

Mayor Timothy M. Keller

EC-19-402
CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

INTER-OFFICE MEMORANDUM

April 26, 2019

TO: Klarissa J. Pena, President, City Council

FROM: Timothy M. Keller, Mayor

SUBJECT: Approval of the Second Supplemental Agreement to add HOME funding to the PY 2018 Inca Street Development Agreement with Greater Albuquerque Housing Partnership (GAHP).

Approval is requested for the proposed Second Supplemental Agreement to add HOME grant funding to the PY 2018 Development Agreement between the City of Albuquerque and Greater Albuquerque Housing Partnership (GAHP) to rehabilitate twelve (12) units of multi-family rental housing located at 3701, 3705, and 3711 Inca Street NE.

The Contractor encountered circumstances which required significant remediation of hazardous materials, significantly increasing the scope of the project from a moderate renovation project to a substantial rehabilitation project. The proposed supplemental agreement will provide additional funding in the amount of One Million Four Hundred Thousand Dollars and No Cents (\$1,400,000.00) from the U.S. Department of Housing and Urban Development HOME Investment Partnership funds to the PY 2018 Inca Street Development Agreement, bringing the aggregate total of the Agreement to Two Million Four Hundred Thousand Dollars and No Cents (\$2,400,000.00).

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


Legislation Title: Approval of the Second Supplemental Agreement to add HOME funding to the PY 2018 Inca Street Development Agreement with Greater Albuquerque Housing Partnership (GAHP).

Recommended:



Sarita Nair Date 5/3/19
Chief Administrative Officer

Approved as to Legal Form:

 4-29-19

Esteban A. Aguilar, Jr. Date
City Attorney

Recommended:

 4-29-19

Carol M. Pierce Date
Director, Family & Community Services

Cover Analysis

1. What is it?

This is a request for approval of a Second Supplemental Agreement to add HOME funding to the PY 2018 Inca Street Development Agreement with Greater Albuquerque Housing Partnership (GAHP).

2. What will this piece of legislation do?

This legislation will increase the amount of HOME grant funding for the Inca Street Development Project.

3. Why is this project needed?

The increase in funding will enable the project to adequately rehabilitate the existing residential buildings to ensure that the units are habitable and safe for the future families that will occupy them.

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

This will cost an additional \$1,400,000.00 in HOME grant funds, bringing the total HOME investment to \$2,400,000.

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

No

FISCAL IMPACT ANALYSIS

TITLE: Inca Development - Supplemental adding funding

R: FUND: 265

O:

DEPT: Family and Community Services

☒ No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.

☐ (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

| | 2019 | Fiscal Years 2020 | 2021 | Total |
|--|------|----------------------|------|-------|
| Base Salary/Wages | - | | | - |
| Temporary Wages | - | | | - |
| Fringe Benefits at | - | | - | - |
| Fringe Benefits at | - | - | | - |
| Subtotal Personnel | - | - | - | - |
| Operating Expenses | - | | | - |
| Property | - | - | - | - |
| Indirect Costs | - | | | - |
| Total Expenses | \$ - | \$ - | \$ - | \$ - |
| <input type="checkbox"/> Estimated revenues not affected | | | | |
| <input type="checkbox"/> Estimated revenue impact | | | | |
| Amount of Grant | - | - | | - |
| City Cash Match | - | | | - |
| City Inkind Match | | | - | - |
| City IDOH | - | - | | - |
| Total Revenue | \$ - | \$ - | \$ - | \$ - |

These estimates do not include any adjustment for inflation.

* Range if not easily quantifiable.

Number of Positions created

COMMENTS: FCS is requesting to add funding to the Inca Development agreement in the amount of \$1,000,000. Funding for the \$1,000,000 has previously been appropriated by R-18-36 in the 2018 HUD Action Plan.

COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:

PREPARED BY:

APPROVED:

FISCAL MANAGER

DIRECTOR

(date)

REVIEWED BY:

EXECUTIVE BUDGET ANALYST

BUDGET OFFICER

(date)

CITY ECONOMIST

SECOND SUPPLEMENTAL AGREEMENT
TO
DEVELOPMENT AGREEMENT

THIS SECOND SUPPLEMENTAL AGREEMENT, made and entered into this _____ day of _____, 2019 by and between the City of Albuquerque, New Mexico, a municipal corporation (hereafter referred to as the "City"), and **Greater Albuquerque Housing Partnership, 320 Gold Street S.W. Suite 918, Albuquerque, NM 87102**, a New Mexico non-profit corporation (hereafter referred to as the "Contractor").

WHEREAS, the City and the Contractor entered into an agreement dated July 31, 2018, hereafter referred to as the "Original Agreement," whereby the Developer agreed to rehabilitate twelve (12) units of multi-family rental housing located at 3701, 3705, and 3711 Inca Street NE, hereafter referred to as the "Project"; and

WHEREAS, upon commencement of the Original Agreement, Contractor encountered circumstances which required significant remediation of hazardous materials; and

WHEREAS, the City and the Contractor entered into a First Supplemental Agreement to Development Agreement dated April 22, 2019, hereafter referred to as the "First Supplemental Agreement," whereby the Original Agreement was amended to revise the completion date of the Project; and

WHEREAS, the City and Contractor have agreed to enter into this Second Supplemental Agreement to Development Agreement to amend the Original Agreement to revise the amount of HOME funding awarded to the Project; and

WHEREAS, the Original Agreement included corresponding Exhibits containing City Mortgage, Promissory Note, Budget, Schedule of City Grant and Payback Schedule, Projected Development Schedule, and Restrictive Real Estate Covenants, and each of those Exhibits are attached hereto and amended to reflect the revised amount of HOME funding awarded to the Project.

NOW THEREFORE, in consideration of the premises and mutual obligations herein, the parties hereto do mutually agree as follows:

1. ARTICLE III, Section 3.1 A (1) of the Original Development Agreement is amended to read as follows, with Section 3.1 A (2) remaining unchanged:

3.1 Description of City Grant and Conveyance of Real Property.

A. Description of City Grant and Conveyance of Land.

- (1) The City shall provide a grant, to be secured by a mortgage, to Developer to assist in the Project financing, in an amount not to exceed Two Million Four Hundred Dollars and No Cents

(\$2,400,000.00) (the "City Grant"), from the U.S. Department of Housing and Urban Development HOME Investment Partnerships funds. The City Grant shall be discharged at the end of the HOME Affordability Period if all conditions and requirements of this Development Agreement and related obligations are met.

2. ARTICLE V, Section 5.2 and 5.3 of the Original Development Agreement are amended to include changes to the Use of Grant Proceeds, Repayment, Discharge and Disbursement of City Grant Proceeds Authorized Under This Agreement, as follows:

5.2 Use of Grant Proceeds, Repayment, Discharge.

The City Grant shall be an amount of no greater than Two Million Four Hundred Dollars and No Cents (\$2,400,000.00), in addition to the conveyance of City-owned land, which was purchased by the City of Albuquerque for \$862,500 in May 2017. The City Grant and the conveyance of City-owned land includes all City funds allocated through this Agreement for this Project and shall be used for the development and construction of the Project, and no other purpose.

5.3 Disbursement of City Grant Proceeds Authorized Under This Agreement.

The City Grant, secured by the City HOME Mortgage, authorized under this Agreement in the amount of Two Million Four Hundred Dollars and No Cents (\$2,400,000.00), in addition to the conveyance of City-owned land, shall be disbursed to the Developer to pay actual costs incurred by Developer for purposes authorized under this Agreement and per the projected project budget attached hereto and incorporated herein as Exhibit E.

3. Except as herein amended, the terms and conditions of the Original Agreement shall remain unchanged and shall continue in full force and effect unless there is a conflict between the terms and conditions of the Original Agreement and the Second Supplemental Agreement, in which event, the terms and conditions of the Second Supplemental Agreement shall control.
4. This Agreement shall not become effective or binding until approved by the Director of the City of Albuquerque, Department of Family and Community Services.

IN WITNESS WHEREOF, the City and the Contractor have executed this Second Supplemental Agreement as of the date above-written.

CITY OF ALBUQUERQUE

CONTRACTOR: GREATER
ALBUQUERQUE HOUSING
PARTNERSHIP:
(Signature below must be that of a board
member authorized to bind the corporation).

Approved By:

Carol M. Pierce, Director
Department of Family and Community Services

Date: _____

Sarita Nair, Chief Administrative Officer
City of Albuquerque

Date: _____

By: _____

Title: Executive Director

Date: _____

02-252978000
State Taxation and Revenue Department

Taxpayer Identification Number

85-0412352
Federal Taxpayer Identification Number

Amended Exhibit C-1

Greater Albuquerque Housing Partnership

INCA STREET DEVELOPMENT

**HOME Investment Partnerships (HOME)
AMENDED MORTGAGE AND SECURITY AGREEMENT
(Not to Exceed the Principal Sum of (\$4,800,000.00))**

KNOW ALL MEN BY THESE PRESENTS THAT this instrument ("Mortgage") made this ____ day of _____, 2019, between **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102, and/or assigns ("Borrower"), and the Mortgagee/Grantee, 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, with offices at the City-County Building, One Civic Plaza, Albuquerque, New Mexico 87103 ("Lender");

WITNESSETH:

WHEREAS, Borrower is indebted to Lender in the principal sum of **Two Million Four Hundred Thousand Dollars and No Cents (\$2,400,000.00)**, for the City Grant in the amount of Two Million Four Hundred Thousand Dollars and no cents (\$2,400,000.00) indebtedness is evidenced by that certain Promissory Note of even date herewith (the "City Note"), executed by Family Housing Development Corporation, a copy of which is attached hereto as Exhibit D;

WHEREAS, Borrower and Lender have entered into that certain agreement, entitled "Development Agreement" between the City of Albuquerque, New Mexico, and **Greater Albuquerque Housing Partnership** ("Development Agreement") as of _____, 2018, which Agreement provides for the Borrower to construct a certain affordable housing project ("Project"), as defined and described in said Development Agreement;

WHEREAS, the Project shall be continued for fifteen (15) years from the completion of the project in HUD's Integrated Disbursement Information System ("Affordability Period").

This Mortgage secures the performance of the following obligations: (i) all terms and conditions in said Development Agreement, (ii) the repayment of the indebtedness evidenced by the City Note as disbursed to Borrower from time to time, together with interest thereon, in accordance with the payment provisions set forth in the City Note and all renewals, extensions and modifications thereof, and (iii) the performance of all covenants contained therein; (iv) the payment of such amounts, if any, advanced, or costs incurred by Lender in accordance herewith, to protect the security of this Mortgage or in connection with the enforcement of this Mortgage or City Note; (v) the performance of the covenants, agreements and obligations of Borrower herein contained, and (vi) upon the statutory mortgage conditions, for the breach of which it is subject to foreclosure as provided by law. No interest shall accrue or be payable on the principal balance except in the event of default, as provided in the City Note.

For consideration paid, Borrower does hereby MORTGAGE, GRANT, BARGAIN, SELL, ASSIGN, GRANT A SECURITY INTEREST IN and CONVEY TO Lender, its successors and assigns, all of Borrower's estate, right, title and interest in, to and under any and all of the following described property, whether now owned or hereafter held or acquired, with mortgage covenants.

(a) All of Borrower's fee simple estate and interest in those certain parcels of real property situated in the City of Albuquerque, County of Bernalillo, and State of New Mexico, and containing:

PARCEL I:

Lot numbered Four (4), excepting the the Southerly Thirty-three and one-half feet (S'ly 33.50) thereof, and including that portion of Lot numbered Three (3) described as, beginning at the Southwest Corner of the said Lot 3 and running N 0° 52' 10" W, 51.01 feet; thence N 89° 52' 10" E., 102.98 feet; thence S 0° 07' 50" E., 51.00 feet; thence S 89° 52' 10" W., 102.22 feet to the point beginning of Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL II:

Lot numbered Five (5), excepting the Southerly Sixteen feet (S'ly 16') thereof, and including the Southerly Thirthy-three and one-half feet (S'ly 33.50') of Lot numbered Four (4) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL III:

Lot numbered Six (6) and the Southerly Sixteen Feet (S'ly 16') of Lot numbered Five (5) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

(b) All and singular the buildings and improvements, structures, additions, tenements, easements, hereditament, and appurtenances belonging or in anywise appertaining to the aforesaid Real Property, now existing or hereafter acquired, installed, or constructed and the revision or reversions, remainder and remainders rents, issues, and profits thereof and also all the estate, right, title, interest, property, claim and demand whatsoever of Borrower of, in, and to the same, and of, in and to every part and parcel thereof;

(c) All right, title and interest of Borrower, if any, in and to the land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Real Property to the centerline hereof;

(d) All right, title and interest of Borrower in all fixtures, fittings, appliances, apparatus, equipment, machinery, building materials, inventory and other articles of personal property and

replacements thereof, now or at any time hereafter affixed to, attached to, placed upon or used in anyway in connection with the complete and comfortable use, enjoyment, occupancy or operation of the Real Property or the Project, together with any proceeds realized from the sale, transfer or conversion of any of the above (subject to the right of replacement described in the City Note);

(e) All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards or judgments, and any unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained by Borrower;

(f) To the extent assignable, any and all plans, specifications, site plans, drawings renderings and schematics, however characterized, from time to time prepared for use in connection with the construction and operation of the Project;

(g) To the extent assignable, all contracts, agreements and understandings now or hereafter entered into, relating to or involving the performance of any work, the rendering of any services, the supply of any materials or the conduct of operations in the management of the Real Property or the Project including without limitation, construction contracts, architect agreements, development agreements, management agreements with respect to hotel operations, franchise agreements and other similar agreements;

(h) To the extent assignable, any and all permits, certificates, approvals and authorizations, however characterized, issued or in any way furnished, whether necessary or not, for the operation and use of the Real Property and/or the Project, including, without limitation, building permits, environmental certificates, certificates of occupancy, certificates of operation, room permits, bar or restaurant permits, liquor or cabaret licenses, food service operation licenses, elevator licenses, warranties and guaranties; and

(i) All municipal or utility deposits made by or on behalf of Borrower or made in connection with the Real Property or the Project, together with all escrow accounts or reserves maintained or required to be maintained by Borrower hereunder, and any and all other assets revenues and profits of any kind of the Project.

All of the property described in the foregoing subparagraphs (a) through (i) shall sometimes hereinafter be collectively referred to as the "Property." All of the assignments hereinabove referenced are subject to the right of Borrower to collect, receive, apply, manage, and use the rights assigned until the occurrence of an event of default hereunder. The maximum amount of unpaid loan indebtedness, exclusive of interest thereon, which may be outstanding at any time is **Four Million Eight Hundred Thousand Dollars and No Cents, (\$4,800,000.00).**

In addition to the other debt or obligation secured hereby, this Mortgage shall secure unpaid balances of advances made for the payment of taxes, tax increment payments, assessments, insurance premiums, and other costs incurred for the protection of the Real Property or the Project, if not paid by Borrower as required by law or this Mortgage.

Borrower represents and warrants that it has full right and authority to grant this Mortgage, and that it shall warrant and defend the lien and interest of the Lender in the Property against all claims and demands whatsoever, except any encumbrances acceptable to Lender, and that Borrower shall maintain the priority of the lien of and the security interest granted by this Mortgage upon the Property until the Mortgage is defeased as provided herein.

Lender shall cause this Mortgage and instruments supplemental hereto and financing statements and all necessary supplements appropriate continuation statements, to be recorded, registered, and filed in such manner and in such places required in order to establish, preserve, and protect the lien of this Mortgage as a valid second mortgage lien on all real property, fixtures, and interests therein included in the Property, and a valid, perfected second priority security interest in all personal property, fixtures and interest therein included in the Property, including in each such case and without limitation, any such properties acquired after the execution hereof.

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.

All property of every kind acquired by Borrower after the date hereof which, by the terms herein, is intended to be subject to the lien of this Mortgage, shall immediately upon the acquisition thereof by Borrower, and without further mortgage or assignment, become subject to the lien of this Mortgage as fully as though now owned by Borrower and specifically described herein. Borrower shall take such actions and execute such additional instruments as the Lender shall reasonably require to further evidence or confirm the subjection to the lien of this Mortgage of any such after-acquired property.

Any sale must have prior approval by Lender and such sale shall be subject to the terms and conditions contained in this Mortgage and City Note. Lender reserves the right to subordinate this Mortgage.

This Mortgage constitutes a security agreement as to all or any part of the Property which is of a nature that a security interest therein can be perfected under the Uniform Commercial Code. This Mortgage also constitutes a financing statement with respect to any and all property included in the Property which is or may become fixtures.

Borrower shall pay promptly when due all taxes, tax increment payments, assessments, and other governmental charges on the property which, if not paid, may become a lien on the Property or any part thereof.

During construction of the Project, until issuance of Certificates of Occupancy for each unit and, if applicable, a certification of completion and acceptance by the City for public infrastructure, Borrower, at its expense, shall keep or cause to be kept, the Property fully insured by a policy or policies of Builder's Risk and Fire Insurance, in an amount not less than the outstanding balances of the grant evidenced by the City Note and of any mortgage to which this

Mortgage is subordinate. Upon issuance of a Certificate of Occupancy for each unit, and thereafter during the term of the grant evidenced by the City Note, Borrower, at its expense, shall keep or cause to be kept, the Property insured, in an amount not less than the outstanding balances of the grant evidenced by the City Note and of any mortgage to which this Mortgage is subordinate, against fire with extended coverage and in good order and condition, ordinary wear and tear excepted, and shall make all necessary or appropriate repairs, replacements, and renewals thereof. All policies of insurance required by this paragraph shall be endorsed to indicate Lender as an insured Mortgagee.

In the event of any damage or injury to the Project, Borrower agrees that it shall take any and all actions necessary to restore the Project substantially to its condition prior to the damage or injury, and shall apply any proceeds of such insurance coverage to the extent necessary to the costs of such restoration.

If Borrower shall fail to make any payments or perform any act required to be paid or performed hereunder or under the City Note, Lender may, but shall be under no obligation to do so, upon five (5) days written notice to Borrower and to the Lender of any mortgage loan to which this Mortgage is subordinate, make such payment or perform such act for the account of and at the expense of Borrower. All payments so made by the Lender and all costs, fees and expenses incurred in connection therewith shall, together with interest thereon as provided herein, be additional indebtedness secured by this Mortgage, to the extent permitted by law, and shall be paid by Borrower to the Lender on demand. In any action brought to collect such indebtedness, or to foreclose this Mortgage, the Lender shall be entitled to the recovery of such expenses in such action except as limited by law or judicial order or decision rendered in any such proceedings.

Notwithstanding any other provisions of this Mortgage, the City Note, or the Development Agreement, upon any failure by Borrower to pay when due any installment of principal or interest under the City Note, or failure to pay any other obligation under the City Note, and such failure is not cured within five (5) business days after receipt of written notice from the Lender, such failure to pay or cure shall constitute an immediate default entitling the Lender to exercise any remedy hereafter described in this paragraph, or elsewhere in this Mortgage, the City Note, or the Development Agreement. Upon any failure to observe or perform any other obligation under this Mortgage, which has not been remedied or cured within ten (10) days after receipt of written notice thereof from Lender, or for such longer period as the Lender shall agree to in writing, then the Lender at its option may declare a default to have occurred hereunder. Subject to the foregoing provisions, with respect to either a default in failure to make payment or any other default, the remedies available to Lender include its ability at any time at its election to exercise any or all or any combination of the remedies conferred upon or reserved to it under this Mortgage, the Development Agreement, the City Note, or now or hereafter existing at law or in equity. Without limitation, the Lender may declare the entire unpaid principal balance of the City Note immediately due and payable without notice or demand, the same being expressly waived by Borrower; may proceed at law or equity to collect all amounts secured by this Mortgage and due hereunder, whether at maturity or by acceleration; may foreclose the lien of this Mortgage as against all or any part, of the Property; and may exercise any rights, powers, and remedies it may have as a secured party under the Uniform Commercial Code, or other similar laws in effect from time to time.

Each right, power, and remedy of the Lender provided for in the Development Agreement, the City Note, and Mortgage, or now or hereafter existing at law or in equity, shall be cumulative and concurrent and shall be in addition to every other rights, power, or remedy provided for this Mortgage, the Development Agreement, or the City Note, or now or hereafter existing at law or in equity, and the exercise or beginning of exercise or partial exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such rights, power or remedies.

No failure by the Lender to insist upon the strict performance of any term whereof to exercise any right, power, or remedy consequent upon a breach hereof, shall constitute a waiver of any such term or of any such breach. No waiver of any breach shall affect or alter this Mortgage, and the Mortgage shall continue in full force and effect with respect to any other then existing or subsequent breach.

PROVIDED, however, that these presents are upon the condition that if Borrower shall well and truly keep and perform all the conditions, covenants and agreements to be kept and performed by Borrower under this Mortgage during the Affordability Period, then this Mortgage shall be void; otherwise to remain in full force and effect in law and equity forever.

The existence and lien of this Mortgage shall not impede or affect the right of Borrower from time to time with respect to all or a portion of the Premises, to dedicate public areas by subdivision plat or otherwise, including streets, easements and park areas, grant to public utilities and other agencies entitled thereto ordinary and necessary easements, and apply for and obtain zoning acceptable to Borrower.

All notices, demands or requests permitted or required to be given under the provisions of this Mortgage or the City Note shall be made pursuant the Development Agreement.

In the event of foreclosure of this Mortgage, the period of foreclosure shall be one month in lieu of the statutory redemption period of nine months.

IN WITNESS WHEREOF, the said Borrower, **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102, hereunto duly authorized, has caused, this instrument to be executed on this ____ day of _____, 2018.

GREATER ALBUQUERQUE HOUSING PARTNERSHIP
a New Mexico nonprofit corporation

By: _____

Its: Authorized Agent

STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on ____ day of _____, 2018, by _____ of Greater Albuquerque Housing Partnership, a New Mexico nonprofit corporation, on behalf of the corporation.

Notary Public

My Commission Expires:

Amended Exhibit D-1

Greater Albuquerque Housing Partnership

INCA STREET DEVELOPMENT

**HOME Investment Partnerships (HOME)
AMENDED PROMISSORY NOTE**

FOR VALUE RECEIVED, the undersigned **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102 ("**Maker**"), promises to pay to the order of the **CITY OF ALBUQUERQUE** ("**Holder**"), a New Mexico municipal corporation, organized and existing under the Constitution and laws of the State of New Mexico and its charter, and having an office at the City-County Building, One Civic Plaza, Albuquerque, New Mexico 87102, or its assigns, the principal sum of **Two Million Four Hundred Thousand Dollars and No Cents (\$2,400,000.00)**, which is the value of a City HOME Investment Partnership Grant, or so much thereof as shall have been advanced to Maker by Holder from time to time, together with all charges as provided herein and in the Mortgage, as hereinafter defined, and accrued interest on the principal balance thereof outstanding from time to time at the applicable rate of interest as hereinafter specified.

On _____, 2019, the Maker and the Holder entered into a certain Development Agreement ("**Agreement**") which provided for the grant by the Holder to the Maker of an amount not to exceed the Principal Sum of this Note. All capitalized terms used in this Note have the meaning provided in the Development Agreement.

Terms are as follows:

- A. **Two Million Four Hundred Thousand Dollars and No Cents (\$2,400,000.00)**, in U.S. Department of Housing and Urban Development HOME Investment Partnership funds and/or City Affordable Housing Funds, shall be forgiven at the end of the **15-year Affordability Period**.

Interest at the New Mexico statutory rate as it may be from time to time during the term of this Note, shall accrue, but shall not be payable on the principal balance, except as provided herein in the event of default.

The proceeds of the grant evidenced by this City Note may be assigned, with prior City approval, to any successors, assignees or purchasers of the Project who agree in writing to assume all of the obligations of Maker, its successors and assigns under the Agreement, and this City Note and the Mortgage and the Maker shall thereupon be released from all future liability hereunder.

The entire principal balance shall become immediately due and payable, to the extent and if permitted by federal bankruptcy law, upon: (i) the dissolution or liquidation of the Maker prior to the permitted assignment of Maker's rights and assumption of its obligations hereunder; (ii)

Maker's default, after any applicable notice and cure period, in any warranty, obligation or other term, condition, of the Development Agreement or the Mortgage which secures this City Note; (iii) as otherwise provided in this City Note.

If at any time during the term of this City Note, any material portion of the improvements or equipment situated on the Project site shall be removed, demolished or materially altered by the Developer without prior written consent of Holder, the entire principal balance of the grant, plus accrued and unpaid interest thereon, shall become immediately due and payable; provided, however, that Maker shall have the right, without such consent to remove and dispose of, free from any lien of Holder, such equipment as from time to time has become worn out or obsolete, provided that simultaneously with or prior to such removal, any such equipment shall be replaced with other equipment of value at least equal to that of the replaced equipment and free from any title retention or other encumbrance not otherwise permitted herein or in the Mortgage. By such removal and replacement, Maker shall be deemed to have subjected such equipment to the lien of Holder.

All cash payments hereunder shall be payable in lawful money of the United States, which shall be legal tender for public and private debts at the time of payment, at the office of the City Treasurer, or at such other place as the Holder hereof may from time to time give notice in writing to the Maker.

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

The proceeds of this City Note shall be disbursed or applied by the Holder to or for the benefit of the Maker for the construction and development of the improvements on the Project site as provided in the Development Agreement, and for costs related thereto. Disbursements of principal hereon shall be made in accordance with the terms of the Agreement.

This City Note is secured by a Mortgage and Security Agreement of even date herewith between the City of Albuquerque and **Greater Albuquerque Housing Partnership**, a New Mexico nonprofit granted by the Maker to the Holder, conveying a mortgage and security interest in the Project and the Real Property constituting the site therefor, which Mortgage is to be filed for record in the Office of the Clerk of Bernalillo County, New Mexico. All of the provisions of the Mortgage are incorporated herein by reference.

If (i) default be made in the payment when due of any installment of principal hereunder and the same shall not be paid in the manner provided in this City Note within five (5) business days after receipt of written notice at once or at any time thereafter during the continuance of such default, at the option of the Holder, thereof, become due and payable, and thereafter all of the unpaid principal shall bear interest at an annual interest rate of twelve percent (12%), the undersigned Maker hereof shall pay on demand to the Holder of this Note all costs and expenses incurred by such Holder in pursuing remedies under this Note and the Mortgage to collect any sums due under this City Note, all of which shall include, without limitation, such reasonable attorney's fees incurred in taking any and all such actions.

If (ii) default be made, and not timely cured, under the terms of any mortgage loan to which the Mortgage is subordinate; (iii) Maker shall dissolve or otherwise fail to maintain its status as a New Mexico nonprofit corporation; (iv) Maker sells or conveys the Project to a third party who does not agree in writing to assume all of obligations of Maker, its successors and assigns under the Agreement, this City Note and the Mortgage; or (v) default be made in the performance of any of the other covenants contained in this City Note or in the Mortgage, and such default shall continue for a period in excess of that time provided for remedy thereunder, then, in any such event, the whole unpaid principal balance hereof shall, upon ten (10) days written notice to the Maker, at once or at any time thereafter during the continuance of such default, at the option of the Holder thereof, become due and payable, and thereafter all of the unpaid principal shall bear interest until paid at an annual interest rate of twelve percent (12%), and the undersigned Maker hereof shall pay on demand to the Holder of this Note all costs and expenses incurred by such Holder in pursuing its remedies under this Note and the Mortgage to collect any and all sums due under this City Note, all of which shall include, without limitation, such reasonable attorney's fees incurred in taking any and all such actions.

The Maker waives presentment for payment, protest notice of protest and notice of dishonor. The 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, shall not be construed as a novation of this City Note or as a waiver of the right of the Holder to thereafter insist upon strict compliance with the terms of this City Note without previous notice of such intention being given to the Maker. This City Note shall not 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" shall 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 City Note shall be construed according to the laws of the State of New Mexico.

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

Subject to the qualification otherwise set forth herein, time is of the essence in the performance of this Note.

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.

This note is executed in Albuquerque, New Mexico on the _____ day of _____, 2018.

Greater Albuquerque Housing Partnership

By: _____
Its Authorized Agent

Date: _____

02252978000
State Tax Identification Number

85-0412352
Federal Tax Identification Number

Amended Exhibit E
Amended Project Budget

City of Albuquerque
Department of Family and Community Services
FIN #3: Request for Budget Revision (Part A)

| | | |
|---|---------------------------------|---------------------------------------|
| 1. Agency Name and Mailing Address Greater Albuquerque Housing Partnership 320 Gold Ave SW, Suite 918 Albuquerque, NM 87102 | | 2. Telephone Number (505) 244-1614 |
| 3. Project Title Inca Street Development | 4. Contract Number 201900187 | 5. Budget Revision Number One (1) |

| 6. Expenditure Category | Approved Budget | Revised Amount <Decrease>Increase | Proposed Revised Budget |
|---|-----------------|--------------------------------------|-------------------------|
| Salaries and Wages | | | |
| Payroll Taxes & Employee Benefits | | | |
| Total Personnel Costs | | | |
| Contractual Services | 1,000,000 | 1,400,000 | 2,400,000 |
| Audit Costs | | | |
| Consumable Supplies | | | |
| Telephone | | | |
| Postage and Shipping | | | |
| Occupancy: Rent | | | |
| Occupancy: Utilities | | | |
| Occupancy: Other | | | |
| Equipment Lease | | | |
| Equipment Maintenance | | | |
| Printing and Publications | | | |
| Travel: Local | | | |
| Travel: Out-of-Town | | | |
| Conferences, Meetings | | | |
| Direct Assistance/Beneficiaries | | | |
| Membership Dues | | | |
| Equipment, Land and Buildings | 862,500 | 0 | 862,500 |
| Insurance | | | |
| Total Operating | 1,000,000 | 1,400,000 | 2,400,000 |
| Total Direct Costs (Personnel & Operating) | 1,000,000 | 1,400,000 | 2,400,000 |
| Indirect Costs | | | |
| Total Project Expenses | 1,862,500 | 1,400,000 | 3,262,500 |

Submitted by: *M. R.* Date *Apr 29, 2019*
 (Signature of Authorized Official)

Note: The Request for Budget Revision must be signed and dated by an authorized official of the agency. If the proposed revision includes changes to personnel, APP #4: Project Budget Detail Form-Personnel must be attached. All requests for budget revision must also include FIN #4: Request for Budget Revision (Part B-Narrative).

| For Department Use Only | |
|--|----------------------------|
| Recommended by Program Staff <u><i>Eric Nixon</i></u> | Date <u><i>4/29/19</i></u> |
| Reviewed by Fiscal Officer <u><i>[Signature]</i></u> | Date <u><i>4/29/19</i></u> |
| Approved by Fiscal Manager <u><i>[Signature]</i></u> | Date <u><i>4/29/19</i></u> |
| Approved by Division Manager <u><i>[Signature]</i></u> | Date <u><i>4/29/19</i></u> |

City of Albuquerque
Department of Family and Community Services
FIN #4: Request for Budget Revision (Part B – Narrative)

| | | |
|---|---------------------------------|--|
| 1. Agency Name and Mailing Address Greater Albuquerque Housing Partnership 320 Gold Ave SW, Suite 918 Albuquerque, NM 87102 | | 2. Telephone Number (505)244-1614 |
| 2. Project Title Inca Street Development | 3. Contract Number 201900187 | 4. Budget Requisition Number One (1) |

Narrative justification of proposal budget revision:

During early onsite inspections and pre-abatement demolition, other materials were uncovered that triggered the need for additional asbestos testing. This additional testing indicated that the drywall mud used throughout the property, the floor tile which had concealed under other damaged flooring materials, and the roof penetration tar all contained asbestos contaminated materials. Paint used on the soffits and roof eaves contained lead paint. Removal of all drywall was determined to be the best course of action to provide safe housing for the future residents.

The factors leading to the decision to remove all of the existing drywall within the units include the following:

1. The walls and ceilings will be disturbed through the removal and replacement of all doors and windows, reconfiguration of interior partition walls to accommodate and bring up to code all of the HVAC, water heaters, electrical outlets and new light fixtures, reconfiguration of furnace closets resized to meet current code in some units and reconfigured to provide adequate fresh air intake through code compliant plenums in all units, and where needed to build in laundry alcoves or closets for washers and dryers.
2. Existing fireplaces are being removed and capped.
3. All units also need new electrical wiring to meet code including outlet placement, and to accommodate the requirements of new LED light fixtures.

As was visible on our site visit and meeting Feb. 12, 2019, the abatement of lead paint and asbestos contaminated material has required the units to be stripped down to the wood studs.

Video scoping of the waste lines shows the need for the waste lines to be replaced and the water supply lines are a mix of galvanized pipe, cast iron fittings and pipe, and pvc. Replacement of these lines will require three new taps to the city street requiring a public work order and upgrades to city curb cuts, sidewalks and accessible sidewalk ramps.

Uncovered during abatement work, the red brick walls were installed directly against the wood stud framing. Added brick coatings, weather barrier and insulation will need to be added to the exterior walls.

Pre-abatement demolition work also revealed the corners of the roof framing are damaged and require reframing.

All of these items above have contributed to significant increases in the scope of work.

Inca HOME Limits

| | # Units | Elevator | 240% | Total Limit |
|---------------|---------|------------|------------|--------------|
| OBR | | \$ 61,281 | \$ 147,074 | |
| 1BR | 3 | \$ 70,250 | \$ 168,600 | \$ 505,800 |
| 2BR | 6 | \$ 85,424 | \$ 205,018 | \$ 1,230,106 |
| 3BR | 3 | \$ 110,512 | \$ 265,229 | \$ 795,686 |
| 4BR | | \$ 121,307 | \$ 291,137 | \$ - |
| Maximum Award | | | | \$ 2,531,592 |

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 - Inca Street : 12 Units

4 Person AMI at 100% AMI

?

HOME Investment Limits

| | | |
|---------------------------------|-----------|---------------------|
| HOME per Unit Limit - 0 Bedroom | \$147,074 | |
| HOME per Unit Limit - 1 Bedroom | \$168,600 | |
| HOME per Unit Limit - 2 Bedroom | \$205,018 | |
| HOME per Unit Limit - 3 Bedroom | \$265,229 | |
| HOME per Unit Limit - 4 Bedroom | \$291,137 | |
| HOME per Unit Limit - 5 Bedroom | \$291,137 | (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 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| \$557 | \$609 | \$731 | \$845 | | |
| High 0 BR | High 1 BR | High 2 BR | High 3 BR | High 4 BR | High 5 BR |
| \$557 | \$707 | \$873 | \$1,091 | | |

?

HOME Utility Allowances (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|-------|------|------|
| \$32 | \$70 | \$94 | \$115 | | |

?

HOME Affordability Period

| | | |
|--|---|---|
| HOME-Eligible Rental Activity (select one) | Rehabilitation or Acquisition of Existing Housing | |
| Average Per-Unit HOME Subsidy (select one) | More than \$40,000 | See the Note below |
| HOME Required Affordability Period (in years) | 15 | (Advisory information only.) |
| PJ's Required Affordability Period (in years) | 15 | (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 \$200,000 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 |
|-------|-------|-------|---------|------|------|
| \$557 | \$707 | \$873 | \$1,270 | | |

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 |
|-------|-------|-------|-------|-------|---------|
| \$568 | \$609 | \$731 | \$845 | \$942 | \$1,040 |

Utility Allowances for LIHTC 50 AMI (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$32 | \$46 | \$58 | \$70 | | |

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 |
|-------|-------|-------|---------|---------|---------|
| \$682 | \$731 | \$877 | \$1,014 | \$1,131 | \$1,248 |

Utility Allowances for LIHTC 60 AMI (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$32 | \$46 | \$58 | \$70 | | |

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 |
|-------|-------|-------|-------|-------|-------|
| \$455 | \$487 | \$585 | \$676 | \$754 | \$832 |

Utility Allowances for LIHTC 40 AMI (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$32 | \$46 | \$58 | \$70 | | |

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 |
|-------|-------|-------|-------|-------|-------|
| \$341 | \$365 | \$438 | \$507 | \$565 | \$624 |

Utility Allowances for LIHTC 30 AMI (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$32 | \$46 | \$58 | \$70 | | |

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 |
|-------|-------|-------|-------|-------|-------|
| \$175 | \$187 | \$225 | \$260 | \$290 | \$320 |

Utility Allowances for Other 1 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$15 | \$25 | \$35 | \$45 | \$55 | \$65 |

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 |
|-------|-------|-------|-------|-------|-------|
| \$218 | \$234 | \$281 | \$325 | \$362 | \$400 |

Utility Allowances for Other 2 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$16 | \$26 | \$36 | \$46 | \$56 | \$66 |

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 |
|-------|-------|-------|-------|-------|-------|
| \$306 | \$328 | \$393 | \$455 | \$507 | \$560 |

Utility Allowances for Other 3 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$17 | \$27 | \$37 | \$47 | \$57 | \$67 |

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

| | | | |
|---------------------------------------|---------|-----|--------------------------------------|
| Other Affordable Housing Program Name | Other 4 | 80% | of AMI (if AMI rents are applicable) |
|---------------------------------------|---------|-----|--------------------------------------|

HOME and Other Affordable Housing Requirements

Enter data in green cells only

Gross Rent Limits for Other 4 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|-------|-------|-------|---------|---------|---------|
| \$700 | \$750 | \$900 | \$1,040 | \$1,160 | \$1,280 |

Utility Allowances for Other 4 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$18 | \$28 | \$38 | \$48 | \$58 | \$68 |

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% | \$227 | \$243 | \$292 | \$338 | \$377 | \$416 | 20% |
| 25% | \$284 | \$304 | \$365 | \$422 | \$471 | \$520 | 25% |
| 30% | \$341 | \$365 | \$438 | \$507 | \$565 | \$624 | 30% |
| 35% | \$398 | \$426 | \$511 | \$591 | \$659 | \$728 | 35% |
| 40% | \$455 | \$487 | \$585 | \$676 | \$754 | \$832 | 40% |
| 45% | \$511 | \$548 | \$658 | \$760 | \$848 | \$936 | 45% |
| 50% | \$568 | \$609 | \$731 | \$845 | \$942 | \$1,040 | 50% |
| 55% | \$625 | \$670 | \$804 | \$929 | \$1,036 | \$1,144 | 55% |
| 60% | \$682 | \$731 | \$877 | \$1,014 | \$1,131 | \$1,248 | 60% |
| 80% | \$910 | \$975 | \$1,170 | \$1,352 | \$1,508 | \$1,664 | 80% |
| 100% | \$1,137 | \$1,218 | \$1,462 | \$1,690 | \$1,885 | \$2,080 | 100% |
| 120% | \$1,365 | \$1,462 | \$1,755 | \$2,028 | \$2,262 | \$2,496 | 120% |
| N/A | | | | | | | N/A |

Rents and Income

Enter data in green cells only

Use this worksheet to enter (or to modify) the unit mix, the mix of Low and High HOME units, the mix of LIHTC and CDBG and market rate units, and square footages for each unit type. Also use this worksheet to select the maximum rents that will be underwritten for each unit type, and to select utility allowances. Also use this worksheet to enter any 'other revenue' such as commercial revenue or tenant late fees. Information for number of units, Low HOME units, High HOME units, LIHTC units, market rate units, square footage, underwritten rents, underwritten utility allowances, and underwritten other revenue will carry forward from this worksheet to the rest of the underwriting template.

| 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 High HOME | 95% of High HOME | 2 | 671 | \$672 | \$70 | \$602 |
| 1 BR Low HOME | 95% of Low HOME | 1 | 671 | \$579 | \$70 | \$509 |
| 2 BR High HOME | 95% of High HOME | 5 | 833 | \$829 | \$94 | \$735 |
| 2 BR Low HOME | 95% of Low HOME | 1 | 833 | \$694 | \$94 | \$600 |
| 3 BR High HOME | 95% of High HOME | 2 | 1113 | \$1,036 | \$115 | \$921 |
| 3 BR Low HOME | 95% of Low HOME | 1 | 1113 | \$803 | \$115 | \$688 |
| | | | | | | |
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| | | | | | | |
| | | | | | | |
| Total | | 12 | 10,350 | NA | | \$8,518 |
| Annual Gross Potential Rent | | | | | | \$102,216 |

Rent Loss (Vacancy + Bad Debt + Concessions)

| 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) | 7.0% | 7.0% | 7.0% |

Other Revenue

| | | | |
|----------------------------|--|--------------|-----------|
| Misc | | \$250 | per month |
| | | | per month |
| | | | per month |
| | | | per month |
| | | | per month |
| Total Other Revenue | | \$250 | per month |

Development Cost Enter data in green cells only**Project Name - Inca Street : 12 Units**

| Cost | Amount | Cost Per Unit | Cost Per Square Foot | Comment |
|--|-------------|---------------|----------------------|--------------------|
| Acquisition Costs | | | | |
| Land | \$862,500 | \$71,875 | \$83 | |
| Existing Structures | | need data | need data | |
| | | need data | need data | |
| Site Work Costs (not included in construction contract) | | | | |
| Demolition/Clearance | | need data | need data | |
| Site Remediation | | need data | need data | |
| Off-Site Costs (these are not HOME eligible) | | | | |
| Improvements | | need data | need data | |
| Construction Equipment (HOME eligible portion) | | need data | need data | |
| Construction Equipment (non-HOME eligible portion) | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| Construction / Rehabilitation | | | | |
| Site Work Included in Construction Contract | | need data | need data | |
| Construction Equipment (HOME eligible portion) | | need data | need data | |
| Construction Equipment (non-HOME eligible portion) | | need data | need data | |
| New Construction | | need data | need data | |
| Rehabilitation | \$1,291,307 | \$107,609 | \$125 | |
| General Requirements | \$35,108 | \$2,926 | \$3 | |
| Builder's Overhead | \$70,216 | \$5,851 | \$7 | |
| Builder Profit | \$70,216 | \$5,851 | \$7 | |
| Performance Bond Premium | | need data | need data | |
| Construction Contingency | \$269,068 | \$22,422 | \$26 | |
| Gross Receipts Tax | \$115,514 | \$9,626 | \$11 | |
| Abatement and Demolition | \$107,310 | \$8,943 | \$10 | |
| Architectural and Engineering | | | | |
| Architect Fee -- Design | \$63,294 | \$5,275 | \$6 | |
| Architect Fee -- Construction Supervision | \$15,824 | \$1,319 | \$2 | |
| Engineering Fees | | need data | need data | |
| | | need data | need data | |
| Other Owner Costs | | | | |
| Project Consultant Fees | | need data | need data | |
| Owner Attorney Fees (initial closing) | \$5,000 | \$417 | \$0 | |
| Owner Attorney Fees (final closing) | | need data | need data | |
| Syndication Costs | | need data | need data | |
| Other Owner Organizational Expenses | | need data | need data | |
| Market Study | | need data | need data | |
| Survey | | need data | need data | |
| Appraisal Fees | | need data | need data | |
| Environmental Studies | | need data | need data | |
| Capital Needs Assessment | \$20,000 | \$1,667 | \$2 | |
| Tap Fees and Impact Fees | | need data | need data | |
| Building Permits and Fees | \$10,000 | \$833 | \$1 | |
| Tax Credit Fees | | need data | need data | |
| Accounting / Cost Certification / Audit | | need data | need data | Not Basis Eligible |
| Soft Cost Contingency | | need data | need data | |
| Title & Recording | | need data | need data | |
| LEED | | need data | need data | |
| Interim Financing Costs | | | | |
| Construction Period Insurance | | need data | need data | |
| Construction Period Taxes | | need data | need data | |
| Construction Interest (see calculation below) | | need data | need data | |
| Construction Loan Origination Fee | | need data | need data | |
| Construction Loan Legal Fees | | need data | need data | |
| Other Construction Loan Fees | | need data | need data | |
| Bond Costs of Issuance | | need data | need data | |
| Title and Recording Costs (for the construction loan) | | need data | need data | |
| Inspection Costs | | need data | need data | |
| | | need data | need data | |

| | | | | |
|---|------------------|-----------------|-------------|--|
| Permanent Financing Costs | | | | |
| Credit Report | | need data | need data | |
| Lender Origination / Financing Fee | | need data | need data | |
| Lender's Counsel Fee | | need data | need data | |
| Other Lender Fees | | need data | need data | |
| Title and Recording Costs (for permanent financing) | \$10,000 | \$833 | \$1 | |
| Establish Tax and Insurance Escrows | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| Developer's Fee | \$257,143 | \$21,429 | \$25 | |
| Initial Project Reserves | | | | |
| Initial Rent-Up Reserve (not HOME eligible) | | need data | need data | |
| Initial Operating Reserve (HOME-eligible portion) | \$60,000 | \$5,000 | \$6 | |
| Initial Operating Reserve (non-HOME-eligible portion) | | | | |
| Initial Debt Service Reserve (not HOME eligible) | | need data | need data | |
| Initial Replacement Reserve (not HOME eligible) | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |

| Project Administration and | | | | |
|---------------------------------|--|-----------|-----------|--------------------|
| Marketing/Management | | need data | need data | |
| Operating Expenses | | need data | need data | Not Basis Eligible |
| Furniture, Fixtures & Equipment | | need data | need data | |
| Tenant Relocation Costs | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| Other Development Costs | | | | |
| | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |

| | |
|--------------------------------|--------------------|
| Total Development Costs | \$3,262,500 |
|--------------------------------|--------------------|

| Construction Interest Calculation | |
|---|------|
| Construction Loan Amount | \$0 |
| Interest Rate | 0.0% |
| Estimated First Draw Amount | \$0 |
| Months of Construction | 0.0 |
| Months Const. Loan Outstanding After Completion | 0.0 |
| Average Outstanding Balance | 0% |

| | |
|--|------------|
| Interest on first draw, during construction period | \$0 |
| Interest on remaining funds, during construction | \$0 |
| Construction interest after completion | \$0 |
| Total Construction Interest | \$0 |

Notes:

Construction Contingency is 17.8%
 General Requirements is 2.0% of construction costs
 Builder's Overhead is 3.9% of construction costs
 Builder Profit is 3.9% of construction costs

Developer's Fee is 8.7% 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 |
|--------------------------------------|------------|

Upon completing this tab, proceed to the *Repl Reserve* tab

Replacement Reserve

Project Name - Inca Street : 12 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 | | Each | \$5,000.00 | 30 | 30 |
| Driveways and Parking Areas (resurfacing) | 6,500 | Sq Yd | \$1.50 | 20 | 20 |
| Driveways and Parking Areas (sealing) | 6,500 | Sq Yd | \$0.50 | 7 | 7 |
| Other Site 1 | | | | | |
| Other Site 2 | | | | | |
| Other Site 3 | | | | | |
| Windows | 45 | Each | \$250.00 | 20 | 30 |
| Exterior Walls 1 | | Sq Ft | \$5.00 | 30 | 30 |
| Exterior Walls 2 | | | | | |
| Exterior Painting | | Units | \$200.00 | 7 | 7 |
| Other Exterior 1 | | | | | |
| Other Exterior 2 | | | | | |
| Roofing | 12,600 | Square | \$20.00 | 20 | 20 |
| Gutters | 350 | Linear Ft | \$8.00 | 20 | 20 |
| Interior Flooring (Tile) | 6,000 | Sq Ft | \$5.00 | 15 | 15 |
| Interior Flooring (Carpet) | | Sq Yd | \$20.00 | 7 | 7 |
| Kitchen Cabinets and Bath Vanities | 40 | Units | \$2,000.00 | 20 | 20 |
| Counter Tops and Sinks (Kitchens and Baths) | 30 | Units | \$500.00 | 20 | 20 |
| Refrigerators | 12 | Each | \$650.00 | 15 | 15 |
| Ranges | 12 | Each | \$400.00 | 25 | 25 |
| Exterior Doors | 24 | Each | \$600.00 | 20 | 20 |
| Elevators | 0 | Each | | | |
| Unit Heating System | 12 | Each | \$2,000.00 | 25 | 25 |
| Unit Cooling System | 12 | Each | \$1,000.00 | 15 | 15 |
| Unit Hot Water Heating System | 12 | 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 \$1,184 per year during the HOME period of affordability. This accrual rate is \$99 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 \$24,916 per year (when all building systems are considered). This accrual rate is \$2,076 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

LIHTC Basis**Project Name - Inca Street : 12 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 | \$0 | \$2,330,000 |
| Less any amounts not eligible as a result of a grant or other ineligible source of funds (enter as negative amounts): | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| LIHTC Eligible basis | \$0 | \$2,330,000 |

| | | |
|--|--------------|---------------------------------|
| Applicable Fraction by Units: | 0.00% | |
| Total LIHTC Units | - | (from the Rents and Income tab) |
| Total Units | 12 | (from the Rents and Income tab) |
| Applicable Fraction by Square Feet: | 0.00% | |
| Square feet of total LIHTC Units | - | (from the Rents and Income tab) |
| Square feet of total Units | 10,350 | (from the Rents and Income tab) |
| Use This Applicable Fraction: | 0.00% | (lowest of the two methods) |

| LIHTC Calculation | Acquisition | Construction |
|-------------------------------------|--------------------|---------------------|
| Eligible Basis | \$0 | \$2,330,000 |
| Applicable Fraction | \$0 | \$0 0.00% |
| Basis Boost Factor | \$0 | \$0 130% |
| Credit Factor | 3.20% | 9.00% |
| Annual Credits | \$0 | \$0 |
| LIHTC Equity Price (per dollar) | \$0.900 | \$0.900 |
| Estimated LIHTC Equity | \$0 | \$0 |
| Total Estimated LIHTC Equity | \$0 | |
| Proposed LIHTC Equity | \$0 | |

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

Operating ExpensesEnter data in green cells
only**Project Name - Inca Street : 12 Units**

| Expense | Annual Cost | Monthly Cost | Per Unit Per Year | Comment |
|---|-------------|--------------|-------------------|---------|
| Administrative / Management Expenses | | | | |
| Management Fee | \$10,000 | \$833 | \$833 | |
| Management Administrative Payroll Costs | \$5,000 | \$417 | \$417 | |
| Renting / Advertising / Marketing Expenses | | \$0 | | |
| Legal Fees | \$2,500 | \$208 | \$208 | |
| Accounting / Audit Fees | \$8,000 | \$667 | \$667 | |
| Telephone | | \$0 | | |
| Office Supplies | \$2,000 | \$167 | \$167 | |
| PJ Monitoring Fee (If any) | | \$0 | | |
| | | \$0 | | |
| | | \$0 | | |
| Operations and Maintenance Expenses | | | | |
| Security | | \$0 | | |
| Operations and Maintenance Payroll Costs | \$5,000 | \$417 | \$417 | |
| Repairs Supplies | \$4,000 | \$333 | \$333 | |
| Repairs Contracts | \$4,000 | \$333 | \$333 | |
| Elevator (If any) | | \$0 | | |
| Other Mechanical Equipment | | \$0 | | |
| Interior Painting | \$2,000 | \$167 | \$167 | |
| Exterminating | \$2,000 | \$167 | \$167 | |
| Lawn and Landscaping | \$2,000 | \$167 | \$167 | |
| Garbage Removal | | \$0 | | |
| Snow Removal | | \$0 | | |
| Resident Service Cost | | \$0 | | |
| | | \$0 | | |
| | | \$0 | | |
| Utilities Paid by the Property | | | | |
| Electricity | | \$0 | | |
| Natural Gas, Oil, Other Fuel | | \$0 | | |
| Sewer and Water | \$10,000 | \$833 | \$833 | |
| | | \$0 | | |
| Taxes / Insurance / Other Expenses | | | | |
| Real Estate Taxes | \$10,000 | \$833 | \$833 | |
| Payroll Taxes | | | | |
| Other Taxes and Licenses | | \$0 | | |
| Property Insurance | \$8,000 | \$667 | \$667 | |
| Workers Compensation Insurance | | | | |
| Health Insurance / Other Employee Benefits | | | | |
| | | \$0 | | |
| | | \$0 | | |
| TOTAL OPERATING EXPENSES | | | | |
| | \$74,500 | \$6,208 | \$6,208 | |
| Reserve for Replacement Deposit | \$3,600 | \$300 | \$300 | |
| TOTAL EXPENSES PLUS RESERVE | | | | |
| | \$78,100 | \$6,508 | \$6,508 | |
| SUBTOTAL ADMINISTRATIVE EXPENSES | | | | |
| | \$27,500 | \$2,292 | \$2,292 | |
| SUBTOTAL O&M EXPENSES | | | | |
| | \$19,000 | \$1,583 | \$1,583 | |
| SUBTOTAL OWNER PAID UTILITIES | | | | |
| | \$10,000 | \$833 | \$833 | |
| SUBTOTAL TAXES / INSURANCE / OTHER | | | | |
| | \$18,000 | \$1,500 | \$1,500 | |
| TOTAL OPERATING EXPENSES | | | | |
| | \$74,500 | \$6,208 | \$6,208 | |

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 - Inca Street : 12 Units

Net Operating Income Summary

| | Annual | HOME Units | Other Affordable | Market Units |
|-----------------------------------|-----------------|------------|------------------|--------------|
| Gross Potential Rents | \$102,216 | \$102,216 | \$0 | \$0 |
| Rent Loss | (\$7,155) | (\$7,155) | \$0 | \$0 |
| Other Income | \$3,000 | | | |
| Effective Gross Income | \$98,061 | | | |
| Total Operating Expenses | (\$74,500) | | | |
| Replacement Reserve Deposit | (\$3,600) | | | |
| Net Operating Income (NOI) | \$19,961 | | | |

Capitalization Rate and Value

| | | |
|--|-----------|-----------------------------|
| Capitalization Rate | 7.0% | |
| Calculated Market Value | \$285,000 | (NOI + Capitalization Rate) |
| Lender's Appraised Value for the Project | \$400,000 | |
| Value of Project at Sale** | \$0 | (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.

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 | 1.40 | |
| Maximum Loan to Value | 70.0% | |
| Interest Rate | 4.000% | 8.87626% Annual P+I as % of loan amount |
| Mortgage Insurance Premium | 0.45% | 0.45000% Annual MIP as % of loan amount |
| Loan Term (years) | 15 | |
| First Mortgage Lender | TBD | |

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 | \$280,000 | (Lender's value x maximum LTV) |
| Maximum Loan Amount by DSC | \$152,800 | (NOI ÷ DSC ÷ [PI factor + MIP factor]) |
| Calculated Maximum Loan Amount | \$152,800 | (Lesser of the two limitations above) |
| Lender's Proposed Loan Amount | \$862,500 | |
| Is this loan funded by the HOME program? | No | |
| Calculated Monthly P+I+MIP Payment | \$0.00 | (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 | 0.00 |
|---|------|

First Mortgage Sizing and Junior Loan Characteristics

Enter data in green cells only

Project Name - Inca Street : 12 Units

First Mortgage Lender Origination and Financing Fees (Points)

| | | |
|---|----------|--------------------------------------|
| Origination and Financing Fees | 2.000% | of the loan amount |
| Calculated Origination and Financing Fees | \$17,250 | |
| Amount entered on Development Costs tab | \$0 | Differs from calculated amount above |

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 (from Pro Forma Assumptions page)

Characteristics of Deferred Payment Loan #1

| | |
|--|-------------|
| Name of Deferred Payment Loan #1 | HOME |
| Loan Amount for HOME | \$2,400,000 |
| Is this loan funded by the HOME program? | Yes |
| Lender for HOME | PJ |
| 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 - Inca Street : 12 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) | \$862,500 | No | |
| Amortizing Second Mortgage Loan | \$0 | 0 | |
| HOME | \$2,400,000 | Yes | |
| | \$0 | 0 | |
| | \$0 | 0 | |
| | \$0 | 0 | |
| Deferred Developer Fee | | | |
| Developer Cash Investment | | | |
| Tax Credit Equity (proposed amount) | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total Sources of Funds | \$3,262,500 | | |

| | | |
|---|-------------|---|
| Total HOME Funding | \$2,400,000 | |
| Developer Investment for Financial Analysis | \$0 | (used in Operating Pro Forma for IRR, etc.) |

| Uses of Funds / Total Development Cost | Amount | Comment |
|--|--------------------|---------|
| Acquisition Costs | \$862,500 | |
| Site Work Costs | \$0 | |
| Construction / Rehabilitation Costs | \$1,958,739 | |
| Architectural / Engineering Costs | \$79,118 | |
| Other Owner Costs | \$35,000 | |
| Construction Interest | \$0 | |
| Other Interim Financing Costs | \$0 | |
| Permanent Financing Costs | \$10,000 | |
| Developer's Fee | \$257,143 | |
| Initial Project Reserves | \$60,000 | |
| Project Management Costs | \$0 | |
| Other Development Costs | \$0 | |
| Total Uses of Funds | \$3,262,500 | |

| | | |
|--|-------------|--|
| Subsidy layering gap (before HOME funding) | \$2,400,000 | (Total Uses of Funds minus Total Sources of Funds other than HOME) |
|--|-------------|--|

Sources and Uses by Month

Project Name - Inca Street : 12 Units

Enter data in green cells only

Months of Construction

0

Months Const. Loan Outstanding After Completion

0

| Development Costs (Uses of Funds) | Total | Initial Closing / First Draw | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|--|-------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Acquisition Costs | | | | | | | | |
| Land | \$862,500 | \$862,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Existing Structures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Site Work Costs (not included in construction contract) | | | | | | | | |
| Demolition/Clearance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Site Remediation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Improvements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction / Rehabilitation Costs (construction contract) | | | | | | | | |
| Site Work Included In Construction Contract | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| New Construction | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Rehabilitation | \$1,291,307 | \$0 | \$215,218 | \$215,218 | \$215,218 | \$215,218 | \$215,218 | \$215,218 |
| General Requirements | \$35,108 | \$0 | \$5,851 | \$5,851 | \$5,851 | \$5,851 | \$5,851 | \$5,851 |
| Builder's Overhead | \$70,216 | \$0 | \$11,703 | \$11,703 | \$11,703 | \$11,703 | \$11,703 | \$11,703 |
| Builder Profit | \$70,216 | \$0 | \$11,703 | \$11,703 | \$11,703 | \$11,703 | \$11,703 | \$11,703 |
| Performance Bond Premium | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction Contingency | \$269,068 | \$0 | \$44,845 | \$44,845 | \$44,845 | \$44,845 | \$44,845 | \$44,845 |
| Gross Receipts Tax | \$115,514 | \$0 | \$19,252 | \$19,252 | \$19,252 | \$19,252 | \$19,252 | \$19,252 |
| Abatement and Demolition | \$107,310 | \$0 | \$17,885 | \$17,885 | \$17,885 | \$17,885 | \$17,885 | \$17,885 |
| Architectural and Engineering Fees | | | | | | | | |
| Architect Fee -- Design | \$63,294 | \$63,294 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Architect Fee -- Construction Supervision | \$15,824 | \$0 | \$2,637 | \$2,637 | \$2,637 | \$2,637 | \$2,637 | \$2,637 |
| Engineering Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Owner Costs | | | | | | | | |
| Project Consultant Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Owner Attorney Fees (Initial closing) | \$5,000 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Owner Attorney Fees (final closing) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Syndication Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Owner Organizational Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Market Study | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Survey | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Appraisal Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Environmental Studies | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Capital Needs Assessment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$20,000 | \$20,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tap Fees and Impact Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Permits and Fees | \$10,000 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tax Credit Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Soft Cost Contingency | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Title & Recording | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LEED | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interim Financing Costs (excluding interest) | | | | | | | | |
| Construction Period Insurance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction Period Taxes | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction Interest is Calculated Below | | | | | | | | |
| Construction Loan Origination Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction Loan Legal Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Construction Loan Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bond Costs of Issuance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Title and Recording Costs (for the construction loan) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Inspection Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Permanent Financing Costs | | | | | | | | |
| Credit Report | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Lender Origination / Financing Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Lender's Counsel Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Lender Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Title and Recording Costs (for permanent financing) | \$10,000 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Establish Tax and Insurance Escrows | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Developer's Fee | \$257,143 | \$75,000 | \$0 | \$0 | \$0 | \$75,000 | \$0 | \$107,143 |
| Initial Project Reserves | | | | | | | | |
| Initial Rent-Up Reserve (not HOME eligible) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Initial Operating Reserve (HOME-eligible portion) | \$60,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$60,000 |
| Initial Debt Service Reserve (not HOME eligible) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Initial Replacement Reserve (not HOME eligible) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Project Name - Inca Street : 12 Units

| Project Administration and Management Costs | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Marketing/Management | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Operating Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Furniture, Fixtures & Equipment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tenant Relocation Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Development Costs | | | | | | | | |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| | | | | | | | | |
|--------------------------------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Development Costs (TDC) | \$3,262,500 | \$1,045,794 | \$329,094 | \$329,094 | \$329,094 | \$404,094 | \$329,094 | \$496,237 |
|--------------------------------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|

| | | | | | | | | |
|--|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| TDC Excluding Construction Interest | \$3,262,500 | \$1,045,794 | \$329,094 | \$329,094 | \$329,094 | \$404,094 | \$329,094 | \$496,237 |
|--|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|

| Sources of Funds | Total | Initial Closing / First Draw | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|---------------------------------------|-------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| First Mortgage Loan (proposed amount) | \$862,500 | \$862,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Amortizing Second Mortgage Loan | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| HOME | \$2,400,000 | \$183,294 | \$329,094 | \$329,094 | \$329,094 | \$404,094 | \$329,094 | \$496,237 |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Deferred Developer Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Developer Cash Investment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tax Credit Equity (proposed amount) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| | | | | | | | | |
|---|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Sources Before Construction Loan | \$3,262,500 | \$1,045,794 | \$329,094 | \$329,094 | \$329,094 | \$404,094 | \$329,094 | \$496,237 |
|---|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|

| | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Construction Loan Draw Needed (Before Interest) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
|--|-----|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|
| Construction Loan Beginning Balance | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Plus This Draw | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Plus Interest (Total Interest at immediate right) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Equals Ending Balance | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| | | | |
|---|-----|--|-----|
| Construction Interest estimate from Development Costs tab | \$0 | Construction Interest estimate from detailed Sources and Uses By Month | \$0 |
|---|-----|--|-----|

| |
|---|
| 0 |
|---|

Key Assumptions

For Operating Pro Forma

Project Name - Inca Street : 12 Units

Enter data in green cells only

HOME Affordability Period

15 years

Go to the Requirements tab to adjust the HOME affordability period

Switch HOME unit rents to market after:

15 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 rents thereafter

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

2.5%

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)

100.00

In year 5

100.00

In year 10

100.00

In year 15

100.00

In year 20

100.00

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

Operating Pro-Forma

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

Project Name - Inca Street : 12 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/LHTC Rents | \$102,216 | \$104,260 | \$106,346 | \$108,472 | \$110,642 | \$112,855 | \$115,112 | \$117,414 | \$119,762 | \$122,158 | \$124,601 | \$127,093 | \$129,635 | \$132,227 | \$134,872 |
| Market Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Affordable Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Gross Potential Rent | \$102,216 | \$104,260 | \$106,346 | \$108,472 | \$110,642 | \$112,855 | \$115,112 | \$117,414 | \$119,762 | \$122,158 | \$124,601 | \$127,093 | \$129,635 | \$132,227 | \$134,872 |

Effective Gross Income (EGI) Projections

| | | | | | | | | | | | | | | | |
|------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Vacancy Loss | (\$20,443) | (\$7,298) | (\$7,444) | (\$7,593) | (\$7,745) | (\$7,900) | (\$8,058) | (\$8,219) | (\$8,383) | (\$8,551) | (\$8,722) | (\$8,897) | (\$9,074) | (\$9,256) | (\$9,441) |
| Other Revenue | \$3,000 | \$3,060 | \$3,121 | \$3,184 | \$3,247 | \$3,312 | \$3,378 | \$3,446 | \$3,515 | \$3,585 | \$3,657 | \$3,730 | \$3,805 | \$3,881 | \$3,958 |
| Effective Gross Income | \$84,773 | \$100,022 | \$102,023 | \$104,063 | \$106,144 | \$108,267 | \$110,432 | \$112,641 | \$114,894 | \$117,192 | \$119,536 | \$121,926 | \$124,366 | \$126,852 | \$129,389 |

Expense and Net Operating Income (NOI) Projections

| | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|
| Management Expenses | \$27,500 | \$28,188 | \$28,893 | \$29,615 | \$30,355 | \$31,114 | \$31,892 | \$32,689 | \$33,506 | \$34,344 | \$35,203 | \$36,083 | \$36,985 | \$37,910 | \$38,858 |
| Operations and Maintenance Expenses | \$19,000 | \$19,475 | \$19,962 | \$20,461 | \$20,973 | \$21,497 | \$22,034 | \$22,585 | \$23,150 | \$23,729 | \$24,322 | \$24,930 | \$25,553 | \$26,192 | \$26,847 |
| Utilities Paid by Property | \$10,000 | \$10,250 | \$10,506 | \$10,769 | \$11,038 | \$11,314 | \$11,597 | \$11,887 | \$12,184 | \$12,489 | \$12,801 | \$13,121 | \$13,449 | \$13,785 | \$14,130 |
| Taxes/Insurance/Reserves/Other Expenses | \$18,000 | \$18,450 | \$18,911 | \$19,384 | \$19,869 | \$20,366 | \$20,875 | \$21,397 | \$21,932 | \$22,480 | \$23,042 | \$23,618 | \$24,208 | \$24,813 | \$25,433 |
| Total Expenses | (\$74,500) | (\$76,363) | (\$78,272) | (\$80,229) | (\$82,235) | (\$84,291) | (\$86,398) | (\$88,558) | (\$90,772) | (\$93,042) | (\$95,368) | (\$97,752) | (\$100,195) | (\$102,700) | (\$105,268) |
| Replacement Reserve Deposit | (\$3,600) | (\$3,690) | (\$3,782) | (\$3,877) | (\$3,974) | (\$4,073) | (\$4,175) | (\$4,279) | (\$4,386) | (\$4,496) | (\$4,608) | (\$4,723) | (\$4,841) | (\$4,962) | (\$5,086) |
| Net Operating Income | \$6,673 | \$19,969 | \$19,969 | \$19,957 | \$19,935 | \$19,903 | \$19,859 | \$19,804 | \$19,738 | \$19,654 | \$19,560 | \$19,451 | \$19,330 | \$19,190 | \$19,035 |

Debt Service

| | | | | | | | | | | | | | | | |
|--------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| First Mortgage Debt Service | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 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 | \$6,673 | \$19,969 | \$19,969 | \$19,957 | \$19,935 | \$19,903 | \$19,859 | \$19,804 | \$19,738 | \$19,654 | \$19,560 | \$19,451 | \$19,330 | \$19,190 | \$19,035 |
| Proceeds from Property Sale | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Cash Return | \$6,673 | \$19,969 | \$19,969 | \$19,957 | \$19,935 | \$19,903 | \$19,859 | \$19,804 | \$19,738 | \$19,654 | \$19,560 | \$19,451 | \$19,330 | \$19,190 | \$19,035 |

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

Developer Return on Equity (N/A; there is no developer investment)

| | | | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Cash on Cash | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity |
| Project Value based on Capitalization Rate | \$95,329 | \$285,271 | \$285,271 | \$285,100 | \$284,786 | \$284,329 | \$283,700 | \$282,914 | \$281,943 | \$280,771 | \$279,429 | \$277,871 | \$276,143 | \$274,143 | \$271,829 |

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

| | |
|--------------------------------------|---------------|
| IRR (Year 1 through sale of project) | IRR |
| | no investment |

Debt at Year End

| | | | | | | | | | | | | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| First Mortgage Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Second Mortgage Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Deferred Payment Loan 1 Remaining | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 |
| Deferred Payment Loan 2 Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Operating Pro-Fo

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 | \$180,384 | \$183,992 | \$187,672 | \$191,425 | \$195,253 | \$199,159 | \$203,142 | \$207,205 | \$211,349 | \$215,576 | \$219,887 | \$224,285 | \$228,771 | \$233,346 | \$238,013 |
| Market Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Affordable Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Gross Potential Rent | \$180,384 | \$183,992 | \$187,672 | \$191,425 | \$195,253 | \$199,159 | \$203,142 | \$207,205 | \$211,349 | \$215,576 | \$219,887 | \$224,285 | \$228,771 | \$233,346 | \$238,013 |

Effective Gross Income (EGI) Projections

| | | | | | | | | | | | | | | | |
|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Vacancy Loss | (\$12,627) | (\$12,679) | (\$13,137) | (\$13,400) | (\$13,668) | (\$13,941) | (\$14,220) | (\$14,504) | (\$14,794) | (\$15,090) | (\$15,392) | (\$15,700) | (\$16,014) | (\$16,334) | (\$16,661) |
| Other Revenue | \$4,038 | \$4,118 | \$4,201 | \$4,285 | \$4,370 | \$4,458 | \$4,547 | \$4,638 | \$4,731 | \$4,825 | \$4,922 | \$5,020 | \$5,121 | \$5,223 | \$5,328 |
| Effective Gross Income | \$171,795 | \$175,231 | \$174,736 | \$182,310 | \$185,955 | \$189,676 | \$193,469 | \$197,339 | \$201,286 | \$205,311 | \$209,417 | \$213,605 | \$217,878 | \$222,235 | \$226,880 |

Expense and Net Operating Income (NOI) Proj

| | | | | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Management Expenses | \$39,829 | \$40,825 | \$41,846 | \$42,892 | \$43,964 | \$45,063 | \$46,190 | \$47,345 | \$48,529 | \$49,742 | \$50,986 | \$52,261 | \$53,568 | \$54,907 | \$56,280 |
| Operations and Maintenance Expenses | \$27,518 | \$28,206 | \$28,911 | \$29,634 | \$30,375 | \$31,134 | \$31,912 | \$32,710 | \$33,528 | \$34,366 | \$35,225 | \$36,106 | \$37,009 | \$37,934 | \$38,882 |
| Utilities Paid by Property | \$14,483 | \$14,845 | \$15,216 | \$15,596 | \$15,986 | \$16,386 | \$16,796 | \$17,216 | \$17,646 | \$18,087 | \$18,539 | \$19,002 | \$19,477 | \$19,964 | \$20,463 |
| Taxes/Insurance/Reserves/Other Expenses | \$26,069 | \$26,721 | \$27,389 | \$28,074 | \$28,776 | \$29,495 | \$30,232 | \$30,988 | \$31,763 | \$32,557 | \$33,371 | \$34,205 | \$35,060 | \$35,937 | \$36,835 |
| Total Expenses | (\$107,899) | (\$110,597) | (\$113,362) | (\$116,196) | (\$119,101) | (\$122,076) | (\$125,130) | (\$128,259) | (\$131,466) | (\$134,752) | (\$138,121) | (\$141,574) | (\$145,114) | (\$148,742) | (\$152,460) |
| Replacement Reserve Deposit | (\$5,213) | (\$5,343) | (\$5,477) | (\$5,614) | (\$5,754) | (\$5,898) | (\$6,045) | (\$6,196) | (\$6,351) | (\$6,510) | (\$6,673) | (\$6,840) | (\$7,011) | (\$7,186) | (\$7,366) |
| Net Operating Income | \$58,683 | \$59,291 | \$59,897 | \$60,500 | \$61,100 | \$61,700 | \$62,294 | \$62,884 | \$63,469 | \$64,049 | \$64,623 | \$65,191 | \$65,753 | \$66,307 | \$66,854 |

Debt Service

| | | | | | | | | | | | | | | | |
|--------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---------------|
| First Mortgage Debt Service | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 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 | (\$2,400,000) |
| 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 | \$58,683 | \$59,291 | \$59,897 | \$60,500 | \$61,100 | \$61,700 | \$62,294 | \$62,884 | \$63,469 | \$64,049 | \$64,623 | \$65,191 | \$65,753 | \$66,307 | (\$2,333,146) |
| Proceeds from Property Sale | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$955,057 |
| Net Cash Return | \$58,683 | \$59,291 | \$59,897 | \$60,500 | \$61,100 | \$61,700 | \$62,294 | \$62,884 | \$63,469 | \$64,049 | \$64,623 | \$65,191 | \$65,753 | \$66,307 | (\$1,378,089) |

Cash flow after debt service is negative in the

Developer Return on Equity

| | | | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Cash on Cash | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity |
| Project Value based on Capitalization Rate | \$838,329 | \$847,014 | \$855,671 | \$864,286 | \$872,857 | \$881,429 | \$889,914 | \$898,343 | \$906,700 | \$914,986 | \$923,186 | \$931,300 | \$939,329 | \$947,243 | \$955,057 |

NOTE: Project Value equals \$0 if Net Operati

Debt at Year End

| | | | | | | | | | | | | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| First Mortgage Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Second Mortgage Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Deferred Payment Loan 1 Remaining | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 |
| Deferred Payment Loan 2 Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

PROJECT SUMMARY

| | |
|------------------------------|--|
| Project Name and Unit Count: | Inca Street : 12 Units |
| Address: | 3701, 3705, 3711 Inca St NE |
| Developer: | Greater Albuquerque Housing Partnership CHDO |
| Date of Analysis: | 02/14/19 |
| City: | Albuquerque |
| State: | NM |
| Development Type: | Single Story Garden Apartments |

DEVELOPMENT SOURCES SUMMARY

| Funding Sources | Amount | Comment |
|---------------------------------------|--------------------|---------|
| First Mortgage Loan (proposed amount) | \$862,500 | |
| Amortizing Second Mortgage Loan | \$0 | |
| HOME | \$2,400,000 | |
| | \$0 | |
| | \$0 | |
| | \$0 | |
| Deferred Developer Fee | \$0 | |
| Developer Cash Investment | \$0 | |
| Tax Credit Equity (proposed amount) | \$0 | |
| | \$0 | |
| | \$0 | |
| | \$0 | |
| | \$0 | |
| | \$0 | |
| Total Sources of Funds | \$3,262,500 | |

DEVELOPMENT USES SUMMARY

| Development Uses | Amount | Comment |
|-------------------------------------|--------------------|---------|
| Acquisition Costs | \$862,500 | |
| Site Work Costs | \$0 | |
| Construction / Rehabilitation Costs | \$1,958,739 | |
| Architectural / Engineering Costs | \$79,118 | |
| Other Owner Costs | \$35,000 | |
| Construction Interest | \$0 | |
| Other Interim Financing Costs | \$0 | |
| Permanent Financing Costs | \$10,000 | |
| Developer's Fee | \$257,143 | |
| Initial Project Reserves | \$60,000 | |
| Project Management Costs | \$0 | |
| Other Development Costs | \$0 | |
| Total Uses of Funds | \$3,262,500 | |

UNIT SUMMARY

| Unit Types | Number of Units | Total Rents (Year 1, without vacancy) |
|------------------------|-----------------|---|
| High HOME Units | 9 | |
| Low HOME Units | 3 | \$102,216 |
| Market Rate Units | 0 | \$0 |
| Other Affordable Units | 0 | \$0 |
| Total | 12 | \$102,216 |

OPERATIONS SUMMARY

| Project Income | Year 1 | Year 2 | Year 5 | Year 10 | Year 15 | Year 30 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|----------------------|
| HOME/CDBG/LIHTC Rents | \$102,216 | \$104,260 | \$110,642 | \$122,158 | \$134,872 | \$238,013 |
| Market Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Affordable Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Gross Potential Rent | \$102,216 | \$104,260 | \$110,642 | \$122,158 | \$134,872 | \$238,013 |
| Vacancy Loss | (\$20,443) | (\$7,298) | (\$7,745) | (\$8,551) | (\$9,441) | (\$16,661) |
| Other Revenue | \$3,000 | \$3,060 | \$3,247 | \$3,585 | \$3,958 | \$5,328 |
| Effective Gross Income | \$84,773 | \$100,022 | \$106,144 | \$117,192 | \$129,389 | \$226,680 |
| Total Expenses | (\$74,500) | (\$76,363) | (\$82,235) | (\$93,042) | (\$105,268) | (\$152,460) |
| Net Operating Income | \$6,673 | \$19,969 | \$19,935 | \$19,654 | \$19,035 | \$66,854 |
| Total Debt Service | \$0 | \$0 | \$0 | \$0 | \$0 | (\$2,400,000) |
| Cash Flow (After Debt Service) | \$6,673 | \$19,969 | \$19,935 | \$19,654 | \$19,035 | (\$2,333,146) |

RETURNS SUMMARY

| Developer Returns on Equity | Year 1 | Year 2 | Year 5 | Year 10 | Year 15 | Year 30 |
|---|----------------------|-----------|-----------|-----------|-----------|-----------|
| Cash on Cash | no equity | no equity | no equity | no equity | no equity | no equity |
| IRR (Year 1 through sale of project) | no investment | | | | | |

Amended Exhibit F

Amended Schedule of City Grant and Grant Payback Schedule

| Source of Fund | Amount | Forgiven |
|-----------------------------|----------------|-----------------------------|
| City HOME Funds | \$2,400,000.00 | End of Affordability Period |
| City Conveyed Real Property | \$862,500.00 | End of Affordability Period |

Amended Exhibit G
Amended Project Development Schedule

Construction Schedule

Project Name - Inca Street : 12 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.

| | | | | | | |
|-------------------------------------|--------------------|--|--|-------------|-----------|-------------------------------|
| Intended HOME Commitment Date | September 18, 2018 | | | Total | Per Unit | |
| Initial Closing Date | December 18, 2018 | | | \$1,291,307 | \$107,609 | Hard cost before contingency |
| Construction Start Date | January 15, 2019 | 3.9 months after HOME Commitment Date | | \$269,068 | \$22,422 | 20.8% Hard cost contingency |
| Site Acquisition | | | | \$175,540 | \$14,628 | 13.6% GR / BO / BP |
| Other construction milestone #2 | | | | \$60,000 | \$5,000 | Initial reserves |
| Other construction milestone #3 | | | | \$1,209,442 | \$100,787 | Soft costs before contingency |
| Other construction milestone #4 | | | | \$0 | \$0 | 0.0% Soft cost contingency |
| First Building Completion Date | October 22, 2019 | 9.2 months construction time | | \$257,143 | \$21,429 | 10.3% Developer fee (gross) |
| Last Building Completion Date | October 22, 2019 | 13.1 months after HOME Commitment Date | | \$3,262,500 | \$271,875 | Total Uses of Funds |
| Achievement of Sustaining Occupancy | January 22, 2020 | 3.0 months lease-up time | | | | |
| Closing of Permanent Financing | | | | | | |

Below, please include any comments about the construction schedule.

Moving forward, we will issue a notice to proceed on February 20th for Construction Documents to be completed within 30 days. The documents will then be submitted for building permit review and bidding by the general contractor. We anticipate issuing the notice to proceed for construction by March 22nd.

Budgeted construction cost is \$107,609 per unit. Budgeted hard cost contingency is 20.8% of hard cost. Budgeted soft costs are \$100,787 per unit. Budgeted soft cost contingency is 0.0% of soft cost.

The budgeted developer fee is \$21,429 per unit before any deferral. This is 10.3% 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.

Design Development drawings, specs and product selections are complete. Initial pricing has been received and the scope of work reviewed and approved by all stakeholders. We are ready to proceed with Construction Documents and then building permits.

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.

We have a project budget established through the General Contractor and major sub pricing efforts on the Design Development documents. Final pricing will be determined by hard bid on the completed construction documents while the documents are in for building permit review.

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.

Demolition and Abatement are nearing completion as have the drawings and specs developed. See Demolition work will progress along with any other additional pre-construction work that is appropriate to complete prior to building permits. The General Contractor is mobilized on site and we are working

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

Amended Exhibit J

AMENDED SUBORDINATION OF MORTGAGE

This Subordination of Mortgage ("Subordination"), dated this ____ day of _____, 2019, 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 GREATER ALBUQUERQUE HOUSING PARTNERSHIP, a New Mexico non-profit corporation (the "Borrower") whose address 320 Gold SW, Albuquerque, New Mexico 87102. The City, Bank and Borrower agree:

Borrower granted to City on _____, 2019, that certain Mortgage and Security Agreement recorded in the real property records of Bernalillo County, as Doc# _____ on _____, 2017 (the "City Mortgage").

The City Mortgage is a lien on the real property described therein ("Property"), on which Borrower or its related entity 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 Borrower dated _____, 2019. The Property is more fully described in **Exhibit A** attached hereto.

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.

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 that certain promissory noted dated _____, 2019 in the aggregate principal amount of \$ _____ (the "Bank Note"), and that the lien of the City Mortgage be subordinated to the lien of the Bank Mortgage.

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:

City hereby subordinates the lien of its 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.

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 \$ _____,

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.

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.

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.

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.

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.

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

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:

Sarita Nair
Chief Administrative Officer

RECOMMENDED 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 _____, 2019
by Sarita Nair, Chief Administrative Officer of the City of Albuquerque.

Notary Public

My commission expires: _____

SEAL

BORROWER:

GREATER ALBUQUERQUE HOUSING PARTNERSHIP,
a New Mexico non-profit corporation

By: _____
Name: _____
Title: _____

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

This instrument was acknowledged before me on _____, 2019, by _____, the _____ of Greater Albuquerque Housing Partnership, a New Mexico non-profit corporation.

Notary Public

My commission expires: _____ SEAL

PARTNERSHIP:

_____,
a New Mexico limited liability limited partnership

By: _____,
a New Mexico limited liability company
Its: Managing General Partner

By: _____
Name: _____
Title: _____

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

This instrument was acknowledged before me on _____, 2019,
by _____, the _____ of _____, the Managing General Partner
of _____, a New Mexico limited liability limited partnership.

Notary Public

My commission expires: _____ SEAL

BANK:

_____,
a _____ corporation

By: _____
Name:
Title:

By: _____
Name:
Title:

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

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Mexico that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CCN 201900 187-1
FIRST SUPPLEMENTAL AGREEMENT
TO
DEVELOPMENT AGREEMENT

THIS FIRST SUPPLEMENTAL AGREEMENT, made and entered into this 22 day of April, 2019, by and between the City of Albuquerque, New Mexico, a municipal corporation (hereafter referred to as the "City"), and **Greater Albuquerque Housing Partnership, 320 Gold Street S.W. Suite 918, Albuquerque, NM 87102**, a New Mexico non-profit corporation (hereafter referred to as the "Developer").

WHEREAS, the City and the Developer entered into an agreement dated July 31, 2018, hereafter referred to as the "Original Agreement," whereby the Developer agreed to rehabilitate twelve (12) units of multi-family rental housing located at 3701, 3705, and 3711 Inca Street NE, hereafter referred to as the "Project"; and

WHEREAS, during the course of executing the Original Agreement, the Developer encountered significant delays due to abatement of hazardous materials, resulting in the need to expand the scope and timelines for the Project; and

WHEREAS, in this First Supplemental Agreement, the City has determined that the Original Agreement should initially be amended to revise the completion date of the Project; and

NOW THEREFORE, in consideration of the premises and mutual obligations herein, the parties hereto do mutually agree as follows:

1. ARTICLE IV, Section 4.2.A. of the Original Agreement is amended to read as follows, with sub-sections B and C remaining unchanged:

4.2. Establishment of Completion Date.

A. The Developer shall complete the rehabilitation of the Project no later than April 30, 2020 ("Completion Date"). Failure to complete the construction by the Completion Date after notice and cure under Section 11.1, is a material Event of Default of this Agreement.

2. Except as herein amended, the terms and conditions of the Original Agreement, including all Exhibits and Attachments thereto, shall remain unchanged and shall continue in full force and effect unless there is a conflict between the terms and conditions of the Original Agreement and the First Supplemental Agreement, in which event, the terms and conditions of the First Supplemental Agreement shall control.
3. This Agreement shall not become effective or binding until approved by the Director of the City of Albuquerque, Department of Family and Community Services.

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

CITY OF ALBUQUERQUE

Approved By:

Carol M. Pierce

Carol M. Pierce, Director
Department of Family and Community Services

Date: 4/22/19

DEVELOPER:

GREATER ALBUQUERQUE HOUSING
PARTNERSHIP

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

By: HA. N

Title: Executive Director

Date: Apr 22, 2019

02-252978000
State Taxation and Revenue Department
Taxpayer Identification Number

85-0412352
Federal Taxpayer Identification Number

A

DEVELOPMENT AGREEMENT

By and between the City of Albuquerque, Albuquerque, New Mexico, a municipal corporation, and

Developer,
Greater Albuquerque Housing Partnership, a New Mexico non-profit corporation, 320 Gold Street
SW, Suite 918, Albuquerque, NM 87102

July 31st, 2018

INCA STREET DEVELOPMENT

3701 Inca Street NE
3705 Inca Street NE
3711 Inca Street NE

PARCEL I:

Lot numbered Four (4), excepting the the Southerly Thirty-three and one-half feet (S'ly 33.50) thereof, and including that portion of Lot numbered Three (3) described as, beginning at the Southwest Corner of the said Lot 3 and running N 0° 52' 10" W, 51.01 feet; thence N 89° 52' 10" E., 102.98 feet; thence S 0° 07' 50" E., 51.00 feet; thence S 89° 52' 10" W., 102.22 feet to the point beginning of Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL II:

Lot numbered Five (5), excepting the Southerly Sixteen feet (S'ly 16') thereof, and including the Southerly Thirty-three and one-half feet (S'ly 33.50') of Lot numbered Four (4) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL III:

Lot numbered Six (6) and the Southerly Sixteen Feet (S'ly 16') of Lot numbered Five (5) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

TABLE OF CONTENTS

| <u>Sections</u> | <u>Page No.</u> |
|--|------------------------|
| 1. Development Agreement | 3 |
| 2. Recitals | 3 |
| 3. Article I – Definitions | 4 |
| 4. Article II – Project Purpose and Description | 4 |
| 5. Article III – Funds Committed to the Project | 5 |
| 6. Article IV – Commencement and Completion of the Project | 6 |
| 7. Article V – Conditions: Usage and Documentation of Loans | 8 |
| 8. Article VI – Representations: Warranties/General Warranties and Obligations | 10 |
| 9. Article VII – Monitoring/Reports Required | 13 |
| 10. Article VIII – Fees, Taxes, Insurance and Other Amounts Payable | 14 |
| 11. Article IX – Damage, Destruction and Condemnation | 17 |
| 12. Article X – Special Covenants | 17 |
| 13. Article XI – Events of Default Defined | 19 |
| 14. Article XII – Miscellaneous | 20 |

Exhibits

| | |
|---|----|
| Exhibit A – Definitions | 26 |
| Exhibit B – Name of Developer and Name of Project and Legal Description | 29 |
| Exhibit C-1 – HOME Mortgage and Security Agreement | 30 |
| Exhibit C-2 – Workforce Housing Mortgage and Security Agreement | 37 |
| Exhibit D-1 – HOME Promissory Note | 44 |
| Exhibit D-2 – Workforce Housing Promissory Note | 48 |
| Exhibit E – HOME Underwriting Template (Project Budget) | 52 |
| Exhibit F– Schedule of City Grant and Grant Payback Schedule | 53 |
| Exhibit G – Project Development Schedule | 54 |
| Exhibit H– Request for City Loan Disbursement | 55 |
| Exhibit I – Restrictive Real Estate Covenants | 57 |
| Exhibit J – Subordination Agreement | 63 |

DEVELOPMENT AGREEMENT

**HOME Investment Partnerships Program (HOME) Grant Agreement
and
Workforce Housing Trust Funds (WFHTF) Conveyance of Real Property Agreement**

THIS AGREEMENT is entered into this ____ day of _____, 2018, by and between the **City of Albuquerque**, New Mexico, a municipal corporation, (hereinafter "City") and **The Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102, and/or assigns (hereinafter "Developer"). City and Developer are sometimes hereinafter referred to collectively as "the Parties" and individually as "a Party."

RECITALS

WHEREAS, the City, under the Federal National Affordable Housing Act of 1990/HOME Investment Partnerships Program (the "Act"), and under its powers as a home rule city, is authorized to acquire, construct, improve, rehabilitate and conserve residential facilities intended for use as a place of residence for the intended occupants; and

WHEREAS, under the Act, a project may include acquiring, improving, constructing, rehabilitating and conserving land, buildings and improvements located within the City of Albuquerque; 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 City had identified the previously developed Inca Street apartments, located at 3701, 3705, and 3711 Inca Street NE, as a possible acquisition of real property for future redevelopment; and

WHEREAS, the City acquired the Inca Street properties in May 2017, utilizing Workforce Housing Trust Funds (WFHTF); and

WHEREAS, the Project, as more thoroughly detailed in Section 2.3 of this Agreement, and Developer were identified in the City's 2018 Action Plan, approved by City Council on May 21, 2018 by Resolution R-2018-036, and

WHEREAS, the Developer and the Barrett Foundation, Inc. have the necessary construction and management expertise to develop and manage the Project;

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 Administrative Requirements 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 section.

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 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 rehabilitate twelve (12) units of multi-family rental housing located at 3701, 3705, and 3711 Inca Street NE, of which all twelve (12) units are designated for persons who are at or below 60% AMI.

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 upon transfer of the property 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 Project and all of the services required hereunder in connection with the Project, shall be continued for fifteen (15) years from the initial Lease-up of the project, as identified by the City's completion of the Project in the HUD Integrated Disbursement and Information System (IDIS), and shall be referred to as the "HOME Affordability Period". The Project contains twelve (12) HOME-Assisted units (9 High-HOME and 3 Low-HOME), as stipulated in the Restrictive Real Estate Covenants, which shall abide by the High-HOME and Low-HOME rents for the entire 15-year HOME Affordability Period. Following the expiration of the HOME Affordability Period, the Workforce Housing Affordability Period related to the City's acquisition of the Real Property will remain in effect for 90 years from the Completion of the Project, as more fully provided elsewhere in this Agreement.

Section 2.3. Project Description. The Project, named **Inca Street Development**, is located on (3) adjoining lots, containing 3 separate single story 4-plex apartment buildings located at 3701, 3705, and 3711 Inca Street NE, as legally described in **Exhibit B**. The Project shall consist of the substantial rehabilitation and management of the three (3), multi-family buildings, landscaping, access, parking lots and grounds located on the aforementioned Real Property. The Project includes the improvements of 12 residential units, including three (3) 1-bedroom, six (6) 2-bedroom, and three (3) 3-bedroom rental housing units between the 3 buildings (3701, 3705, 3711), totaling approximately 10,704 heated square feet. Of the 12 units, 9 units shall be for households at or below 60% of Area Median Income (AMI) and 3 units shall be for households at or below 50% AMI. The Project shall remain an affordable rental housing project, abiding by the High HOME and Low HOME rents for the 15-year HOME Affordability Period. Following the expiration of the HOME Affordability Period, the Workforce Housing

Section 2.4. Development Single Purpose Entity. The Developer has formed a single purpose entity, INCA STREET LLC, ("Development Entity") of which the Developer is the sole member to develop and operate the Inca Street Development. Upon completion of construction of the Project, Barrett Foundation, Inc. shall become a member of the Development Entity. Following the formation of the Development Entity, the rights and obligations under this Agreement shall be assigned by the Developer to the Development Entity.

Section 2.5. Management of Property. Developer shall manage the property through a property management agreement with a professional property management company that has been approved by the City in writing. Monarch Properties has been selected by the Developer and will manage the property following construction completion.

ARTICLE III

Funds Committed to the Project

Section 3.1. Description of City Grant and Conveyance of Real Property.

A. Description of City Grant

(1) The City shall provide a grant, to be secured by a mortgage, to Developer to assist in the Project financing, in an amount not to exceed **One Million Dollars and No Cents (\$1,000,000.00) (the "City Grant")**, from the U.S. Department of Housing and Urban Development HOME Investment Partnerships funds. The City Grant shall be discharged at the end of the HOME Affordability Period if all conditions and requirements of this Development Agreement and related obligations are met.

(2) The Developer shall sign, at the Closing of the City Grant (the "Closing"), the City HOME Mortgage, in a form substantially similar to **Exhibit C-1** as attached herein, and the City HOME Note, in a form substantially similar to **Exhibit D-1** as attached herein, which shall include the amount of City Grant provided for in this Agreement for this Project. The Developer shall also sign, at the Closing, a separate City WFHTF Mortgage, in a form substantially similar to **Exhibit C-2** as attached herein, and a separate City WFHTF Note, in a form substantially similar to **Exhibit D-2** as attached herein, which shall include the purchase price of the Property which the City will convey to the Developer as provided in subsection B below. The Developer shall also sign at Closing, the Restrictive Real Estate Covenants in a form substantially similar to **Exhibit I** as attached herein. The Closing (as hereinafter defined) shall occur on or before October 31, 2018 unless extended by the parties.

B. Conveyance of Real Property

(1) **Purchase Price.** Subject to any adjustments and prorations hereinafter described, the purchase price for the Property is **Eight-Hundred Sixty Two Thousand Five Hundred Dollars and no cents (\$862,500.00) (the "Purchase Price")**, which sum is the original purchase price of the Real Property, and is payable at the Closing (as hereinafter defined); provided that the payment shall be in the form of the City WFHTF Note, City WFHTF Mortgage and Restrictive Real Estate Covenants in a form substantially similar to Exhibits C-2, D-2 and I with the understanding that no cash payments will be due so long as the project meets the requirements of this Agreement for the Workforce Housing Affordability Period.

(2) Title. The City shall convey the Property to the Developer on or before October 31, 2018 by quitclaim deed, subject to covenants, easements, agreements, restrictions and like matters of record approved by the Developer along with the conditions and covenants required by this Agreement.

Section 3.2. Description of Developer's Conveyance of Real Property. The Developer shall convey the Property to the Development Entity, "INCA STREET LLC", of which the Developer is the managing general partner, on or before December 31, 2018 in fee simple with good and marketable title, subject to covenants, easements, agreements, restrictions and like matters of record approved by the Development Entity along with the conditions and covenants required by this Agreement.

Section 3.3. 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 3.4. Schedule of Grants. Attached hereto as **Exhibit F** and incorporated herein as though set forth in full in this paragraph is the schedule of grants from the City to be paid or forgiven and the terms thereof.

Section 3.5. Other Loans, Grants, and Subsidies. Other loans and subsidies, if applicable, are listed on the attached **Exhibit E** and incorporated herein as though set forth in full in this paragraph. Other than as set forth on **Exhibit E**, 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 3.6. Tax Credits. [Not applicable]

Section 3.7. Non-Receipt of Low Income Housing Tax Credits. [Not applicable]

ARTICLE IV Commencement and Completion of the Project

Section 4.1. Agreement to Construct and Complete the Project. Developer agrees that:

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

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

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

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 Section 11.1 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 itself or through affiliates, agents, contractors, subcontractors or others selected by it in whatever lawful manner Developer deems necessary or advisable, provided such manner 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 gas, 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 April 30, 2019 ("Completion Date"). Failure to complete the construction by the Completion Date after notice and cure under Section 11.1, is a material Event of Default of this Agreement.

B. The Completion Date shall be evidenced to the City by (i) final inspection approval by the City of Albuquerque Building Safety Division of all building permits that lead to the completion of the Plans, Specifications and Elevations; (ii) if applicable, a letter 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 after completion of the Project 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 shall state that they are 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 each 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 of the punch list 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 by 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
Conditions
Usage and Documentation of Loans

Section 5.1. Conditions Precedent to Disbursements of City Loans or City Grants Authorized Under this Agreement. The Real Property will be conveyed by the City to the Developer pursuant to the terms of this Agreement. The City and Developer have agreed upon the following matters which relate to the Real Property prior to the conveyance of the Real Property by the City to the Developer. The City and Developer agree that the Developer shall, at the Developer's expense, provide the following documents prior to the commencement of construction.

- A. Phase 1 environmental survey.
- B. 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. This Agreement does not constitute a full commitment of funds or site approval, and the commitment of funds or site approval may occur only upon satisfactory completion of environmental review and receipt by the City of an approval of the request for release of funds and certification from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. The provision of any funds to the Project is conditioned on the City's determination to proceed with, modify or cancel the Project based on the results of the environmental review.
- 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 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.
- E. Evidence of procurement of all contractors and subcontractors in compliance with 2 CFR Part 200, 24 CFR Part 92 and applicable City regulations.

F. Title Insurance Commitment and Title Insurance Policy.

G. Affirmative Marketing Plan. Developer shall provide to the City an updated affirmative marketing plan along with procedures in conformance with 24 CFR Part 92.351 and the Fair Housing Act.

H. 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 by eligible families.

Section 5.2. Use of Grant Proceeds, Repayment, Discharge. The City Grant shall be an amount of no greater than **One Million Dollars and No Cents (\$1,000,000.00)**, in addition to the conveyance of City-owned land, which was purchased by the City of Albuquerque for \$862,500 in May 2017. The City Grant and the conveyance of City-owned land includes all City funds allocated through this Agreement for this Project and shall be used for the development and construction of the Project, and no other purpose.

Section 5.3. Disbursement of City Grant Proceeds Authorized Under This Agreement. The City Grant, secured by the City HOME Mortgage, authorized under this Agreement in the amount of **One Million Dollars and No Cents (\$1,000,000.00)**, in addition to the conveyance of City-owned land, shall be disbursed to the Developer to pay actual costs incurred by Developer for purposes authorized under this Agreement and per the projected project budget attached hereto and incorporated herein as **Exhibit E**.

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

B. Developer agrees to provide City with a Request for City Grant 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 shall submit supporting invoices and documentation for costs actually incurred by and paid for by Developer. Construction costs must be certified by the Architect/Engineer.

Section 5.4. Grant Documentation. Developer shall execute and deliver the City Notes to the City, and the City Notes shall be secured by City Mortgages in the same amount encumbering the Real Property.

Section 5.5. Restrictive Real Estate Covenants. At Closing, Developer 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 immediately after the conveyance of the City owned land, which Restrictive Real Estate Covenants shall run with the land, binding upon the Developer, its successors and assigns.

Section 5.6. Subordination and Release. Upon the City's approval of the Developer's financing arrangements, the City will subordinate the City Mortgages to one or more mortgages for borrowed funds necessary to develop the Project by a Subordination of Mortgage substantially in 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 Workforce Housing Affordability Period.

ARTICLE VI

Warranties and Obligations

Section 6.1. **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 by the Act 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 lower 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 Mortgages and other title documents upon Closing in the Office of the County Clerk of Bernalillo County.

Section 6.2. **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, that it has the power to enter into this Agreement and by proper action it 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 Incorporation or Bylaws, nor 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, nor constitute or will constitute a default under any of the foregoing or 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 toward the development of the Project.

E. The Restrictive Real Estate Covenants attached hereto as **Exhibit I** are binding on the Real Property and the Developer, its successors and assigns, who shall comply therewith.

F. During the Workforce Housing Affordability Period, the Developer, its successors and assigns, shall comply with the applicable provisions of the following:

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, as applicable.
2. Regulations of the Uniform Administrative Requirements as described in 24 CFR §92.505, as applicable.
3. Local housing code requirements, and to allow the City to inspect the Real Property upon demand at all reasonable times.
4. The affirmative marketing plan submitted to City along with procedures in conformance with 24 CFR Part 92.351 and the Fair Housing Act.
5. Maintain accurate records which document and verify affirmative marketing efforts.
6. Adhere to 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. Maintain the Project as an affordable rental housing project for the Workforce Housing Affordability Period.
8. Adhere to initial rents for assisted units (if applicable) set forth in the Restrictive Real Estate Covenants attached to this Agreement as **Exhibit I**. Any rent increases of the assisted 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, as it may be amended from time to time.
9. Maintain income verification of tenants and their family size residing in affordable units using 24 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; however, the tenant must pay the lesser of 30% of the adjusted monthly income for rent and utilities or the market rent.
10. Use its best efforts to afford Minority And Women-Owned Business Enterprises (that is, businesses which are at least fifty-one percent [51%] owned and controlled by minority group member or women) the maximum practicable opportunity to participate in the performance of this Agreement, as applicable.

11. 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 in compliance with 24 CFR Part 92.253.

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 Workforce Housing Affordability Period has expired. It is anticipated that Cash Flow (After Debt Service) will be used to fund shortfalls in the maintenance reserve fund to ensure that it sufficiently funded and a minimum of 0.8% of the replacement cost of the structure funded into the replacement reserve, which is based on the City's HOME Underwriting Guidelines, instead of returning this Cash Flow to the City of Albuquerque as Program Income. This additional funding in maintenance reserves to maintain the property over the required HOME and Workforce Housing compliance periods. 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 from time to time, and obtains program certification within one year of execution of this Agreement and remain so certified thereafter during the term of this Agreement and until the Workforce Housing Affordability Period has expired. Failure to obtain the certifications, or revocation of the certification of the facility or the facility manager, after notice and cure under Section 11.1B, 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 or 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 Workforce Housing 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. The Developer shall not, during the term of this Agreement, amend or change its Bylaws or Articles of Incorporation in any manner if such amendment or change would result in a 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

Greater Albuquerque Housing Partnership
INCA Street Development Agreement
HOME \$1,000,000 Construction Loan
2018

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.

ARTICLE VII

Monitoring/Reports Required

Section 7.1. 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 7.2. 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 shall be provided by the Developer within thirty (30) days after the close of the quarter until the terms of this Agreement have been met.

Section 7.3. The Developer shall provide an annual report within ninety (90) days of the close of the Developer's fiscal year until the expiration of the Workforce Housing Affordability Period. 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, 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, and, if applicable, the proposed uses of Program Income for the forthcoming year.

Section 7.4. 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 7.5. 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 VIII
Fees, Taxes, Insurance and Other Amounts Payable

Section 8.1. 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 Mortgages 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 Mortgages.

Section 8.2. Payments Required. The obligations of Developer to make the payments required in Section 5.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional without offset or counterclaim for claims against the City or any other party.

Section 8.3. Maintenance of Project. Developer agrees that, during the term of this Agreement as described in Section 2.2, it shall, at its own expense, keep 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, from time to time, all necessary repairs thereto and renewals and replacements thereof. Any tangible property purchased or installed with proceeds from the City Grant or received in exchange for tangible property purchased or installed with proceeds from the City Grant 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 Mortgages 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 8.4. 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 Loan.

E. **INCREASED LIMITS:** At any time during the term of this Agreement, 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:** 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 written demand, proof of all required insurance coverages.

Section 8.5. **Performance, Payment and Other Bonds.** Developer or Contractor shall furnish or cause to be furnished, performance and payment bonds 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 Grant 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 a 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 8.6. **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 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 8.7. 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 Mortgages and shall be paid upon demand by the City.

ARTICLE IX

Damage, Destruction and Condemnation

Section 9.1. 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 be obligated to continue to repay the City Grant as provided herein. Developer shall cause the net proceeds of insurance or from any award made in such eminent domain proceedings to be applied in one or more of the following ways as may be agreed in writing by the City and Developer:

A. 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 repair or re-construction is physically and economically feasible.

B. Repayment of the City Grant and extinguishment of the liens, in order of lien priority.

C. 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.

ARTICLE X

Special Covenants

Section 10.1. 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 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 10.2. 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 10.3. 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, 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 10.4. 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, attorney's fees and expense or court costs arising out of or in any way relating to this Agreement, the City Mortgages, the City Notes 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 of the City or of its officials, employees and agents.

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

Section 10.5. Sale, Assignment or Encumbrance of Project. Except as otherwise expressly permitted herein or in the City Mortgages, during the Workforce Housing Affordability Period, 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. City consent must be given in writing and may require repayment of federal funds to the City. Any conveyance of the Project during the term of this Agreement shall incorporate the Restrictive Real Estate Covenants found in **Exhibit I** and agreements contained herein.

Section 10.6. 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 10.7. 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 10.8. 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 (90) days of the end of the Developer's fiscal year.

ARTICLE XI

Events of Default Defined

Section 11.1. 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 five (5) days of the receipt of notice of monies due any amount required to be paid pursuant to the City Grant.

B. Failure by Developer to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder (other than payment, which is governed under Section 11.1 A of this Agreement) 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, and the City verifies that measures have been undertaken and concurs that they are reasonable measures.

C. Developer agrees that as long as this Agreement is in effect, it shall maintain its existence as a non-profit corporation, shall not dissolve or otherwise dispose of all or substantially all of its assets and shall not consolidate with or merge into another entity without the prior written consent of the City, which consent shall be at its reasonable discretion..

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

Section 11.2. 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 Mortgages or the City Notes 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 11.3. Agreement to Pay Attorneys' Fees and Expenses. If Developer defaults under any of the provisions of this Agreement or the City Mortgages, City Notes, or Restrictive Real Estate Covenants and the City employs attorneys 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 Mortgages, the City Notes, or Restrictive Real Estate Covenants, Developer agrees that it shall on demand therefor pay to the City the reasonable fees of such attorneys and such other reasonable expenses incurred by the City in preserving and protecting the City's rights under this Agreement.

Section 11.4. No Additional Waiver Implied by One Waiver. If any agreement contained in this Agreement should be breached by either 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 11.5. Redemption Period. In the event the City shall elect to foreclose the City Mortgages in accordance with this Agreement, the period of redemption shall be one (1) month in lieu of nine (9) months.

Section 11.6. 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 Notes and the City Mortgages; and (2) sue for compensatory damages suffered by the City due to the Default as well as, if appropriate, punitive damages.

ARTICLE XII

Miscellaneous

Section 12.1. 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
Greater Albuquerque Housing Partnership
320 Gold Street SW, Suite 918
Albuquerque, NM 87102

Greater Albuquerque Housing Partnership
INCA Street Development Agreement
HOME \$1,000,000 Construction Loan
2018

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

Section 12.3. 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 12.4. Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or in the City Mortgages, this Agreement shall not be effectively amended, changed, modified, altered or terminated except by mutual written agreement of the Parties.

Section 12.5. 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 12.6. 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 12.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico and the laws, rules and regulations of the City of Albuquerque, in addition to federal laws and regulations which apply to this Agreement.

Section 12.8. Recording. This Agreement as well as the City Mortgages, Notes, and 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.

Section 12.9. 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 12.10. 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 12.11. 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 12.12. 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 12.13. 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 12.14. 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 12.15. 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 12.16. 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 12.17. 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 12.18. 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 12.19. 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 Mortgages, the City Notes, 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 12.20. 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 12.21. 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. Pending 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 12.22. 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 12.23. 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 12.24. 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 12.25. 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 12.26. Approval Required. This Agreement shall not become effective or binding until approved by the City's Director of the Department of Family and Community Services. The effective date of this Agreement shall be the date of the Director's approval.

Section 12.27. 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

Approved By:

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

Date: July 31, 2018

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

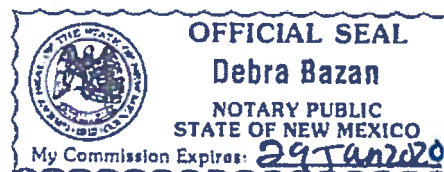
This instrument was acknowledged before me this 31 day of July, 2018, by Carol M. Pierce as Director of the Department of Family and Community Services of the City of Albuquerque, a New Mexico municipal corporation.

Debra Bazan
Notary Public

My Commission Expires:

29 Jan 2020

Greater Albuquerque Housing Partnership
INCA Street Development Agreement
HOME \$1,000,000 Construction Loan
2018



GREATER ALBUQUERQUE HOUSING PARTNERSHIP

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

By: DA-R

Title: Executive Director

Date: July 31, 2018

02252978000

State Taxation and Revenue Department
Taxpayer Identification Number

85-0412352

Federal Taxpayer Identification Number

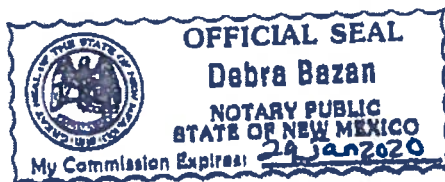
STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

This instrument was acknowledged before me this 31 day of July, 2018, by Alvaro A. Rael as ED of Greater Albuquerque Housing Partnership, a New Mexico nonprofit corporation.

Debra Bazan
Notary Public

My Commission Expires:

29 Jan 2020



Greater Albuquerque Housing Partnership
INCA Street Development Agreement
HOME \$1,000,000 Construction Loan
2018

Exhibit A

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. "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.
3. "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.
4. "Authorized Developer Representative" means the person designated to act on behalf of the Developer.
5. "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.
6. "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.
7. "City Grant" or "City Loan" means that amount of funds authorized under this Agreement and provided through the City to construct the Project.
8. "City HOME Mortgage" means the mortgage against the Real Property, in substantially the form set forth in **Exhibit C-1** attached hereto, executed by the Developer in favor of the City to secure repayment of the City Grant in accordance with Section 5.2 herein.
9. "City HOME Note" means the promissory note, substantially in the form attached hereto as **Exhibit D-1**, which evidences the obligation to repay the City Grant, in accordance with Section 5.2 herein.
10. "City Mortgages" means the City HOME Mortgage and the City WFHTF Mortgage.
11. "Cites Notes" means the City HOME Note and the City WFHTF Note.

12. "City WFHTF Mortgage" means the mortgage against the Real Property, in substantially the form set forth in **Exhibit C-2** attached hereto, executed by the Developer in favor of the City to secure repayment of the conveyance of the Property by the City to the Developer as part of the Project in accordance with Section 3.1 herein.
13. "City WFHTF Note" means the promissory note, substantially in the form attached hereto as **Exhibit D-2**, which evidences the obligation to repay the conveyance of the Property by City to the Developer as part of the Project, in accordance with Section 3.1 herein.
14. "Closing" means the event of the real estate closing of the City Grant and transfer of the Real Property wherein all parties and all sources of Project funding are identified as shown in **Exhibit E**, and the City Mortgages, the City Notes and the Restrictive Real Estate Covenants are executed by Developer in favor of the City and recorded in the County Clerk's office.
15. "Completion Date" means the date of completion of the construction of the Project as that date shall be certified pursuant to Section 4.2 hereof.
16. "Construction Period" means the period between the beginning of construction or installation of the Project and the Completion Date.
15. "Council" means the Council of the City or any successor governing body of the City.
16. "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.
17. "HOME Affordability Period" means, for the HOME Affordability Period, fifteen (15) years from the City's completion of the Project in the HUD Integrated Disbursement and Information System (IDIS).
18. "HOME Assisted Unit" means that residential unit, which either directly, or indirectly, has received financial assistance for acquisition and/or construction 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 **Exhibit I – Restrictive Real Estate Covenants** and designated as floating HOME-assisted units.
19. "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 attorney's fees) incurred in the collection of such gross proceeds.
20. "Person" means any natural person, firm association, trust, partnership, corporation or public body.
21. "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.

22. "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 Regulations for Workforce Housing Trust funded projects.
23. "Project" means the residential apartment development to be rehabilitated upon the Real Property, including Buildings, related on-site and off-site improvements, equipment and related rights therein.
24. "Real Property" or "Property" means the real estate that is described in 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 therefore, less such real estate and interests in real estate taken by the exercise of the power of eminent domain as provided herein.
25. "Restrictive Real Estate Covenants" means those real estate covenants imposed on the Property in the form attached as Exhibit I to insure the City's goals in regards to the Project.
26. "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.
27. "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.
28. "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.
29. "Workforce Housing Affordability Period" means the Workforce Housing Trust Fund Affordability Period, ninety (90) years from the completion of the Project, with a renewable ninety (90) years after the first Workforce Housing Affordability Period.

(THIS SPACE INTENTIONALLY LEFT BLANK)

Exhibit B

Greater Albuquerque Housing Partnership Inca Street Development

**3701 Inca Street NE
3705 Inca Street NE
3711 Inca Street NE**

PARCEL I:

Lot numbered Four (4), excepting the the Southerly Thirty-three and one-half feet (S'ly 33.50) thereof, and including that portion of Lot numbered Three (3) described as, beginning at the Southwest Corner of the said Lot 3 and running N 0° 52' 10" W, 51.01 feet; thence N 89° 52' 10" E., 102.98 feet; thence S 0° 07' 50" E., 51.00 feet; thence S 89° 52' 10" W., 102.22 feet to the point beginning of Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL II:

Lot numbered Five (5), excepting the Southerly Sixteen feet (S'ly 16') thereof, and including the Southerly Thirty-three and one-half feet (S'ly 33.50') of Lot numbered Four (4) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL III:

Lot numbered Six (6) and the Southerly Sixteen Feet (S'ly 16') of Lot numbered Five (5) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

Exhibit C-1

Greater Albuquerque Housing Partnership

INCA STREET DEVELOPMENT

**HOME Investment Partnerships (HOME)
MORTGAGE AND SECURITY AGREEMENT
(Not to Exceed the Principal Sum of (\$2,000,000.00))**

KNOW ALL MEN BY THESE PRESENTS THAT this instrument ("Mortgage") made this ____ day of _____, 2018, between **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102, and/or assigns ("Borrower"), and the Mortgagee/Grantee, 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, with offices at the City-County Building, One Civic Plaza, Albuquerque, New Mexico 87103 ("Lender");

WITNESSETH:

WHEREAS, Borrower is indebted to Lender in the principal sum of **One Million Dollars and No Cents (\$1,000,000.00)**, for the City Grant in the amount of One Million Dollars and no cents (\$1,000,000.00) indebtedness is evidenced by that certain Promissory Note of even date herewith (the "City Note"), executed by Family Housing Development Corporation, a copy of which is attached hereto as Exhibit D;

WHEREAS, Borrower and Lender have entered into that certain agreement, entitled "Development Agreement" between the City of Albuquerque, New Mexico, and **Greater Albuquerque Housing Partnership** ("Development Agreement") as of _____, 2018, which Agreement provides for the Borrower to construct a certain affordable housing project ("Project"), as defined and described in said Development Agreement;

WHEREAS, the Project shall be continued for fifteen (15) years from the completion of the project in HUD's Integrated Disbursement Information System, ("Affordability Period").

This Mortgage secures the performance of the following obligations: (i) all terms and conditions in said Development Agreement, (ii) the repayment of the indebtedness evidenced by the City Note as disbursed to Borrower from time to time, together with interest thereon, in accordance with the payment provisions set forth in the City Note and all renewals, extensions and modifications thereof, and (iii) the performance of all covenants contained therein; (iv) the payment of such amounts, if any, advanced, or costs incurred by Lender in accordance herewith, to protect the security of this Mortgage or in connection with the enforcement of this Mortgage or City Note; (v) the performance of the covenants, agreements and obligations of Borrower herein contained, and (vi) upon the statutory mortgage conditions, for the breach of which it is subject to foreclosure as provided by law. No interest shall accrue or be payable on the principal balance except in the event of default, as provided in the City Note.

For consideration paid, Borrower does hereby MORTGAGE, GRANT, BARGAIN, SELL, ASSIGN, GRANT A SECURITY INTEREST IN and CONVEY TO Lender, its successors and assigns, all of Borrower's estate, right, title and interest in, to and under any and all of the following described property, whether now owned or hereafter held or acquired, with mortgage covenants.

(a) All of Borrower's fee simple estate and interest in those certain parcels of real property situated in the City of Albuquerque, County of Bernalillo, and State of New Mexico, and containing:

PARCEL I:

Lot numbered Four (4), excepting the the Southerly Thirty-three and one-half feet (S'ly 33.50) thereof, and including that portion of Lot numbered Three (3) described as, beginning at the Southwest Corner of the said Lot 3 and running N 0° 52' 10" W, 51.01 feet; thence N 89° 52' 10" E., 102.98 feet; thence S 0° 07' 50" E., 51.00 feet; thence S 89° 52' 10" W., 102.22 feet to the point beginning of Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL II:

Lot numbered Five (5), excepting the Southerly Sixteen feet (S'ly 16') thereof, and including the Southerly Thirthy-three and one-half feet (S'ly 33.50') of Lot numbered Four (4) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL III:

Lot numbered Six (6) and the Southerly Sixteen Feet (S'ly 16') of Lot numbered Five (5) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

(b) All and singular the buildings and improvements, structures, additions, tenements, easements, hereditament, and appurtenances belonging or in anywise appertaining to the aforesaid Real Property, now existing or hereafter acquired, installed, or constructed and the revision or reversions, remainder and remainders rents, issues, and profits thereof and also all the estate, right, title, interest, property, claim and demand whatsoever of Borrower of, in, and to the same, and of, in and to every part and parcel thereof;

(c) All right, title and interest of Borrower, if any, in and to the land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Real Property to the centerline hereof;

(d) All right, title and interest of Borrower in all fixtures, fittings, appliances, apparatus, equipment, machinery, building materials, inventory and other articles of personal property and replacements thereof, now or at any time hereafter affixed to, attached to, placed upon or used in anyway in connection with the complete and comfortable use, enjoyment, occupancy or operation of the Real Property or the Project, together with any proceeds realized from the sale, transfer or conversion of any of the above (subject to the right of replacement described in the City Note);

(e) All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards or judgments, and any unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained by Borrower;

(f) To the extent assignable, any and all plans, specifications, site plans, drawings renderings and schematics, however characterized, from time to time prepared for use in connection with the construction and operation of the Project;

(g) To the extent assignable, all contracts, agreements and understandings now or hereafter entered into, relating to or involving the performance of any work, the rendering of any services, the supply of any materials or the conduct of operations in the management of the Real Property or the Project including without limitation, construction contracts, architect agreements, development agreements, management agreements with respect to hotel operations, franchise agreements and other similar agreements;

(h) To the extent assignable, any and all permits, certificates, approvals and authorizations, however characterized, issued or in any way furnished, whether necessary or not, for the operation and use of the Real Property and/or the Project, including, without limitation, building permits, environmental certificates, certificates of occupancy, certificates of operation, room permits, bar or restaurant permits, liquor or cabaret licenses, food service operation licenses, elevator licenses, warranties and guaranties; and

(i) All municipal or utility deposits made by or on behalf of Borrower or made in connection with the Real Property or the Project, together with all escrow accounts or reserves maintained or required to be maintained by Borrower hereunder, and any and all other assets revenues and profits of any kind of the Project.

All of the property described in the foregoing subparagraphs (a) through (i) shall sometimes hereinafter be collectively referred to as the "Property." All of the assignments hereinabove referenced are subject to the right of Borrower to collect, receive, apply, manage, and use the rights assigned until the occurrence of an event of default hereunder. The maximum amount of unpaid loan indebtedness, exclusive of interest thereon, which may be outstanding at any time is **Two Million Dollars and No Cents, (\$2,000,000.00).**

In addition to the other debt or obligation secured hereby, this Mortgage shall secure unpaid balances of advances made for the payment of taxes, tax increment payments, assessments, insurance premiums, and other costs incurred for the protection of the Real Property or the Project, if not paid by Borrower as required by law or this Mortgage.

Borrower represents and warrants that it has full right and authority to grant this Mortgage, and that it shall warrant and defend the lien and interest of the Lender in the Property against all claims and demands whatsoever, except any encumbrances acceptable to Lender, and that Borrower shall maintain the priority of the lien of and the security interest granted by this Mortgage upon the Property until the Mortgage is defeased as provided herein.

Lender shall cause this Mortgage and instruments supplemental hereto and financing statements and all necessary supplements appropriate continuation statements, to be recorded, registered, and filed in such manner and in such places required in order to establish, preserve, and protect the lien of this Mortgage as a valid second mortgage lien on all real property, fixtures, and interests therein included in the Property, and a valid, perfected second priority security interest in all personal property, fixtures and interest therein included in the Property, including in each such case and without limitation, any such properties acquired after the execution hereof.

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.

All property of every kind acquired by Borrower after the date hereof which, by the terms herein, is intended to be subject to the lien of this Mortgage, shall immediately upon the acquisition thereof by Borrower, and without further mortgage or assignment, become subject to the lien of this Mortgage as fully as though now owned by Borrower and specifically described herein. Borrower shall take such actions and execute such additional instruments as the Lender shall reasonably require to further evidence or confirm the subjection to the lien of this Mortgage of any such after-acquired property.

Any sale must have prior approval by Lender and such sale shall be subject to the terms and conditions contained in this Mortgage and City Note. Lender reserves the right to subordinate this Mortgage.

This Mortgage constitutes a security agreement as to all or any part of the Property which is of a nature that a security interest therein can be perfected under the Uniform Commercial Code. This Mortgage also constitutes a financing statement with respect to any and all property included in the Property which is or may become fixtures.

Borrower shall pay promptly when due all taxes, tax increment payments, assessments, and other governmental charges on the property which, if not paid, may become a lien on the Property or any part thereof.

During construction of the Project, until issuance of Certificates of Occupancy for each unit and, if applicable, a certification of completion and acceptance by the City for public infrastructure, Borrower, at its expense, shall keep or cause to be kept, the Property fully insured by a policy or policies of Builder's Risk and Fire Insurance, in an amount not less than the outstanding balances of the grant evidenced by the City Note and of any mortgage to which this Mortgage is subordinate. Upon issuance of a Certificate of Occupancy for each unit, and thereafter during the term of the grant evidenced by the City Note, Borrower, at its expense, shall keep or cause to be kept, the Property insured, in an amount not less than the outstanding balances of the grant evidenced by the City Note and of any mortgage to which this Mortgage is subordinate, against fire with extended coverage and in good order and condition, ordinary wear and tear excepted, and shall make all necessary or appropriate repairs, replacements, and renewals thereof. All policies of insurance required by this paragraph shall be endorsed to indicate Lender as an insured Mortgagee.

In the event of any damage or injury to the Project, Borrower agrees that it shall take any and all actions necessary to restore the Project substantially to its condition prior to the damage or injury, and shall apply any proceeds of such insurance coverage to the extent necessary to the costs of such restoration.

If Borrower shall fail to make any payments or perform any act required to be paid or performed hereunder or under the City Note, Lender may, but shall be under no obligation to do so, upon five (5) days written notice to Borrower and to the Lender of any mortgage loan to which this Mortgage is subordinate, make such payment or perform such act for the account of and at the expense of Borrower. All payments so made by the Lender and all costs, fees and expenses incurred in connection therewith shall, together with interest thereon as provided herein, be additional indebtedness secured by this Mortgage, to the extent permitted by law, and shall be paid by Borrower to the Lender on demand. In any action brought to collect such indebtedness, or to foreclose this Mortgage, the Lender shall be entitled to the recovery of such expenses in such action except as limited by law or judicial order or decision rendered in any such proceedings.

Notwithstanding any other provisions of this Mortgage, the City Note, or the Development Agreement, upon any failure by Borrower to pay when due any installment of principal or interest under the City Note, or failure to pay any other obligation under the City Note, and such failure is not cured within five (5) business days after receipt of written notice from the Lender, such failure to pay or cure shall constitute an immediate default entitling the Lender to exercise any remedy hereafter described in this paragraph, or elsewhere in this Mortgage, the City Note, or the Development Agreement. Upon any failure to observe or perform any other obligation under this Mortgage, which has not been remedied or cured within ten (10) days after receipt of written notice thereof from Lender, or for such longer period as the Lender shall agree to in writing, then the Lender at its option may declare a default to have occurred hereunder. Subject to the foregoing provisions, with respect to either a default in failure to make payment or any other default, the remedies available to Lender include its ability at any time at its election to exercise any or all or any combination of the remedies conferred upon or reserved to it under this Mortgage, the Development Agreement, the City Note, or now or hereafter existing at law or in equity. Without limitation, the Lender may declare the entire unpaid principal balance of the City Note immediately due and payable without notice or demand, the same being expressly waived by Borrower; may proceed at law or equity to collect all amounts secured by this Mortgage and due hereunder, whether at maturity or by acceleration; may foreclose the lien of this Mortgage as against all or any part, of the Property; and may exercise any rights, powers, and remedies it may have as a secured party under the Uniform Commercial Code, or other similar laws in effect from time to time.

Each right, power, and remedy of the Lender provided for in the Development Agreement, the City Note, and Mortgage, or now or hereafter existing at law or in equity, shall be cumulative and concurrent and shall be in addition to every other rights, power, or remedy provided for this Mortgage, the Development Agreement, or the City Note, or now or hereafter existing at law or in equity, and the exercise or beginning of exercise or partial exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such rights, power or remedies.

No failure by the Lender to insist upon the strict performance of any term whereof to exercise any right, power, or remedy consequent upon a breach hereof, shall constitute a waiver of any such term or

of any such breach. No waiver of any breach shall affect or alter this Mortgage, and the Mortgage shall continue in full force and effect with respect to any other then existing or subsequent breach.

PROVIDED, however, that these presents are upon the condition that if Borrower shall well and truly keep and perform all the conditions, covenants and agreements to be kept and performed by Borrower under this Mortgage during the Affordability Period, then this Mortgage shall be void; otherwise to remain in full force and effect in law and equity forever.

The existence and lien of this Mortgage shall not impede or affect the right of Borrower from time to time with respect to all or a portion of the Premises, to dedicate public areas by subdivision plat or otherwise, including streets, easements and park areas, grant to public utilities and other agencies entitled thereto ordinary and necessary easements, and apply for and obtain zoning acceptable to Borrower.

All notices, demands or requests permitted or required to be given under the provisions of this Mortgage or the City Note shall be made pursuant the Development Agreement.

In the event of foreclosure of this Mortgage, the period of foreclosure shall be one month in lieu of the statutory redemption period of nine months.

IN WITNESS WHEREOF, the said Borrower, **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102, hereunto duly authorized, has caused, this instrument to be executed on this 31 day of July, 2018.

GREATER ALBUQUERQUE HOUSING PARTNERSHIP
a New Mexico nonprofit corporation

By: *[Signature]*

Its: Authorized Agent

STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on 31 day of July, 2018, by Felipe A Rael of Greater Albuquerque Housing Partnership, a New Mexico nonprofit corporation, on behalf of the corporation.

[Signature]
Notary Public

My Commission Expires:

29 Jan 2020

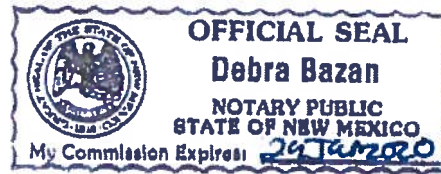


Exhibit C-2

Greater Albuquerque Housing Partnership

INCA STREET DEVELOPMENT

Workforce Housing Trust Funds (WFHTF)
MORTGAGE AND SECURITY AGREEMENT
(Not to Exceed the Principal Sum of (\$1,725,000.00))

KNOW ALL MEN BY THESE PRESENTS THAT this instrument ("Mortgage") made this ____ day of _____, 2018, between **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102, and/or assigns ("Borrower"), and the Mortgagee/Grantee, 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, with offices at the City-County Building, One Civic Plaza, Albuquerque, New Mexico 87103 ("Lender");

WITNESSETH:

WHEREAS, Borrower is indebted to Lender in the principal sum of **Eight Hundred Sixty Five Thousand Dollars and No Cents (\$862,500.00)**, for the value of City-owned property to be conveyed to the project in the amount of \$862,500.00 indebtedness is evidenced by that certain Promissory Note of even date herewith (the "City Note"), executed by Greater Albuquerque Housing Partnership, a copy of which is attached hereto as Exhibit D;

WHEREAS, Borrower and Lender have entered into that certain agreement, entitled "Development Agreement" between the City of Albuquerque, New Mexico, and **Greater Albuquerque Housing Partnership** ("Development Agreement") as of _____, 2018, which Agreement provides for the Borrower to construct a certain affordable housing project ("Project"), as defined and described in said Development Agreement;

WHEREAS, the Project shall be continued for a minimum of ninety (90) years from the completion of the project in HUD's Integrated Disbursement Information System, ("Affordability Period").

This Mortgage secures the performance of the following obligations: (i) all terms and conditions in said Development Agreement, (ii) the repayment of the indebtedness evidenced by the City Note as disbursed to Borrower from time to time, together with interest thereon, in accordance with the payment provisions set forth in the City Note and all renewals, extensions and modifications thereof, and (iii) the performance of all covenants contained therein; (iv) the payment of such amounts, if any, advanced, or costs incurred by Lender in accordance herewith, to protect the security of this Mortgage or in connection with the enforcement of this Mortgage or City Note; (v) the performance of the covenants, agreements and obligations of Borrower herein contained, and (vi) upon the statutory mortgage conditions, for the breach of which it is subject to foreclosure as provided by law. No interest shall accrue or be payable on the principal balance except in the event of default, as provided in the City Note.

For consideration paid, Borrower does hereby MORTGAGE, GRANT, BARGAIN, SELL, ASSIGN, GRANT A SECURITY INTEREST IN and CONVEY TO Lender, its successors and assigns, all of Borrower's estate, right, title and interest in, to and under any and all of the following described property, whether now owned or hereafter held or acquired, with mortgage covenants.

(a) All of Borrower's fee simple estate and interest in those certain parcels of real property situated in the City of Albuquerque, County of Bernalillo, and State of New Mexico, and containing:

PARCEL I:

Lot numbered Four (4), excepting the the Southerly Thirty-three and one-half feet (S'ly 33.50) thereof, and including that portion of Lot numbered Three (3) described as, beginning at the Southwest Corner of the said Lot 3 and running N 0° 52' 10" W, 51.01 feet; thence N 89° 52' 10" E., 102.98 feet; thence S 0° 07' 50" E., 51.00 feet; thence S 89° 52' 10" W., 102.22 feet to the point beginning of Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL II:

Lot numbered Five (5), excepting the Southerly Sixteen feet (S'ly 16') thereof, and including the Southerly Thirthy-three and one-half feet (S'ly 33.50') of Lot numbered Four (4) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL III:

Lot numbered Six (6) and the Southerly Sixteen Feet (S'ly 16') of Lot numbered Five (5) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

(b) All and singular the buildings and improvements, structures, additions, tenements, easements, hereditament, and appurtenances belonging or in anywise appertaining to the aforesaid Real Property, now existing or hereafter acquired, installed, or constructed and the revision or reversions, remainder and remainders rents, issues, and profits thereof and also all the estate, right, title, interest, property, claim and demand whatsoever of Borrower of, in, and to the same, and of, in and to every part and parcel thereof;

(c) All right, title and interest of Borrower, if any, in and to the land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Real Property to the centerline hereof;

(d) All right, title and interest of Borrower in all fixtures, fittings, appliances, apparatus, equipment, machinery, building materials, inventory and other articles of personal property and replacements thereof, now or at any time hereafter affixed to, attached to, placed upon or used in anyway in connection with the complete and comfortable use, enjoyment, occupancy or operation of the Real Property or the Project, together with any proceeds realized from the sale, transfer or conversion of any of the above (subject to the right of replacement described in the City Note);

(e) All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards or judgments, and any unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained by Borrower;

(f) To the extent assignable, any and all plans, specifications, site plans, drawings renderings and schematics, however characterized, from time to time prepared for use in connection with the construction and operation of the Project;

(g) To the extent assignable, all contracts, agreements and understandings now or hereafter entered into, relating to or involving the performance of any work, the rendering of any services, the supply of any materials or the conduct of operations in the management of the Real Property or the Project including without limitation, construction contracts, architect agreements, development agreements, management agreements with respect to hotel operations, franchise agreements and other similar agreements;

(h) To the extent assignable, any and all permits, certificates, approvals and authorizations, however characterized, issued or in any way furnished, whether necessary or not, for the operation and use of the Real Property and/or the Project, including, without limitation, building permits, environmental certificates, certificates of occupancy, certificates of operation, room permits, bar or restaurant permits, liquor or cabaret licenses, food service operation licenses, elevator licenses, warranties and guaranties; and

(i) All municipal or utility deposits made by or on behalf of Borrower or made in connection with the Real Property or the Project, together with all escrow accounts or reserves maintained or required to be maintained by Borrower hereunder, and any and all other assets revenues and profits of any kind of the Project.

All of the property described in the foregoing subparagraphs (a) through (i) shall sometimes hereinafter be collectively referred to as the "Property." All of the assignments hereinabove referenced are subject to the right of Borrower to collect, receive, apply, manage, and use the rights assigned until the occurrence of an event of default hereunder. The maximum amount of unpaid loan indebtedness, exclusive of interest thereon, which may be outstanding at any time is **One Million Seven Hundred Twenty Five Dollars and No Cents, (\$1,725,000.00).**

In addition to the other debt or obligation secured hereby, this Mortgage shall secure unpaid balances of advances made for the payment of taxes, tax increment payments, assessments, insurance premiums, and other costs incurred for the protection of the Real Property or the Project, if not paid by Borrower as required by law or this Mortgage.

Borrower represents and warrants that it has full right and authority to grant this Mortgage, and that it shall warrant and defend the lien and interest of the Lender in the Property against all claims and demands whatsoever, except any encumbrances acceptable to Lender, and that Borrower shall maintain the priority of the lien of and the security interest granted by this Mortgage upon the Property until the Mortgage is defeased as provided herein.

Lender shall cause this Mortgage and instruments supplemental hereto and financing statements and all necessary supplements appropriate continuation statements, to be recorded, registered, and filed in such manner and in such places required in order to establish, preserve, and protect the lien of this Mortgage as a valid second mortgage lien on all real property, fixtures, and interests therein included in the Property, and a valid, perfected second priority security interest in all personal property, fixtures and interest therein included in the Property, including in each such case and without limitation, any such properties acquired after the execution hereof.

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.

All property of every kind acquired by Borrower after the date hereof which, by the terms herein, is intended to be subject to the lien of this Mortgage, shall immediately upon the acquisition thereof by Borrower, and without further mortgage or assignment, become subject to the lien of this Mortgage as fully as though now owned by Borrower and specifically described herein. Borrower shall take such actions and execute such additional instruments as the Lender shall reasonably require to further evidence or confirm the subjection to the lien of this Mortgage of any such after-acquired property.

Any sale must have prior approval by Lender and such sale shall be subject to the terms and conditions contained in this Mortgage and City Note. Lender reserves the right to subordinate this Mortgage.

This Mortgage constitutes a security agreement as to all or any part of the Property which is of a nature that a security interest therein can be perfected under the Uniform Commercial Code. This Mortgage also constitutes a financing statement with respect to any and all property included in the Property which is or may become fixtures.

Borrower shall pay promptly when due all taxes, tax increment payments, assessments, and other governmental charges on the property which, if not paid, may become a lien on the Property or any part thereof.

During construction of the Project, until issuance of Certificates of Occupancy for each unit and, if applicable, a certification of completion and acceptance by the City for public infrastructure, Borrower, at its expense, shall keep or cause to be kept, the Property fully insured by a policy or policies of Builder's Risk and Fire Insurance, in an amount not less than the outstanding balances of the grant evidenced by the City Note and of any mortgage to which this Mortgage is subordinate. Upon issuance of a Certificate of Occupancy for each unit, and thereafter during the term of the grant evidenced by the City Note, Borrower, at its expense, shall keep or cause to be kept, the Property insured, in an amount not less than the outstanding balances of the grant evidenced by the City Note and of any mortgage to which this Mortgage is subordinate, against fire with extended coverage and in good order and condition, ordinary wear and tear excepted, and shall make all necessary or appropriate repairs, replacements, and renewals thereof. All policies of insurance required by this paragraph shall be endorsed to indicate Lender as an insured Mortgagee.

In the event of any damage or injury to the Project, Borrower agrees that it shall take any and all actions necessary to restore the Project substantially to its condition prior to the damage or injury, and shall apply any proceeds of such insurance coverage to the extent necessary to the costs of such restoration.

If Borrower shall fail to make any payments or perform any act required to be paid or performed hereunder or under the City Note, Lender may, but shall be under no obligation to do so, upon five (5) days written notice to Borrower and to the Lender of any mortgage loan to which this Mortgage is subordinate, make such payment or perform such act for the account of and at the expense of Borrower. All payments so made by the Lender and all costs, fees and expenses incurred in connection therewith shall, together with interest thereon as provided herein, be additional indebtedness secured by this Mortgage, to the extent permitted by law, and shall be paid by Borrower to the Lender on demand. In any action brought to collect such indebtedness, or to foreclose this Mortgage, the Lender shall be entitled to the recovery of such expenses in such action except as limited by law or judicial order or decision rendered in any such proceedings.

Notwithstanding any other provisions of this Mortgage, the City Note, or the Development Agreement, upon any failure by Borrower to pay when due any installment of principal or interest under the City Note, or failure to pay any other obligation under the City Note, and such failure is not cured within five (5) business days after receipt of written notice from the Lender, such failure to pay or cure shall constitute an immediate default entitling the Lender to exercise any remedy hereafter described in this paragraph, or elsewhere in this Mortgage, the City Note, or the Development Agreement. Upon any failure to observe or perform any other obligation under this Mortgage, which has not been remedied or cured within ten (10) days after receipt of written notice thereof from Lender, or for such longer period as the Lender shall agree to in writing, then the Lender at its option may declare a default to have occurred hereunder. Subject to the foregoing provisions, with respect to either a default in failure to make payment or any other default, the remedies available to Lender include its ability at any time at its election to exercise any or all or any combination of the remedies conferred upon or reserved to it under this Mortgage, the Development Agreement, the City Note, or now or hereafter existing at law or in equity. Without limitation, the Lender may declare the entire unpaid principal balance of the City Note immediately due and payable without notice or demand, the same being expressly waived by Borrower; may proceed at law or equity to collect all amounts secured by this Mortgage and due hereunder, whether at maturity or by acceleration; may foreclose the lien of this Mortgage as against all or any part, of the Property; and may exercise any rights, powers, and remedies it may have as a secured party under the Uniform Commercial Code, or other similar laws in effect from time to time.

Each right, power, and remedy of the Lender provided for in the Development Agreement, the City Note, and Mortgage, or now or hereafter existing at law or in equity, shall be cumulative and concurrent and shall be in addition to every other rights, power, or remedy provided for this Mortgage, the Development Agreement, or the City Note, or now or hereafter existing at law or in equity, and the exercise or beginning of exercise or partial exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such rights, power or remedies.

No failure by the Lender to insist upon the strict performance of any term whereof to exercise any right, power, or remedy consequent upon a breach hereof, shall constitute a waiver of any such term or

of any such breach. No waiver of any breach shall affect or alter this Mortgage, and the Mortgage shall continue in full force and effect with respect to any other then existing or subsequent breach.

PROVIDED, however, that these presents are upon the condition that if Borrower shall well and truly keep and perform all the conditions, covenants and agreements to be kept and performed by Borrower under this Mortgage during the Affordability Period, then this Mortgage shall be void; otherwise to remain in full force and effect in law and equity forever.

The existence and lien of this Mortgage shall not impede or affect the right of Borrower from time to time with respect to all or a portion of the Premises, to dedicate public areas by subdivision plat or otherwise, including streets, easements and park areas, grant to public utilities and other agencies entitled thereto ordinary and necessary easements, and apply for and obtain zoning acceptable to Borrower.

All notices, demands or requests permitted or required to be given under the provisions of this Mortgage or the City Note shall be made pursuant the Development Agreement.

In the event of foreclosure of this Mortgage, the period of foreclosure shall be one month in lieu of the statutory redemption period of nine months.

IN WITNESS WHEREOF, the said Borrower, **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102, hereunto duly authorized, has caused, this instrument to be executed on this 31 day of July, 2018.

GREATER ALBUQUERQUE HOUSING PARTNERSHIP
a New Mexico nonprofit corporation

By: 

Its: Authorized Agent

STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on 31 day of July, 2018, by Felipe A Rael of Greater Albuquerque Housing Partnership, a New Mexico nonprofit corporation, on behalf of the corporation.


Notary Public

My Commission Expires:

29 Jan 2020

Exhibit D-1

Greater Albuquerque Housing Partnership

INCA STREET DEVELOPMENT

**HOME Investment Partnerships (HOME)
PROMISSORY NOTE**

FOR VALUE RECEIVED, the undersigned **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102 ("**Maker**"), promises to pay to the order of the CITY OF ALBUQUERQUE ("**Holder**"), a New Mexico municipal corporation, organized and existing under the Constitution and laws of the State of New Mexico and its charter, and having an office at the City-County Building, One Civic Plaza, Albuquerque, New Mexico 87102, or its assigns, the principal sum of **One Million Dollars and No Cents (\$1,000,000.00)**, which is the value of a City HOME Investment Partnership Grant, or so much thereof as shall have been advanced to Maker by Holder from time to time, together with all charges as provided herein and in the Mortgage, as hereinafter defined, and accrued interest on the principal balance thereof outstanding from time to time at the applicable rate of interest as hereinafter specified.

On _____, 2018, the Maker and the Holder entered into a certain Development Agreement ("**Agreement**") which provided for the grant by the Holder to the Maker of an amount not to exceed the Principal Sum of this Note. All capitalized terms used in this Note have the meaning provided in the Development Agreement.

Terms are as follows:

- A. **One Million Dollars and No Cents (\$1,000,000.00)**, in U.S. Department of Housing and Urban Development HOME Investment Partnership funds and/or City Affordable Housing Funds, shall be forgiven at the end of the **15-year Affordability Period**.

Interest at the New Mexico statutory rate as it may be from time to time during the term of this Note, shall accrue, but shall not be payable on the principal balance, except as provided herein in the event of default.

The proceeds of the grant evidenced by this City Note may be assigned, with prior City approval, to any successors, assignees or purchasers of the Project who agree in writing to assume all of the obligations of Maker, its successors and assigns under the Agreement, and this City Note and the Mortgage and the Maker shall thereupon be released from all future liability hereunder.

The entire principal balance shall become immediately due and payable, to the extent and if permitted by federal bankruptcy law, upon: (i) the dissolution or liquidation of the Maker prior to the permitted assignment of Maker's rights and assumption of its obligations hereunder; (ii) Maker's default, after any applicable notice and cure period, in any warranty, obligation or other term, condition, of the Development Agreement or the Mortgage which secures this City Note; (iii) as otherwise provided in this City Note.

Greater Albuquerque Housing Partnership
INCA Street Development Agreement
HOME \$1,000,000 Construction Loan
2018

If at any time during the term of this City Note, any material portion of the improvements or equipment situated on the Project site shall be removed, demolished or materially altered by the Developer without prior written consent of Holder, the entire principal balance of the grant, plus accrued and unpaid interest thereon, shall become immediately due and payable; provided, however, that Maker shall have the right, without such consent to remove and dispose of, free from any lien of Holder, such equipment as from time to time has become worn out or obsolete, provided that simultaneously with or prior to such removal, any such equipment shall be replaced with other equipment of value at least equal to that of the replaced equipment and free from any title retention or other encumbrance not otherwise permitted herein or in the Mortgage. By such removal and replacement, Maker shall be deemed to have subjected such equipment to the lien of Holder.

All cash payments hereunder shall be payable in lawful money of the United States, which shall be legal tender for public and private debts at the time of payment, at the office of the City Treasurer, or at such other place as the Holder hereof may from time to time give notice in writing to the Maker.

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

The proceeds of this City Note shall be disbursed or applied by the Holder to or for the benefit of the Maker for the construction and development of the improvements on the Project site as provided in the Development Agreement, and for costs related thereto. Disbursements of principal hereon shall be made in accordance with the terms of the Agreement.

This City Note is secured by a Mortgage and Security Agreement of even date herewith between the City of Albuquerque and **Greater Albuquerque Housing Partnership**, a New Mexico nonprofit granted by the Maker to the Holder, conveying a mortgage and security interest in the Project and the Real Property constituting the site therefor, which Mortgage is to be filed for record in the Office of the Clerk of Bernalillo County, New Mexico. All of the provisions of the Mortgage are incorporated herein by reference.

If (i) default be made in the payment when due of any installment of principal hereunder and the same shall not be paid in the manner provided in this City Note within five (5) business days after receipt of written notice at once or at any time thereafter during the continuance of such default, at the option of the Holder, thereof, become due and payable, and thereafter all of the unpaid principal shall bear interest at an annual interest rate of twelve percent (12%), the undersigned Maker hereof shall pay on demand to the Holder of this Note all costs and expenses incurred by such Holder in pursuing remedies under this Note and the Mortgage to collect any sums due under this City Note, all of which shall include, without limitation, such reasonable attorney's fees incurred in taking any and all such actions.

If (ii) default be made, and not timely cured, under the terms of any mortgage loan to which the Mortgage is subordinate; (iii) Maker shall dissolve or otherwise fail to maintain its status as a New Mexico nonprofit corporation; (iv) Maker sells or conveys the Project to a third party who does not agree in writing to assume all of obligations of Maker, its successors and assigns under the Agreement, this City Note and the Mortgage; or (v) default be made in the performance of any of the other covenants contained in this City Note or in the Mortgage, and such default shall continue for a period in excess of that time provided for remedy thereunder, then, in any such event, the whole unpaid principal balance

hereof shall, upon ten (10) days written notice to the Maker, at once or at any time thereafter during the continuance of such default, at the option of the Holder thereof, become due and payable, and thereafter all of the unpaid principal shall bear interest until paid at an annual interest rate of twelve percent (12%), and the undersigned Maker hereof shall pay on demand to the Holder of this Note all costs and expenses incurred by such Holder in pursuing its remedies under this Note and the Mortgage to collect any and all sums due under this City Note, all of which shall include, without limitation, such reasonable attorney's fees incurred in taking any and all such actions.

The Maker waives presentment for payment, protest notice of protest and notice of dishonor. The 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, shall not be construed as a novation of this City Note or as a waiver of the right of the Holder to thereafter insist upon strict compliance with the terms of this City Note without previous notice of such intention being given to the Maker. This City Note shall not 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" shall 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 City Note shall be construed according to the laws of the State of New Mexico.

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

Subject to the qualification otherwise set forth herein, time is of the essence in the performance of this Note.

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.

(THIS SPACE INTENTIONALLY LEFT BLANK)

This note is executed in Albuquerque, New Mexico on the 31 day of July, 2018.

Greater Albuquerque Housing Partnership

By: M. L.

Its Authorized Agent

Date: July 31, 2018

02252978000

State Tax Identification Number

85-0412352

Federal Tax Identification Number

Exhibit D-2

Greater Albuquerque Housing Partnership

INCA STREET DEVELOPMENT

**City Workforce Housing Trust Fund (WFHTF)
PROMISSORY NOTE**

FOR VALUE RECEIVED, the undersigned **Greater Albuquerque Housing Partnership**, a New Mexico non-profit corporation, 320 Gold Street SW, Suite 918, Albuquerque, NM 87102 ("**Maker**"), promises to pay to the order of the **CITY OF ALBUQUERQUE** ("**Holder**"), a New Mexico municipal corporation, organized and existing under the Constitution and laws of the State of New Mexico and its charter, and having an office at the City-County Building, One Civic Plaza, Albuquerque, New Mexico 87102, or its assigns, the principal sum of **Eight Hundred Sixty Two Thousand Five Hundred Dollars and No Cents (\$862,500.00)**, which represents the value of City-owned Real Property, or so much thereof as shall have been advanced to Maker by Holder from time to time, together with all charges as provided herein and in the Mortgage, as hereinafter defined, and accrued interest on the principal balance thereof outstanding from time to time at the applicable rate of interest as hereinafter specified.

On _____, 2018, the Maker and the Holder entered into a certain Development Agreement ("**Agreement**") which provided for the conveyance of certain City-owned Real Property by the Holder to the Maker of an amount not to exceed the Principal Sum of this Note. All capitalized terms used in this Note have the meaning provided in the Development Agreement.

Terms are as follows:

- A. **Eight Hundred Sixty Two Thousand Five Hundred Dollars and No Cents (\$862,500.00)**, in City Workforce Housing Trust Funds, which was the amount and funding source that the City used to acquire the Real Property, shall be forgiven at the end of the **90-year Affordability Period**, which may be renewed for an additional 90-years to ensure that the property is permanently affordable.

Interest at the New Mexico statutory rate as it may be from time to time during the term of this Note, shall accrue, but shall not be payable on the principal balance, except as provided herein in the event of default.

The proceeds of the grant from City Workforce Housing Trust Funds evidenced by this City Note may be assigned, with prior City approval, to any successors, assignees or purchasers of the Project who agree in writing to assume all of the obligations of Maker, its successors and assigns under the Agreement, and this City Note and the Mortgage and the Maker shall thereupon be released from all future liability hereunder.

The entire principal balance shall become immediately due and payable, to the extent and if permitted by federal bankruptcy law, upon: (i) the dissolution or liquidation of the Maker prior to the

permitted assignment of Maker's rights and assumption of its obligations hereunder; (ii) Maker's default, after any applicable notice and cure period, in any warranty, obligation or other term, condition, of the Development Agreement or the Mortgage which secures this City Note; (iii) as otherwise provided in this City Note.

If at any time during the term of this City Note, any material portion of the improvements or equipment situated on the Project site shall be removed, demolished or materially altered by the Developer without prior written consent of Holder, the entire principal balance of the grant, plus accrued and unpaid interest thereon, shall become immediately due and payable; provided, however, that Maker shall have the right, without such consent to remove and dispose of, free from any lien of Holder, such equipment as from time to time has become worn out or obsolete, provided that simultaneously with or prior to such removal, any such equipment shall be replaced with other equipment of value at least equal to that of the replaced equipment and free from any title retention or other encumbrance not otherwise permitted herein or in the Mortgage. By such removal and replacement, Maker shall be deemed to have subjected such equipment to the lien of Holder.

All cash payments hereunder shall be payable in lawful money of the United States, which shall be legal tender for public and private debts at the time of payment, at the office of the City Treasurer, or at such other place as the Holder hereof may from time to time give notice in writing to the Maker.

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

The proceeds of this City Note shall be disbursed or applied by the Holder to or for the benefit of the Maker for the construction and development of the improvements on the Project site as provided in the Development Agreement, and for costs related thereto. Disbursements of principal hereon shall be made in accordance with the terms of the Agreement.

This City Note is secured by a Mortgage and Security Agreement of even date herewith between the City of Albuquerque and **Greater Albuquerque Housing Partnership**, a New Mexico nonprofit granted by the Maker to the Holder, conveying a mortgage and security interest in the Project and the Real Property constituting the site therefor, which Mortgage is to be filed for record in the Office of the Clerk of Bernalillo County, New Mexico. All of the provisions of the Mortgage are incorporated herein by reference.

If (i) default be made in the payment when due of any installment of principal hereunder and the same shall not be paid in the manner provided in this City Note within five (5) business days after receipt of written notice at once or at any time thereafter during the continuance of such default, at the option of the Holder, thereof, become due and payable, and thereafter all of the unpaid principal shall bear interest at an annual interest rate of twelve percent (12%), the undersigned Maker hereof shall pay on demand to the Holder of this Note all costs and expenses incurred by such Holder in pursuing remedies under this Note and the Mortgage to collect any sums due under this City Note, all of which shall include, without limitation, such reasonable attorney's fees incurred in taking any and all such actions.

If (ii) default be made, and not timely cured, under the terms of any mortgage loan to which the Mortgage is subordinate; (iii) Maker shall dissolve or otherwise fail to maintain its status as a New Mexico nonprofit corporation; (iv) Maker sells or conveys the Project to a third party who does not agree

in writing to assume all of obligations of Maker, its successors and assigns under the Agreement, this City Note and the Mortgage; or (v) default be made in the performance of any of the other covenants contained in this City Note or in the Mortgage, and such default shall continue for a period in excess of that time provided for remedy thereunder, then, in any such event, the whole unpaid principal balance hereof shall, upon ten (10) days written notice to the Maker, at once or at any time thereafter during the continuance of such default, at the option of the Holder thereof, become due and payable, and thereafter all of the unpaid principal shall bear interest until paid at an annual interest rate of twelve percent (12%), and the undersigned Maker hereof shall pay on demand to the Holder of this Note all costs and expenses incurred by such Holder in pursuing its remedies under this Note and the Mortgage to collect any and all sums due under this City Note, all of which shall include, without limitation, such reasonable attorney's fees incurred in taking any and all such actions.

The Maker waives presentment for payment, protest notice of protest and notice of dishonor. The 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, shall not be construed as a novation of this City Note or as a waiver of the right of the Holder to thereafter insist upon strict compliance with the terms of this City Note without previous notice of such intention being given to the Maker. This City Note shall not 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" shall 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 City Note shall be construed according to the laws of the State of New Mexico.

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

Subject to the qualification otherwise set forth herein, time is of the essence in the performance of this Note.

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.

(THIS SPACE INTENTIONALLY LEFT BLANK)

This note is executed in Albuquerque, New Mexico on the 31 day of July, 2018.

Greater Albuquerque Housing Partnership

By: 

Its Authorized Agent

Date: July 31, 2018

02252978000

State Tax Identification Number

85-0412352

Federal Tax Identification Number

Exhibit E

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

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

| Project Information | |
|---------------------|--|
| Project Name: | Inca Street Development |
| Address: | 3701 Inca Street NE |
| Developer: | Greater Albuquerque Housing Partnership CHDO |
| Date of Analysis: | 7/29/2018 |
| City: | Albuquerque |
| State: | NM |
| Development Type: | Single Story Garden Apartments |

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 |
| \$40,700 |

Cells with light green background are data entry cells

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

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.

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 - Inca Street Development : 12 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 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| \$557 | \$609 | \$731 | \$845 | \$942 | \$1,040 |
| High 0 BR | High 1 BR | High 2 BR | High 3 BR | High 4 BR | High 5 BR |
| \$557 | \$707 | \$873 | \$1,091 | \$1,198 | \$1,302 |

HOME Utility Allowances (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|-------|------|------|
| | \$70 | \$94 | \$115 | | |

HOME Affordability Period

| | | |
|--|---|---|
| HOME-Eligible Rental Activity (select one) | Rehabilitation or Acquisition of Existing Housing | See the Note below |
| Average Per-Unit HOME Subsidy (select one) | More than \$40,000 | |
| HOME Required Affordability Period (in years) | 15 | (Advisory information only.) |
| PJ's Required Affordability Period (in years) | 15 | (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 \$83,333 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 |
|-------|-------|-------|---------|---------|---------|
| \$657 | \$807 | \$973 | \$1,191 | \$1,298 | \$1,402 |

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 |
|-------|-------|-------|-------|-------|-------|
| \$437 | \$468 | \$562 | \$650 | \$725 | \$800 |

Utility Allowances for LIHTC 50 AMI (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$11 | \$21 | \$31 | \$41 | \$51 | \$61 |

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 |
|-------|-------|-------|---------|---------|---------|
| \$682 | \$731 | \$877 | \$1,014 | \$1,131 | \$1,248 |

Utility Allowances for LIHTC 60 AMI (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$12 | \$22 | \$32 | \$42 | \$52 | \$62 |

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 |
|-------|-------|-------|-------|-------|-------|
| \$455 | \$487 | \$585 | \$676 | \$754 | \$832 |

Utility Allowances for LIHTC 40 AMI (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$13 | \$23 | \$33 | \$43 | \$53 | \$63 |

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 |
|-------|-------|-------|-------|-------|-------|
| \$341 | \$365 | \$438 | \$507 | \$565 | \$624 |

Utility Allowances for LIHTC 30 AMI (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$14 | \$24 | \$34 | \$44 | \$54 | \$64 |

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 |
|-------|-------|-------|-------|-------|-------|
| \$227 | \$243 | \$292 | \$338 | \$377 | \$416 |

Utility Allowances for Other 1 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$15 | \$25 | \$35 | \$45 | \$55 | \$65 |

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 |
|-------|-------|-------|-------|-------|-------|
| \$284 | \$304 | \$365 | \$422 | \$471 | \$520 |

Utility Allowances for Other 2 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$16 | \$26 | \$36 | \$46 | \$56 | \$66 |

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 |
|-------|-------|-------|-------|-------|-------|
| \$398 | \$426 | \$511 | \$591 | \$659 | \$728 |

Utility Allowances for Other 3 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$17 | \$27 | \$37 | \$47 | \$57 | \$67 |

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

| | | | |
|---------------------------------------|---------|-----|--------------------------------------|
| Other Affordable Housing Program Name | Other 4 | 80% | of AMI (if AMI rents are applicable) |
|---------------------------------------|---------|-----|--------------------------------------|

HOME and Other Affordable Housing Requirements

Enter data in green cells only

Gross Rent Limits for Other 4 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|-------|-------|---------|---------|---------|---------|
| \$910 | \$975 | \$1,170 | \$1,352 | \$1,508 | \$1,664 |

Utility Allowances for Other 4 (monthly)

| 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR |
|------|------|------|------|------|------|
| \$18 | \$28 | \$38 | \$48 | \$58 | \$68 |

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% | \$227 | \$243 | \$292 | \$338 | \$377 | \$416 | 20% |
| 25% | \$284 | \$304 | \$365 | \$422 | \$471 | \$520 | 25% |
| 30% | \$341 | \$365 | \$438 | \$507 | \$565 | \$624 | 30% |
| 35% | \$398 | \$426 | \$511 | \$591 | \$659 | \$728 | 35% |
| 40% | \$455 | \$487 | \$585 | \$676 | \$754 | \$832 | 40% |
| 45% | \$511 | \$548 | \$658 | \$760 | \$848 | \$936 | 45% |
| 50% | \$568 | \$609 | \$731 | \$845 | \$942 | \$1,040 | 50% |
| 55% | \$625 | \$670 | \$804 | \$929 | \$1,036 | \$1,144 | 55% |
| 60% | \$682 | \$731 | \$877 | \$1,014 | \$1,131 | \$1,248 | 60% |
| 80% | \$910 | \$975 | \$1,170 | \$1,352 | \$1,508 | \$1,664 | 80% |
| 100% | \$1,137 | \$1,218 | \$1,462 | \$1,690 | \$1,885 | \$2,080 | 100% |
| 120% | \$1,365 | \$1,462 | \$1,755 | \$2,028 | \$2,262 | \$2,496 | 120% |
| N/A | | | | | | | N/A |

Enter data in green cells only

[illegible]

| Rent Loss Rates (As % of GPR) | HOME Units | Market Rate Units | Other Affordable Units |
|---|---------------|----------------------|------------------------------|
| Rent Loss Year 1 (Lease-Up) | 20.0% | | |
| Stabilized Rent Loss Rate (after Year 1) | 7.0% | | |

| | | | |
|----------------------------|--|--------------|-----------|
| Miscellaneous | | \$250 | per month |
| | | | per month |
| | | | per month |
| | | | per month |
| | | | per month |
| Total Other Revenue | | \$250 | per month |

Development Costs

Enter data in green cells only

Project Name - Inca Street Development : 12 Units

| Cost | Amount | Cost Per Unit | Cost Per Square Foot | Comment |
|--|-----------|---------------|----------------------|---------|
| Acquisition Costs | | | | |
| Land | \$852,500 | \$71,875 | \$83 | |
| Existing Structures | | need data | need data | |
| | | need data | need data | |
| Site Work Costs (not included in construction contract) | | | | |
| Demolition/Clearance | | need data | need data | |
| Site Remediation | | need data | need data | |
| Off-Site Costs (these are not HOME eligible) | | | | |
| Improvements | | need data | need data | |
| Construction Equipment (HOME eligible portion) | | need data | need data | |
| Construction Equipment (non-HOME eligible portion) | | need data | need data | |
| | | need data | need data | |
| Construction / Rehabilitation Costs (construction) | | | | |
| Site Work Included in Construction Contract | | need data | need data | |
| Construction Equipment (HOME eligible portion) | | need data | need data | |
| Construction Equipment (non-HOME eligible portion) | | need data | need data | |
| New Construction | | need data | need data | |
| Rehabilitation | \$500,000 | \$41,667 | \$48 | |
| General Requirements | \$30,000 | \$2,500 | \$3 | |
| Builder's Overhead | \$10,000 | \$833 | \$1 | |
| Builder Profit | \$30,000 | \$2,500 | \$3 | |
| Performance Bond Premium | | need data | need data | |
| Construction Contingency | \$100,000 | \$8,333 | \$10 | |
| | | need data | need data | |
| | | need data | need data | |
| Architectural and Engineering Fees | | | | |
| Architect Fee -- Design | \$20,000 | \$1,667 | \$2 | |
| Architect Fee -- Construction Supervision | \$10,000 | \$833 | \$1 | |
| Engineering Fees | \$10,000 | \$833 | \$1 | |
| | | need data | need data | |
| Other Owner Costs | | | | |
| Project Consultant Fees | | need data | need data | |
| Owner Attorney Fees (Initial closing) | \$25,000 | \$2,083 | \$2 | |
| Owner Attorney Fees (final closing) | | need data | need data | |
| Syndication Costs | | need data | need data | |
| Other Owner Organizational Expenses | | need data | need data | |
| Market Study | \$5,000 | \$417 | \$0 | |
| Survey | \$5,000 | \$417 | \$0 | |
| Appraisal Fees | \$5,000 | \$417 | \$0 | |
| Environmental Studies | | need data | need data | |
| Capital Needs Assessment | | need data | need data | |
| | | need data | need data | |
| Tap Fees and Impact Fees | | need data | need data | |
| Building Permits and Fees | | need data | need data | |
| Tax Credit Fees | \$40,000 | \$3,333 | \$4 | |
| Accounting / Cost Certification / Audit | \$7,000 | \$583 | \$1 | |
| Soft Cost Contingency | \$5,000 | \$417 | \$0 | |
| | | need data | need data | |
| | | need data | need data | |
| Interim Financing Costs | | | | |
| Construction Period Insurance | \$5,000 | \$417 | \$0 | |
| Construction Period Taxes | | need data | need data | |
| Construction Interest (see calculation below) | \$0 | need data | need data | |
| Construction Loan Origination Fee | | need data | need data | |
| Construction Loan Legal Fees | | need data | need data | |
| Other Construction Loan Fees | | need data | need data | |
| Bond Costs of Issuance | | need data | need data | |
| Title and Recording Costs (for the construction loan) | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| Permanent Financing Costs | | | | |
| Credit Report | | need data | need data | |
| Lender Origination / Financing Fee | | need data | need data | |
| Lender's Counsel Fee | | need data | need data | |
| Other Lender Fees | | need data | need data | |
| Title and Recording Costs (for permanent financing) | \$25,000 | \$2,083 | \$2 | |
| Establish Tax and Insurance Escrows | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| Developer's Fee | \$83,000 | \$6,917 | \$8 | |
| Initial Project Reserves | | | | |
| Initial Rent-Up Reserve (not HOME eligible) | | need data | need data | |
| Initial Operating Reserve (HOME-eligible portion) | \$60,000 | \$5,000 | \$6 | |
| Initial Operating Reserve (non-HOME-eligible portion) | | | | |
| Initial Debt Service Reserve (not HOME eligible) | | need data | need data | |
| Initial Replacement Reserve (not HOME eligible) | | need data | need data | |

| | | | | |
|--|--|-----------|-----------|--|
| | | need data | need data | |
| | | need data | need data | |

| Project Administration and Management Costs | | | | |
|---|----------|-----------|-----------|--|
| Marketing/Management | \$20,000 | \$1,667 | \$2 | |
| Operating Expenses | | need data | need data | |
| Furniture, Fixtures & Equipment | \$5,000 | \$417 | \$0 | |
| Tenant Relocation Costs | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| Other Development Costs | | | | |
| | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |
| | | need data | need data | |

| | |
|--------------------------------|--------------------|
| Total Development Costs | \$1,862,500 |
|--------------------------------|--------------------|

| Construction Interest Calculation | |
|---|--|
| Construction Loan Amount | |
| Interest Rate | |
| Estimated First Draw Amount | |
| Months of Construction | |
| Months Const. Loan Outstanding After Completion | |
| Average Outstanding Balance | |

| |
|--|
| |
| |
| |
| |
| |
| |

| | |
|--|------------|
| Interest on first draw, during construction period | \$0 |
| Interest on remaining funds, during construction | \$0 |
| Construction Interest after completion | \$0 |
| Total Construction Interest | \$0 |

Notes:

- Construction Contingency is 20.0%
- General Requirements is 5.0% of construction costs
- Builder's Overhead is 1.7% of construction costs
- Builder Profit is 5.0% of construction costs

Developer's Fee is 4.8% 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 |
|--------------------------------------|------------|

Upon completing this tab, proceed to the *Repl Reserve* tab

Replacement Reserve

Enter data in green cells only

Project Name - Inca Street Development : 12 Units

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 | | Each | \$5,000.00 | 30 | 30 |
| Driveways and Parking Areas (resurfacing) | 6,500 | Sq Yd | \$1.50 | 20 | 20 |
| Driveways and Parking Areas (sealing) | 6,500 | Sq Yd | \$0.50 | 7 | 7 |
| Other Site 1 | | | | | |
| Other Site 2 | | | | | |
| Other Site 3 | | | | | |
| Windows | 45 | Each | \$250.00 | 20 | 30 |
| Exterior Walls 1 | | Sq Ft | \$5.00 | 30 | 30 |
| Exterior Walls 2 | | Sq Ft | | | |
| Exterior Painting | | Units | \$200.00 | 7 | 7 |
| Other Exterior 1 | | Each | | | |
| Other Exterior 2 | | Each | | | |
| Roofing | 12,600 | Square | \$20.00 | 20 | 20 |
| Gutters | 350 | Linear Ft | \$8.00 | 20 | 20 |
| Interior Flooring (Tile) | 6,000 | Sq Ft | \$5.00 | 15 | 15 |
| Interior Flooring (Carpet) | | Sq Yd | \$20.00 | 7 | 7 |
| Kitchen Cabinets and Bath Vanities | 40 | Units | \$2,000.00 | 20 | 20 |
| Counter Tops and Sinks (Kitchens and Baths) | 30 | Units | \$500.00 | 20 | 20 |
| Refrigerators | 12 | Each | \$650.00 | 15 | 15 |
| Ranges | 12 | Each | \$400.00 | 25 | 25 |
| Exterior Doors | 24 | Each | \$500.00 | 20 | 20 |
| Elevators | 0 | Each | | | |
| Unit Heating System | 12 | Each | \$2,000.00 | 25 | 25 |
| Unit Cooling System | 12 | Each | \$1,000.00 | 15 | 15 |
| Unit Hot Water Heating System | 12 | 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 \$1,184 per year during the HOME period of affordability. This accrual rate is \$99 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 \$24,916 per year (when all building systems are considered).

This accrual rate is \$2,076 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

LIHTC Basis**Project Name - Inca Street Development : 12 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 | \$0 | \$915,000 |
| Less any amounts not eligible as a result of a grant or other ineligible source of funds (enter as negative amounts): | | |
| Ineligible | | (\$50,000) |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| LIHTC Eligible basis | \$0 | \$865,000 |

| | | |
|--|--------------|---------------------------------|
| Applicable Fraction by Units: | 0.00% | |
| Total LIHTC Units | - | (from the Rents and Income tab) |
| Total Units | 12 | (from the Rents and Income tab) |
| Applicable Fraction by Square Feet: | 0.00% | |
| Square feet of total LIHTC Units | - | (from the Rents and Income tab) |
| Square feet of total Units | 10,350 | (from the Rents and Income tab) |
| Use This Applicable Fraction: | 0.00% | (lowest of the two methods) |

| LIHTC Calculation | Acquisition | Construction |
|-------------------------------------|-------------|--------------|
| Eligible Basis | \$0 | \$865,000 |
| Applicable Fraction | \$0 | \$0 0.00% |
| Basis Boost Factor | \$0 | \$0 100% |
| Credit Factor | 3.20% | 3.20% |
| Annual Credits | \$0 | \$0 |
| LIHTC Equity Price (per dollar) | \$0.900 | \$0.900 |
| Estimated LIHTC Equity | \$0 | \$0 |
| Total Estimated LIHTC Equity | \$0 | |
| Proposed LIHTC Equity | \$0 | |

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

Operating ExpensesEnter data in green cells
only**Project Name - Inca Street Development : 12 Units**

| Expense | Annual Cost | Monthly Cost | Per Unit Per Year | Comment |
|---|-------------|--------------|-------------------|---------|
| Administrative / Management Expenses | | | | |
| Management Fee | \$10,000 | \$833 | \$833 | |
| Management Administrative Payroll Costs | \$5,000 | \$417 | \$417 | |
| Renting / Advertising / Marketing Expenses | | \$0 | | |
| Legal Fees | \$2,500 | \$208 | \$208 | |
| Accounting / Audit Fees | \$8,000 | \$667 | \$667 | |
| Telephone | | \$0 | | |
| Office Supplies | \$2,000 | \$167 | \$167 | |
| PJ Monitoring Fee (If any) | | \$0 | | |
| | | \$0 | | |
| | | \$0 | | |
| Operations and Maintenance Expenses | | | | |
| Security | | \$0 | | |
| Operations and Maintenance Payroll Costs | \$5,000 | \$417 | \$417 | |
| Repairs Supplies | \$4,000 | \$333 | \$333 | |
| Repairs Contracts | \$4,000 | \$333 | \$333 | |
| Elevator (If any) | | \$0 | | |
| Other Mechanical Equipment | | \$0 | | |
| Interior Painting | \$2,000 | \$167 | \$167 | |
| Exterminating | \$2,000 | \$167 | \$167 | |
| Lawn and Landscaping | \$2,000 | \$167 | \$167 | |
| Garbage Removal | | \$0 | | |
| Snow Removal | | \$0 | | |
| Resident Service Cost | | \$0 | | |
| | | \$0 | | |
| | | \$0 | | |
| Utilities Paid by the Property | | | | |
| Electricity | | \$0 | | |
| Natural Gas, Oil, Other Fuel | | \$0 | | |
| Sewer and Water | \$10,000 | \$833 | \$833 | |
| | | \$0 | | |
| Taxes / Insurance / Other Expenses | | | | |
| Real Estate Taxes | \$10,000 | \$833 | \$833 | |
| Payroll Taxes | | | | |
| Other Taxes and Licenses | | \$0 | | |
| Property Insurance | \$8,000 | \$667 | \$667 | |
| Workers Compensation Insurance | | | | |
| Health Insurance / Other Employee Benefits | | | | |
| | | \$0 | | |
| | | \$0 | | |
| TOTAL OPERATING EXPENSES | | | | |
| | \$74,500 | \$6,208 | \$6,208 | |
| Reserve for Replacement Deposit | | | | |
| | \$3,600 | \$300 | \$300 | |
| TOTAL EXPENSES PLUS RESERVE | | | | |
| | \$78,100 | \$6,508 | \$6,508 | |
| SUBTOTAL ADMINISTRATIVE EXPENSES | | | | |
| | \$27,500 | \$2,292 | \$2,292 | |
| SUBTOTAL O&M EXPENSES | | | | |
| | \$19,000 | \$1,583 | \$1,583 | |
| SUBTOTAL OWNER PAID UTILITIES | | | | |
| | \$10,000 | \$833 | \$833 | |
| SUBTOTAL TAXES / INSURANCE / OTHER | | | | |
| | \$18,000 | \$1,500 | \$1,500 | |
| TOTAL OPERATING EXPENSES | | | | |
| | \$74,500 | \$6,208 | \$6,208 | |

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 - Inca Street Development : 12 Units

Net Operating Income Summary

| | Annual | HOME Units | Other Affordable | Market Units |
|-----------------------------------|------------------|------------|------------------|--------------|
| Gross Potential Rents | \$108,324 | \$108,324 | \$0 | \$0 |
| Rent Loss | (\$7,583) | (\$7,583) | \$0 | \$0 |
| Other Income | \$3,000 | | | |
| Effective Gross Income | \$103,741 | | | |
| Total Operating Expenses | (\$74,500) | | | |
| Replacement Reserve Deposit | (\$3,600) | | | |
| Net Operating Income (NOI) | \$25,641 | | | |

Capitalization Rate and Value

| | | |
|--|-----------|-----------------------------|
| Capitalization Rate | 7.0% | |
| Calculated Market Value | \$366,000 | (NOI + Capitalization Rate) |
| Lender's Appraised Value for the Project | \$400,000 | |
| Value of Project at Sale** | | (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.

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 | 1.40 | |
| Maximum Loan to Value | 70.0% | |
| Interest Rate | 4.000% | 8.87626% Annual P+I as % of loan amount |
| Mortgage Insurance Premium | 0.45% | 0.45000% Annual MIP as % of loan amount |
| Loan Term (years) | 15 | |
| First Mortgage Lender | ABC Mortgage | |

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 | \$280,000 | (Lender's value x maximum LTV) |
| Maximum Loan Amount by DSC | \$196,300 | (NOI + DSC ÷ [PI factor + MIP factor]) |
| Calculated Maximum Loan Amount | \$196,300 | (Lesser of the two limitations above) |
| Lender's Proposed Loan Amount | | |
| Is this loan funded by the HOME program? | No | |
| Calculated Monthly P+I+MIP Payment | \$0.00 | (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 | 0.00 |
|---|------|

First Mortgage Sizing and Junior Loan Characteristics

Enter data in green cells only

Project Name - Inca Street Development : 12 Units

First Mortgage Lender Origination and Financing Fees (Points)

| | | |
|---|--------|--------------------|
| Origination and Financing Fees | 2.000% | of the loan amount |
| Calculated Origination and Financing Fees | \$0 | |
| Amount entered on Development Costs tab | \$0 | |

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 | \$0 |
| Is this loan funded by the HOME program? | Yes |
| Lender for HOME | PJ |
| 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 - Inca Street Development : 12 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) | \$862,500 | No | |
| Amortizing Second Mortgage Loan | \$0 | 0 | |
| HOME | \$1,000,000 | Yes | |
| | \$0 | 0 | |
| | \$0 | 0 | |
| | \$0 | 0 | |
| Deferred Developer Fee | | | |
| Developer Cash Investment | | | |
| Tax Credit Equity (proposed amount) | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total Sources of Funds | \$1,862,500 | | |

Total HOME Funding \$1,000,000
 Developer Investment for Financial Analysis \$0

(used in Operating Pro Forma for IRR, etc.)

| Uses of Funds / Total Development Cost | Amount | Comment |
|---|--------------------|----------------|
| Acquisition Costs | \$862,500 | |
| Site Work Costs | \$0 | |
| Construction / Rehabilitation Costs | \$670,000 | |
| Architectural / Engineering Costs | \$40,000 | |
| Other Owner Costs | \$92,000 | |
| Construction Interest | \$0 | |
| Other Interim Financing Costs | \$5,000 | |
| Permanent Financing Costs | \$25,000 | |
| Developer's Fee | \$83,000 | |
| Initial Project Reserves | \$60,000 | |
| Project Management Costs | \$25,000 | |
| Other Development Costs | \$0 | |
| Total Uses of Funds | \$1,862,500 | |

Subsidy layering gap (before HOME funding) \$1,000,000 (Total Uses of Funds minus Total Sources of Funds other than HOME)

Sources and Uses by Month

Enter data in green cells only

Project Name - Inca Street Development : 12 Units

Months of Construction

0

Months Const. Loan Outstanding After Completion

0

| Development Costs (Uses of Funds) | Total | Initial Closing / First Draw | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|--|-----------|------------------------------|---------|---------|---------|---------|---------|---------|
| Acquisition Costs | | | | | | | | |
| Land | \$862,500 | \$862,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Existing Structures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Site Work Costs (not included in construction contract) | | | | | | | | |
| Demolition/Clearance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Site Remediation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Improvements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction / Rehabilitation Costs (construction) | | | | | | | | |
| Site Work Included in Construction Contract | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| New Construction | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Rehabilitation | \$500,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Requirements | \$30,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Builder's Overhead | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Builder Profit | \$30,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Performance Bond Premium | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction Contingency | \$100,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Architectural and Engineering Fees | | | | | | | | |
| Architect Fee -- Design | \$20,000 | \$20,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Architect Fee -- Construction Supervision | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Engineering Fees | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Owner Costs | | | | | | | | |
| Project Consultant Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Owner Attorney Fees (initial closing) | \$25,000 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Owner Attorney Fees (final closing) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Syndication Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Owner Organizational Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Market Study | \$5,000 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Survey | \$5,000 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Appraisal Fees | \$5,000 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Environmental Studies | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Capital Needs Assessment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tap Fees and Impact Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Permits and Fees | \$40,000 | \$40,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tax Credit Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Soft Cost Contingency | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interim Financing Costs (excluding interest) | | | | | | | | |
| Construction Period Insurance | \$5,000 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction Period Taxes | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction Interest is Calculated Below | | | | | | | | |
| Construction Loan Origination Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Construction Loan Legal Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Construction Loan Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bond Costs of Issuance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Title and Recording Costs (for the construction loan) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Permanent Financing Costs | | | | | | | | |
| Credit Report | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Lender Origination / Financing Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Lender's Counsel Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Lender Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Title and Recording Costs (for permanent financing) | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Establish Tax and Insurance Escrows | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Developer's Fee | \$83,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Initial Project Reserves | | | | | | | | |
| Initial Rent-Up Reserve (not HOME eligible) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Initial Operating Reserve (HOME-eligible portion) | \$60,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Initial Debt Service Reserve (not HOME eligible) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Initial Replacement Reserve (not HOME eligible) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Project Name - Inca Street Development : 12 Units

| Project Administration and Management Costs | | | | | | | | |
|--|----------|-----|-----|-----|-----|-----|-----|-----|
| Marketing/Management | \$20,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Operating Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Furniture, Fixtures & Equipment | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tenant Relocation Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Development Costs | | | | | | | | |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| | | | | | | | | |
|--------------------------------------|-------------|-----------|-----|-----|-----|-----|-----|-----|
| Total Development Costs (TDC) | \$1,855,500 | \$967,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
|--------------------------------------|-------------|-----------|-----|-----|-----|-----|-----|-----|

| | | | | | | | | |
|--|-------------|-----------|-----|-----|-----|-----|-----|-----|
| TDC Excluding Construction Interest | \$1,855,500 | \$967,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
|--|-------------|-----------|-----|-----|-----|-----|-----|-----|

| Sources of Funds | Total | Initial Closing / First Draw | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|---------------------------------------|-------------|------------------------------|---------|---------|---------|---------|---------|---------|
| First Mortgage Loan (proposed amount) | \$862,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Amortizing Second Mortgage Loan | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| HOME | \$1,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Deferred Developer Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Developer Cash Investment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tax Credit Equity (proposed amount) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| | | | | | | | | |
|---|-------------|-----|-----|-----|-----|-----|-----|-----|
| Total Sources Before Construction Loan | \$1,862,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
|---|-------------|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | |
|--|-----------|-----|-----|-----|-----|-----|-----|-----|
| Construction Loan Draw Needed (Before Interest) | \$967,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
|--|-----------|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | |
|---|-----|-----------|-----|-----|-----|-----|-----|-----|
| Construction Loan Beginning Balance | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Plus This Draw | | \$967,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Plus Interest (Total Interest at Immediate right) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Equals Ending Balance | | \$967,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| | |
|---|-----|
| Construction interest estimate from Development Costs tab | \$0 |
|---|-----|

Construction interest estimate from detailed Sources and Uses By Month

\$0

0

Key Assumptions For Operating Pro Forma

Enter data in green cells
only

Project Name - Inca Street Development : 12 Units

HOME Affordability Period

15 years

Go to the Requirements tab to adjust the HOME affordability period

Switch HOME unit rents to market after:

15 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 rents thereafter

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

2.5%

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)

100.00

In year 5

100.00

In year 10

100.00

In year 15

100.00

In year 20

100.00

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

Operating Pro-Forma

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

Project Name - Inca Street Development : 12 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/LHTC Rents | \$108,324 | \$110,490 | \$112,700 | \$114,954 | \$117,253 | \$119,598 | \$121,990 | \$124,430 | \$126,919 | \$129,457 | \$132,046 | \$134,687 | \$137,381 | \$140,129 | \$142,931 |
| Market Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Affordable Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Gross Potential Rent | \$108,324 | \$110,490 | \$112,700 | \$114,954 | \$117,253 | \$119,598 | \$121,990 | \$124,430 | \$126,919 | \$129,457 | \$132,046 | \$134,687 | \$137,381 | \$140,129 | \$142,931 |

Effective Gross Income (EGI) Projections

| | | | | | | | | | | | | | | | |
|------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Vacancy Loss | (\$21,665) | (\$7,734) | (\$7,889) | (\$8,047) | (\$8,208) | (\$8,372) | (\$8,539) | (\$8,710) | (\$8,884) | (\$9,062) | (\$9,243) | (\$9,428) | (\$9,617) | (\$9,809) | (\$10,005) |
| Other Revenue | \$3,000 | \$3,060 | \$3,121 | \$3,184 | \$3,247 | \$3,312 | \$3,378 | \$3,448 | \$3,515 | \$3,585 | \$3,657 | \$3,730 | \$3,805 | \$3,881 | \$3,958 |
| Effective Gross Income | \$89,659 | \$105,816 | \$107,932 | \$106,907 | \$112,292 | \$114,538 | \$116,829 | \$119,166 | \$121,550 | \$123,940 | \$126,460 | \$128,989 | \$131,569 | \$134,201 | \$136,884 |

Expense and Net Operating Income (NOI) Projections

| | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|
| Management Expenses | \$27,500 | \$28,188 | \$28,893 | \$29,615 | \$30,355 | \$31,114 | \$31,892 | \$32,689 | \$33,506 | \$34,344 | \$35,203 | \$36,083 | \$36,985 | \$37,910 | \$38,858 |
| Operations and Maintenance Expenses | \$19,000 | \$19,475 | \$19,962 | \$20,461 | \$20,973 | \$21,497 | \$22,034 | \$22,585 | \$23,150 | \$23,729 | \$24,322 | \$24,930 | \$25,553 | \$26,192 | \$26,847 |
| Utilities Paid by Property | \$10,000 | \$10,250 | \$10,508 | \$10,769 | \$11,038 | \$11,314 | \$11,597 | \$11,887 | \$12,184 | \$12,489 | \$12,801 | \$13,121 | \$13,449 | \$13,785 | \$14,130 |
| Taxes/Insurance/Reserves/Other Expenses | \$18,000 | \$18,450 | \$18,911 | \$19,384 | \$19,869 | \$20,366 | \$20,875 | \$21,397 | \$21,932 | \$22,480 | \$23,042 | \$23,618 | \$24,208 | \$24,813 | \$25,433 |
| Total Expenses | (\$74,500) | (\$76,383) | (\$78,272) | (\$80,229) | (\$82,235) | (\$84,291) | (\$86,398) | (\$88,558) | (\$90,772) | (\$93,042) | (\$95,388) | (\$97,752) | (\$100,195) | (\$102,700) | (\$105,268) |
| Replacement Reserve Deposit | (\$3,600) | (\$3,690) | (\$3,782) | (\$3,877) | (\$3,974) | (\$4,073) | (\$4,175) | (\$4,279) | (\$4,386) | (\$4,496) | (\$4,608) | (\$4,723) | (\$4,841) | (\$4,962) | (\$5,085) |
| Net Operating Income | \$11,559 | \$25,783 | \$25,878 | \$25,985 | \$26,083 | \$26,174 | \$26,258 | \$26,329 | \$26,392 | \$26,442 | \$26,484 | \$26,514 | \$26,533 | \$26,539 | \$26,530 |

Debt Service

| | | | | | | | | | | | | | | | |
|--------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| First Mortgage Debt Service | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 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 | \$11,559 | \$25,783 | \$25,878 | \$25,985 | \$26,083 | \$26,174 | \$26,258 | \$26,329 | \$26,392 | \$26,442 | \$26,484 | \$26,514 | \$26,533 | \$26,539 | \$26,530 |
| Proceeds from Property Sale | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Cash Return | \$11,559 | \$25,783 | \$25,878 | \$25,985 | \$26,083 | \$26,174 | \$26,258 | \$26,329 | \$26,392 | \$26,442 | \$26,484 | \$26,514 | \$26,533 | \$26,539 | \$26,530 |

Developer Return on Equity (N/A; there is no developer investment)

| | | | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Cash on Cash | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity |
| Project Value based on Capitalization Rate | \$165,129 | \$368,043 | \$369,886 | \$371,214 | \$372,614 | \$373,914 | \$375,086 | \$376,129 | \$377,029 | \$377,743 | \$378,343 | \$378,771 | \$379,043 | \$379,129 | \$379,000 |

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

| | |
|--------------------------------------|---------------|
| IRR | IRR |
| IRR (Year 1 through sale of project) | no investment |

Debt at Year End

| | | | | | | | | | | | | | | | |
|-----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| First Mortgage Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Second Mortgage Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Deferred Payment Loan 1 Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Deferred Payment Loan 2 Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Operating Pro-Fo

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/LHTC Rents | \$191,092 | \$194,914 | \$198,812 | \$202,768 | \$206,844 | \$210,981 | \$215,200 | \$219,504 | \$223,894 | \$228,372 | \$232,940 | \$237,599 | \$242,351 | \$247,198 | \$252,142 |
| Market Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Affordable Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Gross Potential Rent | \$191,092 | \$194,914 | \$198,812 | \$202,768 | \$206,844 | \$210,981 | \$215,200 | \$219,504 | \$223,894 | \$228,372 | \$232,940 | \$237,599 | \$242,351 | \$247,198 | \$252,142 |

| | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Effective Gross Income (EGI) Projections | | | | | | | | | | | | | | | |
| Vacancy Loss | (\$13,376) | (\$13,644) | (\$13,917) | (\$14,195) | (\$14,479) | (\$14,769) | (\$15,064) | (\$15,365) | (\$15,673) | (\$15,986) | (\$16,306) | (\$16,632) | (\$16,965) | (\$17,304) | (\$17,650) |
| Other Revenue | \$4,036 | \$4,118 | \$4,201 | \$4,285 | \$4,370 | \$4,458 | \$4,547 | \$4,638 | \$4,731 | \$4,825 | \$4,922 | \$5,020 | \$5,121 | \$5,223 | \$5,328 |
| Effective Gross Income | \$181,754 | \$185,388 | \$189,096 | \$192,878 | \$196,735 | \$200,670 | \$204,683 | \$208,777 | \$212,952 | \$217,211 | \$221,556 | \$225,987 | \$230,507 | \$235,117 | \$239,820 |

| | | | | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Expense and Net Operating Income (NOI) Proj: | | | | | | | | | | | | | | | |
| Management Expenses | \$39,829 | \$40,825 | \$41,846 | \$42,892 | \$43,964 | \$45,063 | \$46,190 | \$47,345 | \$48,529 | \$49,742 | \$50,988 | \$52,261 | \$53,568 | \$54,907 | \$56,280 |
| Operations and Maintenance Expenses | \$27,518 | \$28,206 | \$28,911 | \$29,634 | \$30,375 | \$31,134 | \$31,912 | \$32,710 | \$33,528 | \$34,366 | \$35,225 | \$36,106 | \$37,009 | \$37,934 | \$38,882 |
| Utilities Paid by Property | \$14,483 | \$14,845 | \$15,216 | \$15,596 | \$15,986 | \$16,386 | \$16,796 | \$17,216 | \$17,646 | \$18,087 | \$18,539 | \$19,002 | \$19,477 | \$19,964 | \$20,463 |
| Taxes/Insurance/Reserves/Other Expenses | \$26,069 | \$26,721 | \$27,389 | \$28,074 | \$28,776 | \$29,495 | \$30,232 | \$30,988 | \$31,763 | \$32,557 | \$33,371 | \$34,205 | \$35,060 | \$35,937 | \$36,835 |
| Total Expenses | (\$107,899) | (\$110,597) | (\$113,382) | (\$116,196) | (\$119,101) | (\$122,078) | (\$125,130) | (\$128,259) | (\$131,466) | (\$134,752) | (\$138,126) | (\$141,574) | (\$145,114) | (\$148,742) | (\$152,440) |
| Replacement Reserve Deposit | (\$5,213) | (\$5,343) | (\$5,477) | (\$5,614) | (\$5,754) | (\$5,898) | (\$6,045) | (\$6,196) | (\$6,351) | (\$6,510) | (\$6,673) | (\$6,840) | (\$7,011) | (\$7,186) | (\$7,366) |
| Net Operating Income | \$68,642 | \$69,448 | \$70,257 | \$71,068 | \$71,880 | \$72,694 | \$73,508 | \$74,322 | \$75,135 | \$75,949 | \$76,762 | \$77,573 | \$78,382 | \$79,189 | \$79,994 |

| | | | | | | | | | | | | | | | |
|--------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Debt Service | | | | | | | | | | | | | | | |
| First Mortgage Debt Service | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 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 | \$68,642 | \$69,448 | \$70,257 | \$71,068 | \$71,880 | \$72,694 | \$73,508 | \$74,322 | \$75,135 | \$75,949 | \$76,762 | \$77,573 | \$78,382 | \$79,189 | \$79,994 |
| Proceeds from Property Sale | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,142,771 |
| Net Cash Return | \$68,642 | \$69,448 | \$70,257 | \$71,068 | \$71,880 | \$72,694 | \$73,508 | \$74,322 | \$75,135 | \$75,949 | \$76,762 | \$77,573 | \$78,382 | \$79,189 | \$1,222,785 |

Developer Return on Equity

| | | | | | | | | | | | | | | | |
|--|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash on Cash | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity | no equity |
| Project Value based on Capitalization Rate | \$980,600 | \$992,114 | \$1,003,671 | \$1,015,257 | \$1,026,857 | \$1,038,486 | \$1,050,114 | \$1,061,743 | \$1,073,357 | \$1,084,966 | \$1,096,600 | \$1,108,166 | \$1,119,743 | \$1,131,271 | \$1,142,771 |

NOTE: Project Value equals \$0 if Net Operat

Debt at Year End

| | | | | | | | | | | | | | | | |
|-----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| First Mortgage Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Second Mortgage Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Deferred Payment Loan 1 Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Deferred Payment Loan 2 Remaining | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Administrative Record

Enter data in green cells only

Project Name - Inca Street Development : 12 Units

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.

Given that 100% of the rehabilitation is funded with HOME funds, then 100% of the units are set-aside for HOME. 75% are High HOME and 25% are Low HOME.

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.

It is anticipated to have application fees which cover background and credit check fees.

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.

Please see attached market analysis.

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.

The Greater Albuquerque Housing Partnership is a CHDO with 25 years 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.

The Greater Albuquerque Housing Partnership has over \$4,000,000 in liquid assets along with a track record of delivering projects on time and on budget.

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.

The other key funding source - Workforce Housing Trust Funds has already been committed to purchase the property.

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

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

100% of the units are HOME assisted - thus the designation is not required as part of the written agreement.

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

PROJECT SUMMARY

| | |
|------------------------------|--|
| Project Name and Unit Count: | Inca Street Development : 12 Units |
| Address: | 3701 Inca Street NE |
| Developer: | Greater Albuquerque Housing Partnership CHDO |
| Date of Analysis: | 07/29/18 |
| City: | Albuquerque |
| State: | NM |
| Development Type: | Single Story Garden Apartments |

DEVELOPMENT SOURCES SUMMARY

| Funding Sources | Amount | Comment |
|---------------------------------------|--------------------|---------|
| First Mortgage Loan (proposed amount) | \$862,500 | |
| Amortizing Second Mortgage Loan | \$0 | |
| HOME | \$1,000,000 | |
| | \$0 | |
| | \$0 | |
| | \$0 | |
| Deferred Developer Fee | \$0 | |
| Developer Cash Investment | \$0 | |
| Tax Credit Equity (proposed amount) | \$0 | |
| | \$0 | |
| | \$0 | |
| | \$0 | |
| | \$0 | |
| | \$0 | |
| Total Sources of Funds | \$1,862,500 | |

DEVELOPMENT USES SUMMARY

| Development Uses | Amount | Comment |
|-------------------------------------|--------------------|---------|
| Acquisition Costs | \$862,500 | |
| Site Work Costs | \$0 | |
| Construction / Rehabilitation Costs | \$670,000 | |
| Architectural / Engineering Costs | \$40,000 | |
| Other Owner Costs | \$92,000 | |
| Construction Interest | \$0 | |
| Other Interim Financing Costs | \$5,000 | |
| Permanent Financing Costs | \$25,000 | |
| Developer's Fee | \$83,000 | |
| Initial Project Reserves | \$60,000 | |
| Project Management Costs | \$25,000 | |
| Other Development Costs | \$0 | |
| Total Uses of Funds | \$1,862,500 | |

UNIT SUMMARY

| Unit Types | Number of Units | Total Rents (Year 1, without vacancy) |
|------------------------|-----------------|---|
| High HOME Units | 9 | |
| Low HOME Units | 3 | \$108,324 |
| Market Rate Units | 0 | \$0 |
| Other Affordable Units | 0 | \$0 |
| Total | 12 | \$108,324 |

OPERATIONS SUMMARY

| Project Income | Year 1 | Year 2 | Year 5 | Year 10 | Year 15 | Year 30 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| HOME/CDBG/LIHTC Rents | \$108,324 | \$110,490 | \$117,253 | \$129,457 | \$142,931 | \$252,142 |
| Market Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Affordable Rents | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Gross Potential Rent | \$108,324 | \$110,490 | \$117,253 | \$129,457 | \$142,931 | \$252,142 |
| Vacancy Loss | (\$21,665) | (\$7,734) | (\$8,208) | (\$9,062) | (\$10,005) | (\$17,650) |
| Other Revenue | \$3,000 | \$3,060 | \$3,247 | \$3,585 | \$3,958 | \$5,328 |
| Effective Gross Income | \$89,659 | \$105,816 | \$112,292 | \$123,980 | \$136,884 | \$239,820 |
| Total Expenses | (\$74,500) | (\$76,363) | (\$82,235) | (\$93,042) | (\$105,268) | (\$152,460) |
| Net Operating Income | \$11,559 | \$25,763 | \$26,083 | \$26,442 | \$26,530 | \$79,994 |
| Total Debt Service | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Cash Flow (After Debt Service) | \$11,559 | \$25,763 | \$26,083 | \$26,442 | \$26,530 | \$79,994 |

RETURNS SUMMARY

| Developer Returns on Equity | Year 1 | Year 2 | Year 5 | Year 10 | Year 15 | Year 30 |
|--------------------------------------|---------------|-----------|-----------|-----------|-----------|-----------|
| Cash on Cash | no equity | no equity | no equity | no equity | no equity | no equity |
| IRR (Year 1 through sale of project) | no investment | | | | | |

Exhibit F

Schedule of City Grant and Grant Payback Schedule

| Source of Fund | Amount | Forgiven |
|-----------------------------|----------------|-----------------------------|
| City HOME Funds | \$1,000,000.00 | End of Affordability Period |
| City Conveyed Real Property | \$862,500.00 | End of Affordability Period |

(THIS SPACE INTENTIONALLY LEFT BLANK)

Exhibit G

Construction Schedule

Project Name - Inca Street Development : 12 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.

| | | |
|-------------------------------------|-----------------|--|
| Intended HOME Commitment Date | July 31, 2018 | |
| Initial Closing Date | July 31, 2018 | |
| Construction Start Date | August 30, 2018 | 1.0 months after HOME Commitment Date |
| Other construction milestone #1 | | |
| Other construction milestone #2 | | |
| Other construction milestone #3 | | |
| Other construction milestone #4 | | |
| First Build-out Completion Date | March 1, 2019 | 6.0 months construction time |
| Last Building Completion Date | April 30, 2019 | 9.0 months after HOME Commitment Date |
| Achievement of Sustaining Occupancy | April 30, 2019 | 0.0 months lease-up time |
| Closing of Permanent Financing | July 31, 2018 | (9.0) months after construction completion |

| Total | Per Unit | |
|-------------|-----------|-------------------------------|
| \$500,000 | \$41,667 | Hard cost before contingency |
| \$100,000 | \$8,333 | 20.0% Hard cost contingency |
| \$70,000 | \$5,833 | 14.0% GR / BO / BP |
| \$60,000 | \$5,000 | Initial reserves |
| \$1,044,500 | \$87,042 | Soft costs before contingency |
| \$5,000 | \$417 | 0.5% Soft cost contingency |
| \$63,000 | \$5,250 | 5.4% Developer fee (gross) |
| \$1,862,500 | \$155,208 | Total Uses of Funds |

Below, please include any comments about the construction schedule.

This is best case scenario. We hope to start and complete the 12 unit rehab project by the end of Quarter One 2019. With a good construction team, we feel that this is a reasonable and achievable goal.

Budgeted construction cost is \$41,667 per unit. Budgeted hard cost contingency is 20.0% of hard cost.

Budgeted soft costs are \$87,042 per unit. Budgeted soft cost contingency is 0.5% of soft cost.

The budgeted developer fee is \$5,250 per unit before any deferral. This is 5.4% 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.

The major construction team members (architect, engineer and general contractor) have met and discussed the scope of work. Nothing has been finalized due to waiting for final City approvals. After the project has been approved, contracts and plans & specs will begin.

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.

Construction costs have been increasing across the board. We do have a heavy hard cost contingency and our estimates of hard construction costs are also high, given that we are preparing for construction costs increases. Once the scope of work will be clearly defined, and accurate cost estimates will be finalized.

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.

The construction team will be prepared, and are familiar with rehab construction and challenges that come with that. We will clearly define the scope of work and a firm construction budget. Demolition can begin while waiting on building permits.

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
Request for City Loan Disbursement

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

Greater Albuquerque Housing Partnership

INCA STREET DEVELOPMENT

RESTRICTIVE REAL ESTATE COVENANTS

Made in Albuquerque, New Mexico

Date _____

These Restrictive Real Estate Covenants (the "Covenants") are made by **Greater Albuquerque Housing Partnership**, a non-profit corporation ("Owner") in favor the 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 the end of the Affordability Period (as defined herein) unless earlier modified or released by the City.

1. Recitals:

A. The Owner is the owner in 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:

PARCEL I:

Lot numbered Four (4), excepting the the Southerly Thirty-three and one-half feet (S'ly 33.50) thereof, and including that portion of Lot numbered Three (3) described as, beginning at the Southwest Corner of the said Lot 3 and running N 0° 52' 10" W, 51.01 feet; thence N 89° 52' 10" E., 102.98 feet; thence S 0° 07' 50" E., 51.00 feet; thence S 89° 52' 10" W., 102.22 feet to the point beginning of Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL II:

Lot numbered Five (5), excepting the Southerly Sixteen feet (S'ly 16') thereof, and including the Southerly Thirty-three and one-half feet (S'ly 33.50') of Lot numbered Four (4) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

PARCEL III:

Lot numbered Six (6) and the Southerly Sixteen Feet (S'ly 16') of Lot numbered Five (5) in Block numbered Two (2) of SAN MARCOS MANOR, a Subdivision in Albuquerque, New Mexico, as the same are shown and designated on the Replat of said Subdivision, filed in the Office of the County Clerk of Bernalillo County, New Mexico on July 27, 1962.

B. For consideration for the assistance given by the City for the benefit of the Owner, the Owner has agreed 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 Project, named **Inca Street Development**, is located on (3) adjoining lots, containing 3 separate single story, 4-plex apartment buildings located at 3701, 3705, and 3711 Inca Street NE, as legally described in **Exhibit B**. The Project shall consist of the substantial rehabilitation and management of the three (3), multi-family buildings, landscaping, access, parking lots and grounds located on the aforementioned Real Property. The Project includes the improvements of 12 residential units including, three (3) 1-bedroom, six (6) 2-bedroom, and three (3) 3-bedroom rental housing units between the 3 buildings (3701, 3705, 3711), totaling approximately 10,704 heated square feet. Of the 12 units, 9 units shall be for households at or below 60% of Area Median Income (AMI) and 3 units shall be for households at or below 50% AMI. The Project shall remain an affordable rental housing project, abiding by the High HOME and Low HOME rents for the 15-year Affordability period. Following the expiration of the HOME Affordability Period, the Workforce Housing Affordability Period related to the City's acquisition of the Real Property, will remain in effect in perpetuity, as more fully provided elsewhere in this Agreement.

2. Definitions

"Act" means the Federal National Affordable Housing Act of 1990/HOME Investment Partnerships Program.

"Affordability Period" means the period commencing on the date of these covenants and ending on the date that is fifteen (15) years from the completion of the Project in HUD's Integrated Disbursement Information System (IDIS) for the contribution of HOME funds and an additional seventy-five (75) years totaling the 90-year Affordability Period pertaining to the Workforce Housing Trust Funds, which provides for an option of renewing the Affordability Period for an additional 90-year term.

"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.

"HOME Investment Partnerships Program" means the programs authorized by the Act of the federal U.S. Department of Housing and Urban Development that provides funds for the City of Albuquerque in support of affordable housing development.

"HOME Assisted Unit" means that residential unit, which either directly, or indirectly, has received financial assistance for acquisition and/or construction from funds authorized in the Act.

"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 Regulations for Workforce Housing Trust funded projects.

"Project" means the rehabilitation of the residential units upon the Real Property, including Buildings, related on-site and off-site improvements, equipment and related rights therein.

“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 Covenants

A. Use of Property. During the Affordability Period, the Real Property shall be used as and only for the Project. The Project, named **Inca Street Development**, is located on (3) adjoining lots, containing 3 separate single story, 4-plex apartment buildings located at 3701, 3705, and 3711 Inca Street NE, as legally described in **Exhibit B**. The Project shall consist of the substantial rehabilitation and management of the three (3), multi-family buildings, landscaping, access, parking lots and grounds located on the aforementioned Real Property. The Project includes the improvements of 12 residential units including, three (3) 1-bedroom, six (6) 2-bedroom, and three (3) 3-bedroom rental housing units between the 3 buildings (3701, 3705, 3711), totaling approximately 10,704 heated square feet. Of the 12 units, 9 units shall be for households at or below 60% of Area Median Income (AMI) and 3 units shall be for households at or below 50% AMI. The Project shall remain an affordable rental housing project, abiding by the High HOME and Low HOME rents for the 15-year Affordability period. Following the expiration of the HOME Affordability Period, the Workforce Housing Affordability Period related to the City’s acquisition of the Real Property, will remain in effect in perpetuity, as more fully provided elsewhere in this Agreement.

B. Income Qualifications. The Owner shall determine the annual income of a household occupying or seeking to occupy affordable units, in accordance with 24 CFR Part 5.609. The income of an affordable household shall not exceed eighty percent (80%) of the City’s median income.

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

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.

The following are the breakdown of the twelve (12) “floating” HOME-assisted units:

| Project | Distance | Type | Market/Subsidy | Units | Rent | Size | Utility | |
|---------|----------|-------------------------|----------------|-------------|----------|-------|-----------|----------|
| | | | | | | | Allowance | Net Rent |
| Inca | N/A | Courtyard/ Single Story | High HOME | Two - 1 BD | \$ 707 | 671 | \$ 70 | \$ 637 |
| | | | Low HOME | One - 1 BD | \$ 609 | 671 | \$ 70 | \$ 539 |
| | | | High HOME | Five - 2 BD | \$ 873 | 833 | \$ 94 | \$ 779 |
| | | | Low HOME | One - 2 BD | \$ 731 | 833 | \$ 94 | \$ 637 |
| | | | High HOME | Two - 3 BD | \$ 1,091 | 1,113 | \$ 115 | \$ 976 |
| | | | Low HOME | One - 1 BD | \$ 845 | 1,113 | \$ 115 | \$ 730 |

(1) Initial gross rents (rent plus tenant paid utility costs) for a maximum of **Nine (9) HOME-assisted units** shall comply with **High HOME** rents (as updated by HUD) and shall not exceed the rents published by HUD, based on bedroom size.

(2) Initial gross rents (rent plus tenant paid utility costs) for the remaining **Three (3) HOME assisted units** shall comply with **Low HOME** rents (as updated by HUD) and shall not exceed the rents published by HUD, based on bedroom size.

(3) 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) HOME assisted 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 subsection 3B. above, until the noncompliance is corrected.

(5) 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.

(6) The Owner shall ensure that each household occupying the HOME assisted units will have an executed lease with the Owner in compliance with 24 CFR Part 92.253.

4. The Owner shall insure 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. 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 default of this Agreement.

5. 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 allow the City to inspect the property, for the duration of the Covenants.

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 this 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 Project and all of the services required hereunder in connection with the Project shall be continued until the expiration of the 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.

10. **Covenants Running with Real Property**

Exhibit J

SUBORDINATION OF MORTGAGE

This Subordination of Mortgage ("Subordination"), dated _____, 2018, 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 GREATER ALBUQUERQUE HOUSING PARTNERSHIP, a New Mexico non-profit corporation (the "Borrower") whose address 320 Gold SW, Albuquerque, New Mexico 87102. The City, Bank and Borrower agree:

1. Borrower granted to City on _____, 2018, that certain Mortgage and Security Agreement recorded in the real property records of Bernalillo County, as Doc# _____ on _____, 2017 (the "City Mortgage").

2. The City Mortgage is a lien on the real property described therein ("Property"), on which Borrower or its related entity 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 Borrower dated _____, 2018. The Property is more fully described in Exhibit A attached hereto.

3. 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.

4. 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 that certain promissory note dated _____, 2018 in the aggregate principal amount of \$ _____ (the "Bank Note"), and that the lien of the City Mortgage be subordinated to the lien of the Bank Mortgage.

5. 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:

6. City hereby subordinates the lien of its 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.

7. 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 \$ _____,

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.

8. 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.

9. 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.

10. 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.

11. 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.

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

13. 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:

Sarita Nair
Chief Administrative Officer

RECOMMENDED 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 _____, 2018
by Sarita Nair, Chief Administrative Officer of the City of Albuquerque.

Notary Public

My commission expires: _____

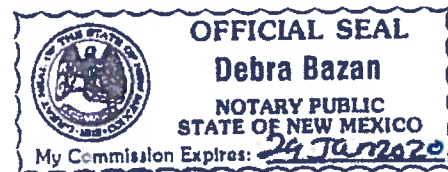
SEAL

GREATER ALBUQUERQUE HOUSING PARTNERSHIP,
a New Mexico non-profit corporation

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) .ss

Debra Bong
Notary Public

SEAL



INCA STREET LLC
a New Mexico limited liability limited company

STATE OF NEW MEXICO)

COUNTY OF BERNALILLO) .ss

Debra Baro
Notary Public

OFFICIAL SEAL
Debra Bazan
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 29 Jan 2020

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