,619	\$1,080,812	\$1,102,428	\$1,124,476	\$1,146,966	\$1,169,905
Gross Potential Rent	\$1,269,536	\$1,294,927	\$1,320,825	\$1,347,242	\$1,374,187	\$1,401,670	\$1,429,704	\$1,458,298	\$1,487,464	\$1,517,213	\$1,547,557	\$1,578,509	\$1,610,079	\$1,642,280	\$1,675,126

Effective Gross Income (EGI) Projections

Vacancy Loss	(\$80,384)	(\$81,992)	(\$83,632)	(\$85,305)	(\$87,011)	(\$88,751)	(\$90,526)	(\$92,336)	(\$94,183)	(\$96,067)	(\$97,988)	(\$99,948)	(\$101,947)	(\$103,986)	(\$106,066)
Other Revenue	\$32,418	\$33,066	\$33,728	\$34,402	\$35,090	\$35,792	\$36,508	\$37,238	\$37,983	\$38,742	\$39,517	\$40,308	\$41,114	\$41,936	\$42,775
Effective Gross Income	\$1,221,570	\$1,246,001	\$1,270,921	\$1,296,339	\$1,322,266	\$1,348,711	\$1,375,686	\$1,403,200	\$1,431,264	\$1,459,888	\$1,489,086	\$1,518,869	\$1,549,246	\$1,580,230	\$1,611,835

Expense and Net Operating Income (NOI) Projections

Management Expenses	\$207,031	\$213,242	\$219,639	\$226,228	\$233,015	\$240,005	\$247,205	\$254,621	\$262,260	\$270,128	\$278,232	\$286,579	\$295,176	\$304,031	\$313,152
Operations and Maintenance Expenses	\$231,387	\$238,329	\$245,479	\$252,843	\$260,428	\$268,241	\$276,288	\$284,577	\$293,114	\$301,907	\$310,964	\$320,293	\$329,902	\$339,799	\$349,993
Utilities Paid by Property	\$113,272	\$116,670	\$120,170	\$123,775	\$127,488	\$131,313	\$135,252	\$139,310	\$143,489	\$147,794	\$152,228	\$156,795	\$161,499	\$166,344	\$171,334
Taxes/Insurance/Reserves/Other Expenses	\$70,884	\$72,990	\$75,180	\$77,435	\$79,758	\$82,151	\$84,616	\$87,154	\$89,769	\$92,462	\$95,236	\$98,093	\$101,036	\$104,067	\$107,189
Total Expenses	(\$622,554)	(\$641,231)	(\$660,468)	(\$680,281)	(\$700,689)	(\$721,710)	(\$743,361)	(\$765,662)	(\$788,632)	(\$812,291)	(\$836,660)	(\$861,760)	(\$887,613)	(\$914,241)	(\$941,668)
Replacement Reserve Deposit	(\$51,882)	(\$53,438)	(\$55,041)	(\$56,692)	(\$58,393)	(\$60,145)	(\$61,949)	(\$63,807)	(\$65,721)	(\$67,693)	(\$69,724)	(\$71,816)	(\$73,970)	(\$76,189)	(\$78,475)
Net Operating Income	\$547,134	\$551,332	\$555,412	\$559,366	\$563,184	\$566,856	\$570,376	\$573,731	\$576,911	\$579,904	\$582,702	\$585,293	\$587,663	\$589,800	\$591,692

Debt Service

First Mortgage Debt Service	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)
Second Mortgage Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Payment 1 Loan Payoff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$400,000)
Deferred Payment 2 Loan Payoff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Cash Flow (After Debt Service)

Cash Flow	\$167,141	\$171,339	\$175,419	\$179,373	\$183,191	\$186,863	\$190,383	\$193,738	\$196,918	\$199,911	\$202,709	\$205,300	\$207,670	\$209,807	(\$3,178,923)
Proceeds from Property Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,625,149
Net Cash Return	\$167,141	\$171,339	\$175,419	\$179,373	\$183,191	\$186,863	\$190,383	\$193,738	\$196,918	\$199,911	\$202,709	\$205,300	\$207,670	\$209,807	\$6,446,226

Cash flow after debt service is negative in these years: 1, -

Developer Return on Equity (Dev)

Cash on Cash	32%	33%	34%	35%	35%	36%	37%	37%	38%	39%	39%	40%	40%	40%	1242%
Project Value based on Capitalization Rate	\$9,118,900	\$9,188,867	\$9,256,867	\$9,322,767	\$9,386,400	\$9,447,600	\$9,506,267	\$9,562,183	\$9,615,183	\$9,665,067	\$9,711,700	\$9,754,883	\$9,794,383	\$9,830,000	\$9,861,533

NOTE: Project Value equals \$0 If Net Operating Income

Debt at Year End

First Mortgage Remaining	\$5,305,112	\$5,187,709	\$5,064,298	\$4,934,574	\$4,798,213	\$4,654,876	\$4,504,205	\$4,345,825	\$4,179,342	\$4,004,342	\$3,820,389	\$3,627,024	\$3,423,766	\$3,210,109	\$2,648,178
Second Mortgage Remaining	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Payment Loan 1 Remaining	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Deferred Payment Loan 2 Remaining	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Administrative Record

Project Name - Santana : 111 Units

Enter data in green cells only

This is an optional worksheet that the PJ can use to document compliance with certain requirements of the HOME Final Rule.

Cost Allocation. Section 92.205(d)(1) and the guidance in Notice 16-15 prescribes methods for allocating costs and the designation of HOME units within a project. PJs must perform cost allocation separately from this tool to verify that the proposed amount of HOME funding is within the allowable maximum HOME investment. Attach the completed cost allocation to this document and note any issues within the below narrative.

Below, discuss the cost allocation and designation of HOME assisted units within the project.

Fees to be Charged by the Project Owner. Section 92.214(b)(3) prohibits project owners from charging fees (such as a laundry room access fee) that are not customary in rental housing. This Section, however, allows:

- (1) Reasonable application fees to prospective tenants.
- (2) Parking fees for tenants only if such fees are customary for rental housing projects in the neighborhood.
- (3) Fees for services such as bus transportation or meals, as long as the services are voluntary and fees are charged for services provided.

Below, discuss any fees that the project owner proposes to charge, demonstrating that the owner's proposal complies with the Final Rule.

PJ Assessment of Current Market Demand. Section 92.250(b)(2) requires the PJ to assess the current market demand in the neighborhood in which the project will be located, before committing HOME funds.

Below, discuss your assessment of current market demand.

PJ Assessment of Developer Experience. Section 92.250(b)(2) requires the PJ to assess the experience of the developer, before committing HOME funds.

Below, discuss your assessment of developer experience.

PJ Assessment of Developer Financial Capacity. Section 92.250(b)(2) requires the PJ to assess the financial capacity of the developer, before committing HOME funds.

This encompasses the developer's ability to uphold its financial responsibilities such as capacity to absorb cost overruns, capacity to perform on any financial guarantees, and capacity to provide any equity the developer has committed to provide to the project.

Below, discuss your assessment of developer financial capacity.

Firm Financial Commitments in Writing. Section 92.250(b)(2) requires the PJ to obtain and assess firm written financial commitments for the project before committing HOME funds.

This encompasses all sources of funds other than HOME funds, including construction period sources of funds such as a construction loan or bridge loan. For bond-financed projects, this includes the issuing agency's commitment to issue the bonds and the bond purchaser's commitment to purchase the bonds. For projects utilizing tax credits, this includes the allocating agency's reservation of tax credits and the equity provider's commitment to purchase the tax credits.

Below, discuss your assessment of firm written financial commitments for the project.

Project-Specific Utility Allowances. Section 92.252(d) requires the PJ to establish project-specific utility allowances, using either the HUD Utility Schedule Model or another appropriate method.

This Section also requires the PJ to update the utility allowances annually.

Below, discuss how you established the utility allowances and your plans for annual updates.

Fixed versus Floating Units. For rental projects in which less than 100% of the units are HOME-assisted, Section 92.252(j) requires the PJ to make the fixed-versus-floating designation at the time of project commitment, in the written agreement.

This Section also requires that the specific HOME units be identified not later than the time of initial unit occupancy.

Fixed units must remain the same throughout the period of affordability. Floating units may be changed, but (1) the total number of HOME-assisted units must remain constant, and (2) each substituted unit must be comparable to the originally designated unit (in terms of size, features and number of bedrooms).

Below, discuss your fixed-floating determination and how compliance with 92.252(j) will be documented.

Upon completing review of this tab, proceed to the *Summary* tab.

PROJECT SUMMARY

Project Name and Unit Count:	Santana : 111 Units
Address:	TBD near Intersection of Central and Adams in Albuquerque, NM
Developer:	Thomas Development Co.
Date of Analysis:	08/01/19
City:	Albuquerque
State:	NM
Development Type:	Walkup Garden Apartments (2-4 Stories)

DEVELOPMENT SOURCES SUMMARY

Funding Sources	Amount	Comment
First Mortgage Loan (proposed amount)	\$6,567,043	
Amortizing Second Mortgage Loan	\$0	
HOME	\$400,000	
	\$0	
	\$0	
	\$0	
Deferred Developer Fee	\$519,075	
Developer Cash Investment	\$0	
Tax Credit Equity (proposed amount)	\$12,205,272	
ABQ WHTF	\$950,000	
	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
Total Sources of Funds	\$20,641,390	

DEVELOPMENT USES SUMMARY

Development Uses	Amount	Comment
Acquisition Costs	\$1,700,000	
Site Work Costs	\$0	
Construction / Rehabilitation Costs	\$13,887,138	
Architectural / Engineering Costs	\$380,000	
Other Owner Costs	\$785,282	
Construction Interest	\$511,754	
Other Interim Financing Costs	\$590,456	
Permanent Financing Costs	\$65,670	
Developer's Fee	\$2,190,148	
Initial Project Reserves	\$410,942	
Project Management Costs	\$120,000	
Other Development Costs	\$0	
Total Uses of Funds	\$20,641,390	

UNIT SUMMARY

Unit Types	Number of Units	Total Rents (Year 1, without vacancy)
High HOME Units	0	
Low HOME Units	4	\$26,496
Market Rate Units	17	\$258,000
Other Affordable Units	90	\$658,788
Total	111	\$943,284

OPERATIONS SUMMARY

Project Income	Year 1	Year 2	Year 5	Year 10	Year 15	Year 30
HOME/CDBG/LIHTC Rents	\$26,496	\$27,026	\$28,680	\$31,665	\$34,961	\$93,765
Market Rents	\$258,000	\$263,160	\$279,267	\$308,334	\$340,426	\$458,168
Other Affordable Rents	\$658,788	\$671,964	\$713,093	\$787,313	\$869,257	\$2,395,259
Gross Potential Rent	\$943,284	\$962,150	\$1,021,040	\$1,127,312	\$1,244,644	\$2,947,192
Vacancy Loss	(\$188,657)	(\$60,921)	(\$64,650)	(\$71,379)	(\$78,808)	(\$186,811)
Other Revenue	\$24,087	\$24,569	\$26,073	\$28,786	\$31,782	\$42,775
Effective Gross Income	\$778,714	\$925,798	\$982,463	\$1,084,719	\$1,197,618	\$2,803,156
Total Expenses	(\$399,592)	(\$411,581)	(\$449,745)	(\$521,379)	(\$604,422)	(\$941,668)
Net Operating Income	\$345,822	\$479,918	\$495,238	\$519,890	\$542,825	\$1,783,013
Total Debt Service	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$379,993)	(\$3,770,615)
Cash Flow (After Debt Service)	(\$34,171)	\$99,925	\$115,245	\$139,897	\$162,832	(\$1,987,602)

RETURNS SUMMARY

Developer Returns on Equity	Year 1	Year 2	Year 5	Year 10	Year 15	Year 30
Cash on Cash	-6.6%	19.3%	22.2%	27.0%	31.4%	1471.4%
IRR (Year 1 through sale of project)	24.4%					

Exhibit F

Loan Payment Schedule

Source of Fund	Amount	Due and Payable
Workforce Housing Trust Funds (Construction)	\$950,000.00	End of Affordability Period

(THIS SPACE INTENTIONALLY LEFT BLANK)

Exhibit G

Construction Schedule Project Name - Santana : 111 Units

\$10,900,000	\$98,198	Hard cost before contingency
\$1,000,000	\$9,009	9.2% Hard cost contingency
\$1,438,138	\$12,956	13.2% GR / BO / BP
\$410,942	\$3,702	Initial reserves
\$4,452,162	\$40,110	Soft costs before contingency
\$250,000	\$2,252	5.6% Soft cost contingency
\$2,190,148	\$19,731	14.3% Developer fee (gross)

The HOME Final Rule's definition of *commitment* specifies that if a project includes rehabilitation or new construction, a construction schedule is required at or before the time of the commitment. Additionally, construction must be scheduled to start within twelve months after the commitment date, and construction must be scheduled to be completed within four years after the commitment date.

Intended HOME Commitment Date	July 1, 2020
Initial Closing Date	August 1, 2020
Construction Start Date	September 1, 2020
Other construction milestone #1	
Other construction milestone #2	
Other construction milestone #3	
Other construction milestone #4	
First Building Completion Date	

2.0 months after HOME Commitment Date

Total Uses of Funds

Achievement of Sustaining Occupancy May 31, 2022

6.0 months lease-up time

Closing of Permanent Financing September 30, 2022

10.0 months after construction completion

Below, please include any comments about the construction schedule

Budgeted construction cost is \$98,198 per unit. Budgeted hard cost contingency is 9.2% of hard cost.

Budgeted soft costs are \$40,110 per unit. Budgeted soft cost contingency is 5.6% of soft cost.

The budgeted developer fee is \$19,731 per unit before any deferral. This is 14.3% of total hard cost + total soft cost.

Adequacy of the Development Budget and Risk of Cost Increases. Experience indicates that the primary risk of delay in starting construction is unanticipated escalation in development costs, to the extent that the sponsor has to seek additional funding. The three lines above present key information about the development budget, about available contingency allowances, and about the developer fee (which -- if not already deferred -- can provide additional ability to absorb cost increases).

The risk of cost increases is most significant early in the development process. Once the plans and specifications are completed and there is a firm-fixed-price construction contract, there is a lower risk of increases in hard costs. However, even if there is a performance bond, there is still the risk of hard cost increases due to change orders. The risk of increases in soft costs depends on how many of the soft costs are subject to firm-fixed-price contracts. Construction period interest costs will run over budget whenever construction takes longer than anticipated. Even if there is no construction loan or bridge loan, additional construction time typically results in increased soft costs of some sort.

Below, please discuss the current state of (1) plans and specs and (2) the construction contract. Discuss whether the contractor is bonded.

See application cover letter

Below, please discuss the adequacy of the development budget, the risk of cost increases, and why you are confident that even with moderately severe increases in development cost, the project is still likely to go forward on schedule.

See application cover letter

Construction to Start Within Twelve Months. The HOME Final Rule definition of *commitment* specifies that construction must be scheduled to start within twelve months after the date of the written agreement between the PJ and the project sponsor.

Experience indicates that the primary risks of delay in starting construction are (1) unanticipated increases in development cost requiring increased sources of funds; (2) unanticipated difficulties in finalizing non-HOME sources of funds; and (3) unanticipated difficulties with zoning, building permits and other entitlements.

Below, please explain why you believe that construction will start within twelve months. Please address each of the primary risks discussed above.

See application cover letter

Upon completing this tab, proceed to the *LIHTC Basis* tab or (if the project will not be utilizing LIHTCs) to the *Operating Expenses* tab

Exhibit H

City of Albuquerque
Department of Family and Community Services
Financial Status Report and Request for Reimbursement

1. Agency Name and Mailing Address:		2. Telephone Number:
3. Project Title:	4. Contract Number:	5. Request Number:
6. Name of Contact Person	7. Request for the Period : From: _____ To: _____	8. Billing Date:

9. Financial Expenditure Category	Approved Budget	Amount of this Request	Total Requests to Date	Balance Remaining	Matching Funds Expended to Date
Salaries and Wages					
Payroll Taxes & Employee Benefits					
Contractual Services					
Audit Costs					
Consumable Supplies					
Telephone					
Postage Shipped					
Occupancy: Rent					
Occupancy: Utilities					
Occupancy: Other					
Equipment Lease					
Equipment Maintenance					
Printing and Publication					
Travel: Local					
Travel: Out-of-Town					
Conferences, Meetings					
Assistance/Beneficiaries					
Membership Dues					
Equipment, Land, Buildings					
Insurance					
Indirect Costs					
Total					

10. Certification: I hereby certify that the funds for which reimbursement is being herein requested have been or will be utilized to provide services to the Community Development Project described in the Agreement executed between the City of Albuquerque and the above named agency which I represent and I further certify that the amount requested herein is true and just, that payment has not been received, and that (1) this Reimbursement Request represents expenditures incurred and eligible under applicable local, state and Federal regulations; (2) that said expenditures are supported by vendor's invoices and other documented liabilities in our records; and (3) funds received as a result of the Request will be expended within three (3) working days.

a. Signature of Authorized Official	b. Title
b. Typed Name	d. Date

**Instructions for Completing Financial
Status Report and Request for
Reimbursement**

1. Enter the name and mailing address of the agency submitting the report.
2. Enter the telephone number of the agency.
3. Enter the title of the City-funded project for which reimbursement is being requested.
4. Enter the contract number assigned to the project by the City.
5. For each contract. Requests for Reimbursement must be numbered sequentially, with the first request numbered "1" and so on for succeeding requests. Enter the number of this request.
6. Enter the name of a contact person at the agency from whom information about the request may be obtained.
7. Enter the starting date and ending date of the period for which reimbursement is being requested.
8. Enter the date that the request will be submitted to the City.
9. In the column headed "Approved Budget," enter the amounts for each line item in the most recent project budget approved by the City.

In the column headed "Amount of this Request," enter the amount of the reimbursement requested for each line item in the approved budget. In the column headed "Total Requests to Date," enter the sum of this request and all previous reimbursements paid by the City for each line item in the approved budget. In the column headed "Other Funds Expended to Date," enter the amounts of matching funds or program income applied to the project expended for each line item, if such funds are required under the terms of the contract.

10. An authorized official of the agency must certify that funds were used according to City requirements.

10a. The official must sign to certify the Financial Status Report.

10b. Enter the typed title of the official signing the Financial Status Report.

10c. Enter the typed name of the official.

10d. Enter the date the official signed the Report.

Exhibit I

**Supportive Housing Coalition of New Mexico
Santana Apartments
RESTRICTIVE REAL ESTATE COVENANTS**

Made in Albuquerque, New Mexico

Date _____

These Restrictive Real Estate Covenants are made by **Supportive Housing Coalition of New Mexico**, a New Mexico non-profit corporation ("Owner") in favor of the City of Albuquerque whose address is One Civic Plaza, Albuquerque, New Mexico, 87102, Post Office Box 1293,, Albuquerque, NM, 87103, a municipal corporation ("City"), and shall run with the land until modified or released by the City.

1. Recitals:

A. The Owner is the owner fee simple of that certain real estate ("Real Property") in Bernalillo County New Mexico, which is located in Albuquerque, NM and whose legal description is:

The Westerly twenty-five feet (W'ly 25') of Lots numbered One (1) to Thirteen (13) inclusive, and all of Lots numbered Eighteen (18) to Thirty-six (36) inclusive, in Block numbered Forty-four (44) of the valley View Addition to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat thereof, filed in the office of the Probate Clerk and Ex-Officio Recorder of Bernalillo County, New Mexico, on September 2, 1911, in Plat Book D1, Page 32.

B. For consideration for the assistance given by the City for the benefit of the Owner, the Owner agrees to restrictions on the use and rental of the Real Property in order to implement the Project. The Real Property shall be used only for the Project. The Owner for the Project name Santana Apartments located at 4501 Central Avenue Northeast in Albuquerque, as described in **Exhibit B** of the Development Agreement, is the Supportive Housing Coalition of New Mexico, a New Mexico non-profit corporation, P.O. Box 27459, Albuquerque, NM 87125. The Project is a 111 unit, mixed income development that shall consist of 34 (11 one-bedroom, 22 two-bedroom, and 1 three-bedroom) restricted units at 30% AMI of which 22 are designated for special needs, 22 (6 one-bedroom, 15 two-bedroom, and 1 three-bedroom) restricted units at 50% of AMI, 27 (13 one-bedroom, 13 two-bedroom, and 1 three-bedroom) restricted units at 60% AMI, 11 (3 one-bedroom and 8 two-bedroom) restricted units at 80% AMI and 12 market rate units. The Project shall remain an affordable rental housing project as more fully defined elsewhere in the Development Agreement adopted by reference and incorporated herein as though set forth in this Restrictive Covenant.

2. Definitions

“AMI” means Area Median Income which is the annual income figure for a specific geographic area which is determined annually by the Department of Housing and Urban Development and adjusted for family size.

“Annual Income” means the anticipated total income from all sources, as defined in 24 CFR §5.609, to be received by the Family Head and spouse and each additional member of the household during a twelve month period.

“City’s Low Income” families means households earning Family Income of 80% or less of the City’s median income for the area, as determined by the U.S. Department of Housing and Urban Development.

“City’s Very Low-Income” families means households earning Family Income of 50% or less of Median Family Income.

“Family” means one or more individuals residing in a household.

“Family Income” means the gross annual income earned or received through all sources by a Family.

“Housing Quality Standards” means the standards set forth in 24 CFR Part 887 to maintain decent, safe and sanitary living environment.

“HUD” means the U. S. Department of Housing and Urban Development.

“Program Income” means that portion of income generated from the Project subject to the requirements of 24 CFR Part 92 for HOME funded projects and Workforce Housing Program regulations for Workforce trust funded projects.

“Project” means the residential apartment development to be constructed upon the Real Property, including an underground garage for the use of the apartment residents, related on-site and off-site improvements, equipment and related rights therein. The “Project” does not include the Retail Unit.

“Special Needs” households means homeless people and/or people with physical or developmental disabilities or chronic mental illnesses as defined in HUD’s Handbook 4571.2, Section 1-5, Parts A.2. and A.3.

“Utility Allowance” is the amount established by a schedule that is appropriate for a specific rent to cover the cost of utilities that are paid to the utility company as approved by the City.

“Workforce Housing” means rental and/or for-sale housing that is affordable to an individual whose annual household income does not exceed 80% of the area median income (AMI)

and whose monthly housing payment does not exceed 30% of the imputed income limit applicable to such unit or 35% under special conditions to be defined in the Workforce Housing Plan. The AMI is published annually by the United States Department of Housing and Urban Development.

3. Restrictive Real Estate Covenants

A. Use of Property. The Real Property shall be used as and only for the Project. The Project, named Santana Apartments, whose address is described in **Exhibit B** of the Development Agreement, shall consist of the construction and management of an 111 unit, mixed income development that shall consist of 34 (11 one-bedroom, 22 two-bedroom, and 1 three-bedroom) restricted units at 30% AMI, 22 (6 one-bedroom, 15 two-bedroom, and 1 three-bedroom) restricted units at 50% of AMI, 27 (13 one-bedroom, 13 two-bedroom, and 1 three-bedroom) restricted units at 60% AMI, 11 (3 one-bedroom and 8 two-bedroom) restricted units at 80%AMI and 17 market rate units. The Project shall remain an affordable rental housing project as more fully defined elsewhere in the Development Agreement adopted by reference and incorporated herein as though set forth in this Restrictive Covenant.

B. Income Qualifications. The Owner shall determine the annual income of a household occupying or seeking to occupy the Affordable Units, in accordance with 24 CFR §5.609. The income of the household shall not exceed eighty percent (80%) of the City's Median Income for the Affordable Units.

(1) The Owner shall determine whether the annual income of household(s) occupying or seeking to occupy the Affordable Units, exceeds the applicable income limit prior to admission of the household(s) to occupancy.

(2) The Owner shall annually re-examine and document the income of households residing in the Affordable Units to ensure compliance with Section B of these covenants.

C. Rent Determination. Rents charged occupants of the affordable units must be the lesser of the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR §888.111; or a rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the areas, as determined by HUD, with adjustment for number of bedrooms in the unit. The rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

(1) Any rent increases of the Affordable Units other than those related to increases in the imputed income limits must be approved in writing by the City prior to implementation. If utilities are not included in the rent, an allowance must be made using the City's established utility allowance.

(2) Affordable Units continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the income of existing tenants, if actions are being taken to ensure that a vacancy is filled in accordance with B above, until the noncompliance is corrected.

(3) In the event a tenant's income exceeds 80% of median income following initial occupancy, the tenant must pay 30% of tenant's adjusted income as rent, or the market rate for the neighborhood, whichever is less.

(4) The Owner shall ensure that each household occupying the affordable units will have an executed lease with the Owner in compliance with 24 CFR §92.253. The term of the any lease shall be for a period of twelve (12) months, unless such time period is waived in writing for a compelling reason by the household seeking occupancy. The City in its discretion may determine whether a reason is compelling.

(5) In the event a unit(s) has funding from both low income housing tax credits and the City's Workforce Housing Trust Fund, the low-income housing tax credit rules shall apply. In the event of any conflict between the terms of Section 3.B and/or 3.C and the terms of the Section 42 of the Internal Revenue Code (the "Code"), the terms of the Code shall control.

(6) Any rent increases of the affordable units must be approved in writing by the City prior to implementation. If utilities are not included in the rent, an allowance must be made using the City's established utility allowance.

4. Crime Free Multi-Housing Program. The Owner shall ensure that the property manager for the facility participates in the Albuquerque Police Department's Crime Free Multi-Housing Program and obtains program certification within one year of execution of this Agreement. The City shall be notified by Owner if facility is in jeopardy of losing its Crime Free Multi Housing Certification. Failure to obtain the program certification, or revocation of the certification from the facility manager, shall constitute a default of this Agreement.

5. Maintenance Reserve Fund. The Owner shall establish a maintenance reserve fund for the Project in an amount not less than Three Hundred Dollars (\$300.00) per unit per annum from the date of acceptance of the Certificate of Occupancy issued by the City of Albuquerque until the terms of this Agreement have been met.

6. Encumbrances. The Owner covenants and agrees that it shall not refinance, mortgage, suffer or allow the creation of a lien, nor otherwise encumber the Real Property, without the prior written consent of the City which consent shall not be unreasonably withheld or delayed, as determined in the City's sound governmental judgment in compliance with all applicable laws and ordinances.

7. Property Standards Requirements. The Project will meet all Housing Quality Standards, or other physical property standards regulated by HUD and local building code requirements, and the City shall be allowed to inspect the Real Property and the Project for the duration of this Agreement.

8. Monitoring/Reporting Requirements.

A. The Owner shall report, in writing, at least quarterly during the construction and lease-up phases of the Project. The quarterly report shall include the process of construction as a percentage complete, construction funds expended with remaining balance, and number of units completed.

B. The City, at its discretion, may require a reasonable administrative fee from the Owner for the purpose of monitoring the project.

C. Income received from the rental of affordable units, if funded by HOME, shall be considered Program Income and must comply with 24 CFR §92.503. A Program Income report detailing the uses of Program Income for the reporting period, will be provided by the Owner within thirty (30) days after the close of the quarter until the terms of this Agreement have been met.

D. The Owner shall report annually within 90 days of the close of the Owner's fiscal year until the terms of this Agreement have been met. The report shall include, but not be limited to, the financial statements for the Project, Income and Expense Statement for the Project, a Program Income budget, if applicable, the proposed uses of Program Income for the forthcoming year, and a certified rent roll showing household size, ethnicity, race, whether the occupant is female head of household, date of execution of the occupants' current lease, adjusted gross income and rental rates.

E. At any time during normal business hours and as often as the City and/or the appropriate funding entity may deem necessary, there shall be made available to the City for examination, all of the Owner's records with respect to all matters covered by this Agreement. The Owner shall permit the City and/or the appropriate funding entity to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement.

9. Term. The Owner's obligations designated herein are to commence upon the execution of these Restrictive Real Estate Covenants by the last party to sign ("Commencement Date"), and shall be undertaken and completed in such sequence as to assure their expeditious completion in light of the purposes of this Agreement but, in any event, the provision of the Affordable Units required hereunder shall be continued for ninety-nine (99) years from the completion of the Project ("Affordability Period") with a renewable ninety-nine (99) years after the first Affordability Period. If the Owner can provide sufficient credible evidence that the building placed on the Project's land is functionally obsolete or has reached the end of its useful life and financing the redevelopment of the building as an affordable housing project is not economically feasible, the City's governing body may approve the demolition of the building. A new building shall be built upon the Project's land that shall at a minimum include the same affordability requirements as specified in the original agreement. If no additional City funds are infused in the project, credit will be given for the number of years the Affordability Period has been met. If additional City funds are infused, the initial ninety-nine (99) years Affordability Period will commence anew with a renewable ninety-nine (99) years of affordability requirements.

10. Covenants Running with Real Property. These Restrictive Real Estate Covenants shall be and constitute covenants running with the Real Property during the Affordability Period and shall be enforceable by the City by legal and equitable action, including an action for injunctive relief.

11. Workforce Housing Funds Repayment Obligation. The City has contributed the sum of \$950,000.00 Workforce Housing Trust Funds Loan towards the development of the Project on the Real Property. The Workforce Housing Funds must be repaid, without interest, to the City by the Developer in the event of a violation of the Affordable Unit obligations pursuant to these Restrictive Real Estate Covenants, by the Owner (the "Workforce Housing Funds Repayment Obligation") during the first ninety-nine (99) years of the term of these Restrictive Real Estate Covenants. The Workforce Housing Funds Repayment Obligation is the sole obligation of the Owner, its successors and assigns. In the event of violation of these Restrictive Real Estate Covenants the City shall give written notice to the Owner, the Owner's Tax Credit Investor, (the "Investor") and all holders of financial encumbrances against the Real Property, and these parties shall have thirty (30) days to cure the violation (or if the violation cannot reasonably be cured within thirty (30) days, then to commence to cure the violation and diligently pursue to cure the violation) before the Workforce Housing Funds Repayment Obligation shall become due. The addresses for the Owner and the Investor are as follows:

Owner: Supportive Housing Coalition of New Mexico
P.O. Box 27459
Albuquerque, New Mexico 87125
Telephone: 505-255-3643

Investor:

12. Binding Effect. Upon execution of these Restrictive Real Estate Covenants by the Owner, the terms, conditions and covenants under these Restrictive Real Estate Covenants shall be binding and inure to the benefit of the parties and their representatives, successors and assigns.

13. Construction and Severability. If any part of these Restrictive Real Estate Covenants are held to be invalid or unenforceable, the remainder of the Restrictive Real Estate Covenants will remain valid and enforceable if the remainder is reasonably capable of completion.

Signed on this _____ day of _____, 2020

SUPPORTIVE HOUSING COALITION
OF NEW MEXICO,
a New Mexico nonprofit corporation

By: _____

Title: _____

STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

 This instrument was acknowledged before me on ____ day of _____, 2020, by
_____, Authorized Representative of Supportive Housing Coalition of New
Mexico, a New Mexico nonprofit corporation.

Notary Public

My Commission Expires:

SUBORDINATION OF MORTGAGE

This Subordination of Mortgage ("Subordination"), dated _____, 2020, is granted by the CITY OF ALBUQUERQUE ("City"), a New Mexico municipal corporation, City-County Building, One Civic Plaza, Albuquerque, New Mexico, in favor of _____, a _____ corporation ("Bank") whose address is _____, with the agreement of SUPPORTIVE HOUSING COALITION OF NEW MEXICO, a New Mexico non-profit corporation (the "Developer") whose address P.O. Box 27459, Albuquerque, New Mexico 87125, and SANTANA APARTMENTS LLC, a New Mexico Limited Corporation (the "Borrower"), whose address is P.O. Box 27459, Albuquerque, New Mexico 87125. The City, Bank, Developer and Borrower agree:

1. As of the date hereof, the Developer has transferred the real property more fully described in **Exhibit A** attached hereto (the "Property") to the Borrower, which is an affiliated entity. In turn, Borrower granted to Developer on _____, 2020, that certain Mortgage, Assignment of Rents and Security Agreement recorded in the real property records of Bernalillo County, as Doc# _____ on _____, 2020 (the "City Mortgage").

2. The City Mortgage is a lien on the real property described therein ("Property"), on which Borrower as a related entity of Developer is required to rehabilitate and operate low income affordable housing apartments on the Property ("Project") under the terms of a development agreement ("Development Agreement") between City and the Developer dated _____, 2020.

3. Pursuant to the Development Agreement, Developer assigned the City Mortgage to the City by Collateral Assignment of Promissory Note, Mortgage, Assignment of Rents and Security Agreement recorded in the real property records of Bernalillo County, as Doc# _____ on _____, 2020 (the "Collateral Assignment").

4. The Bank has agreed to make a loan ("Bank Loan") to the Borrower in the amount of \$ _____ pursuant to that certain construction loan agreement ("Loan Agreement") dated _____ between the Borrower and the Bank, which Bank Loan will be secured by a mortgage ("Bank Mortgage") on the Property.

5. Bank requires as a condition for the Bank Loan, that the Bank Mortgage be in a first lien position which Bank Mortgage secures the Partnership's repayment of those certain four promissory notes each dated December ___, 2020 in the aggregate principal amount of \$ _____.00 (collectively, the "Bank Note"), and that the lien of the City Mortgage be subordinated to the lien of the Bank Mortgage.

6. THEREFORE, IN CONSIDERATION OF THE FOREGOING AND IN ORDER TO INDUCE BANK to make the Bank Loan and other good and valuable consideration, the City, Borrower and Bank agree as follows:

7. City as assignee under the Collateral Assignment hereby subordinates the lien of the City Mortgage, which shall hereafter be junior and inferior in priority to the Bank Mortgage;

subject to the provisions of paragraph 8 below and further provided that Bank shall not change the interest rate or maturity date of the Bank Note without the prior written consent of the City, which consent will not be unreasonably withheld, conditioned or denied.

8. The maximum lien amount of the Bank Mortgage shall not, without City's prior written consent, exceed the amounts of:

- A. the Bank Note in the aggregate principal amount of \$_____.00;
- B. amounts advanced by Bank under the Bank Mortgage, its Loan Agreement or otherwise to complete construction of the Project, including cost overruns in any amount;
- C. amounts advanced by Bank under the Bank Mortgage, its Loan Agreement or otherwise to protect or preserve the Project, for taxes, insurance, or receivership costs: and
- D. interest on all such amounts together with costs, expenses and attorneys' fees of all such actions and any further actions to foreclose the Bank Mortgage or collect the Bank Note.

9. City shall not accelerate the obligations securing the City Mortgage or foreclose the City Mortgage without first providing not less than 30 days prior written notice to Bank of such intended actions, and allowing the Bank or other entity to cure any default or noncompliance upon which such intended action is based.

10. Without limiting the foregoing, Bank shall provide the City notice of any default by the Partnership at the same time as giving the Partnership any notice of default or demand to cure. The City shall be entitled to exercise the same rights to cure default including but not limited to curing monetary defaults as is permitted of the Partnership. If the City should exercise such cure rights, the City shall have the right to assert a junior lien against the Project for the sums referenced therein (and such junior liens shall be permitted encumbrances against the Property). Bank shall permit transfer of the Project and the Bank Loan to the City, whether by way of deed in lieu, foreclosure or other action, to accept the City as a substitute for the Partnership under the Bank Loan documents (subject to the approval of, if applicable, the United States Department of Housing and Urban Development) or to accept payment of the Bank Loan from the City, and Bank shall provide the City with all notices provided or required be given to the Partnership in the Bank Mortgage, Bank Note, and Loan Agreement. Bank agrees to execute such documents as the City may reasonably request to evidence Bank's agreements under this paragraph 10.

11. This Subordination shall be binding upon and inure to the heirs, executors, administrators, successors and assigns of the respective parties and may only be waived, discharged, modified, amended or terminated by mutual consent of the parties in a writing which specifically recites this Subordination and this paragraph 11.

12. This Subordination shall be governed by and construed in accordance with the laws of the State of New Mexico. Any action or proceeding arising from any controversy arising under or affecting this Subordination shall be commenced in the Second Judicial District Court in Bernalillo County, or in a federal district court in New Mexico.

13. This Subordination may be executed in counterpart signature pages, all of which shall constitute the entire document.

14. In the event any provisions of this Subordination are held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, unless such invalidity or unenforceability destroys an essential purpose of this Subordination.

CITY:

CITY OF ALBUQUERQUE

APPROVED BY:

Carol M. Pierce
Director Family and Community Services Department

STATE OF NEW MEXICO)
)
) ss
COUNTY OF BERNALILLO)

This Instrument was acknowledged before me on this ____ day of _____, 2020 by Carol M. Pierce, Director of the Department of Family and Community Services of the City of Albuquerque.

Notary Public

My commission expires: _____ SEAL

DEVELOPER:

SUPPORTIVE HOUSING COALITION OF NEW MEXICO,
a New Mexico non-profit corporation

Title: _____

STATE OF NEW MEXICO)
).ss
COUNTY OF BERNALILLO)

Notary Public

My commission expires: _____ SEAL

SANTANA APARTMENTS LLC,
a New Mexico limited liability corporation

By: _____
Name: _____
Title: _____

This instrument was acknowledged before me on _____, 2020, by _____, the _____ of _____, the Managing General Partner of Santana Apartments LLC, a New Mexico limited liability corporation.

My commission expires: _____ SEAL

**COLLATERAL ASSIGNMENT OF
PROMISSORY NOTE AND MORTGAGE, ASSIGNMENT
OF RENTS AND SECURITY AGREEMENT**

THIS COLLATERAL ASSIGNMENT OF PROMISSORY NOTE AND MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (this "Assignment"), dated _____, 2020, is made by SUPPORTIVE HOUSING COALITION OF NEW MEXICO ("Assignor"), in favor of the CITY OF ALBUQUERQUE, a New Mexico municipal corporation, organized and existing under its charter and the Constitution and laws of the State of New Mexico ("Assignee").

Recitals

1. Assignor is an affiliate of SANTANA APARTMENTS LLC, a New Mexico limited liability corporation ("Owner"), and a sponsor of the development of the real property located in Albuquerque, New Mexico, more particularly described in Exhibit A, attached hereto and incorporated herein (the "Property"), into an affordable housing community known as the Santana Apartments Project (the "Project").

2. Pursuant to the Development Agreement dated _____, 2020, (the "Development Agreement"), Assignee granted \$950,000.00 of funds to Assignor (the "Funds Loan"), and Assignor will loan, as of the date hereof, such funds to Owner for the construction and development of the Project (the "Loan").

3. Owner executed the Promissory Note of even date herewith in the principal amount of \$950,000.00 to evidence the Loan, payable to Assignor (the "Note").

4. The Note is secured by the Mortgage, Assignment of Rents, and Security Agreement of even date herewith for the benefit of Assignor, recorded in the real property records of the County of Bernalillo, New Mexico (the "Mortgage"), encumbering title to the Property.

5. Assignor now desires to assign its rights under the Note and the Mortgage to Assignee in order to secure Owner's performance of its obligations under the Development Agreement and the Restrictive Real Estate Covenants, dated _____, 2020 (the "Real Estate Covenants").

Assignment

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignor, subject to the limitation set forth below, hereby grants, bargains, sells, conveys, assigns, transfers and sets over unto Assignee all of Assignor's rights in the Note and the Mortgage, including without limitation, all monies now owing or that may hereafter become due or owing with respect to the Note and the full benefit of all the powers, covenants and provisos contained in the Note and the Mortgage.

Assignor represents and warrants that, as of the date hereof, there have been no amendments or modifications, either oral or written, to the Note or the Mortgage, and that none of the Property has been released from the lien of the Mortgage. Assignor further represents and warrants that (i) there has been no prior assignment of Assignor's rights under the Note or the Mortgage, and Assignor will make no other assignment thereof; (ii) Assignor has good right to assign its rights under the Note and the Mortgage, and to grant the rights herein granted; and (iii) neither the Note nor the Mortgage will be amended or reassigned without Assignee's prior written consent, which consent will not be unreasonably withheld or delayed.

In the event of a default of the Loan, Assignor covenants and agrees to do all things reasonably necessary to give effect to the intent of this Assignment, including but not limited to, immediately furnishing to Assignee copies of all notices of default relating to the Loan, executing any other documents necessary or reasonably requested to protect the interest of Assignee and to confirm the existence of this Assignment and, if necessary, to join with Assignee in asserting any claims against Owner, its successors and assigns, as the maker of the Note, and to remit any proceeds collected thereafter on the Note and the Mortgage to Assignee.

This is a collateral assignment securing any obligation to repay the Funds Loan under the Development Agreement or the Real Estate Covenants. The Owner and Assignor shall be jointly and severally liable to the Assignee to perform all terms and conditions of the Development Agreement. Notwithstanding anything to the contrary in this Assignment, so long as there is not an event of default beyond all applicable notice and cure periods under the Note or the Mortgage (including an event of default arising from Owner's failure to comply with the Real Estate Covenants or the Development Agreement), Assignor will be entitled to retain all payments received in connection with the Note, and Assignee will have no right whatsoever to exercise any of its rights under this Assignment until there is an uncured default of the Loan as provided in the Note and the Mortgage.

Assignor agrees that Assignee may enforce Assignor's rights with respect to the Note and the Mortgage upon any event of default (after the expiration of all applicable notice and cure periods) occasioned by the failure of Owner to comply with the covenants set forth in the Note or the Mortgage, and in particular, in the event of any failure to comply with the Real Estate Covenants or the Development Agreement.

Failure or delay on the part of Assignee to exercise any of its rights hereunder will not operate as a waiver of such rights unless so agreed in writing by Assignee, nor will any single or partial exercise by Assignee of any of its rights hereunder preclude the exercise of any other rights hereunder, and the waiver by Assignee of any default by Assignor hereunder will not constitute a continuing waiver or a waiver of any other default or of the same default on any future occasion.

This Assignment and the covenants contained herein will inure to the benefit and be binding upon the successors and assigns of the respective parties hereto.

EXECUTED as of the date first set forth above.

SUPPORTIVE HOUSING COALITION OF NEW
MEXICO, a New Mexico nonprofit corporation

By:

Its:

STATE OF NEW MEXICO)
) ss:
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on _____ day of _____,
2020, by _____ as Authorized Representative of SUPPORTIVE HOUSING
COALITION OF NEW MEXICO, a New Mexico nonprofit corporation.

Notary Public

My Commission Expires: _____

The undersigned consents to the assignment of the Note and the Mortgage as set forth above as collateral for the Funds Loan, and to the rights granted to Assignee thereby.

SANTANA APARTMENTS LLC, a New Mexico limited liability corporation

By: SANTANA APARTMENTS LLC, a New Mexico limited liability company, General Partner

By: _____

Title: _____

STATE OF NEW MEXICO)
) ss:
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on the _____ day of _____, 2020, by _____, as Authorized Representative of SUPPORTIVE HOUSING COALITION OF NEW MEXICO, Manager or General Partner of SANTANA APARTMENTS LLC, a New Mexico limited liability limited company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My commission expires: _____

Exhibit L

**AGREEMENT
TO ASSUME RIGHTS AND RESPONSIBILITIES**

THIS AGREEMENT is entered into by and between the CITY OF ALBUQUERQUE, Albuquerque, New Mexico, a municipal corporation, (hereinafter City), SANTANA APARTMENTS LLC, a New Mexico limited liability company (hereinafter Developer or Assignee), and SUPPORTIVE HOUSING COALITION OF NEW MEXICO, a New Mexico nonprofit corporation, or (hereinafter Assignor), on the ____ day of _____, 2020. City, Developer, and Assignor are sometimes hereinafter referred to collectively as the Parties and individually as a Party.

RECITALS:

WHEREAS, the City has determined by Resolution adopted September 21, 1992, Enactment No. 134-1994, that a serious shortage of decent, safe, sanitary and affordable residential housing exists in the City of Albuquerque; and

WHEREAS, The Project, named Santana Apartments, is a 111 unit, mixed income development that shall consist of 34 (11 one-bedroom, 22 two-bedroom, and 1 three-bedroom) restricted units at 30% AMI, 22 (6 one-bedroom, 15 two-bedroom, and 31 three-bedroom) restricted units at 50% of AMI, 27 (13 one-bedroom, 13 two-bedroom, and 1 three-bedroom) restricted units at 60% AMI, 11 (3 one-bedroom and 8 two bedroom) restricted units at 80% and 17 market rate units. The Project shall remain an affordable rental housing project as more fully provided elsewhere in this Agreement.

WHEREAS, the Developer has the necessary construction, and marketing expertise to develop and market the Project; and

WHEREAS, the Developer has been awarded a Low-Income Housing Tax Credit (LIHTC) allocation from the New Mexico Mortgage Finance Authority (hereinafter "MFA") which will reduce the overall cost of the Project; and

WHEREAS, in order to obtain the benefits of LIHTCs and other tax benefits, the Project will be owned by SANTANA APARTMENTS LIMITED PARTNERSHIP LLLP, whose sole general partner is SANTANA APARTMENTS LLC. The sole member of SANTANA APARTMENTS LLC is the Assignor; and

WHEREAS, the City entered into that certain Development Agreement dated _____, 2020, with the Assignor under which the City agreed to advance no more than Nine Hundred Fifty Thousand Dollars and No Cents (\$950,000.00) to construct the Project;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the Parties formally covenant and agree as follows:

1. The Developer shall assume all contractual rights and responsibilities previously assigned by the Assignor in the Development Agreement, which agreement is attached hereto and incorporated herein by reference; in particular, but not limited to, the Developer shall:

- A. Implement all Project activities as described in said Development Agreement and shall execute such documents in its own name.
- B. Adhere to all Restrictive Covenants contained in said Development Agreement and shall execute such documents in its own name.

The Assignor agrees to remain jointly and severally liable for such contractual rights and responsibilities under the Development Agreement.

2. Approval Required: This Agreement shall not become effective or binding until approved by the highest approval authority required by the City under this Agreement.

IN WITNESS WHEREOF, the City, Developer and the Assignor have executed this Agreement as of the date first above written.

CITY:

CITY OF ALBUQUERQUE

By _____
CAROL M. PIERCE,
Director, Department of Family and Community Services

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

On this _____ day of _____, 2020, before me personally appeared CAROL M. PIERCE, Director, Department of Family and Community Services of the CITY OF ALBUQUERQUE, a New Mexico municipal corporation, on behalf of the City.

My Commission Expires:

Notary Public

DEVELOPER:

SANTANA APARTMENTS LLC

By SUPPORTIVE HOUSING COALITION OF NEW MEXICO, Manager

By _____

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

On this _____ day of _____, 2020, before me personally
appeared _____, Authorized Representative of Supportive Housing Coalition of
New Mexico, Manager of SANTANA APARTMENTS LLC, the General Partner of SANTANA
APARTMENTS LIMITED PARTNERSHIP LLLP, and acknowledged that he executed the
same as his free act and deed on behalf of the Developer.

My Commission Expires:

Notary Public

ASSIGNOR:

SUPPORTIVE HOUSING COALITION OF NEW MEXICO

By: _____

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

On this _____ day of _____, 2020, before me personally
appeared _____, Authorized Representative of SUPPORTIVE HOUSING
COALITION OF NEW MEXICO, and acknowledged that he executed the same as his free act
and deed on behalf of the SUPPORTIVE HOUSING COALITION OF NEW MEXICO.

My Commission Expires:

Notary Public