

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Sitting/Acting as HACC Board Policy Session Worksheet

Presentation Date: July 5th, 2016 **Approx Start Time:** 2:30 pm **Approx Length:** 1 hour

Presentation Title: HACC MOU for PEDCOR, INC. Affordable Multi-Family Development

Department: H3S/Housing Authority of Clackamas County (HACC)

Presenters: Richard Swift, Chuck Robbins

Other Invitees: Angel Sully, Rich Malloy

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Approval of the HACC/PEDCOR, INC. MOU

EXECUTIVE SUMMARY: Clackamas County, like the rest of the region, is in the midst of an affordable housing crisis. With rents at historic highs and vacancy rates at less than 3% our most vulnerable residents are faced with either rents they can no longer afford or eviction.

In a climate where demand is so much greater than the supply many residents are unable to find any housing they can afford. This is particularly troubling for Section 8 voucher holders. Voucher holders have the funds to rent a unit but are limited to units at or below the Fair Market Rent (FMR). As a result Section 8 residents holding a voucher cannot find an affordable unit. On the Public Housing side, we currently have over 500 families waiting for an available unit. The vacancy rate within our Public Housing program remains between 1-2%, with very little turnover being experienced at this time.

Several months ago PEDCOR Inc. a housing developer out of Carmel, Indiana approached HACC requesting a partnership in the development of Rosewood Terrace Apartments, a 212 plus unit multi-family affordable rental housing project.

Rosewood Terrace would be located at 8810 & 8850 Otty Road in Happy Valley. The project will consist of (6) 4-story, wood framed structures with an elevator servicing each building. It is centrally located with easy access to services and within short walking distance of the MAX Green Line as well as several TriMet bus stops.

PEDCOR is a national company that specializes in the development of affordable housing communities throughout the Midwest and Western United States. They have recently completed a similar sized project in Beaverton working with the Washington County Housing Authority. PEDCOR have been in business since 1987, and have developed over 13,400 units of affordable housing during that time. HACC has contracted with David Rosen & Associates (DRA) to provide financial consulting services related to housing development activities. DRA has completed a due-diligence analysis of PEDCOR, including the company and its principals. This analysis found PEDCOR to be an experienced and capable development company, with a good reputation and adequate capacity to develop the Rosewood Terrace project. PEDCOR has a very strong development and management track record with a portfolio of properties that sustain an average occupancy rate of 96.1%

COUNTY PARTICIPATION & BENEFITS

This project will bring online 212 new units of housing in a high opportunity area. The development includes (104) 1 Bedroom/1 Bath units, (100) 2 Bedroom/2 Bath units, and (8) 3

Bedroom/2 Bath Units. With 2 BR/2 Bath units renting for over \$1,200/month in the metro area, this project would hold rents to \$761/Mo for 1BR/ Bath, \$909/Mo for 2BR/2Bath, and \$1,044/Mo for 3 BR/2 Bath making it affordable to households making less than 60% of the Area Median Income. These units are required to remain affordable for a period of 60 years. In addition, the financing structure of this project imposes minimal risk to the County and HACC because the developer is responsible for: 1) Guaranteeing completion of construction and achieving stabilization (e.g. lease up, minimum revenue targets and debt coverage ratio); and 2) Bond financing will be insured by a HUD's 221(d)(4) loan guarantee program therefore in the event of a default debt service payments will be made by HUD. Because these are revenue bonds there is no recourse to the County in the event of a default.

PEDCOR is proposing to partner with HACC in this development. The attached Memorandum of Understanding (MOU) lays the groundwork for this partnership. While there are no binding contractual obligations it does provide a scope of work for each party and provides PEDCOR with the assurance that HACC intends to work with PEDCOR on the next steps in predevelopment. This includes:

1. HACC's willingness to being designated as a General Partner member allowing the property to qualify for property tax exemption. In return, PEDCOR would compensate HACC with a percentage of the project developer fee, a percentage of the annual cash flow and an annual management fee as the general manager responsible for filing the annual application for tax exempt status.
2. The County's support of PEDCOR's application for 4% Low-Income Housing Tax Credits
3. The County's consideration of PEDCOR's application for a reservation of tax-exempt Private Activity Bonds to be issued by HACC.
4. The County's consideration of a PEDCOR application for HOME Funds and HACC Disposition funds.

FINANCIAL IMPLICATIONS (current year and ongoing):

The financial impacts to HACC include:

\$ 30,000,000	Bonds (this is an approximation and includes HACC's costs for issuing the bond and a fee for acting as the issuer)
\$ 1,100,000	HACC Disposition Funds
\$ 900,000	HOME Funds

Is this item in your current budget? YES NO

The HOME funds are included in the Community Development Budget for 2016-2017. The HACC disposition funds are sitting in an account identified as Restricted Fund Balance but are not included in the 2016-2017 budget. Bond funds were also not included in the current budget.

What is the funding source?

1. HOME funds are provided by the U.S. Department of Housing and Urban Development and are administered by the Community Development Division
2. HACC disposition funds came from the sale of Public Housing units and are restricted to the development of affordable housing.
3. The Bonds are administered by the Oregon State Treasury through the Public Activity Bond Committee.

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?
Sustainable and Affordable Housing
- How does this item align with the County's Performance Clackamas goals?
Ensure safe, healthy and secure communities

LEGAL/POLICY REQUIREMENTS:

PUBLIC/GOVERNMENTAL PARTICIPATION:

OPTIONS:

RECOMMENDATION:

1. Approve the MOU.
2. Modify the MOU and approve.
3. Reject the MOU.

ATTACHMENTS:

- Preliminary Site Plan
- Preliminary summary of Sources and Uses
- Memorandum of Understanding with PEDCOR

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Chuck Robbins @ 503-655-8591

**MEMORANDUM OF UNDERSTANDING
BETWEEN
HOUSING AUTHORITY OF CLACKAMAS COUNTY, OREGON
AND
PEDCOR INVESTMENTS, A LIMITED LIABILITY COMPANY

(ROSEWOOD TERRACE APARTMENTS)**

This Memorandum of Understanding (the "MOU") is between the Housing Authority of Clackamas County, Oregon, a public corporation created pursuant to the Housing Authorities Law of ORS 456 ("HACC") and Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company ("**Developer**"), and is dated effective as of _____, 2016.

Developer is a developer of affordable housing in the State of Oregon. HACC is a public housing authority whose mission is to provide safe, decent and sanitary housing for low and moderate income persons in Clackamas County, Oregon. HACC and Developer hereby agree to work cooperatively to acquire, finance, construct and operate affordable housing at the following location, in accordance with the terms of this MOU:

Rosewood Terrace Apartments (the "**Property**")
8810 & 8850 SE Otty Road
Happy Valley, OR 97086

Approximately 185-212 multifamily units, 100% of the units to be reserved for residents with incomes at or below 60% AMI. This MOU will be accepted contingent upon underwriting of the lender and acceptance of the bond deal structure.

In order to accomplish this purpose, the parties agree as follows:

AGREEMENTS:

A. Ownership Structure.

1. Developer has organized a separate Oregon limited partnership, to be registered in Oregon, known as Pedcor Investments-2017-LCV, Limited Partnership ("**Partnership**") to own the Property pursuant to an agreement of limited partnership ("**Partnership Agreement**"). Rosewood Housing Company, LLC, an affiliate of the Developer, will serve as the sole general partner of the Partnership ("**General Partner**"). The General Partner shall have primary responsibility for the management of the Partnership and will own a 0.005% general partnership interest in the Partnership. In addition, HACC will own a 0.005% special limited partnership interest in the Partnership ("**Special LP**"), with certain oversight and approval rights, for which it will receive an annual fee of \$5,000 (the "Special LP Fee"). Any such rights must be agreed to by the General Partner and may not, in the opinion of the General Partner's counsel, result in the Special LP being deemed a general partner for exercising its rights under the Partnership

Agreement. Lastly, a to-be-determined tax credit investor will own a 99.99% limited partnership interest in the Partnership.

The General Partner will consist of six members: (1) the Developer, (2) a to-be-formed, wholly owned corporate subsidiary of HACC (“**HACC GP Member**”), (3) 2017 Housing Participants, LLC, and (4) 3 private investors. The percent of Member Interest will be included in a Joint Venture Agreement and is subject to the approval all members.

2. The General Partner and Special LP will amend the existing Partnership Agreement in order to admit the Special LP into the Partnership and to reflect the ownership structure described in Section A(1) above at or prior to closing any financing with respect to the acquisition and construction of the Property. Admittance of the Special LP into the partnership shall be subject to HACC Board approval of the Partnership Agreement.

B. Financing.

1. On behalf of the Partnership, Developer will apply for a reservation of approximately \$30,000,000 in tax-exempt multifamily housing revenue bonds (“**Bonds**”) to be issued by HACC, the Oregon Housing and Community Services (“OHCS”) or another qualified issuer. If the Partnership receives a reservation of Bonds, Developer shall be responsible for selecting the manner in which the Bonds will be sold to facilitate debt financing for the Property and negotiating the Bond financing terms on behalf of the Partnership, provided that the Special LP shall reserve the right to review and approve the financing arrangements and the terms and conditions of any Bond or loan documents. It is currently anticipated that the Bonds will be purchased by United Fidelity Bank (and/or an affiliate of United Fidelity Bank), either or both being an affiliate of the Developer, and such bonds will be insured by an GNMA/FHA security.

2. On behalf of the Partnership, Developer will apply to OHCS for a commitment of 4% low-income housing tax credits (“**Tax Credits**”). If the Partnership receives a commitment of Tax Credits, the Developer shall be responsible for selecting the manner in which the Tax Credits will be sold to facilitate equity financing (“**Equity**”) for the Property, and negotiating the equity financing terms on behalf of the Partnership, provided that the Special LP shall have the right to review and approve the financing arrangements and the terms and conditions of any Equity financing documents. The Equity financing documents are expected to include an Amended and Restated Agreement of Limited Partnership (“**Amended Partnership Agreement**”). The Partnership has not determined the entity that will provide the Equity financing, however, such entity will be admitted as an investor limited partner (“**Investor LP**”) of the Partnership.

3. Developer shall pay all costs and fees associated with applying for the Bonds and Tax Credits, which along with all other pre-development costs incurred by Developer and HACC and their affiliates in connection with the Property, shall be reimbursed with the proceeds of pre-development financing or at closing with proceeds of

the Bonds and Equity for the Property ("**Closing**"). HACC's third party predevelopment expenses for financial advisory and legal services shall be reimbursed at closing. In the event this MOU is terminated or the transaction fails to close as contemplated herein, Developer shall be solely responsible for all costs described above and HACC and its affiliates shall have no responsibility for payment or reimbursement of such costs, unless HACC defaults on its obligations herein, in which case HACC shall bear its own expenses and Developer will not be obligated to pay or reimburse HACC or its affiliate's expenses.

4. Developer shall negotiate and be solely responsible for providing guarantees that may be required in conjunction with the Bond financing or the Equity financing, including but not limited to: construction completion and development cost overrun guaranty, lease up and breakeven guaranty, operating deficit guaranty and repurchase guaranty for such period as may be required by the Investor LP, and tax credit compliance and recapture guaranty. All such Developer guarantees shall be in effect until stabilization of the Property, or as required by the Investor LP and/or any lender.

5. The Special LP acknowledges that it has been provided with preliminary financial information, which it understands may materially change for a variety of reasons, including but not limited to, various bond and tax credit underwriting considerations, future mortgage interest rates, varying debt and equity executions, future construction costs and recognition that fully engineered architectural and civil engineering plans are not available.

6. The Developer anticipates applying to the HACC for \$900,000 in HOME funds and \$1,100,000 in disposition funds. In sum, the Project anticipates \$2,000,000 in gap funding to assist the financial feasibility of the Project.

C. Design and Construction.

1. Developer (such term herein to include an affiliate of the Developer) shall provide comprehensive development services to the Partnership pursuant to a Development Agreement to be entered into between the Partnership and Developer.

2. Developer will prepare a detailed development budget for the Property and will provide the Special LP a copy thereof and with updates thereto.

3. Developer shall be responsible for obtaining the services of design professionals. The work product of such professionals shall be subject to the reasonable review, and comment of the Special LP. The Special LP shall have the right to review and comment upon the final plans and specifications for the construction of the Property, and such plans must be approved by the Special LP prior to the Partnership entering into a construction contract, which approval shall not be unreasonably withheld.

4. Developer shall be responsible for negotiating one or more construction contracts for the construction of the Property, including but not limited to, contracts between the Partnership and the Developer affiliated general contractor and construction manager. Such construction contracts shall be on terms that are consistent with or more

favorable to the Partnership than prevailing market terms. The Special LP shall have the right to review and approve any construction contract prior to the execution thereof, which approval shall not be unreasonably withheld.

5. Developer shall be responsible for obtaining all governmental approvals and permits needed in order to construct and operate the Property.

6. The Special LP shall have the right to review and comment on all change orders or any changes in the scope of work or plans and specifications during construction, which approval shall not be unreasonably withheld (the Special LP shall have three (3) days following its receipt of copies of such proposed changes to deliver its disapproval, or such proposed changes shall be deemed approved).

7. Upon completion of construction, the Developer will ensure that the Property complies with ADA requirements, as applicable under federal and state law.

D. Management and Operation.

The General Partner shall be responsible for negotiating the terms of a property management contract on behalf of the Partnership. So long as the General Partner or one of its affiliates is obligated under the various financing guarantees, the property manager will be an affiliate of the General Partner. The Special LP shall have the right to review and approve the property management agreement prior to execution thereof, which approval shall not be unreasonably withheld. Additionally, each year the General Partner or its affiliated property manager will submit its budget to the Special LP for review and approval, which approval shall not be unreasonably withheld and during such year report to the Special LP any material deviations from the approved budget or any material operational issues. The General Partner or its affiliated property manager will also submit an annual audit, quarterly financial reports and weekly occupancy reports to the Special LP for review and comment.

E. Community Support.

The Special LP and Developer shall be jointly responsible for interfacing with the community and attempting to obtain community support for the construction of the Property. The parties will consult with each other and coordinate the response to any media inquiries and/or public opposition that may arise.

F. Tax Exemption.

The ownership structure contemplated herein is expected to generate ad valorem tax exemption for the Property. The Special LP, on behalf of the Partnership shall work with Clackamas County, Oregon Department of Assessment & Taxation, or other applicable entity, to obtain confirmation of the availability or entitlement of such ad valorem tax exemption pursuant to ORS 307.092. The Developer and Special LP shall

obtain a pre-determination or commitment for tax exemption from the Director of Assessment and Taxation prior to closing on any financing.

G. Fees and Expenses; Sharing Ratios.

1. Developer or its affiliate shall be entitled to receive a developer's fee for its development of the Property in an amount calculated pursuant to OHCS guidelines (the "**Development Fee**"). As identified in Part A of this MOU the parties agree that a percentage of the of the Development Fee shall be paid to HACC (the "**HACC Sharing Percentage**") and a percentage of the Development Fee shall be paid to Developer (the "**Developer Sharing Percentage**"), pro rata, as Development Fee is paid by the Partnership. The Development Fee includes the fee paid at closing and earned on a deferred basis.

2. Any other items of net cash flow that are payable to the General Partner under the Partnership Agreement shall be split between the members of the General Partner in accordance with their respective sharing percentages. The \$5,000 Special LP Fee shall represent priority payment that will be paid to the Special LP prior to payment of deferred developer fee or other fees paid to the General Partner, including but not limited to incentive management fees and asset management fees. Affiliates of the General Partner will be paid fees out of the capital budget for providing the Partnership with certain construction management, general contracting, construction guaranty, architectural supervisory, construction and permanent loan financing, and legal services pursuant to an executed agreement between the Partnership and such affiliated service providers ("**Affiliated Fees**"). The developer shall disclose Affiliated Fees to the Special LP who shall have a right to review and approve such fees, which approval shall not be unreasonably withheld.

3. All reasonable out-of-pocket expenses incurred after execution of this document by the Special LP in connection with the Property (the "**Costs**"), shall be paid by Developer and be included in the applicable Property's development budget for either payment or reimbursement to Developer concurrently with Closing. To the extent the Special LP and its affiliates anticipate incurring Costs in excess of \$15,000.00, the Special LP will disclose such matter to Developer, and Developer will have the opportunity to approve such Costs before they are incurred, with such approval not to be unreasonably withheld.

H. Long Term Ownership.

At the end of the 15-year, Section 42 compliance period associated with the allocation of Tax Credits contemplated for the Property herein, the Developer shall have a perpetual option to acquire the interests of the HACC GP Member and the Special LP for the fair market value thereof.

The parties agree that any sale or refinancing proceeds derived from the Property shall be used first to repay any existing indebtedness to lenders and others, and to pay costs

of closing. Any remaining proceeds shall be paid pursuant to the Amended Partnership Agreement.

I. Indemnification.

Developer will indemnify, defend and hold harmless the Special LP, its affiliates and their agents, employees, and principals, from any claim, liability, loss or damage, including attorneys' fees and costs actually and reasonably incurred, arising out of the acquisition, financing, and construction of the Project other than acts or omissions of the Special LP or its affiliates which involve intentional misconduct, a knowing violation of the law, or which constitute gross negligence.

J. Miscellaneous.

1. This MOU reflects the entire understanding between the parties and may only be amended in writing, signed by both parties.

2. The parties agree to execute such documents and do other such reasonable things as may be necessary or appropriate to facilitate the development of the Property and the consummation of their agreement herein.

3. This MOU may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one contract binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

4. Neither party shall enter into any contractual relationship or agreement relating to the Property that would cause either financial or legal liability to the other, without the other party's prior written consent, and in the case of HACC, the approval of its Board of Commissioners where required.

5. This MOU shall be governed and construed in accordance with the laws of the State of Oregon.

6. In case any one or more of the provisions contained in this MOU for any reason are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision hereof, and this MOU will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

7. The parties hereto submit exclusively to the jurisdiction of the state and federal courts of Clackamas County, Oregon and venue for any cause of action arising hereunder shall lie exclusively in the state and federal courts of Clackamas County, OR.

8. Should any party employ an attorney or attorneys to enforce any of the provisions hereof, to protect its interest in any manner arising under this MOU, or to recover damages for the breach of this MOU, the non-prevailing party in any action

pursued in courts of competent jurisdiction (the finality of which is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages and expenses, including specifically, but without implied limitation, attorneys' fees, expended or incurred by the prevailing party in connection therewith.

9. The subject headings contained in this MOU are for reference purposes only and do not affect in any way the meaning or interpretation hereof.

10. This MOU shall continue until terminated upon the occurrence of one of the following conditions:

- (i) The Special LP and Developer sign a mutual consent to terminate this MOU;
- (ii) The Partnership does not receive a reservation of Bonds or Tax Credits in an amount satisfactory to Developer, in its sole discretion or by March 31, 2017;
- (iii) Either party breaches its obligations under this MOU, the non-breaching party provides the breaching party notice of such fact and a 15-day opportunity to cure, and the breaching party fails to do so;
- (iv) Either party files for bankruptcy protection, makes an assignment for the benefit of creditors, has a receiver appointed as to its assets, generally becomes insolvent; or
- (v) Either party is ineligible to participate in the Tax Credit program pursuant to the rules of OHCS, which ineligibility also will be deemed an event of default.

Upon termination of this MOU for any of the reasons cited above, neither party shall have any ongoing obligation to the other with respect to this MOU or the Property.

11. In addition, the provisions of this MOU with respect to the Property will be terminated at Closing when the Special LP and Developer and their affiliates, as applicable, enter into definitive agreements with respect to the governance of the Partnership and the development, construction, financing, and operation of the Property as contemplated herein.

EXECUTED to be effective as of the date above shown.

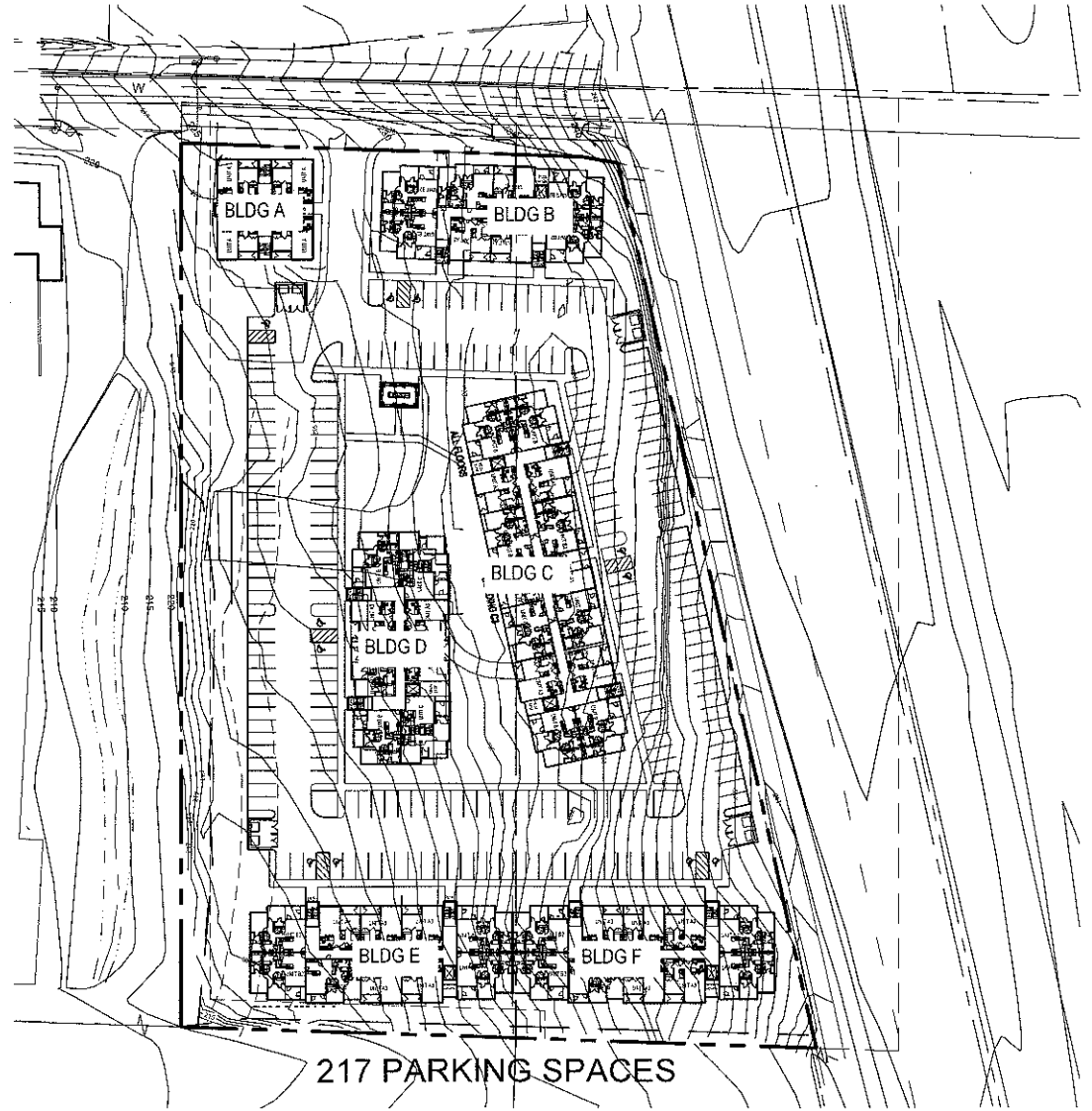
**HOUSING AUTHORITY OF CLACKAMAS
COUNTY**

By: _____
Chuck Robbins, Executive Director

**PEDCOR INVESTMENTS, A LIMITED
LIABILITY COMPANY**

By: _____
Thomas G. Crowe, Executive Vice President

FLOOR	1BR	2BR	3BR	Total	GROSS UNIT SF	NET UNIT SF	GROSS BLDG SQFT
GROSS SF	776	1048	1382				
NET SF	733	1002	1309				
BLDG A							
FLOOR	1BR	2BR	3BR	Total	GROSS UNIT SF	NET UNIT SF	GROSS BLDG SQFT
FL 1	0	0	0	0	0	0	4620
FL 2	4	0	0	4	3104	2932	4620
FL 3	4	0	0	4	3104	2932	4620
FL 4	4	0	0	4	3104	2932	4620
Total	12	0	0	12	9312	8796	18480
BLDG B							
FLOOR	1BR	2BR	3BR	Total	GROSS UNIT SF	NET UNIT SF	GROSS BLDG SQFT
FL 1	3	5	0	8	7568	7209	9779
FL 2	3	5	0	8	7568	7209	9779
FL 3	3	5	0	8	7568	7209	9779
FL 4	3	5	0	8	7568	7209	9779
Total	12	20	0	32	30272	28836	9779
BLDG C							
FLOOR	1BR	2BR	3BR	Total	GROSS UNIT SF	NET UNIT SF	GROSS BLDG SQFT
FL 1	6	8	0	14	13040	12414	16827
FL 2	6	8	0	14	13040	12414	16827
FL 3	6	8	0	14	13040	12414	16827
FL 4	6	8	0	14	13040	12414	16827
Total	24	32	0	56	52160	49656	67308
BLDG D							
FLOOR	1BR	2BR	3BR	Total	GROSS UNIT SF	NET UNIT SF	GROSS BLDG SQFT
FL 1	3	3	2	8	8236	7823	10418
FL 2	3	3	2	8	8236	7823	10418
FL 3	3	3	2	8	8236	7823	10418
FL 4	3	3	2	8	8236	7823	10418
Total	12	12	8	32	21888	20820	41672
BLDG E							
FLOOR	1BR	2BR	3BR	Total	GROSS UNIT SF	NET UNIT SF	GROSS BLDG SQFT
FL 1	5	5	0	10	9120	8675	11669
FL 2	5	5	0	10	9120	8675	11669
FL 3	5	5	0	10	9120	8675	11669
FL 4	5	5	0	10	9120	8675	11669
Total	20	20	0	40	36480	34700	46676
BLDG F							
FLOOR	1BR	2BR	3BR	Total	GROSS UNIT SF	NET UNIT SF	GROSS BLDG SQFT
FL 1	5	5	0	10	9120	8675	11669
FL 2	5	5	0	10	9120	8675	11669
FL 3	5	5	0	10	9120	8675	11669
FL 4	5	5	0	10	9120	8675	11669
Total	20	20	0	40	36480	34700	46676
PROJECT TOTAL							
	18R	2BR	3BR	Total	GROSS UNIT SF	NET UNIT SF	GROSS BLDG SQFT
	100	104	8	212	197648	187980	183915
	47%	49%	4%		107%	102%	



OTTY RD. APARTMENTS
HAPPY VALLEY, OR

SUMMARY SOURCES AND USES: Rosewood Terrace

NUMBER OF UNITS	212
Unit Make Up	
1 BED/1 BATH	104
2 BED/2 BATH	100
3 BED/2 BATH	8
TOTAL PROJECT COST	
Construction Costs	\$36,692,975
Soft Costs (Architectural, Engineering, Construction, Financing)	\$12,515,001
Land Purchase	\$3,961,782
Developer Fee	\$6,302,583
Equity Fee	\$2,500
Operating Reserve (funded from Final Equity Distribution)	\$902,000
Replacement Reserves	\$80,560
TOTAL	\$60,457,401
COST PER UNIT	\$285,176
FUNDING SOURCES	
Gross Rental Income (PLUG)	\$2,767,828
Amount of 4% LIHTC (Limited Partner Equity)	\$23,375,000
Amount of Bond Funds (First Mortgage)	\$27,501,141
HOME Funds (Local Funds)	\$900,000
HACC Disposition Funds (Local Funds)	\$1,100,000
Deferred Developer Fee	\$4,813,432
TOTAL	\$60,457,401
CASH FLOW/FEEES TO HACC	
Total Developer Fee	TBD
Dev Fee to HACC	TBD
Total Cash Flow	TBD
Cash Flow to HACC	TBD

Funding Sources Clarifications for those Line Items that are not Self-Explanatory:

1) *Gross Rental Income* : Some buildings will be placed in service and generate income prior to the project reaching stabilization (i.e. project fully leased, full rents collected, net operating income at 120% of debt service payment). In other words, during the stabilization period the project will not be paying debt service therefore net operating income will be significantly higher than normal.

2) *Deferred Developer Fee* : Because the cost of most projects do not enable the developer to be paid their total developer fee due at the placed in service date (i.e. date building is leased up to meet LIHTC requirements), the developer fee is paid from project cash flow over period of years (i.e. usually 5 to 10 years depending on the deal structure). In effect becomes a source of funding loaned to the project by the developer to be capitalized and paid through operations.