

Department of Housing & Community Development Post Office Box 490—Station 22 Gainesville, FL 32627-0490 Ph. (352) 393-8565 wachteljs@gainesvillefl.gov

# Request for 2025 Affordable Housing Development Grant

#### **APPLICATION**

#### **Instructions**

- 1. If you have any questions, contact Neighborhood Planning Coordinator John Wachtel, at (352) 393-8565, or by email at wachteljs@gainesvillefl.gov.
- 2. Applications must be submitted and received by 9:00 a.m. (local time), Monday, February 10, 2025. Late applications will not be accepted.
- 3. Applications will be accepted only by email in the form of full color PDFs to wachteljs@gainesvillefl.gov. The City WILL NOT accept applications submitted late, by mail, or by FAX.
- 4. All signatures within an application packet must be in <u>blue ink</u>; and <u>all attachments must be titled and labeled</u>.
- 5. Applications must include a PowerPoint Presentation, using the template provided on the City's Housing and Community Development Website.
- 6. Applicants for this grant must complete and submit the Project Summary JotForm which can be accessed by clicking on the following link: <a href="https://form.jotform.com/243655068016154">https://form.jotform.com/243655068016154</a>
- 7. Applicants for this grant <u>may be required</u> to present the project, either virtually or in-person.
- 8. Applicants are advised to review the Gainesville SHIP Local Housing Assistance Plan (LHAP) <a href="https://www.gainesvillefl.gov/files/assets/public/v/1/housing-amp-community-development/documents/city-of-gainesville-2023-2026-lhap-final.pdf">https://www.gainesvillefl.gov/files/assets/public/v/1/housing-amp-community-development/documents/city-of-gainesville-2023-2026-lhap-final.pdf</a> before completing the application process. Strategies C and F of Section II are particularly applicable.
- 9. Funding awards may be subject to approval by the City Commission and are based on funding availability.
- 10. The City reserves the right to reject any and all applications.

## **Organization/Business Information**

1)		Organization/Business Name:				
2)		Organization/Business Address (City, State, Zip):				
3)		Type of Organization/Business: For Profit Non-Profit Gov. Agency				
4)		Incorporation Date (Month and Year):				
5)		Estimated Budget for Current Fiscal Year:				
6)		Number of Staff Employed (full time equivalents):				
7)		Years of Affordable Housing Development Experience:				
8)		Organization/Business Contact Person and Title:				
9)		Telephone: Email Address:				
		Development Project Information				
	1.	Project Name:				
	2.	Project Location/Address:				
	3.	Project size in acres:				
	4.	Total number of units:				
	5.	Describe the project in detail (use number of units, not percentages). Attach additional sheets if necessary. What is the mix of affordable and market rate units? What is the mix of single-family and multiple-family units? What is the mix of rental and for-sale units? What are the building heights, in stories?				
	6.	How long is the Affordability Period and how will it be enforced? (NOTE: must be at least 10 years for ownership units, and at least 15 years for rental units)				
	7.	Have you completed a First Step Meeting with the City's Department of Sustainable Development?   Yes, comments attached  Scheduled for  (First Step Meeting must be completed before final approval of grant request)				

#### **Project Funding Information**

#### **Important Notes:**

- City funding for this grant is provided only as reimbursement.
- SHIP funding for this grant must be expended by certain dates. See Exhibit B of the City's LHAP.
- Maximum funding is \$25,000 per affordable rental unit.
- Maximum funding is \$50,000 per affordable single-family unit for first-time homebuyers.

#### 1) Total Project Costs:

#### 2) Total City Funding Requested:

How much, on a per unit basis, for rental units? How much, on a per unit basis, for single-family first-time homebuyer units?

3) Total Project Funding Sources:

Funding Source	Amount
City funds for Affordable Rental Housing	
City funds for Affordable SF 1st Time Homebuyer Housing	
Permanent Loan	\$5,000,000
Tax Credit Equity	\$10,219,896
SAIL & ELI Loan	\$7,794,600
NHTF Loan	\$870,000
Deferred Developer Fee	\$707,647
TOTAL	\$25,592,143

(Please list all funding sources--must equal total project costs listed #1 above)

## 4) What happens to this project if the City does not fund it, or funds it at a level lower than requested?

If we do not receive this funding, the financial viability of the project will be significantly impacted. The Florida Department of Transportation (FDOT) has mandated necessary improvements to Hawthorne Road, which directly affects the viability of this development. These upgrades, which are beyond our control, will substantially increase the total project cost. Unfortunately, neither the City nor FDOT has provided financial assistance to cover these additional costs, placing an added financial burden on the development. While we remain committed to moving forward with the project and still plan to close financing as scheduled, the absence of the \$1M allocation from the City could delay key aspects of development or force us to scale back some elements, which would affect the overall quality of life for the seniors who will call Hawthorne Heights home.

#### The Importance of Social Services for Our Seniors

At the core of the Hawthorne Heights project is our mission to provide not just a roof over the heads of seniors, but a place that promotes health, wellness, and community. The social services component is an integral part of this vision. These funds will directly support programs that promote mental and physical health, social engagement, and overall well-being for our seniors. Beyond the physical aspects of housing, our goal is to create a community where our residents are empowered to thrive—where they have access to on-site services that help them live with dignity and support. Social services such as wellness programs, transportation assistance, educational opportunities, and social activities are all vital to ensuring that our seniors can live, not only safely, but actively and independently. These services will not only enhance the residents' quality of life but also contribute to reducing isolation, which is a common issue among older adults. This is a project that aims not just to provide affordable housing but to foster a thriving, supportive community for seniors—a vision that we know the members of the Affordable Housing Advisory Committee, many of whom have parents or grandparents themselves, can relate to deeply. We all share the desire for our loved ones to live in an environment that promotes health, wellness, and dignity.

#### A Long-Term Investment in Affordable Housing

In addition to the immediate impact on Hawthorne Heights, the \$1M in funding will allow CORE to continue expanding its mission and build more affordable housing projects for seniors and families in the future. With this support, we will be better positioned to fund and develop other projects that address the growing need for affordable housing in Gainesville. Investing in Hawthorne Heights now will help create a foundation for future projects that will benefit our community for years to come.

#### **Funds Will be Put to Use Immediately**

Hawthorne Heights is permit-ready, and scheduled to close financing and begin construction in April. The requested funds from the City of Gainesville would be put to immediate use, ensuring that the project moves forward as planned, without any delays. The City's funding would have an immediate and tangible impact, allowing us to address critical aspects of the project and handle unforeseen costs that often arise, such as the required FDOT road improvements. Given that the project is already permit-ready and set to break ground in April, the City would see results more quickly than with other developments it funds. These funds will directly contribute to a fast-moving, efficient project that will deliver the housing and social services our senior residents urgently need, right on schedule. In short, the City's investment in this project will pay off quickly, ensuring that Hawthorne Heights is completed on time, *on budget*, and provides immediate benefits to the community.

#### **DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST**

• • • • • • • • • • • • • • • • • • • •	ization or members of their immediate families, o l be involved with conducting this project and are	
<ul> <li>a) Employees of, or related to employees of, the Obj.</li> <li>b) Members of, or related to Members of the Galactory.</li> <li>c) Beneficiaries of the program for which funds a of goods or services?</li> <li>Yes No</li> </ul>	•	rs
existence of a potential conflict of interest does no	ase attach a full explanation to the Application. To the Application of necessarily make the project ineligible for fund result in the termination of any funding awarded. To an authorized organization representative.	ing
I certify to the best of my knowledge and belief that the City of Gainesville to undertake the necessary actions to permission for City of Gainesville to contact and receive other organizations.	o verify the information supplied. Further, I give	
Signature of Applicant	Date	
Print Name of Applicant and Title	Date	

U.S.C. TITLE 18 SEC. 1001 PROVIDES THAT: Whoever in any manner within the jurisdiction of any agency of the United States knowingly and willingly falsifies...or makes false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry shall be fined not more than \$10,000 or imprisoned not more than five (5) years.

## **ATTACHMENTS**

## **Mandatory Items for Application Review**

	Item	Included in Application
A.	Detailed narrative of proposed project.	
В.	Documentation to support property ownership or site control (i.e. Warranty Deed, Trust Deed or Letter of Intent to Acquire Property).	
C.	Alachua County Tax Collector's receipt for most recent taxes paid on proposed projects.	
D.	Map of the proposed development area.	
Ε.	Development costs plan.	
F.	Site Plan.	
G.	Preliminary drawings of elevations and floorplans.	
Н.	Development timeline for the project.	
I.	Project rent limits and/or sale prices.	
J.	A copy of the Applicant's most recent audit and/or certified financial statement.	
K.	Copies of commitment and support letters from financial institutions and partnering organizations.	
L.	Summary of how the project will be marketed, how the project will find tenants/homebuyers, and how the project will reach out to the local community.	
M.	A list of paid staff (full and/or part time) that will have responsibility for the proposed project including job titles, summary of housing development experience, and summary of project duties.	
N.	A list of all housing developments completed since 2014.	
0.	If applicable, up to 5 references from Local Governments that provided the Applicant with funding for housing developments that have been completed.	



## FIRST STEP MEETING NOTES

#### **First Step Meeting Notes**

First Step meetings with development review staff are a free service provided by the City of Gainesville to help guide a project through the development review and permitting process. These meetings are intended to be a helpful information exchange in an informal atmosphere. If you have any questions concerning the First Step meeting or the meeting notes please call (352) 334-5023 for assistance.

Project Agent or Applicant Ariana Brendle

Company National Community Renaissance

Email abrendle@nationalcore.org

**Phone Number** (410) 227-9540

Property Owner BEACH 220 LLC

**Property Address** 

Parcel Number(s) 11288-002-000

**Meeting Date** 07/25/2022

Zoning MU-1

Enterprise Zone Yes

Historic District Not in a Historic District

#### **City Staff Attendees**

Miranda Searing, Brittany McMullen, Wendy Mercer, Linda Maze, Chelsea Proia, John Veilleux, Scott Wright

#### **Applicant Attendees**

Ariana Brendle

#### **Project Description**

A preliminary development plan for the site was previously approved under Petition PB-16-93 SUP. National Community Renaissance, as the new developer, is still proposing an elderly project, but at a lower density. For the purposes of this meeting, we would like to have a chance to meet the development review staff, as well as understanding the approval timeline. Please note that the plans attached are for reference only.

#### **Planning**

2016 approval did go through SUP at the time for density and height bonus. Density that's allowed is up to 30 units per acre. Allowable height is 5 stories. If within these thresholds - staff review, no special use permit required.

Not an assisted living facility - senior development, income restricted. Applicant stated it will be 20-25 units per acre, 5 stories.

Bicycle parking requirement is based on zoning: 10% of required parking spaces, 1 space per bedroom is required. Option to submit for parking reduction with justification letter if amount of parking is not needed.

Enterprise zone - reduction of 50% in fees for development review or zoning letter.

No minimum sqft for units for planning purposes. Need to meet building code requirements.

#### **Public Works**

Should have engineer schedule an additional first step to go over design.

#### **GRU - Gainesville Regional Utilitites**

Will require a project meeting. No utility issues.

#### **Environmental - Urban Forestry**

Wooded lot - will require a tree survey, should show size & species of any regulated trees on site. High quality heritage trees require mitigation fees for removal. Must be reasonable development for removal. Can adjust setbacks, sidewalks, etc in order to preserve trees.

Landscape requirements - street trees, trees along vehicular use areas. Can be used to help with mitigation costs.

#### **Transportation and Mobility**

**Building Notes** 

Level of Review Major

Neighborhood Workshop Required Yes



# Hawthorne Heights

Request for 2025 Affordable Housing Development Grant



#### **Submitted To:**

City of Gainesville John Wachtel, Neighborhood Planning Coordinator Housing & Community Development



## Attachment A

# **Narrative**



#### **Project Narrative**

National Community Renaissance (National CORE) is pleased to present Hawthorne Heights for the City of Gainesville 2025 Affordable Housing Development Grant. Hawthorne Heights is comprised of 86 units within a five-story elevator building with parking on grade. The development will serve an elderly demographic at low, very low and extremely low-income levels, and will consist of seventy four (74) one- bedroom units and twelve (12) two-bedroom units. Five units will be set-aside as special needs households, as defined by FHFC. Please see proposed unit mix below:

Unit Type	# Units	% AMI	2024 LIHTC Rent	UA	Net Rent
1BR/1BA	3	22%	\$393	\$73	\$320
1BR/1BA	8*	40%	\$715	\$73	\$642
1BR/1BA	63	60%	\$1,072	\$79	\$999
2BR/1BA	1*	40%	\$858	\$79	\$779
2BR/1BA	11	60%	\$1,287	\$79	\$1,208

<sup>\*5</sup> of the 9 units at 40% AMI will be reserved for Special Needs Households as defined by FHFC

All dwelling units will feature solid surface countertops, plywood cabinets, luxury vinyl tile flooring, full-size energy star appliances including range, refrigerator, microwave, garbage disposal and dishwasher. Community amenities will consist of a large multipurpose community room/clubhouse, business center, gym, picnic and grilling area, and community garden. Further, National CORE pledges to certify the building to ICC 700 National Green Building Standard. To ensure such efficiency level, our team will implement low-flow plumbing fixtures, SEER 15 HVAC systems, low-impact windows, and LED lighting throughout the community.





Hawthorne Heights will offer a complete set of services designed to help residents age in place. An important aging in place best practice is providing residents access to property management support 24 hours per day, 7 days a week to assist them to appropriately and efficiently handle urgent issues or incidents that may arise. These issues may include, but are not limited to, an apartment maintenance emergency, security or safety concern, or a health risk incident in their apartment or on the property. Continual resident programs will also include:

- Computer Training
- Assistance with Light Housekeeping, Grocery Shopping, and/or Laundry
- Daily Activities







The development site is 2.91 acres and located at 2412 SE Hawthorne Road, conveniently located near excellent health care facilities and a variety of retail stores, including:

- Walmart Supercenter: 1.34 miles from the project site;
- UF Health Family Medicine: 1.15 miles from the project site;
- Walgreens Pharmacy: 1.15 miles from the project site;
- Alachua County Library: 0.99 miles from the project site;
- Dept of Community Support Services of Alachua County: 0.25 miles from the project site.

Residents will also have easy access to public transportation - the site is surrounded by 8 bus stops within a ½ mile. The closest one is directly in front of the project site.

The need for new high quality affordable housing throughout the country is unquestionable. In fact, there is not a single county in the United States that can fill 100% of its low-income population's need for safe, affordable housing. Because of the shortage of affordable and available homes, many lower income households spend more on housing than they can afford without sacrificing other necessities. Another important factor to keep in mind when it comes to the senior demographic, is that older households tend to live in the same homes for longer periods of time, which directly impacts the waiting lists. Per the American Housing Survey, almost 50% of the senior population between 65- 79 years old, lived in the same residence for more than 20 years — which means extremely long waiting lists for new units. Also per the American Housing Survey, only 1% of the housing units have universal design features such as: no-step entry, single-floor living, wide doorways and halls, accessible electrical switches, lever-style door and faucet handles, etc. In other words, even if a senior household is able to secure an apartment (after 3-5 years waiting on average), not only will they face financial struggles, but the likelihood that the space will not be adequate for living is really high. The only way to change this narrative is to create additional affordable housing for the senior population.



## Attachment B

# Purchase & Sale Agreement

#### ASSIGNMENT OF PURCHASE AND SALE AGREEMENT

This Assignment of Purchase and Sale Agreement (the "Assignment") is dated as of this 20th day of July, 2023, by and between **National Community Renaissance of Florida, Inc.**, a Florida not for profit corporation (the "Assignor"), and **CORE Hawthorne Heights LLLP**, a Florida limited liability limited partnership (the "Assignee").

#### **RECITALS**

- A. Beach 2020, LLC, a Florida limited liability company, and Assignor entered into that certain Purchase and Sale Agreement executed July 18, 2023 (the "Agreement"), for sale and purchase of that certain real property, as further defined and described therein.
- B. Assignor desires to assign all of its rights, title, and interest under the Agreement to Assignee, and Assignee is willing to accept such assignment and assume all obligations thereunder.

#### **AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

- 1. **Recitals**. The above recitals are hereby incorporated herein by reference.
- 2. <u>Assignment of Agreement</u>. Assignor hereby assigns to Assignee all of its rights, title, and interest under the Agreement.
- 3. <u>Acceptance of Assignment</u>. Assignee hereby accepts from Assignor the assignment of all Assignor's rights, title, and interest under the Agreement, and assumes all obligations thereunder.
- 4. <u>Counterparts</u>. This Assignment may be signed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document.

[Signature page(s) to follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment the day, month, and year first above written.

**ASSIGNOR:** 

National Community Renaissance of Florida, Inc., a Florida not for profit corporation

Name: Michael Ruane Title: President **ASSIGNEE:** 

CORE Hawthorne Heights LLLP, a Florida limited liability limited partnership

By: National Community Renaissance of Florida, Inc. a Florida not for profit corporation, its General Parter

By: Name: Michael Ruane
Title: President

#### FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment") is made and entered into on this **22** day of October, 2024 (the "Effective Date"), by and between BEACH 220, LLC, a Florida limited liability company (the "Seller"), and CORE HAWTHORNE HEIGHTS LLLP, a Florida limited liability limited partnership ("Purchaser").

#### **RECITALS:**

- A. Seller and Purchaser's precedessor-in-interest entered into that certain Purchase and Sale Agreement with an effective date of July 18, 2023, which was assigned to Purchaser pursuant to that certain Assignment of Purchase and Sale Agreement dated July 20, 2023 (together, "Agreement").
- B. Seller and Purchaser desire to amend certain provisions of the Agreement, as set forth herein, as of the Effective Date.
- C. The capitalized and defined terms utilized herein shall have the meanings and definitions ascribed to them in the Agreement unless expressly modified herein.

#### **AGREEMENT**

- **NOW, THEREFORE**, in consideration of the mutual promises, covenants, and conditions above and hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:
  - 1. Recitals. The above recitals are true and correct and are expressly incorporated herein
- 2. **Purchase Price**. The Purchase Price is hereby increased from Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) to Four Hundred Fifty-Nine Thousand and 00/100 Dollars (\$459,000.00).
- 3. Section 8. The third sentence of Section 8 of the Agreement is deleted in its entirety and replaced with the following, "In the event that the Purchaser is unable to close by the respective Closing Date, Purchaser may extend such Closing Date by four (4) sixty (60) day extension periods; for the first three of the extension periods, the Purchaser shall make a \$20,000.00 deposit, with the final deposit being in the amount of \$29,000.00, all non-refundable except in the event of Seller default or otherwise provided as to Deposits pursuant to the Agreement, and which shall be credited to the Purchase Price (each, an "Extension Payment"), with such Extension Payment(s) being paid directly to Seller." The first two Extension Payments have been made prior to the date of this Amendment. The third Extension Payment is due by November 18, 2024. The fourth Extension Payment is due by January 17, 2025.
- 4. <u>Miscellaneous</u>. Except as expressly set forth herein, all other terms and provisions of the Agreement remain in full force and effect. This Amendment may be executed in several counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same Amendment. This Amendment may be executed by facsimile or electronic mail signatures, which for all purposes shall be deemed to constitute originals. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, this Amendment shall control.

[Signatures on the Following Page(s).]

IN WITNESSES WHEREOF, this Amendment is dated effective as of the date provided above.

SELLER:

a Florida limited liability company

Name: Mitchell / Co Fee PMAN Title: Managing manke - 100% ou ner

#### PURCHASER:

CORE HAWTHORNE HEIGHTS LLLP, a Florida limited liability limited partnership

By: NATIONAL COMMUNITY RENAISSANCE OF FLORIDA, INC., a Florida corporation not for profit, its General Partner

By: Name: Michael Ruane Title: President

#### PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is entered into as of <u>18th</u> day of July, 2023, between BEACH 220, LLC, a Florida limited liability company (the "Seiler"), and NATIONAL COMMUNITY RENAISSANCE OF FLORIDA, INC., a Florida non-profit corporation, or its affiliate/assign (the "Purchaser").

#### WITNESS ETH:

In consideration of the mutual covenants set forth herein and the earnest money deposit herein called for, the parties hereto mutually agree as follows:

#### Section 1. Sale and Purchase.

Seller hereby agrees to sell, convey, and assign to Purchaser, and Purchaser hereby agrees to purchase and accept from Seller, for the Purchase Price (hereinafter defined), and on and subject to the terms and conditions herein set forth, the following:

The parcel of land situated in the City or Gainesville. Florida, described in Exhibits "A", hereto-containing approximately 2.9 acres ("Land") and all right, title, and interest appurtenant or related to the Land, including, but not limited to, all rights to underlying roads adjacent thereto, access easements and rights-of-way relating thereto or benefiting the Land, riparian, littoral, and other water rights relating thereto or benefiting the Land, impact fees, utility mains, service laterals, hydrants, and valves servicing or available to service the Land, and all minerals, soil, fill, landscaping, and other embellishments now or in the future on or appurtenant thereto:

- a. to the extent they are assignable, are owned, and/or held by Seller, are in Seller's possession or control, and relate to the design, construction, ownership, development, maintenance, or operation of the Land, any and all: (i) contracts or agreements, such as maintenance, service, or utility contracts; (ii) licenses, permits, approvals, or similar documents; (iii) plans, drawings, specifications, surveys, engineering reports, environmental reports, water and soil tests, construction, architectural, and landscape plans, and other technical descriptions, maps, and graphics related thereto; and (iv) all sewer and water tap reservations and impact fee credits all of the items listed in this sub-paragraph and all rights of Seller thereunder are hereinafter collectively called the "Intangible Personal Property."
- b. The Land and Intangible Personal Property are herein collectively called the "Property." All of the Property shall be conveyed, assigned, and transferred to Purchaser at Closing (hereinafter defined) free and clear of all liens, claims, and encumbrances, except for taxes for the year of closing and easements and restrictions of record, provided such easements and restrictions do not adversely affect Purchaser's ability to develop and construct and affordable multi-family apartment project and attendant facilities (the "Project"). Said attendant facilities shall be more particularly set forth and developed in accordance with the requirements of the Federal Low Income Housing Tax Credits (LIHTC) program, and/or the Florida Housing Finance Corporation, and/or the City of Gainesville.

#### Section 2. Purchase Price.

The price ("Purchase Price") for which Seller agrees to sell and convey the Property to Purchaser, and which the Purchaser agrees to pay to Seller, is Four Hundred Fifty Thousand and No/100 Dollars (\$450,000.00).

 a. Purchaser has paid to Escrow Agent an initial deposit of Ten Thousand and No/100 Dollars (\$10,000.00).

- b. Within five (5) business days of Purchaser's receipt of notification tax credit and/or SAIL financing for the intended Project, in the form of an invitation to enter credit underwriting from the Florida Housing Finance Corporation, Purchaser shall pay to Escrow Agent a second deposit of Twenty Thousand and No/100 Dollars (\$20,000.00). The initial and secondary deposits are together referred to hereinafter as "the Deposits."
- c. All funds payable hereunder shall be tendered in lawful money of the United States of America. The Deposit and sum payable on the date of closing and delivery of Deed (or such greater or lesser amounts as may be necessary to complete payment of the Purchase Price after all credits, adjustments, and pro-rations required herein) shall be paid by either wire transfer of immediately available U.S. federal funds or by cashier's check drawn upon a local bank.
- d. The Deposits shall be held by Purchaser's attorney, Zimmerman, Kiser & Sutcliffe, P.A. ("Escrow Agent"), in Escrow Agent's trust account with a local bank. The Deposits shall, if this transaction closes, become a credit in favor of Purchaser toward payment of the Purchase Price at Closing. If this transaction shall fail to close, the disposition of the Deposits shall be as hereinafter provided.
- e. Upon receipt by Purchaser of notification tax credit and/or SAIL financing for the intended Project, in the form of an invitation to enter credit underwriting from the Florida Housing Finance Corporation, all contingencies in this Agreement shall terminate and the Deposits will become non-refundable to the Purchaser and earned by the Seller. Within ten (10) business days following Purchaser's receipt of such notification of funding as described above, the Escrow Agent shall deliver to Seller all deposits (including both the initial and the second deposits). Such deposits shall be non-refundable but shall be applied to the purchase price at Closing. Purchaser shall be liable to Seller for all deposit amounts after any breach of this Agreement by failure to pay the second deposit when due under the terms of this Agreement.
- f. In consideration of the length of the contract and provided this Agreement is not sooner terminated, Purchaser agrees to pay the annual ad valorem real estate taxes assessed against the Property, allocated property insurance for the Property, and the annual entity maintenance fees for the Seller ("Carrying Costs"), by reimbursing the Seller for its itemized costs. The Carrying Costs shall not exceed \$4,000.00 per year. In the event the costs do exceed \$4,000.00, the Seller shall be responsible for the additional costs. Purchaser shall make reimbursement within ten (10) days of receipt of an itemized listing from the Seller, which shall be provided approximately November 15th, and no later than December 1st, each year. The Purchaser shall be obligated to pay the 2023 reimbursement upon signing this Agreement. For subsequent years, the Purchaser shall become obligated to pay the annual reimbursement unless the Purchaser has given notice of contract termination prior to January 31st of that calendar year. Upon any Termination of this Agreement on or before January 31st of any year, Purchaser shall have no obligation to reimburse the Carrying Costs for that year or for any following year thereafter, as the Agreement will be Terminated.

#### Section 3. Escrow Agent.

Escrow Agent has agreed to act as escrow agent for the convenience of the parties without fee or compensation for its services. Escrow Agent shall hold the Deposits, and, if applicable, invest same as provided for herein, and to deliver the same to the parties herein in accordance with the provisions of this Agreement. Escrow Agent, as escrow agent, is acting in the capacity of a depository only, and shall not be liable or responsible to anyone for any damages, losses, or expenses, unless same shall be caused by the gross negligence or willful misconduct of Escrow Agent. Escrow Agent may rely upon the written notices, communications, orders, or instructions given by Seller or Purchaser or believed by it to be genuine. Seller and Purchaser will indemnify and hold Escrow Agent harmless against any matters directly or indirectly related to the Deposits and any other funds held by Escrow Agent under this Agreement, including, without limitation, attorneys' fees. In the event of any disagreement among any of the parties to this Agreement resulting in adverse claims and demands being made in connection with the Property, Escrow Agent shall be entitled to refuse to comply with any such claims or demands as long as such disagreement may continue, and in so refusing, shall make no delivery or other disposition of the Deposit then held by it under

this Agreement, and in doing so, Escrow Agent shall not become liable in any way for such refusal, and Escrow Agent shall be entitled to continue to refrain from acting until (a) the rights of adverse claimants shall have been finally settled by binding arbitration or finally adjudicated in a court assuming and having jurisdiction of the Property, or (b) all differences shall have been adjusted by agreement and Escrow Agent shall have been notified in writing of such agreement signed by the parties hereto. Further, Escrow Agent shall have the right at any time after a dispute between Seller and Purchaser has arisen, to pay the Deposits held by it into any court of competent jurisdiction for payment to the appropriate party, whereupon Escrow Agent's obligations hereunder shall terminate. Seller and Purchaser agree that the status of Purchaser's counsel as Escrow Agent under this Agreement does not disqualify such law firm from representing Purchaser in this transaction and in any disputes that may arise between Seller and Purchaser concerning this transaction, including any dispute or controversy with respect to the Deposit.

#### Section 4. Inspection Period.

- a. Purchaser shall have until the Closing Date (the "Inspection Period") within which to conduct a general investigation of the Property (the "Property Inspection") and determine the feasibility of the Project. If Purchaser is not satisfied with the results of the Property Inspection and determines that it does not wish to purchase the Property, Purchaser may elect to cancel and terminate this Agreement by delivering notice to Seller within the Inspection Period, whereupon Escrow Agent shall return to Purchaser all deposits paid hereunder, and this Agreement shall be terminated and the parties shall be relieved of any further obligations hereunder.
- Purchaser, during the Inspection Period, may enter upon the Property to perform such reasonable acts as are necessary in order to conduct the Property Inspection. During the Inspection Period, Seller will make available for inspection by Purchaser all of Seller's documents regarding the Property and the Intangible Personal Property, including, but not limited to, surveys, appraisals, environmental reports, soil reports, service contracts, leases, and title reports in Seller's possession or control, which such documents Seller shall deliver to Purchaser within ten (10) days of the Effective Date of this Agreement. Purchaser may make copies of the foregoing documents, provided that Purchaser shall not disclose the contents of them to anyone other than Purchaser's advisors and consultants, and provided further that all such copies shall be returned to Seller if this Agreement is terminated. Purchaser may continue to enter upon the Property after the expiration of the Inspection Period provided this Agreement remains in full force and effect. Purchaser, its agents, representatives, or contractors shall enter the Property at their own risk, all such entries and studies shall be at Purchaser's cost, and Seller shall have no liability for any injuries or cost sustained by Purchaser, its agents, employees, officers, representatives, or contractors, unless caused by Seller's negligence or willful misconduct. Purchaser agrees the Property shall not be unnecessarily disturbed during the Property Inspection and prior to Closing, and agrees to promptly repair or restore any damage to the Property caused by such entry or entries onto the Property. Purchaser shall indemnify and hold harmless Seller (and its legal representatives, successors, and assigns) from and against any and all claims, liens, demands, personal injury, property damage, or liability of any nature whatsoever arising from or incident to Purchaser's (or its agents, representatives', or contractors') entry or entries onto the Property or activities upon the Property, unless caused by Seller's negligence or willful misconduct. This indemnification shall include payment of court costs and attorneys' fees including those incurred in appellate proceedings.
- c. Purchaser's indemnification obligations contained above shall survive any assignment, cancellation, and termination of this Agreement.
- d. If this Agreement is terminated, Purchaser, at no cost to Seller, and upon Seller's written request, shall furnish Seller with copies of all tests and studies prepared by third party contractors, consultants, and vendors engaged by Purchaser relating to the Property Inspection that are in Purchaser's possession, and, if not in Purchaser's possession, then within five (5) business days after Purchaser's receipt of same.

#### Section 5. Financing and Tax Credit Contingency.

Purchaser's obligation to acquire the Property is contingent on its ability to obtain a tax credit allocation from the Florida Housing Finance Corporation and construction financing for the construction of the Project. Purchaser shall file all necessary applications for such tax credit allocation with the Florida Housing Finance Corporation each year while this Agreement is in effect. In the event Purchaser is unable to obtain the tax credit allocation from The Florida Housing Finance Corporation, Purchaser may give Seller written notice with appropriate documentation of such denial within five (5) days of such determination, in which event the Escrow Agent shall return the Deposits to Purchaser and the parties shall be released and discharged of and from all obligations hereunder, or in the alternative, Purchaser may exercise its rights to extend this Agreement per Section 5.(b) below.

#### Section 6. Permits. Approvals and Zoning Contingency.

Upon the execution hereof, Purchaser, at the Purchaser's expense and option, shall engage the appropriate professionals, in order to prepare all of the plans, specifications, and documents necessary for the Purchaser to obtain approval from the City of Gainesville, Florida, and all other appropriate regulatory agencies for the preliminary site plan approval for the Project and Purchaser's obligation to acquire the Property is contingent upon obtaining such approval. The Purchaser shall be responsible for paying for all professional fees and governmental approval fees and applications associated with the approvals which Purchaser has incurred. In the event Purchaser is unable to obtain the preliminary site plan approval of the Property by the Closing Date, or such earlier time as is required under Section 4(a) above, Purchaser, at Purchaser's option may terminate this Agreement and receive the return of Purchaser's Deposits hereunder.

#### Section 7. AS IS.

Purchaser has or will inspect the Property and is familiar, or will become familiar with, the physical condition thereof. Anything to the contrary contained in this Agreement notwithstanding, Seller has not made and does not make any representations or warranties as to the physical condition, operational status, quality of construction of any improvements, expenses, operation, maintenance, profit, rents, loss, or use to which the Property or any part thereof may be put, or any other matter or thing affecting or pertaining to the Property, and Purchaser expressly acknowledges and agrees at Closing to take the same "'AS-IS", "WHERE IS," and "WITH ALL FAULTS" as of the Closing date. It is understood and agreed that all understandings and agreements heretofore had between the parties are merged into this agreement and that the same is entered into after full investigation, neither party relying upon any statements or representation not embodied in this agreement made by the other and Purchaser hereby expressly acknowledges that it has not relied upon any information or other statements or representations with respect to the Property. Any such statements or other communications between the Seller and Purchaser with respect to the Property which is the subject matter hereof have been received by Purchaser solely for his own convenience and Purchaser acknowledges that he has not and will not rely thereon. Purchaser acknowledges that Seller has afforded or will afford Purchaser the opportunity for a full and complete investigation, examination, and inspection of the Property and all matters and items relating thereto or connected therewith. There are no express or implied warranties given to Purchaser with respect to the construction of any improvements comprising the Property and Seller does hereby disclaim any and all warranties of merchantability and fitness from Seller to Purchaser with regard to the improvements included in this sale. Purchaser expressly releases and relieves Seller from any liability, warranty, or obligation relating to the condition of the Property, specifically including latent and patent conditions, the presence or release of hazardous or toxic wastes substance and materials on or from the Property or any adjoining lands, growth-management, comprehensive plan and zoning requirements, subsoil conditions, storm water drainage conditions, the existence or condition of utilities, if any at the Property, quality of access, and any and all other matters relating to the physical condition or use of the Property and Purchaser assumes all responsibility for any damages caused by conditions on the Property upon transfer of title. The provisions of this section shall survive the Closing.

#### Section 8. Closing.

The Closing ("Closing") of the sale of the Property by Seller to Purchaser shall occur at a time and place designated by Purchaser in Orange County, Florida, on or before the date that is one (1) year from the date of this Agreement, if the Project is selected for funding by FHFC from one of the fall 2023 RFAs for 9% tax credits (RFA 2023-201) or SAIL and 4% tax credits (RFA 2023-205) (the "Closing Date"), unless an earlier date is agreed to between Seller and Purchaser. Seller or Purchaser, at their own option, may execute the closing documents before the Closing Date and forward same to Escrow Agent by courier or other means, provided that all closing documents are received by the Escrow Agent on or before the Closing Date. In the event that the Purchaser has been awarded funding in the first (2023-2024) year application, but is unable to close by the respective Closing Date, Purchaser may extend such Closing Date by three (3) sixty (60) day extension periods; for each such extension period, the Purchaser shall make a \$20,000.00 non-refundable deposit, which shall be credited to the Purchase Price (each, an "Extension Payment"). Such Extension Payment(s) shall be paid directly to Seller.

- a. At the Closing, the following shall occur:
- (i) Purchaser, at its sole cost and expense, shall deliver, or cause to be delivered, at Closing, the following:
- 1. The balance of the Purchase Price as set forth in Section 2 hereof, subject to prorations, adjustments, and credits as described in this Agreement; and
- 2. Execute and deliver, or obtain for delivery, any instruments reasonably necessary to close this transaction, including, by way of example, but not limitation, corporate certificates and resolutions, closing statements, affidavits and delivery of instruments reasonably required by the title agent.
- (ii) Seller, at its sole cost and expense, shall deliver, or cause to be delivered, to Purchaser, the following:
- Special Warranty Deed, fully executed and acknowledged by Seller, conveying to Purchaser the Property subject only to (a) real estate taxes for the year of Closing, which are not yet due and payable, and subsequent years, (b) zoning and use restrictions in effect, or which may hereafter come into existence due to governmental action, and (c) easements and restrictions of record which have been approved by Purchaser;
- 2. Assignment of all sewer and water taps, impact fee credits, licenses, permits plans and approvals, if any;
- Affidavit attesting to the absence of any financing statements, claims of lien, or potential lienors known to Seller, and further attesting that there have been no improvements or repairs to the Property which remain unpaid for ninety (90) days immediately preceding the date of Closing;
- 4. A certificate meeting the requirements of Section 1445 of the Internal Revenue Code executed and sworn to by Seller;
- Evidence reasonably satisfactory to Purchaser and the title agent that the person(s) executing the closing documents on behalf of Seller has full right, power, and authority to do so;
- 6. Execute and deliver or obtain for delivery any other instruments reasonably necessary to close this transaction, including, by way of example, but not limitation, closing statements, releases, affidavits, and delivery of instruments reasonably required by the title agent;
  - Deliver all Intangible Personal Property, if any, in Seller's possession.
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- b. This item has been omitted; there will be no proration of real estate taxes.
- c. Upon completion of the Closing, (i) Seller shall deliver to Purchaser possession of the Property; and (ii) Escrow Agent shall promptly record the deed of conveyance, the mortgage, and any other applicable closing documents upon confirmation of clearance of all funds.
- d. Purchaser, at Closing, shall pay (i) the recording fee for the deed, and (ii) the premium for the Owner's Title Insurance Policy based on the minimum promulgated rate.
- e. Purchaser, at Closing, shall pay any past due real estate taxes, except that Purchaser shall not be responsible for any real estate taxes assessed prior to 2023 nor for any taxes for which Purchaser has previously reimbursed Seller under the provisions of Section 3.f above.
  - f. Seller, at Closing, shall pay the documentary stamp tax on the deed of conveyance.
- g. Certified, confirmed and ratified special assessment liens and pending liens as of the date hereof shall be assumed by Purchaser, except that Purchaser shall not be responsible for any such liens assessed prior to the date hereof.

#### Section 9. Evidence of Title and Title Insurance.

- a. On or before ninety (90) days after the Effective Date, Purchaser shall obtain, at Purchaser's expense not to exceed the minimum promulgated rate set forth by the Insurance Commissioner of the State of Florida a title insurance commitment for an ALTA Form B marketability policy issued by Purchaser's choice of title insurance company (the "Title Company") in the full amount of the Purchase Price (the "Commitment"), together with legible copies of any encumbrances listed thereon. The Commitment shall have an effective date that is after the Effective Date of the Agreement and that is within 10 days of the date of its issuance. At the Closing, Title Company shall deliver an endorsement to, or "mark-up" of, the Commitment deleting all Schedule B-1 requirements, all standard exceptions, except taxes for the current year not then due and payable, and the "gap" exceptions.
- b. If the Commitment contains any exceptions that render title unmarketable or adversely affect the value of the Property or Purchaser's intended use of the Property, as determined by Purchaser in its sole discretion, Purchaser shall deliver written notice to Seller specifying the additional exceptions that render title unmarketable or objectionable to Purchaser. Such notice shall be given not later than fifteen (15) days after receipt of the Commitment by Purchaser. Upon receipt of the notice, Seller shall have thirty (30) days in which to remove the additional exceptions with reasonable effort and reasonable expenditures.
- c. If Seller fails to remove any such objections within thirty (30) days after notice to Seller, Purchaser may elect by giving written notice to Seller, which notice must be received by Seller before the date that is five (5) business days after the end of such thirty (30) day period, either to (i) reject title as it then exists and terminate this Agreement and thereupon be entitled to a return of the Deposit, or (ii) waive such objections and proceed with the Closing and accept the Property subject to such exceptions without reduction of the Purchase Price. Upon return of the Deposit to Purchaser pursuant to subparagraph (i) above, this Agreement shall cease and terminate and the parties shall have no further rights, duties, or obligations under this Agreement, except for those rights, duties, and obligations that specifically survive termination of this Agreement. If Purchaser fails to send any notice by the required date, Purchaser shall be deemed to have waived the objections to such exceptions and shall proceed to the Closing as provided by this Agreement.
- d. If any subsequent endorsement to the Commitment reveals any additional exceptions not permitted by this Agreement, Seller shall have fifteen (15) days in which to remove such additional exceptions, subject to the limitations set forth above. If Seller is unable to remove such additional exceptions, Purchaser shall have the same rights and remedies as provided above, except that the Closing shall not be extended more than thirty (30) days to permit Seller to cure any such additional exceptions.

e. Seller and Purchaser each agree to provide reasonable affidavits and documentation to enable the Title Company to delete all Schedule B-1 requirements, the "gap" exception, and the construction lien and parties in possession exceptions from the Commitment at Closing. Seller and Purchaser each shall be responsible for satisfying those Schedule B-1 requirements applicable to each of them.

#### Section 10. Survey,

Purchaser may obtain, at Purchaser's expense, a survey of the Property. If the survey shows any encroachment on the Property, the same shall be treated as a title defect and the notice and cure provisions hereof shall control. The legal descriptions prepared by the surveyor shall be utilized as the legal descriptions for the Warranty Deed given by Seller to Purchaser.

#### Section 11. Representations of Purchaser and Seller.

Seller and Purchaser respectively hereby make the following representations. Such representations shall also be deemed made as of the Closing Date and the remedies for breach thereof shall survive Closing:

#### a. Purchaser's Representations.

To induce Seller to enter into this Agreement and to sell the Property, Purchaser represents and warrants to Seller:

- (i) Except for this Agreement, Purchaser has entered into no other purchase or commission agreement with respect to the Property.
- (ii) Purchaser shall pay, prior to Closing, or arrange for payment after Closing of, all claims, liabilities, or expenses associated with its inspection, permitting, and development of the Property, except as otherwise provided herein.
- (iii) Purchaser has not (a) made a general assignment for the benefit of creditors, (b) filed any voluntary petition or suffered the tiling of an involuntary petition by Purchaser's creditors, (c) suffered the appointment of a receiver to take all, or substantially all, of Purchaser's assets, (d) suffered the attachment or other judicial seizure of all, or substantially all, of Purchaser's assets, or (e) admitted in writing its inability to pay its debts as they fall due, and no such action is threatened or contemplated. If any of such actions have been taken or brought against Purchaser, then, prior to the date hereof, the same have been fully disclosed and Purchaser discharged therefrom so that there are no prohibitions or conditions upon Purchaser's acquisition of the Property.
- (iv) Neither the execution and delivery of this Agreement, nor the consummation of the transaction contemplated by this Agreement, will result (either immediately or after the passage of time and/or the giving of notice) in breach or default by Purchaser under any agreement or understanding to which Purchaser is a party or by which Purchaser may be bound, or which would have an effect upon Purchaser's ability to fully perform its obligations under this Agreement.
- (v) That Purchaser has the right, power, and authority to execute, deliver, and perform this Agreement without obtaining any consents or approvals from or the taking of any action with respect to, any third parties. This Agreement, when executed and delivered by Purchaser and Seller, will constitute the valid and binding Agreement of Purchaser.

#### Seller's Representations.

To induce Purchaser to enter into this Agreement and to purchase the Property, Seller represents and warrants to Purchaser that to the best of Seller's knowledge and belief as of the Effective Date of this Agreement:

- (i) That Seller owns the entire fee simple title to the Property, legal and equitable, subject only to the Permitted Exceptions (which are title exceptions disclosed by the Title Commitment or survey and which do not adversely affect Purchaser's ability to construct the Project in the Purchaser's reasonable discretion);
- (ii) That Seller has no knowledge regarding, and has received no written notice of, violations of any law, ordinance, order or regulation affecting the Property issued by any governmental or quasi-governmental authority having jurisdiction over the Property that has not been corrected; and that before the Closing, Seller shall promptly disclose to Purchaser any knowledge regarding, and furnish to Purchaser copies of any and all written notices of, violations that Seller receives between the Effective Date and the Closing Date from any governmental or quasi-governmental authorities having jurisdiction over the Property;
- (iii) That there are no (1) existing or pending improvement liens affecting the Property; (2) existing, pending, or threatened lawsuits or appeals of prior lawsuits affecting the Property or Seller; (3) existing, pending, or threatened condemnation proceedings affecting the Property; (4) except as disclosed to Purchaser by Seller, any existing, pending, or threatened zoning, building, or other moratoria, down zoning petitions, proceedings, restrictive allocations, or similar matters that could affect Purchaser's use of the Property, the value of the Property or the issuance of building permits or certificates of occupancy with respect to the Property; (5) existing, pending, or threatened water or sewer hookup, water extraction, electrical, or other utility moratoria; or (6) pending real estate tax appeals or protests with respect to the Property before any applicable governmental authority;
- (iv) That the Property will not be subjected to any declaration of protective covenants, use restrictions, or any homeowners' associations (by Seller, or its successors and assigns), which will prevent the Purchaser from constructing their proposed development on the Property. If the restrictions are such that the Purchaser cannot construct the proposed development, Purchaser may elect to cancel and terminate this Agreement by delivering notice to Seller within the Inspection Period;
- (v) That there are no other purchase and sale agreements, nor options or rights of first refusal, in effect as of the Effective Date relating to the Property, nor will any such interest be in effect as of the time of Closing;
- (vi) That there are no judgments, encumbrances, or liens against the Property or Seller that will remain unsatisfied at the time of Closing;
- (vii) Seller has no knowledge of any impact fees currently due and payable which are attributable to the Property;
- (viii) That there is permanent vehicular and pedestrian physical and legal egress from and ingress to the Property over public roads;
- (ix) That Seller has not received a written summons, citation, directive, notice, complaint, or letter from the United States Environmental Protection Agency, the State of Florida Department of Environmental Protection, or other federal, state, or local governmental agency or authority specifying any alleged violation of any environmental law, rule, regulation, or order at or on the Property and, to the best of Seller's knowledge, the Property is not currently under investigation for any such violation;
- (x) That there are no environmental mitigation areas on the Property and there are no environmental mitigation requirements for the Property;
- (xi) During the term of this Agreement, Seller shall not, without in each instance first obtaining Purchaser's written consent, which may be withheld in Purchaser's sole discretion, consent to or permit (i) any modification, termination, or alteration to existing easements, dedications, covenants, conditions, restrictions, or rights of way adversely affecting Purchaser's intended use for the Property, (ii)

any new easements, covenants, dedications, conditions, restrictions, or rights of way affecting Purchaser's intended use for the Property, (iii) any zoning changes or other changes of governmental approvals, (iv) any modifications to or future advances under any existing liens, mortgages, or other encumbrances on the Property, or (v) any new liens, mortgages, or other encumbrances on the Property;

- (xii) That Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act (FIRPTA). as amended;
- (xiii) That Seller is solvent, and no receivership, bankruptcy, or reorganization proceedings are pending or, to Seller's knowledge, contemplated against Seller in any court;
- (xiv) Seller has the right, power, and authority to execute, deliver, and perform this Agreement without obtaining any consents or approvals from, or the taking of any other actions with respect to, any third parties, and this Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding Agreement of Seller;
- (xv) That, at all times during the term of this Agreement and as of the Closing, all of Seller's representations, warranties, and covenants in this Agreement shall be true and correct;
- (xvi) That no representation or warranty by Seller contained in this Agreement and no statement delivered or information supplied to Purchaser pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements or information contained in them or in this Agreement not misleading.

#### Section 12. Remedies.

In the event of a breach by Purchaser of its obligation under this Agreement, Seller may terminate this Agreement by written notice to Purchaser specifying the breach, and Purchaser shall have five (5) business days opportunity to cure the same (provided that no such cure period shall apply for a breach of the obligation to close by the Closing Date. If Purchaser shall fail to close for reasons not caused by Seller, the Deposits made by Purchaser shall be retained by Seller as agreed and liquidated damages for withholding the Property from the market and for expenses incurred and the parties shall thereupon be relieved of any further liability hereunder. In the event Seller shall fail to close for reasons not caused by Purchaser or due to Seller's inability to convey marketable title, Purchaser shall have the right to demand return of the Deposit paid hereunder, upon which return of Deposit the parties shall have no further liability hereunder, or, in the alternative, *Purchaser shall have the right to seek specific performance*.

#### Section 13. Destruction, Damage or Taking Prior lo Closing.

If, prior to Closing, the Property is destroyed, damaged, or becomes subject to condemnation or eminent domain proceedings, the Purchaser shall have the option, which must be exercised within ten (10) days after its receipt of written notice from Seller advising of such destruction, damage, or taking (which Seller hereby agrees to give), to terminate this Agreement or to proceed with the Closing, without reduction in the Purchase Price. If Purchaser elects to terminate this Agreement, the Deposit shall be returned to Purchaser and neither party shall have any further rights, duties, or obligations hereunder, except as otherwise provided herein. If Purchaser elects to proceed with the Closing, Purchaser shall be entitled to the insurance proceeds or condemnation proceeds payable as a result of such damage, destruction, or taking, up to the amount of the Purchase Price, and, to the extent the same may be necessary or appropriate, Seller shall assign to Purchaser, at Closing, Seller's rights to such proceeds up to the amount of the Purchase Price, and Seller will not settle or adjust any insurance claims without Purchaser's prior consent. All insurance proceeds or condemnation proceeds in excess of the Purchase Price shall belong to and be retained by Seller.

#### Section 14. Real Estate Commission.

The parties each represent and warrant that there are no real estate agents or brokers or transactional brokers involved in this transaction. Each party agrees to indemnify and hold harmless the other from all claims or demands of any real estate agent or broker or transactional broker claiming by, through or under said party. This indemnification shall also include payment of court costs and attorney's fees, including those incurred in appellate proceedings. This indemnification shall survive Closing and/or termination of this Agreement.

#### Section 15. Prohibition Against Recording.

Neither this Agreement nor any part hereof, shall be recorded among the Public Records of any County in the State of Florida.

#### Section 16. Confidentiality.

At all times before the Closing Date of the Property, Purchaser agrees to hold in strict confidence and not to disclose to any other party without the prior written consent of Seller, all information regarding the Property, as expressed in this Agreement, except as may be required by applicable law or as otherwise contemplated in this Agreement, or to Purchaser's legal and financial advisors, lending institutions, and Purchaser's investors.

#### Section 17. Notices.

Any notice provided or permitted to be given under this Agreement must be in writing and maybe served by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such party; by prepaid telegram or telex; by express mail or overnight delivery by Federal Express or UPS or by email with receipt of delivery. Notice given in accordance herewith shall be effective upon receipt at the address of the party to be served. For purposes of notice, the addresses of the parties shall be as follows:

If to Seller, to:

BEACH 220, LLC 505 Ocean Mist Court St Augustine, FL 32080 Facsimile: (904) 461-9623 Mitch2424@gmail.com

If to Purchaser, to:

NATIONAL COMMUNITY RENAISSANCE OF FLORIDA, INC.

9421 Haven Avenue

Rancho Cucamonga, CA 91730 Attn: Robert Diaz, General Counsel Email: rdiaz@nationalcore.org

with a copy to and If to Escrow Agent to: Zimmerman, Kiser & Sutcliffe, P.A.315 East Robinson Street, Suite 600 Orlando, Florida, 32801 Attn: John P. Grygiel, Esquire Telephone: (407) 425-7010

Facsimile: (407) 425-2747 jgrygiel@zkslawfirm.com

#### Section 18. Assigns.

This Agreement shall bind and inure to the benefit of Purchaser and Seller and their respective, heirs, executors, administrators, personal, and legal representatives, successors, and assigns. Purchaser may assign Purchaser's rights under this Agreement, provided that any potential Assignee expressly assumes all of the terms, conditions, and obligations of this Agreement in writing. Seller may assign Seller's rights under this Agreement provided that any potential assignee expressly agrees to all the terms and conditions of this Agreement and assumes all of Seller's obligations and duties to perform herein. In addition, at any time that Seller assigns this Agreement, Purchaser, at Purchaser's option, may require the assignee to execute a new Purchase and Sale Agreement in the assignee's legal name on the same terms and conditions as this Agreement.

#### Section 19. Entire Agreement.

This Agreement and all exhibits, when accepted by Seller, shall constitute the entire agreement between Seller and Purchaser concerning the sale of the Property and supersedes all prior agreements, representations, or understandings, whether oral or written, between the parties and no modification hereof or subsequent agreement relative to the subject matter hereof shall be binding on either party unless reduced to writing and signed by the party to be bound. This Agreement, when accepted by Seller, shall be binding on and shall inure to the benefit of the parties and their respective successors and permitted assigns.

#### Section 20. Counterparts.

This Agreement may be executed in multiple counterparts, all of which together shall constitute one agreement. A facsimile signature shall be deemed to be an original. Offer and acceptance of this Agreement by facsimile is binding.

#### Section 21. Time of Essence.

Time is important to both Seller and Purchaser in the performance of this Agreement, and they have agreed that strict compliance is required as to any date or time period set out or described herein. All references to days herein (unless otherwise specified) shall include Saturdays, Sundays and legal holidays. If the final date of any period which is set out in any section of this Agreement falls upon a Saturday. Sunday or legal holiday under the laws of the United States or the State of Florida, then, in such event, the time of such period shall be extended to the next day which is not a Saturday. Sunday or legal holiday.

#### Section 22. Effective Date.

Whenever the term or phrase "effective date" or "date hereof or other similar phrases describing the date this Agreement becomes binding on Seller and Purchaser are used in this Agreement, such terms or phrases shall mean and refer to the date on which a counterpart or counterparts of this Agreement executed by Seller and Purchaser, together with the Initial Deposit, are deposited with the Escrow Agent. Escrow Agent shall provide the parties written confirmation of the Effective Date within 1 business day after receipt of the fully executed Agreement and the Initial Deposit.

#### Section 23. Time for Acceptance.

Delivery of this document to Purchaser shall not be deemed nor taken to be an offer to sell by Seller. Only when executed by Purchaser or Seller and delivered to the other party hereto shall this Agreement constitute an offer to buy or sell the Property, as the case may be, on the terms herein set forth, acceptable by the party receiving such executed Agreement within seven (7) business days after such receipt, by executing this Agreement and delivering the original hereof to the Escrow Agent and an originally signed copy hereof to the other party hereto. Failure to accept in the manner and within the time specified shall constitute a rejection and termination of such offer. No acceptance shall be valid and binding upon Seller unless in writing and signed by an authorized officer of Seller.

#### Section 24. Attorneys' Fees.

In the event either party deems it necessary to cause litigation to enforce, interpret, or construe the terms of this Agreement, court costs and attorney's fees, including those incurred in appellate proceedings, shall be awarded to the prevailing party. In the event of enforcement of this Agreement, or any dispute as to interpretation or construction hereof, the laws of the State of Florida shall apply, and this Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that this Agreement may have been prepared by counsel for one of the parties, it being recognized that both Seller and Purchaser have contributed substantially and materially to the preparation of this Agreement. In the event of litigation, the parties hereto agree that all suits shall be instituted and maintained in the Circuit Court in and for Orange County, Florida, the jurisdiction of which Court the parties hereby consent to. Purchaser and Seller mutually agree that they waive all rights to a trial by jury in the event of any dispute or court action arising from or related to this Agreement. The parties acknowledge that this waiver is a significant consideration to, and a material inducement for, Purchaser and Seller to enter into this Agreement.

#### Section 25. Severability.

If any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

#### Section 26. Headings.

The headings of the sections, paragraphs and subdivisions of this Agreement are for convenience and reference only, and shall not limit or otherwise affect any of the terms hereof

#### Section 27. Governing Law.

The terms and provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

#### Section 28. Property Tax Disclosure.

PURCHASER SHOULD NOT RELY ON THE SELLER'S CURRENT PROPERTY TAXES AS THE AMOUNT OF PROPERTY TAXES THAT THE PURCHASER MAY BE OBLIGATED TO PAY IN THE YEAR SUBSEQUENT TO PURCHASE. A CHANGE OF OWNERSHIP OR PROPERTY IMPROVEMENTS TRIGGERS REASSESSMENTS OF THE PROPERTY THAT COULD RESULT IN HIGHER PROPERTY TAXES. IF YOU HAVE ANY QUESTIONS CONCERNING VALUATION, CONTACT THE COUNTY PROPERTY APPRAISER'S OFFICE FOR INFORMATION.

#### Section 29. Construction.

- a. The parties hereto hereby acknowledge and agree that (i) each party hereto is of equal bargaining strength, (ii) each such party has actively participated in the drafting, preparation and negotiation of this Agreement, (iii) each such party has consulted with its own independent counsel, and such other professional advisors as it has deemed appropriate, relating to any and all matters contemplated under this Agreement, (iv) each such party and its counsel and advisors have reviewed this Agreement, (v) each such party has agreed to enter into this Agreement following such review and the rendering of such advice and (vi) any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement, or any portions hereof, or any amendments hereto.
- b. The parties agree that in the event of a conflict between the terms and conditions of the FHFC RFAs described in Section 5 above and this Agreement, the terms and conditions of the RFA(s) shall control and the parties agree to construe this Agreement in accordance with such RFA(s); provided, however, nothing herein shall obligate the Seller to agree to any interpretation that would affect the amount of the Purchase Price, the Deposit(s) amount(s), the description of the Land, or the Seller's closing obligations under Section 7(b).

REMAINER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE ATTACHED HERETO.

#### EXECUTED as of the last date written below.

SELLER:

BEACH 220, LLC, a Florida limited liability company

me: Mitchell Felde

Date: 148-2

PURCHASER:

NATIONAL COMMUNITY RENAISSANCE OF FLORIDA, INC., a Florida non-profit corporation

By: MC

Name: Michael Ruane

Title: President

Date: July 18, 2023

#### ESCROW AGENT

We acknowledge receipt of the Initial Deposit in the amount of Ten Thousand and No/100 Dollars (\$10,000.00) subject to clearance and agree to be bound by the terms and conditions of this Agreement.

ZIMMERMAN, KISER & SUTCLIFFE, P.A.

Printed Name: John P. Grygiel Dated: July 18, 2023

#### EXHIBIT "A"

#### Legal Description

A portion of Lot 109, NEW GAINESVILLE according to the plat thereof as recorded in Plat Book A, Page 66 of the Public Records of Alachua County, Florida, being more particularly described as follows:

COMMENCING at a 4"x4" concrete monument at the Northeast corner of the Southeast ¼ of Section 3, Township 10 South, Range 20 East, Alachua County, Florida; thence South 01°01'48" East on the East line of said Southeast 14, a distance of 1,329.53 feet; thence departing said East line North 89°17'45" West, a distance of 658.60 feet to a 5/8" rebar with cap (PLS 2228) at the Northeast corner of Lot 83 of said NEW GAINESVILLE; thence South 01°01'05" East on the East line of said Lot 83, a distance of 666.15 feet to a 5/8" rebar with cap (LB 5075) at the Southeast corner of said Lot 83; thence South 89°10'26" West on the South line of said Lot 83, a distance of 329.35 feet to a 5/8" rebar with cap (LB 5075) at the Northeast corner of said Lot 109; thence South 01°00'43" East on the East line of said Lot 109, a distance of 311.87 feet to a 5/8" rebar with cap (LB 5075) and the POINT OF BEGINNING; thence departing said East line North 60°55'01" West, a distance of 294.66 feet to a 5/8" rebar with cap (LB 5075); thence North 29°04'59" East, a distance of 30.15 feet to a 5/8" rebar with cap (LB 5075); thence North 15°55'01" West, a distance of 78.42 feet to a 5/8" rebar with cap (LB 5075); thence North 60°55'01" West, a distance of 80.16 feet to a point on the East line of said Lot 108 also being the West line of said Lot 109; thence South 01°00'30" East on said East line of Lot 108 and West line of Lot 109; a distance of 460.90 feet to a point on the Northerly right-of-way of State Road No. 20 (100 foot right-ofway); thence South 60°56'37" East on said Northerly right-of-way, a distance of 351.66 feet to a 5/8" rebar with cap (LB 5075); thence departing said Northerly right-of-way line North 41°09'35" East, a distance of 37.37 feet to a 5/8" rebar with cap (LB 5075) on said East line of Lot 109; thence North 01°00'43" West on said East line, a distance of 319.61 feet to the POINT OF BEGINNING.

Said lands lying and being in the City of Gainesville, Alachua County, Florida and containing a total net area of 126,626 square feet more or less (2.91 acres more or less).

A/K/A 2420 SE Hawthorne Road, Gainesville, FL, Alachua County property appraiser's parcel ID # 11288-002-000



## Attachment C

# Receipt for Taxes Paid

**ACCOUNT NUMBER** 11288 002 000

#### 2024 PAID REAL ESTATE

84488 NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

**PROPERTY ADDRESS MILLAGE CODE** 2412 SE HAWTHORNE RD 3600

**EXEMPTIONS:** 

BEACH 220 LLC 505 OCEAN MIST CT ST AUGUSTINE, FL 32080-3101



	А	D VALOREM TAXES			
TAXING AUTHORITY	MILLAGE RATE	ASSESSED VALUE	EXEMPTION(S)	TAXABLE VALUE	TAXES LEVIED
COUNTY GENERAL LIBRARY GENERAL SCHOOL CAP PROJECT SCHOOL DISCRNRY & CN SCHOOL GENERAL SCHOOL VOTED CHILDREN'S TRUST ST JOHNS RIVER WATER MGT DISTR CITY OF GAINESVILLE	7.6180 1.0000 1.5000 0.7480 3.0130 1.0000 0.4500 0.1793 6.4297	126,324 126,324 126,324 126,324 126,324 126,324 126,324 126,324	O O O O O O O O O O O O O O O O O O O		962.34 126.32 189.49 94.49 380.61 126.32 56.85 22.65 812.23
TOTAL MILI	LAGE 21.938	30	AI	VALOREM TAXES	\$2,771.30
LEGAL DESCRIPTION		NON-AD	VALOREM ASSES	SMENTS	
NEW GAINESVILLE PB A-66 COM NE	LEVYING AUTH	ORITY	UNIT	RATE	AMOUNT
COR OF SE1/4 SEC S 01 DEG 01 MIN 48 SEC E 1329.53 See Additional Legal on Tax Roll					

LEGAL DESCRIPTION
NEW GAINESVILLE PB A-66 COM NE COR OF SE1/4 SEC S 01 DEG 01 MIN 48 SEC E 1329.53 See Additional Legal on Tax Roll

NON-AD V	ALOREM ASSESSMENTS		
LEVYING AUTHORITY	UNIT	RATE	AMOUNT
	·		
NON AR VALOREM ASSESSMENTS			40.00
NON-AD VALOREM ASSESSMENTS			\$0.00
		¢0.774.00	
COMBINED TAXES AND ASSESSMENTS		\$2,771.30	

PAY ONLY ONE AMOUNT. ()

IF PAID BY **PLEASE PAY** 

Nov 30, 2024 \$0.00

JOHN POWER, CFC 2024 PAID REAL ESTATE

ALACHUA COUNTY TAX COLLECTOR NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS PLEASE PAY IN U.S. FUNDS TO JOHN POWER, TAX COLLECTOR • P.O. Box 44310 • Jacksonville, FL 32231-4310

ACCOUNT NUMBER	PROPERTY ADDRESS
11288 002 000	2412 SE HAWTHORNE RD

BEACH 220 LLC 505 OCEAN MIST CT

ST AUGUSTINE, FL	32080-3101

PAY ONLY ONE AMOUNT			
IF PAID BY	PLEASE PAY		
☐ Nov 30, 2024	\$0.00		



## Attachment D

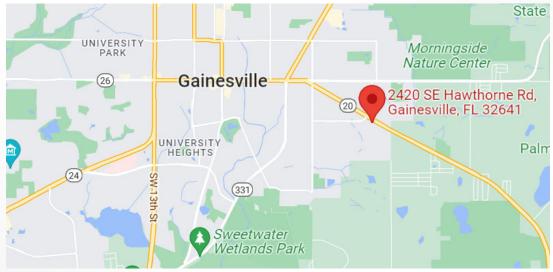
Map

## PROJECT NAME & LOCATION

## **Hawthorne Heights**

2412 SE Hawthorne Road













## Attachment E

# Development Costs Plan



#### **Development Costs Plan**

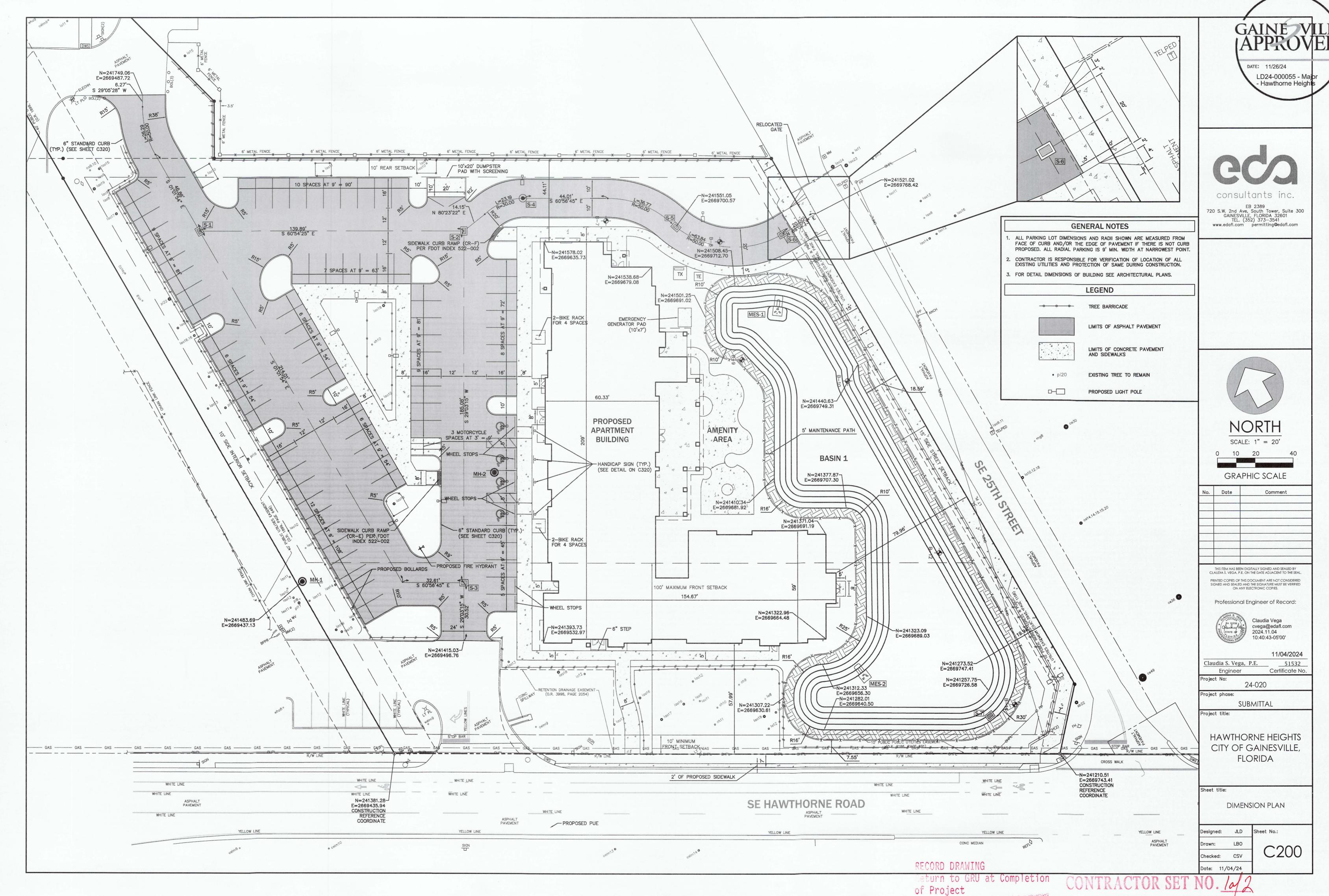
Affordable Housing developments often require resourceful and clever combinations of financing sources, and Hawthorne Heights is no different. To structure the development budget, we'll be using tax-exempt bonds, soft debt, LIHTC equity from 4% non-competitive tax credits, construction debt, and permanent debt. The development will be deferring a considerable amount of developer's fee in order to make the project feasible. The budget below outlines the financial sources and costs associated with building Hawthorne Heights. Copies of all financial commitments are provided in Attachment K.

Sources	
Permanent Loan	\$5,000,000
Tax Credit Equity	\$10,219,896
SAIL & ELI Loan	\$7,794,600
NHT Loan	\$870,000
City of Gainesville Grant	\$1,000,000
Deferred Developer Fee	\$707,647
Total	\$25,592,143
Uses	
Land	\$459,000
Construction Costs	\$17,501,393
Soft Costs	\$2,301,547
Financing Costs	\$1,564,759
Developer Fee	\$3,765,444
Total	\$25,592,143



## Attachment F

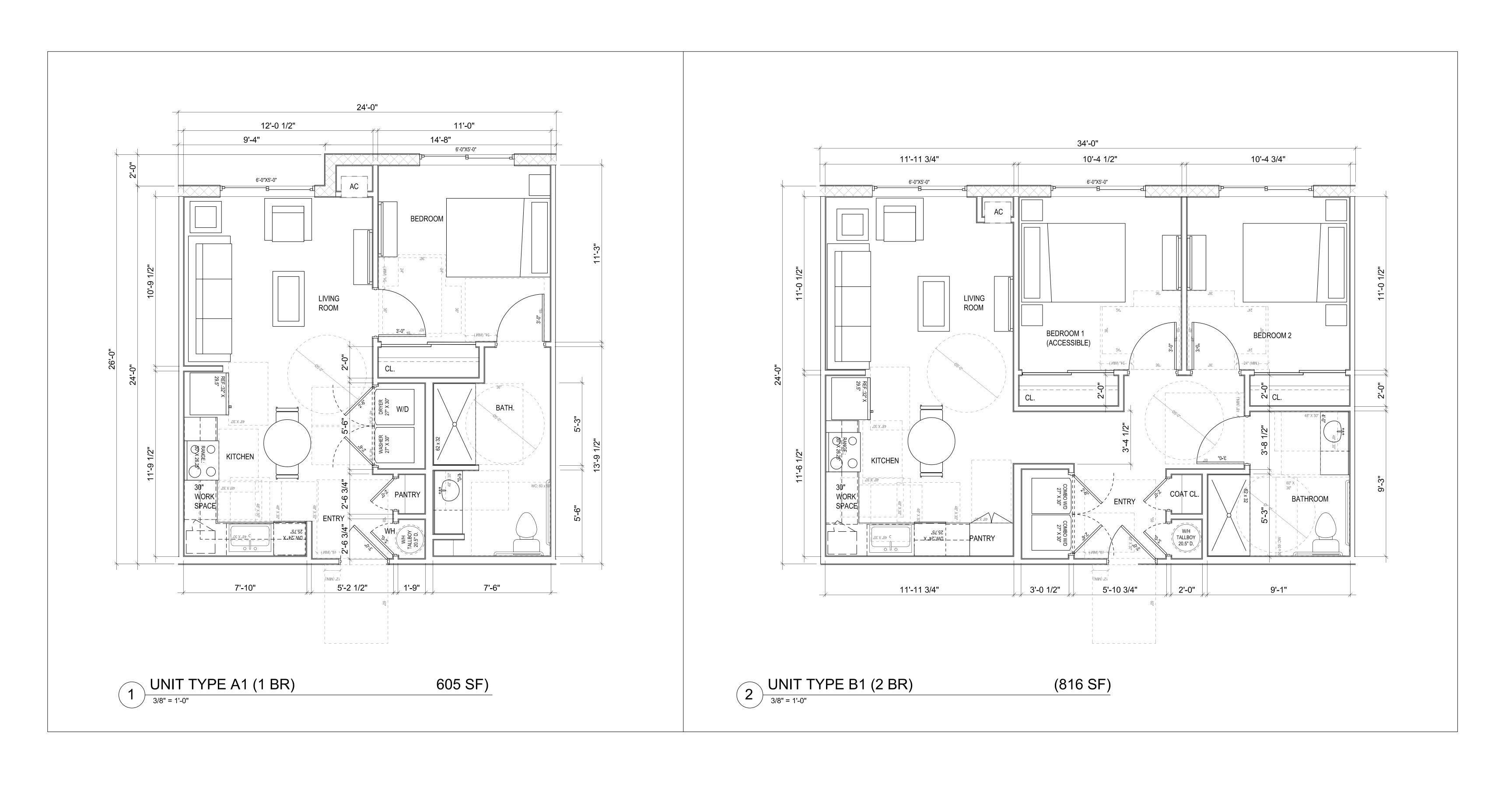
## Site Plan





## Attachment G

# Elevations & Floorplans





Unit Types Hawthorne Heights Apartments

DATE: 01/31/24 | PROJECT No: 0000

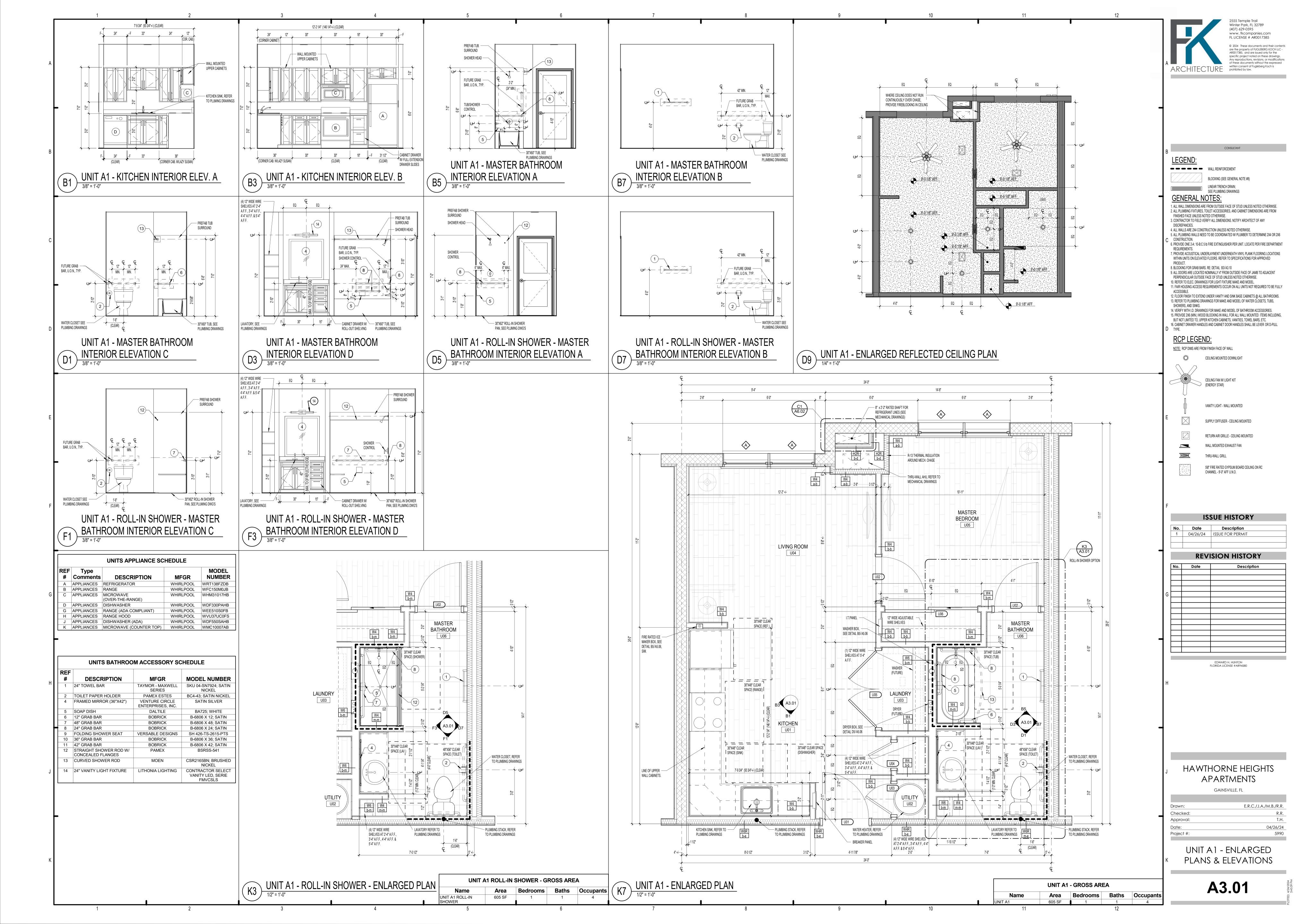
A FUGLEBERG KOCH COMPANY

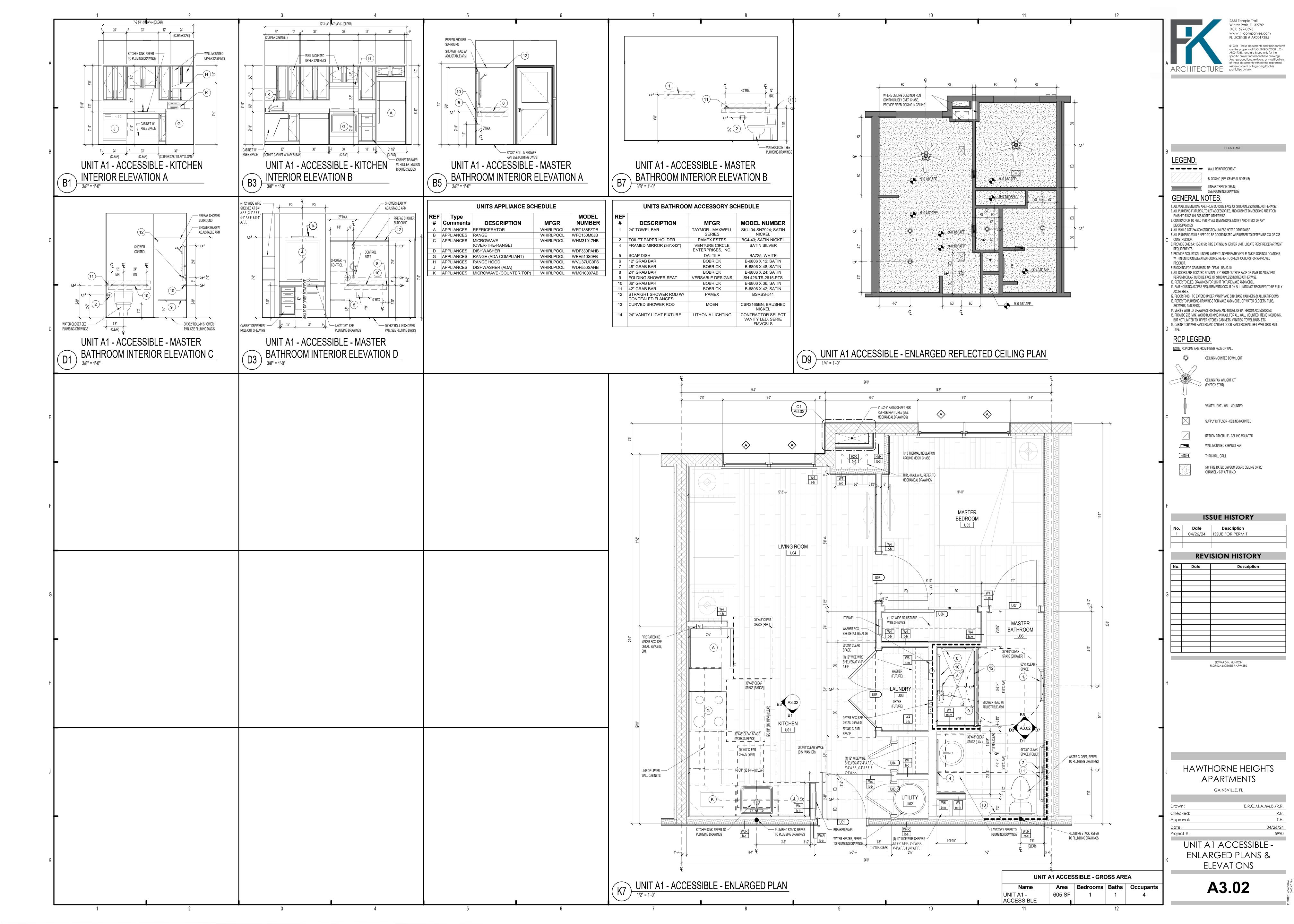
2555 TEMPLE TRAIL, WINTER PARK, FL 32789

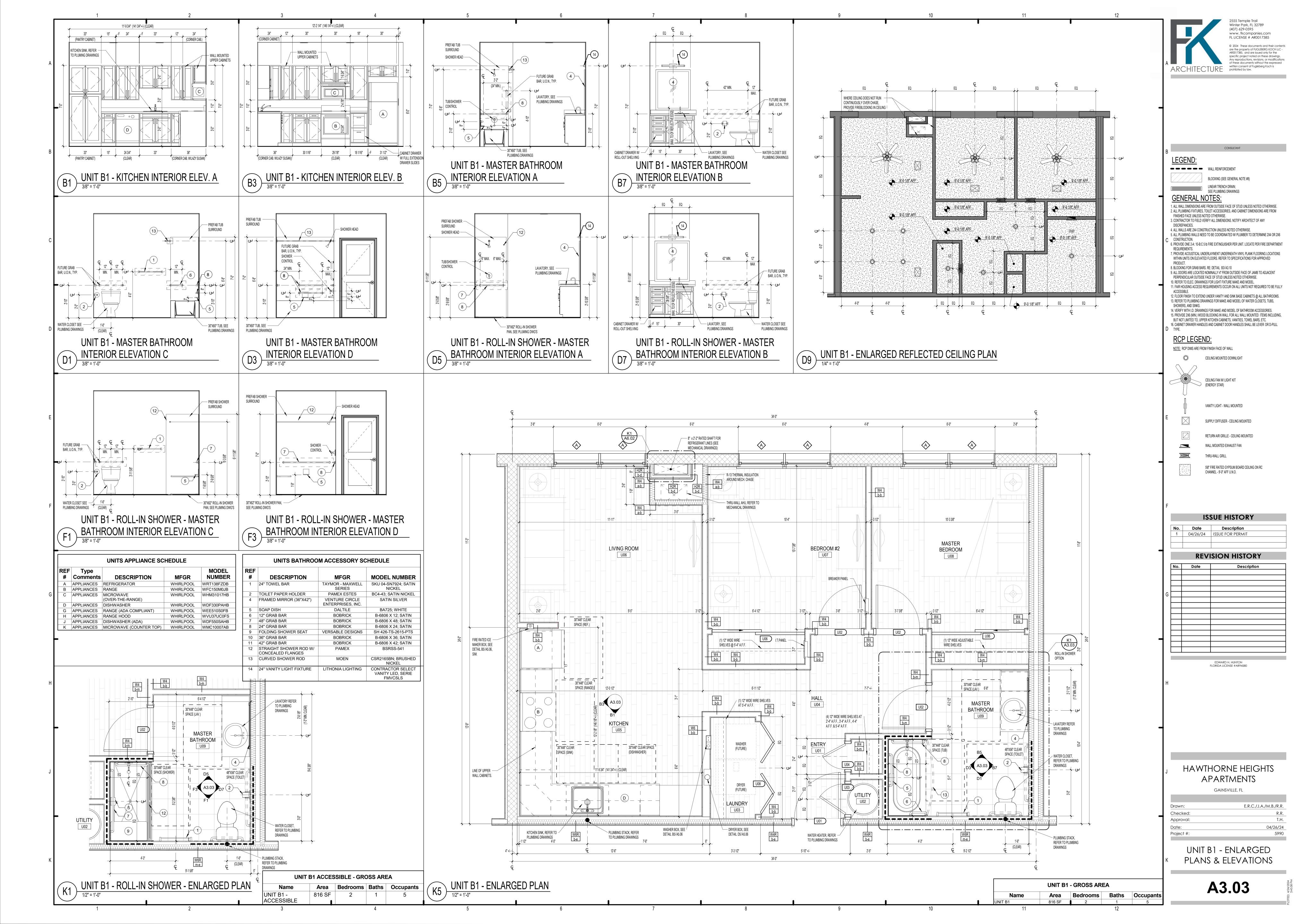
TEL: (407) 629-0595

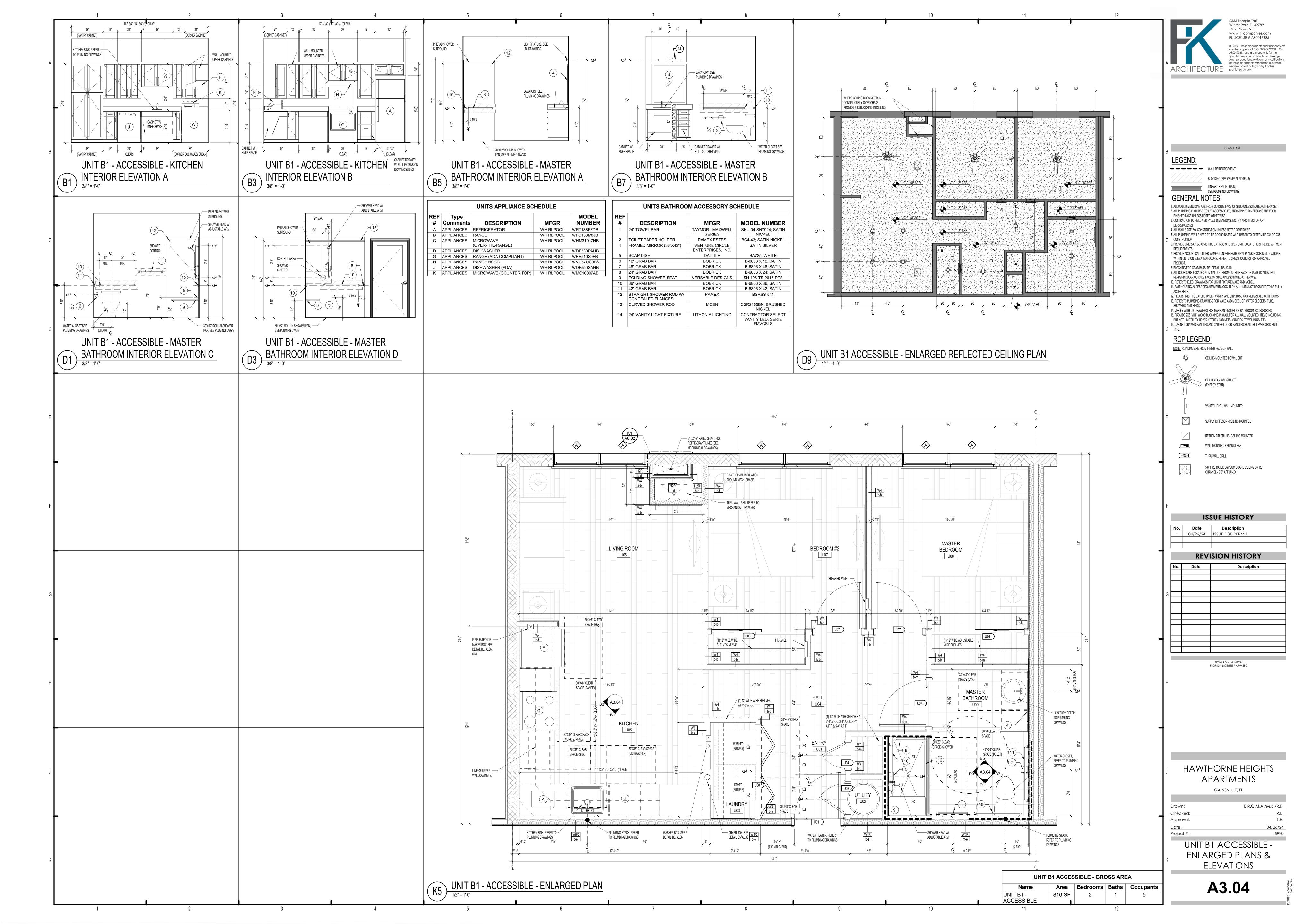
www. FKCOMPANIES.com

FL LICENSE # AR0017385



















ELEVATIONS
MARCH 29, 2024 PROJECT: 5990

HAWTHORNE HEIGHTS
GAINESVILLE, FLORIDA

© 2024 FK ARCHITECTURE 2555 TEMPLE TRAIL WINTER PARK, FLORIDA 32789 TEL: 407-629-0595 FAX: 407-628-1057 AR0017385 WWW.FKCOMPANIES.COM





## Attachment H

# Development Timeline



### **Development Timeline**

#### January 24th FHFC Board Meeting

Board approval of credit underwriting report - FHFC issuance of firm loan commitment

#### August 2026

Certificate of Occupancy

#### February 2027

Conversion to permanent financing











#### April 2025

Financial closing and construction commencement

#### November 2026

**Full Occupancy** 



# Attachment I Project Rent Limits



## **Project Rent Limits**

Unit Type	# Units	% AMI	2024 LIHTC Rent	UA	Net Rent
1BR/1BA	3	22%	\$393	\$73	\$320
1BR/1BA	8*	40%	\$715	\$73	\$642
1BR/1BA	63	60%	\$1,072	\$79	\$999
2BR/1BA	1*	40%	\$858	\$79	\$779
2BR/1BA	11	60%	\$1,287	\$79	\$1,208

<sup>\*5</sup> of the 9 units at 40% AMI will be reserved for Special Needs Households as defined by FHFC



## Attachment J

## **Financial Statements**

(Sensitive – to be provided separately)



## Attachment K

## **Financial Commitments**

227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301 850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

Via E-Mail

December 20, 2023

Michael Ruane CORE Hawthorne Heights, LLLP 9692 Haven Avenue, Suite 100 Rancho Cucamonga, CA 91730

Re: Hawthorne Heights (2024-001BSN / 2023-520C)
Invitation to Enter Credit Underwriting
RFA 2023-205 - SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits

#### Dear Mr. Ruane:

On December 15, 2023, Florida Housing's Board of Directors approved your application for a State Apartment Incentive Loan (SAIL), an Extremely Low Income (ELI) loan, a National Housing Trust Fund (NHTF) loan, Multifamily Mortgage Revenue Bonds (MMRB) and Non-Competitive Housing Credits (HC). As such, Florida Housing is extending an invitation to enter credit underwriting for the programs mentioned above.

This letter represents a preliminary commitment for a Total SAIL loan in an amount up to \$7,794,600 (SAIL Base Loan \$7,225,000 plus ELI loan \$569,600), a NHTF loan in an estimated amount of \$870,000 and MMRB in the requested amount of \$14,000,000.

This funding would be contingent upon:

- 1. Borrower and Development meeting all requirements of RFA 2023-205 and all other applicable federal, state and FHFC requirements;
- A positive credit underwriting recommendation;
- 3. Availability of funds appropriated and funded by the legislature; and
- 4. Final approval of the credit underwriting report by the Florida Housing Board of Directors.

Section 42 of the Internal Revenue Code, as amended, requires Florida Housing to make a determination of the amount of housing credits needed for the financial feasibility and viability of the Development throughout the credit period. The credit underwriter will perform this analysis of credit need.

The NHTF loan funding will subsidize additional deep targeted units for Persons with Special Needs (NHTF Units) at 22% AMI as further described in Section One, Section Four, A.10.a.(4) and Exhibit I of the RFA. The NHTF Units will be in addition to the requirement to set aside ELI Set-Aside units and the required number of Link Units for Persons with Special Needs. As such, the Development will be required to set aside three (3) units as NHTF Units, in addition to the ELI Set-Aside units.

Michael Ruane Hawthorne Heights December 20, 2023 Page 2 of 5

Along with other Federal Requirements, the NHTF Program is covered under Section 3 of the Housing and Urban Development Act of 1968 [24 CFR Part 75]. Additionally, the requirements of Section 3 apply to recipients of funding exceeding \$200,000 for activities involving housing construction, demolition, rehabilitation, or other public construction, i.e. roads, sewers, community centers, etc. Contractors or subcontractors that receive contracts in excess of \$100,000 for Section 3 covered projects/activities are required to comply with the Section 3 regulations in the same manner as direct recipients. Along with your preliminary commitment, a Developer Section 3 Plan must be received.

Pursuant to RFA 2023-205, the firm loan commitment must be issued by the date of the Board of Directors meeting immediately following twelve (12) months after the Applicant is invited to enter credit underwriting. The firm loan commitment for the NHTF loan will be issued at the time of the firm loan commitments for the SAIL and ELI loans. Unless an extension is approved by the Board, failure to achieve issuance of a firm loan commitment by the specified deadline shall result in withdrawal of the preliminary commitment. Applicants may request one (1) extension of up to six (6) months to secure a firm loan commitment. The Corporation shall charge a non-refundable extension fee of one (1) percent of each loan amount if the request to extend the credit underwriting and firm loan commitment process beyond the initial twelve (12) month deadline is approved. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7) Calendar Days after the Board approves the extension of the original deadline. If, by the end of the extension period, the Applicant has not received a firm loan commitment, then the preliminary commitment shall be withdrawn.

The owner shall execute a Link Memorandum of Understanding (MOU) with at least one designated Special Needs Household Referral Agency (Referral Agency) serving the county and intended population where the Development will be located and rent units to households referred by the Referral Agency with which the MOU is executed. The deadline for receipt of the fully executed MOU by the Corporation shall be within nine (9) months from the date of the invitation to enter into credit underwriting. If the owner is unable to meet the deadline, an extension may be requested from the Corporation, and a non-refundable processing fee of \$5,000 shall be charged to the owner.

The Corporation loans and other mortgage loans related to the Development must close by the date of the Board of Directors meeting immediately following 180 Calendar Days of the date of the firm loan commitment(s). Unless an extension is approved by the Board, failure to close the loan(s) by the specified deadline outlined above shall result in the firm loan commitment(s) being deemed void and the funds shall be de-obligated. Applicants may request one (1) extension of the loan closing deadline outlined above for a term of up to 90 Calendar Days. The Corporation shall charge an extension fee of one (1) percent of each Corporation loan amount if the Board approves the request to extend the loan closing deadline beyond the applicable period outlined above. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7) Calendar Days after the Board approves the request to extend the original loan closing deadline. In the event the Corporation loan(s) does not close by the end of the extension period, the firm loan commitment(s) shall be deemed void and the funds shall be de-obligated.

Reduction in number of Priority 1 Application submissions allowed in the Future Corresponding 2025/2026 RFA cycle: Applicants must either (i) close on the SAIL funding by the closing deadlines as set forth in Rule Chapter 67-48, F.A.C.; or (ii) if the Development has any HUD funding, including but not limited to rental subsidy, development funding, or insured mortgage financing, the Applicant must, within 90 days of receipt of the Firm Commitment, submit evidence to the Corporation that the Financing Plan, Subsidy Layering Review Package, rental subsidy transfer documentation, or Firm Commitment Application, or

Michael Ruane Hawthorne Heights December 20, 2023 Page 3 of 5

similar necessary documentation for the application process has been submitted to HUD or the Public Housing Authority, as applicable. If the Application fails to meet these requirements and either requires a closing extension or withdraws from funding, or does not submit the required documentation outlined in (ii) above to HUD or the Public Housing Authority as applicable within the stated time frame, the Principals of the Application will be prohibited from submitting Priority 1 Applications in the Future Corresponding 2025/2026 RFA cycle, (i.e. RFA 2025 SAIL Financing Of Affordable Multifamily Housing Developments To Be Used In Conjunction With Tax-Exempt Bonds And Non-Competitive Housing Credits).

By **December 27, 2023**, you must submit a check for \$31,927 for the credit underwriting fees (MMRB, SAIL, ELI, NHTF and HC), payable to First Housing Development Corporation of Florida, the credit underwriter assigned to your Development, at the address below.

Ed Busansky, First Housing Development Corporation of Florida 107 S. Willow Avenue Tampa, FL 33606-1945 (813) 289-9410

A nonrefundable TEFRA Fee of \$1,000 for the Corporation-issued MMRB is also due to Florida Housing on the date listed above. This fee shall be applied to the actual cost of publishing required advertisements and Florida Administrative Register notices of TEFRA Hearings.

The underwriter will contact you for an additional fee for a market study, appraisal and, if applicable, a Subsidy Layering Review and a Capital Needs Assessment Report which are to be conducted at the Developer's expense by disinterested parties as required by RFA 2023-205.

Please acknowledge the credit underwriting assignment by uploading the enclosed Acknowledgment to the Florida Housing Procorem work center to the Documents Upload file and submitting the TEFRA fee to the attention of Tim Kennedy, Multifamily Loans & Bonds Director at Florida Housing by **December 27, 2023**.

Florida Housing's agreement to provide funds to this development is conditioned upon its determination to proceed with, modify or cancel the development based on the results of a subsequent environmental review. The environmental review is expected to take approximately 90 days to complete. Arcadis, U.S., Inc. at the address below, has been assigned to prepare the HUD environmental review analysis for your Proposed Development.

David Cibik, Arcadis, U.S., Inc. 4300 W. Cypress Street, Suite 450 Tampa, FL 33607 (813) 353-5713

Pursuant to Exhibit D of RFA 2023-205, you must provide the items listed on Exhibit A attached to this invitation to Florida Housing within the timeframes specified.

Florida Housing looks forward to working with you and the development team to facilitate affordable housing in Florida. If you have any questions, please do not hesitate to contact me.

Michael Ruane Hawthorne Heights December 20, 2023 Page 4 of 5

Sincerely,

Tim Kennedy

Multifamily Loans & Bonds Director

#### Enclosure

Heather Strickland, Multifamily Programs Coordinator Cc: Lisa Walker, Multifamily Programs Manager Lenard Randolph, Multifamily Programs Manager Lisa Nickerson, Multifamily Tax Credits Director Nicole Gibson, Federal Loan Programs Director David Woodward, Federal Loan Programs Administrator Amanda Franklin, Federal Loan Programs Manager Jade Grubbs, Multifamily Programs Administrator Janet Peterson, Compliance Systems Manager Tammy Bearden, Multifamily Programs Loan Closing Coordinator

Kenny Derrickson, Assistant Comptroller Ed Busansky, First Housing Development Corporation of Florida

David Cibik, Arcadis, U.S., Inc.

Michael Ruane Hawthorne Heights December 20, 2023 Page 5 of 5

#### INVITATION TO ENTER CREDIT UNDERWRITING

RFA 2023-205 – SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits

#### **ACKNOWLEDGMENT**

The undersigned hereby acknowledges and agrees to enter credit underwriting subject to and in accordance with the terms and conditions of Florida Housing's subject letter dated December 20, 2023.

ессері	A	Decline
	Hawthor	rne Heights 2024-001BSN
	Develo	ppment Name and ID Number
	_	$\overline{}$
Sig	gnature:	mc w
Pri	nt Name: _	Michael Ruane
Da	te: 12/2	0/2023

#### Exhibit D - Timeline

The Applicant acknowledges and certifies that the following information will be provided by the due date outlined below, or as otherwise outlined in the invitation to enter credit underwriting. Failure to provide the required information by the stated deadline may result in the withdrawal of the invitation to enter credit underwriting, unless an extension is approved by the Corporation:

- Within seven Calendar Days (December 27, 2023) of the date of the invitation to enter credit underwriting:
  - a. Respond to the invitation by accessing the development work center through the Procorem secure portal and submit the credit underwriting fee(s), which includes the CNA review fee and TEFRA Fee, if applicable, as outlined in Item 4 of Exhibit C, pursuant to subparagraph 67-48.0072(4)(a)1, F.A.C.; and
  - Verification that the Development either qualifies as a USDA-eligible rural address or does not qualify as a USDA-eligible rural address. Addresses can be verified by visiting https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do
  - c. If the Applicant is receiving Corporation-issued MMRB, the Credit Enhancer's Commitment or Bond Purchaser's Letter of Interest, including a contact person's name, address and telephone number, credit underwriting standards and an outline of proposed terms, must be provided. The stated amount of the Commitment or Letter of Interest shall not be less than the proposed principal amount of the bonds (including any proposed Taxable Bonds);
  - d. If the Applicant is using Non-Corporation-issued Tax-Exempt Bonds, a copy of the following documentation must be provided, as applicable:
    - (1) If the Credit Underwriting for the bonds is complete and it was prepared by a Credit Underwriter under contract with the Corporation, provide a complete copy of the final Credit Underwriting Report; or
    - (2) If the Credit Underwriting for the bonds has not been completed or has been completed by a credit underwriter not under contract with the Corporation, provide the name of the assigned credit underwriter and a copy of the inducement resolution or acknowledgement resolution awarding the bonds.
  - e. Confirmation that the bonds have not closed since the Application Deadline.
- 2. Within 14 Calendar Days of the date of the invitation to enter credit underwriting, if requested by the Corporation, submit IRS Form 8821 for all Financial Beneficiaries as defined in Rule Chapter 67-48, F.A.C.
- 3. Within 21 Calendar Days (January 10, 2024) of the date of the invitation to enter credit underwriting, submit all of the following. Submission of all documents should be provided electronically to the Corporation at one time.
  - a. Provide the name, mailing address, and email address of the chief elected official of the local jurisdiction where the proposed Development is located;

- b. Provide notification of the Applicant's eligibility for acquisition credits per Section 42 of the IRC, if applicable;
- c. Provide the Applicant's Federal Identification Number and the Employer Identification Number ("EIN") Certificate. If the number has not yet been obtained, the Applicant will be required to provide a copy of the completed, submitted application for that number.
- d. Provide the completed and executed Florida Housing Finance Corporation Verification of Environmental Safety Phase I Environmental Site Assessment form and, if applicable, the completed and executed Florida Housing Finance Corporation Verification of Environmental Safety Phase II Environmental Site Assessment form (Forms Rev. 07-2022) which are available on the RFA Webpage. Note: If a Phase II ESA is required, but has not been completed by the stated deadline, contact Corporation staff to request an extension for submission of the Phase II ESA form;
- e. For all successful Applications, demonstrate the following elements are available to the entire proposed Development site as of the date signed by providing the following:
  - (1) Appropriate Zoning. Demonstrate that as of the Application Deadline the entire proposed Development site is appropriately zoned and consistent with local land use regulations regarding density and intended use or that the proposed Development site is legally non-conforming by providing the applicable properly completed and executed verification form:
    - (a) The Florida Housing Finance Corporation Local Government Verification that Development is Consistent with Zoning and Land Use Regulations form (Form Rev. 07-2022); or
    - (b) The Florida Housing Finance Corporation Local Government Verification that Development is Consistent with Zoning and Land Use Regulations form (Form Rev. 06-2023); or
    - (c) The Florida Housing Finance Corporation Local Government Verification that Permits are Not Required for this Development form (Form Rev. 07-2022).

Note: With regard to the terms "Rate of Growth Ordinance (ROGO)" and "Building Permit Allocation System (BPAS)," as used by different jurisdictions within the Florida Keys Area of Critical State Concern, for purposes of the verification forms outlined in (a) and (b) above, all references on these forms to "Rate of Growth Ordinance (ROGO)" shall be considered by the Corporation to have the same meaning as "Building Permit Allocation System (BPAS)."

- (2) Demonstrate that water, sewer, electricity, and roads are available to the entire proposed Development site as of the date signed by providing the following:
  - (a) The properly completed and executed Florida Housing Finance Corporation Verification of Availability of Infrastructure form which is available on the RFA Webpage. Water and sewer forms have a revision

- date of 07-2022 and electricity and roads have a revision date of 08-2020; or
- (b) Documentation from the service provider that contains the Development location and is dated within 12 months of the Application Deadline. The documentation may not be signed by the Applicant, by any related parties of the Applicant, by any Principals or Financial Beneficiaries of the Applicant, or by any local elected officials.
- f. Provide the identity of the remaining members of the Development Team (i.e., inexperienced co-Developer(s), General Contractor, Architect, Attorney, Accountant, and for Elderly ALF only, Service Provider), as outlined below. The team members so identified, and any future replacement thereof, must be acceptable to the Corporation and the Credit Underwriter;
  - (1) Identify any inexperienced co-Developer(s) by providing the name, address, telephone and facsimile numbers, e-mail address, and the relationship of the co-Developer to the Applicant.
  - (2) Identify the General Contractor by providing the completed and executed Florida Housing Finance Corporation General Contractor or Qualifying Agent of General Contractor Certification form. Note: provide the prior experience chart, as outlined in the form.
  - (3) Identify the Architect by providing the completed and executed Florida Housing Finance Corporation Architect Certification form.
  - (4) Identify the Attorney by providing the completed and executed Florida Housing Finance Corporation Attorney Certification for Housing Credits form and the Florida Housing Finance Corporation Attorney Certification for MMRB, SAIL, HOME and/or other Gap Loans form\*.
  - (5) Identify the Accountant by providing the completed and executed Florida Housing Finance Corporation Certification of Accountant form.
  - (6) Identify the Service Provider by providing the completed and executed Florida Housing Finance Corporation Service Provider or Principal of Service Provider Certification form (for Elderly ALF Developments only).

The certification forms (Forms Rev. 08-2022) are available on the RFA Webpage. Note: The use of any prior version of these forms will not be acceptable to meet this requirement.

g. With the exception of Developments financed with HUD Section 811 or United States Department of Agriculture RD program, and Applicants that select the Elderly ALF Demographic Commitment, the Tenant Selection Plan shall be submitted by the owner to the Corporation for review and approval. The Tenant Selection Plan Guidelines and Tenant Selection Plan Checklist can be found on the webpage https://www.floridahousing.org/programs/developers-multifamily-

programs/competitive (also available by clicking <a href="https://example.com/here">here</a>). Exhibit G of the RFA also describes requirements for tenant selection policies. If a Development has a Housing Assistance Payment and/or an Annual Contributions Contract with HUD, the Tenant Selection Plan must be sent to the Corporation for preliminary approval before sending to HUD. Note: HUD approval may take several months. HUD approval shall be demonstrated to the Corporation prior to the completion of the final credit underwriting report;

- h. Provide confirmation that the owner will submit the fully executed Link MOU for the Corporation's approval within nine months of the invitation to enter into credit underwriting, as described in Exhibit E;
- Provide confirmation that all construction features committed to and proposed by the Applicant shall be located on the Development site;
- j. Confirmation that, if the proposed Development meets the definition of Scattered Sites, all Scattered Sites requirements that were not required to be met in the Application will be met, including that all features and amenities committed to and proposed by the Applicant that are not unit-specific shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both. If the Applicant indicates that the proposed Development does not consist of Scattered Sites, but it is determined during credit underwriting that the proposed Development does meet the definition of Scattered Sites, all of the Scattered Sites requirements must have been met as of Application Deadline and, if all Scattered Sites requirements were not in place as of the Application Deadline, the Applicant's funding award will be rescinded;
- k. Provide notification of the percentage of ownership of the Principals of the Applicant.

  Upon the Applicant's acceptance of the invitation to enter credit underwriting, the

  Corporation will return the Principals of the Applicant and Developer(s) Disclosure Form
  that was part of the Applicant's uploaded Application. The Applicant will be required to
  enter the applicable percentages on the form and return the completed form to the
  Corporation;
- Provide confirmation that the proposed equity amount to be paid prior to or simultaneous with the closing of construction financing is at least 15 percent of the total proposed equity to be provided (the 15 percent criteria), subject to the following:
  - (1) If syndicating/selling the Housing Credits, there are two exceptions to the preceding sentence. First, if there is a bridge loan proposal within the equity proposal that provides for bridge loan proceeds that equal at least 15 percent of the amount of total proposed equity to be provided to be made available prior to or simultaneous with closing of construction financing, the 15 percent criteria will be met. Second, if there is a separate bridge loan proposal from either the equity provider, any entity that is controlled directly or indirectly by the equity provider, or a subsidiary of the equity provider's parent holding company, and the proposal explicitly proposes an amount to be made available prior to or simultaneous with the closing of construction financing that equals at least 15

percent of the total proposed equity to be paid stated in the equity proposal, the 15 percent criteria is met. Bridge loan proposals that are not within the equity proposal, though, must meet the criteria previously stated for debt financing with the exception that evidence of ability to fund does not have to be provided. The Applicant may include the proposed amount of the bridge loan as equity proceeds on the Construction or Rehabilitation Analysis and on the Permanent Analysis (Note: this 15 percent criteria must be reflected in the limited partnership agreement or limited liability company operating agreement); or

- (2) If not syndicating/selling the Housing Credits, proceeds from a bridge loan will not count toward meeting the 15 percent criteria;
- m. If there are existing occupied units as of Application Deadline, provide to the Credit Underwriter a plan for relocation of existing tenants. The plan shall provide information regarding the relocation site; accommodations relevant to the needs of the residents and length of time residents will be displaced; moving and storage of the contents of a resident's dwelling units; as well as the approach to inform and prepare the residents for the rehabilitation activities;
- n. If the Applicant indicated that the proposed Development is the first phase of a multiphase Development, submit to the Corporation an opinion letter by a licensed attorney that the Development meets the definition of a "multiphase project" as defined in the Federal Register. The letter must also include: (a) the name of the declared first phase Development and the Corporation-assigned Application number, (b) the total number of phases and the projected Development name for each phase, (c) the total number of buildings in each phase, (d) the expected completion date for each phase, and (e) any other information as determined by the Corporation and stated in the invitation to enter credit underwriting;
- o. If the Applicant indicated that the proposed Development is a subsequent phase of a multiphase Development, the Development's status as a subsequent phase will be verified in credit underwriting. If the Development does not qualify and the Applicant's Housing Credit request is based on such contention and, during the credit underwriting process it is determined that the proposed Development does not meet the criteria for such distinction, the Applicant's Competitive Housing Credit award may be rescinded;
- p. Provide confirmation that the limited partnership agreement or limited liability operating agreement will comply with the operating deficit reserve requirement outlined in Section Four A.10.c.(4) of the RFA; and
- q. If the Application qualifies for the HUD Choice Neighborhoods Implementation Grant and is selected for funding, provide the fully executed HUD Choice Neighborhoods Implementation Grant agreement between HUD and the Public Housing Authority.
- 4. The Applicant will submit the fully executed Link MOU for the Corporation's approval within nine months of the date of the invitation to enter credit underwriting, as described in Exhibit E;

- 5. The credit underwriting process must be complete within the timeframe outlined in Rule Chapter 67-48, F.A.C.;
- 6. The SAIL loan must close within the timeframe outlined in Rule Chapter 67-48, F.A.C. Applicants that that are awarded NHTF or HOME-ARP Funding will be invited to enter credit underwriting and will be expected to complete the credit underwriting process, including Board approval of the credit underwriting report, and execute a written agreement as outlined in Exhibit I and Exhibit J of the RFA;
- 7. By Certificate of Occupancy, the Applicant commits to participate in the statewide housing locator system, as required by the Corporation; and
- 8. The Credit Underwriter will provide an itemized list for additional documentation including, but not limited to, the following:
  - a. Information outlined in Rule Chapter 67-48.0072, F.A.C.;
  - If the Applicant indicated that the proposed Development will be assisted with funding under the RD 538 Program and expects to use such funding as a source of financing, the Section 538 Selection Letter sent to the Applicant by RD must be provided;
  - If the Applicant indicated that it is a Self-Sourced Applicant, the evidence of ability to fund described in Section Four, A.10.c.(2)(i) of the RFA;
  - d. The Construction Consultant engaged by the Corporation's credit underwriter must provide the properly completed and executed Americans with Disabilities Act Certification forms certifying that the design of the proposed Development and the completed Development includes the applicable accessibility, adaptability, Visitability and universal design features required by the Corporation and proposed by the Applicant. The Americans with Disabilities Act Certification forms (Rev. 02-20) are available on the RFA Webpage;
  - e. Provide to the Corporation a copy of each General Information Notice for each occupied unit, as outlined in Item 3.a. of Exhibit I. Each notice must include proof of delivery by certified letter or by signed copy of the notice when hand delivered;
  - f. Provide evidence demonstrating that the proposed Development is consistent with the applicable Consolidated Plan, as outlined in Item 3.b. of Exhibit I;
  - g. Comply with the HUD environmental requirements as provided in 24 CFR 93.301(f)(1) and (2). Non-Profit Applicants will not be charged a fee for the environmental review, as stated in Item 3.c.(1) of Exhibit I;
  - h. Provide a certification that must be executed by the contractor for compliance with debarment and suspension regulations, as outlined in Item 3.c.(2) of Exhibit I;
  - i. Certify that it understands the requirements of the current HUD lead based paint regulations as identified in 24 CFR Part 92 and Rule Chapter 67-48, F.A.C., as outlined in Item 3.c.(3) of Exhibit I;

- j. Provide all documentation regarding the Uniform Relocation Act as outlined in Section Four of the RFA; and
- k. If the Applicant is requesting 4% Housing Credit that will be used with County HFA-issued Tax-Exempt Bonds and the Applicant indicates that the proposed Development is eligible for the basis boost, the Applicant will be required to provide a letter certifying the date the bond application was deemed complete.
- 9. The Credit Underwriter will also verify information submitted by the Applicant, including, but not limited to the following:
  - a. The Applicant's Non-Profit status, if applicable;
  - b. Each Scattered Site meets the requirements of this RFA and Section 42 of the IRC, if applicable;
  - c. The proposed Development's ability to meet the Enhanced Structural Systems Construction qualifications;
  - d. Calculation of eligible basis which may cause a reduction in the Housing Credit Allocation. This may include review of the location of buildings and whether all buildings are eligible for the eligible basis boost, if applicable;
  - e. With the exception of Developments financed with HUD Section 811 or United States Department of Agriculture RD program, and Applicants that select the Elderly ALF Demographic Commitment, Developments that have a Housing Assistance Payment and/or an Annual Contributions Contract with HUD, must demonstrate HUD approval within a Tenant Selection Plan for an owner-adopted preference or special admissions preference specifically for individuals or families who are referred by a designated Referral Agency serving the county where the Development is located;
  - f. The proposed Development's first phase or subsequent phase's status;
  - g. Review of the Total Development Cost and its effect on the Total Development Cost Per Unit Limitation and, if applicable, the SAIL Request amount; and
  - h. The proposed Development has a minimum of five units per building.

If any of these cannot be verified, all funding awarded under this RFA may be reduced or may be rescinded if the award or the Application's eligibility status was based on such information, and/or the Applicant may be determined to have made a material misrepresentation.



May 23, 2024

Ariana Brendle Vice President, National CORE 9692 Haven Avenue, Suite 100 Rancho Cucamonga, CA 91730

Re: Hawthorne Heights

Gainesville, Florida

Dear Arianna,

Red Stone Equity Partners LLC ("Red Stone") is pleased to be given an opportunity to submit a proposal on the Hawthorne Heights Apartments ("Project") located in Gainesville, Florida. This letter serves as an outline of the business terms regarding the acquisition of limited partnership interests in CORE Hawthorne Heights LLLP, (the "Partnership") that will own the Project. Red Stone or its designee (the "Limited Partner") will acquire a 99.99% limited partner interest (the "LP Interest") and a 0.001% special limited partner interest (the "SLP Interest") in the Partnership. This proposal contains an outline of suggested terms only, and it does not represent a commitment by Red Stone or create any obligation whatsoever on Red Stone's part to provide equity financing for the Project. It is for discussion purposes only, and the outlined terms have not received final approval by Red Stone's investment committee. Further, this proposal replaces and voids any and all previous financing proposals by Red Stone for the Project. Any commitment shall only be as set forth in a to-be-negotiated partnership agreement ("Partnership Agreement") and will be subject to, among other things, (i) satisfactory transaction structure and documentation, (ii) satisfactory due diligence, including third party reports and (iii) other standard conditions for transactions of this type as described more fully in Paragraphs 14 and 15 below.

1. Project Information. The Partnership has been formed to acquire, own, develop and operate the Project, which is anticipated to be eligible to claim Low Income Housing Tax Credits ("Housing Credits") under Section 42 of the Internal Revenue Code. The Project will consist of a total of 86 residential units for rent to low-income seniors. The Project will consist of one residential buildings to be located at 2420 SE Hawthorne Road located in the City of Gainesville, Alachua County, within the State of Florida. Within the Project, all 86 of the units are expected to be Housing Credit compliant, with no additional units being designated as management units. Of the residential units, 47 units will benefit from a project based Section 8 rental subsidy and 3 units will benefit from a NHTF subsidy as referenced below and in the financial projections. The residential units mix shall reflect the detail below and shall conform to any other set-asides as required by the Florida Housing Finance Corporation (the "Agency"). If the Average Income Test is used to meet the Minimum Set-Aside Test, no residential units comprising the low-income component of the Project will be rented at market rate without Red Stone's consent. The means for such conformance shall be reviewed and approved by Red Stone.



Unit Type	Number of Units	Income Restrictions	Subsidy Type
1BD/1BA	11	30% AMI	PBV/Sec 8
1BD/1BA	31	70% AMI	None
1BD/1BA	32	50% AMI	PBV/Sec 8
2BD/2BA	3	22% AMI	NHTF
2BD/2BA	2	30% AMI	PBV/Sec 8
2BD/2BA	2	50% AMI	PBV/Sec 8
2BD/2BA	5	70% AMI	None

The construction and lease-up schedule expected for the Project, and upon which the credit pricing and deal terms are contemplated herein, are as follows:

Initial Closing	December 1, 2024
Completion	April 1, 2026
First Unit Leased	April 1, 2026
Last Unit Leased	July 31, 2026
Final Closing	January 1, 2027
8609	July 1, 2027

2. <u>Project Ownership</u>. A to-be-formed entity controlled by National CORE (the "General Partner") will be a taxable, single purpose, bankruptcy remote entity with a 0.009% ownership interest in the Partnership. Any change in the ownership of the General Partner shall be subject to Red Stone's consent. The anticipated ownership structure and other key participants in the Project are set forth below. All key participants are subject to the review and approval of Red Stone.

Entity	Name	Ownership Interest	
General Partner	NCRF	0.009%	
Limited Partner	RSEP Holding , LLC, or its designee	99.99%	
Special Limited Partner	Red Stone Equity Manager, LLC, or its	0.001%	
	designee		
Developer	National CORE		
Guarantors	National CORE		
General Contractor	TBD		
Property Manager	National CORE		
Partnership Accountant	TBD		

3. <u>Tax Credits</u>. The Project has received an allocation of 4% Housing Credits from the Agency for the year 2024 in an annual amount of \$1,285,338. The total Housing Credits anticipated to be delivered to the Partnership is \$12,853,379 (the "Projected Federal LIHTC").

The following schedule sets forth the assumed delivery of the Projected Federal LIHTC and other credits as applicable.



Year	Housing		
	Credits		
1 <sup>st</sup>	\$805,827		
2 <sup>nd</sup>	\$1,285,338		
3 <sup>rd</sup>	\$1,285,338		
4 <sup>th</sup>	\$1,285,338		
5 <sup>th</sup>	\$1,285,338		
6 <sup>th</sup>	\$1,285,338		
7 <sup>th</sup>	\$1,285,338		
8 <sup>th</sup>	\$1,285,338		
9 <sup>th</sup>	\$1,285,338		
10 <sup>th</sup>	\$1,285,338		
11 <sup>th</sup>	\$479,511		

Any decision to delay the commencement date of the Housing Credit period beyond 2026 is subject to Red Stone's consent. In addition, any decision to commence the Housing Credit period prior to January 1, 2026 is subject to Red Stone's consent.

4. <u>Capital Contribution (5.02 of LPA)</u>. Red Stone will acquire its Limited Partner Interest in the Partnership for a total capital contribution as outlined below, subject to adjustment in Paragraph 5 below. This capital contribution is based on the following pricing:

Credit Type	Total amount	LP amount	<b>Pricing Factor</b>	Equity
Projected Federal	\$12,853,379	\$12,852,094	\$0.85	\$10,924,280
LIHTC				
			Cost Seg	\$12,500
			Total	\$10,936,780

<sup>\*</sup>The pricing and equity amount above, as well as the schedule for capital contributions set forth below and all other terms, are valid if a signed letter of intent is returned to us within 21 calendar days of the date set forth on the first page of this letter. If a signed letter is not returned within such 21 calendar day period, Red Stone reserves the right in its discretion to modify the pricing, equity amount, capital contribution schedule and other terms.

The above pricing assumes 100% of residential depreciation being taken over 30 years; 100% of depreciation on site improvements being taken over 15 years; and 100% of depreciation on personal property being taken over 5 years. The allocation of the depreciable line items, including bonus depreciation election, is subject to Red Stone's review and approval. The Partnership will, if timely requested by Red Stone, engage an accounting firm approved by Red Stone to perform a cost segregation study, the cost of which will be paid for by the Partnership.

Red Stone will fund its capital contribution pursuant to the following schedule:

A. 15% shall be paid upon the later of (a) the execution of the Partnership Agreement, (b) receipt and approval of all due diligence items on Red Stone's due diligence checklist, (c) receipt by the Partnership of commitment for a non-recourse permanent loan



acceptable to Red Stone, (d) receipt of a commitment of all underwritten rental subsidies for a term of no less than 15 years, (e) receipt of commitments of the additional financing sources described in Paragraph 11, and (f) closing and initial funding of the construction loan and the soft loans.

- 6.26% upon the later of (a) satisfaction of the funding conditions described in (A) above,
   (b) receipt of temporary certificates of occupancy, (c) receipt of an architect's certificate of lien-free substantial completion, and (d) January 1, 2026.
- C. 76.48% upon the later of (a) satisfaction of the funding conditions described in (B) above, (b) receipt of permanent certificates of occupancy, (c) receipt of the final cost certification from an independent certified public accountant, (d) repayment of the construction loan and funding of the Project's permanent mortgage (or such condition will be met concurrently with the payment of this installment), (e) satisfaction of all funding conditions required for the permanent mortgage, including without limitation, three consecutive months of a 1.15 to 1.00 Debt Service Coverage ratio ("DSC") and 90 days of 90% average occupancy, (f) achievement of 100% qualified occupancy, (g) calculations of the preliminary adjusters have been prepared, (g) receipt of fully-executed copies of all rental subsidy contracts, and (h) October 1, 2026.
- D. 2.26% (\$250,000) upon the later of (a) satisfaction of the funding conditions described in (B) above, (b) achievement of Stabilized Operations and three additional consecutive months of a 1.15 to 1.00 DSC on all must-pay debt following commencement of amortization of the permanent loan, (c) receipt of IRS Form 8609s and a recorded extended use agreement or satisfactory evidence to the Limited Partner that the credits may be claimed for reasonable cause prior to the issuance of 8609, (d) receipt and review of an acceptable initial tenant file audit, (e) calculations of final adjusters have been prepared, and (f) January 1, 2027.

#### Adjusters.

A. Increase or Decrease in Housing Credits. In the event that actual Housing Credits as determined by the cost certification and 8609s exceeds Projected Federal LIHTC, Red Stone will pay an additional capital contribution equal to the product of (i) \$0.86 multiplied by (ii) the difference between the actual Federal LIHTC and the Projected Federal LIHTC. In the event that actual Housing Credits as determined by the cost certification and 8609s are less than Projected Federal LIHTC, Red Stone's capital contribution will be reduced by an amount equal to the product of (i) \$0.86 multiplied by (ii) the difference between the Projected Federal LIHTC and the actual Federal LIHTC ("Federal Adjustment Amount"). If the Federal Adjustment Amount exceeds the total of all unfunded capital contributions, then the General Partner will make a payment (which payment shall be guaranteed by the Guarantors) to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to Red Stone as a return of its capital contribution.



B. Timing of Housing Credit Delivery. In addition to the Adjustment Amount, Red Stone's capital contribution will be similarly reduced in the event that the actual delivery of Housing Credits is slower than the anticipated schedule set forth in Paragraph 3. The amount (the "Late Delivery Adjustment") of this reduction will equal the product of (i) \$0.45 multiplied by (ii) the difference in the Projected Federal LIHTC and actual Housing Credits for such years are less than the amounts shown in Paragraph 3. Conversely, in the event that the actual delivery of Housing Credits exceeds the anticipated schedule set forth in Paragraph 3, Red Stone will pay an additional capital contribution (the "Early Delivery Adjustment") equal to the product of (i) \$0.45 multiplied by (ii) the difference between actual Housing Credits and the Projected Federal LIHTC. Red Stone will pay such additional capital contribution at the funding of its final capital contribution installment.

Notwithstanding the above, in no event will the net additional Capital Contribution to be paid by Red Stone exceed 5%, the ("Cap"), of the total original Capital Contribution amount, and Red Stone will pay such additional Capital Contribution at the funding of its final capital contribution. Such additional Capital Contribution will be used to pay any outstanding fees owed to Red Stone and then will be distributed in accordance with the provisions of Paragraph 10(B), below. To the extent the Cap is exceeded in that credits are delivered that the LP will not pay for, the credits will be allocated to the GP and the LP's percentage interest in the Partnership shall be reduced accordingly.

- 6. **Reserves**. The Partnership will fund the following reserves:
  - A. Operating Reserve (7.06 of LPA). The Partnership will fund and maintain an Operating Reserve throughout the tax credit compliance period. The Operating Reserve will be funded from the Third Capital Contribution in an amount of \$535,982 equal to 6 months of OERDS. Pursuant to Paragraph 10(B), the Operating Reserve will be replenished up to \$267,991 (the "Operating Reserve Floor") from cash flow to the extent withdrawals are made. To the extent the balance of the Operating Reserve is less than the Operating Reserve Floor at the expiration of the ODG Period as described in Paragraph 7(B)(ii) below, the General Partner shall cause the Operating Reserve to be replenished back to the Operating Reserve Floor and the ODG Period shall be extended until the Operating Reserve has been replenished. Any release of funds from the Operating Reserve prior to the expiration of the tax credit compliance period will be subject to Red Stone's consent. The Operating Reserve shall remain an asset of the Partnership and shall be subject to distribution in accordance with Paragraph 10(C) below, subject to the approval of any project lenders.
  - B. Replacement Reserve (7.05 of LPA). The General Partner shall cause the Partnership to annually deposit \$25,800 (increasing by 3% per annum) from the Partnership's gross operating revenues into the Replacement Reserve, or such greater amount specified by the project lenders. Any release of funds from the Replacement Reserve will be subject to Red Stone's consent. Any similar reserve required by a lender shall offset the amount required to be funded by the Limited Partner subject to the Limited Partner retaining consent rights over any withdrawals.



- C. Release of Reserves. Prior to liquidation of the Partnership or the Limited Partner's exit, any remaining reserves will be distributed to the General Partner to be used for capital improvements after any and all outstanding loans, advances or unfunded credit adjusters are paid to the Limited and Special Limited Partners. Notwithstanding, the project reserves will not be factored in to the value of the project or limited partner interest and any release of the reserves will require consent of the Agency and project lenders.
- 7. <u>Guarantees</u>. The Guarantors will guarantee certain obligations of the General Partner including, without limitation, the following obligations:
  - A. <u>Construction Completion Guarantee (8.09(a) of LPA)</u>. The Guarantors shall guarantee the General Partner's obligation of lien-free completion of the Project in accordance with the plans and specifications approved by Red Stone for the amount set forth in the approved project development budget. After giving effect to any permitted increase in the deferred development fee, the Construction Completion Guarantee will provide that the Guarantors shall pay any amount in excess of the approved project development budget as well as any Project deficiency arising prior to Stabilized Operations (as defined in Paragraph 7(B) below). Payments made under this guaranty will not constitute loans to the Partnership or capital contributions and no Guarantors will have any right to receive any repayment on account of such payments.
  - B. <u>Operating Deficit Guarantee (8.09(b) of LPA)</u>. The Guarantors will agree to advance to the Partnership any amounts required to fund operating deficits arising after the expiration of the Construction Completion Guarantee, if needed, as follows:
    - (i) The guarantee shall be unlimited until the Project achieves "Stabilized Operations". Stabilized Operations is to be defined as the later to occur of (i) construction loan payoff and conversion to approved non-recourse permanent financing; and (ii) rental income generated from the Project is sufficient, utilizing the greater of the actual or underwritten vacancy rate of 5%, to pay all operating expenses of the Project, including, without limitation, all actual or anticipated mandatory debt service; real estate taxes; insurance premiums; management fees; and replacement and operating reserve deposits and maintain an average debt service coverage ratio of not less than 1.15 to 1.00 for 6 consecutive months after funding and commencement of amortization of the Project's permanent loan and the rental subsidy contact(s) remain in place and unmodified. To the extent applicable, if Project income is insufficient to enable the Project to attain the required debt service coverage necessary for the closing or conversion of all permanent loans, the Guarantors will agree to pay down the construction loan in an amount necessary to allow the Project to cause the closing or conversion of all permanent loans by the conversion date required by the lender(s). Payments made under this guarantee will constitute interest free loans to the Partnership in an amount not to exceed \$500,000 and will be repayable from residual proceeds resulting from a sale or refinance.



- (ii) Following (i) above, for a period of 48 months following the achievement of Stabilized Operations (the "ODG Period"), the amount shall be limited to \$803,973 (the "Maximum ODG Amount"), and will be released provided the Project maintains an average of 1.15 to 1.00 debt service coverage ratio over each of the last consecutive 12 months of the ODG Period and the rental subsidy contact(s) remain in place and unmodified. Any amounts so advanced will constitute an interest-free Operating Deficit Loan repayable out of future available cash flow or out of available proceeds of a sale or refinancing described in Paragraph 10.
- (iii) Notwithstanding anything in this Section 7(B) to the contrary, if the rental assistance under the subsidy contract is terminated or reduced during the Compliance Period and the General Partner is unable to demonstrate that such loss of income can be offset through an increase in tenant paid rents and/or a replacement operating subsidy, the Guarantors shall be obligated to fund operating deficits caused by the termination or reduction of the subsidy contract. Any amounts so advanced will constitute an Operating Deficit Loan.
- (iv) Notwithstanding anything in this Section 7(B) to the contrary, if the real estate tax exemption or abatement is terminated or modified during the Compliance Period such change results in an operating deficit, the Guarantors shall be obligated to fund operating deficits caused by such change in real estate tax status The General Partner shall have the right to challenge any denial until all appeals have expired, which challenge shall be at the Partnership's expense. Any amounts so advanced will constitute an Operating Deficit Loan.
- C. <u>Repurchase Guarantee (5.08 of LPA)</u>. The Guarantors will repurchase Red Stone's interest upon the occurrence of certain events occurring prior to Stabilized Operations described in the Partnership Agreement.
- D. Housing Credit Shortfall and Recapture Guarantee (5.03 of LPA). In addition to the Housing Credit and Timing Adjusters set forth in Paragraph 5, if the actual amount of Housing Credits for any year is less than Projected Federal LIHTC set forth in Paragraph 3, as adjusted by Paragraph 5, the Guarantors will guarantee payment to the Limited Partner of an amount equal to the shortfall, or recapture amount, plus all applicable fees, penalties or other costs incurred by the Partnership and/or Red Stone as a result of such shortfall or recapture. The Guarantors will pay, on an after-tax basis, the Limited Partner \$1.00 for each dollar of Housing Credits lost, plus any related interest or penalties. The Guarantors shall not, though, be responsible for loss or recapture of Housing Credits attributable to changes to the Code, an eminent domain action or as a result of the Limited Partners actions, or because a reallocation occurs because of a negative capital account (provided the General Partner is not in breach of its obligations under the Partnership Agreement) after achievement of Stabilized Operations; provided, however, that, for purposes of this provision, any amendment or modification to the Code or regulations thereunder related to the Average Income Test



as a mechanism to meet the Minimum Set-Aside Test shall not constitute a change to the Code.

- E. <u>Environmental Indemnification (4.03 of LPA)</u>. The General Partner and the Guarantors, jointly and severally, shall indemnify and hold harmless the Partnership and the Limited Partner from and against all claims, actions, causes of action, damages, costs, liability and expense incurred or suffered based upon a violation of environmental laws, or respecting the presence of environmental hazards.
- F. <u>Guarantors (Exhibit C of LPA)</u>. The Guarantors will guarantee all of the General Partner's obligations including those set forth above. The Guarantors will maintain a minimum liquidity of \$1,000,000 and a minimum net worth of \$5,000,000. The Guarantors will provide Red Stone with annual unaudited financial statements evidencing compliance with the liquidity and net worth covenants above.
- 8. <u>Construction</u>. The General Partner will arrange for a fixed or guaranteed maximum price construction contract in the anticipated amount of \$18,100,000. The General Partner will carry a hard cost contingency of no less than 5%. The General Partner shall cause lien-free completion to occur and shall provide either a payment and performance bond or letter of credit to secure the contractor's obligations. Red Stone may, in its sole discretion, engage a construction consultant to review plans and specifications and evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant shall be borne by the Partnership.
- 9. <u>Fees</u>. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.
  - A. <u>Developer Fee (Exhibit D of LPA)</u>. The Developer will earn a developer fee of \$4,116,668. The portion of the developer fee that will not be paid out of the Capital Contributions will be deferred and payable by the Partnership to the Developer as a distribution of net cash flow in accordance with Paragraph 10(B). The deferred amount is projected to be \$944,340 and will accrue interest at the rate of 5% per annum, or such other interest rate acceptable to tax counsel, in effect as of the placed-in-service date of the project. The balance of the developer fee that is not projected to be permanently deferred is projected to be \$3,172,328 ("Cash Development Fee") will be paid out of the Capital Contributions in amounts not to exceed the following (each stated as a percentage of Cash Development Fee):

Capital Contribution #	Cash Development Fee Amount or %
First Capital Contribution	30%
Second Capital Contribution	20%
Third Capital Contribution	42%
Fourth Capital Contribution	8%

The deferred amount will be payable out of available cash flow and will mature on the 15<sup>th</sup> anniversary of the placed-in-service date ("Maturity Date"). If the deferred portion



of the developer fee has not been repaid upon the Maturity Date, the General Partner will be required to advance the Partnership the amount equal to the unpaid balance of the deferred amount which was included in basis and needed to generate the tax credits expected to be delivered to the Limited Partner.

- B. <u>Property Management Fee (7.01 of LPA)</u>. The property management fee will not exceed a total of 5% of gross collected rents. The appointment of, and terms of the property management agreement, are subject to the prior approval of Red Stone.
- C. <u>Asset Management Fee (14.04 of LPA)</u>. The Partnership will pay Red Stone an annual asset management fee in an amount equal to \$7,500 per annum. The asset management fee will be paid annually and such fee shall accrue beginning on Initial Closing, with the first payment due and payable on or before March 1, 2025, and each anniversary thereafter. The asset management fee will increase annually by 3%.
- D. Partnership Management Fee (14.06 of LPA). The Partnership will pay the General Partner an annual partnership management fee in an amount equal to \$10,000, or such other amount as determined by and acceptable to tax counsel to Red Stone. The partnership management fee will be paid annually and such fee shall accrue beginning on Final Closing, with the first payment due and payable on or before March 1, 2025, and each anniversary thereafter. The partnership management fee will increase annually by 3%.
- E. <u>Incentive Management Fee (14.02 of LPA)</u>. An incentive management fee may be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow, or such other amount as determined by and acceptable to tax counsel to Red Stone.
- F. <u>Incentive Leasing Fee</u>. Subject to tax counsel and Red Stone approval, any excess cash flow accumulated during lease up and prior to conversion not needed as a development period source shall be paid to the General Partner as an Incentive Leasing Fee.

#### 10. <u>Distribution of Tax and Cash Benefits (11.03 of LPA)</u>.

- A. <u>Tax Benefits</u>. Tax profits, tax losses, and tax credits arising prior to the sale or other disposition of the Project will be allocated 99.99% to the Limited Partner, .001% to the Special Limited Partner and .009% to the General Partner. The Limited Partner will have the right in its sole discretion to undertake a limited deficit restoration obligation at any time during the term of the Partnership.
- B. <u>Net Cash Flow Distributions</u>. Distributions of net cash flow, as defined in the Partnership Agreement, but generally all cash receipts less cash expenditures (e.g., payment of debt service and property management fee), will be made as follows:



- to the Limited Partner in proportion to any phantom tax liability incurred by the Limited Partner (i.e., tax liability resulting from allocations of income where the Limited Partner has not received a cash distribution);
- (ii) to the Limited Partner, to make any payment of any unpaid tax credit adjuster or any tax credit shortfall or other debts owed to the Limited Partner;
- (iii) to the Limited Partner as payment of any unpaid Asset Management Fee;
- (iv) to replenish the Operating Reserve account to the Operating Reserve Floor;
- (v) to the General Partner as payment of any unpaid Partnership Management Fee;
- (vi) to the payment of any unpaid developer fee, or in the case of an advance made by the General Partner to retire the deferred developer fee, until such advance or fee has been paid in full;
- (vii) to the payment of any debts owed to the General Partner;
- (viii) 90% to the payment of any incentive management fee, or such other amount as determined by and acceptable to tax counsel; and
- (ix) the balance, .009% to the General Partner, .001% to the Special Limited Partner, and 99.99% to the Limited Partner, or such other amount determined by and acceptable to tax counsel.
- C. <u>Distributions upon Sale or Refinance (11.04 of LPA)</u>. Net proceeds resulting from any sale or refinance will be distributed as follows:
  - (i) in accordance with subparagraphs 10B(i) through (iii) above;
  - (ii) in accordance with subparagraphs 10B(v) through (viii) above;
  - (iii) to the Special Limited Partner, 1% of such gross proceeds as a partnership liquidation fee;
  - (iv) to the Limited Partner in an amount equal to any projected exit taxes; and
  - (v) the balance, 90.000% to the General Partner, 9.999% to the Limited Partner, and 0.001% to the Special Limited Partner, or such other amount as determined by and acceptable to tax counsel.
- 11. <u>Debt Financing</u>. As a condition to funding the capital contribution described in Paragraph 4, the General Partner will deliver the loan commitments described below. The terms of these loans and/or financing sources are subject to Red Stone's consent and all loans will be made



directly from the lenders to the Partnership. The Perm Loan will be sized based on a minimum discount to achievable market rents of 20% as determined by Red Stone's market study.

A. <u>Permanent Loan</u>. The Partnership expects to receive non-recourse permanent loan commitments in the maximum amounts, and with the terms set forth below:

Name	Hard / Soft Debt	Amount	Interest Rate	Term (mos.)	Amort. (mos.)	% of cash flow
Perm Loan	Hard	\$7,400,000	6.50%	420	480	100%
SAIL	Soft	\$7,225,000	1.00%	600	N/A	50%
ELI	Soft	\$569,600	0.00%	600	N/A	50%
NHTF	Soft	\$870,000	0.00%	600	N/A	50%

B. <u>Construction Loan</u>. In addition to the permanent financing sources described above, it is expected that the project will be financed with a first-lien position construction loan from a to-be-determined lender in the form of tax-exempt bond proceeds in the maximum amount of \$15,000,000 with an approximate interest rate of 6.25% and a term of no less than 22 months.

#### 12. Purchase Option and Right of First Refusal (Exhibit N of LPA).

- A. <u>Project Purchase Option</u>. For a period of 2 years following the end of the compliance period, the General Partner shall have an option to purchase the Project for a purchase price equal to the greater of (i) 94% of fair market value after factoring in real estate brokerage commissions, low-income restrictions or (ii) the sum of (x) the amount of all indebtedness of the Project, which indebtedness may be assumed by the General Partner at its discretion, and (y) the amount of the federal, state, and local tax liability that the Limited Partner would incur as a result of the sale.
- B. <u>Partnership Interest Option</u>. For a period of 2 years following the end of the compliance period, the General Partner shall have an option to purchase the Limited Partner's and the Special Limited Partner's partnership interests in the Partnership for an amount equal to the amount which would be payable to the Limited Partner and the Special Limited Partner following a sale of the property under the Project Purchase Option in Section 12(A) above.
- C. <u>ROFR</u>. For a period of 2 years following the end of the compliance period and subject to the receipt of an offer from an unrelated party, the General Partner or an affiliate, a qualified nonprofit organization, will have the right, upon receipt of an offer, to exercise a Right of First Refusal to purchase the property for an amount no greater than the minimum purchase price pursuant to Section 42(i) of the Code.
- D. <u>Early Exit</u>. Red Stone hereby acknowledges it is the intent of the Limited Partner to exit the Partnership as soon as reasonably possible following the end of the credit period. Furthermore, Red Stone in consultation with its investors hereby agrees to use



commercially reasonable best efforts to effectuate an early exit from the Partnership through a to-be-defined provision in the Partnership Agreement which may include a \$1,000 put or a fair market value purchase of the interest of the Limited and Special Limited Partners.

- 13. Due Diligence, Opinions and Financial Projections (14.05 of LPA). The General Partner will satisfy all of Red Stone's due diligence requirements, including an acceptable local law opinion. The Limited Partner's tax counsel will provide the tax opinion. The Partnership will reimburse the Limited Partner an amount equal to \$75,000 toward the costs and expenses incurred by the Limited Partner in conducting its due diligence review, the costs and expenses of Red Stone's counsel (including, without limitation, the costs of the preparation of the tax opinion), and for the costs of Red Stone's third party reports. Red Stone may deduct the amount owed it for reimbursement of costs and expenses from its first Capital Contribution and such amount will be payable to Red Stone in the event the General Partner elects not to close the transaction for any reason. Further, notwithstanding anything to the contrary contained in this letter, upon a disposition of the Project or of the LP Interest, the Special Limited Partner will be paid a documentary and diligence fee in an amount equal to \$75,000 to cover its time, costs and expenses in connection with such disposition. The financial projections to be attached to the Partnership Agreement and that support the tax opinion will be prepared by Red Stone based on financial projections provided by the General Partner. The General Partner financial projections will include eligible basis calculations, sources and uses, and cash flow statements.
- 14. Partnership Closing. Final Partnership closing will be contingent upon Red Stone's receipt, review and approval in its sole discretion of all due diligence including the items set forth on its due diligence checklist to be delivered to the General Partner. Final Partnership closing also is contingent upon (i) a satisfactory site visit conducted by Red Stone to determine overall market feasibility, including an analysis of proforma rents and expenses, (ii) Red Stone's review and approval of all third party reports, and (iii) final approval of Red Stone's investor. Red Stone's agreement to acquire the LP Interest on the pricing, terms and conditions contained in this letter are further based on the assumption that the Partnership closing will occur on or before the Closing Date set forth in Section 1. Terms and credit pricing herein shall be valid until the Closing Date. If the Partnership closing does not occur on or before the Closing Date set forth in Section 1, Red Stone reserves the right in its discretion to modify the tax credit pricing and other terms to be consistent with market conditions.
- 15. **Exclusivity**. Upon the execution of this Letter of Intent, the General Partner agrees to cease its efforts to obtain financing from other sources. This exclusive arrangement shall terminate should Red Stone notify the General Partner in writing that it does not intend to proceed with this investment any time prior to ratification by the Red Stone investment committee.

[Remainder of page left intentionally blank]



It is hereby acknowledged and understood that this proposal is not a commitment to invest, nor is it intended to be a letter of commitment, and Red Stone is not bound to any of the terms and conditions herein outlined. The terms of the financing set forth in this letter are not set until formally approved by Red Stone and the transaction documentation has been executed by Red Stone and the General Partner. Please confirm your acceptance of the terms described in this letter by signing the enclosed counterpart and returning it to us within 21 calendar days of the date set forth on the first page of this letter. If this letter is not returned within such 21 day period, the terms of this letter are not binding on Red Stone. In any event, the terms of this letter are not binding until countersigned and accepted by an authorized officer of Red Stone.

The undersigned approves and accepts the terms of this letter agreement and agrees to work with Red

Sincerely,

Name: Matt Grosz

Managing Director

By:

Title:

Stone.			
GENERAL PARTNER:	GENERAL PARTNER:		
By: SVP	By: Its:		
Date: 5/23/2024	Date:		
GUARANTOR:	GUARANTOR:		
By:	Ву:		
Its: SVP	Its:		
Date: <u>5/23/2024</u>	Date:		
GUARANTOR:	GUARANTOR:		
Ву:	Ву:		
Its:	Its:		
Date:	Date:		
<u> </u>	ne above signature of the General Partner within the terms o tent was countersigned by Red Stone on the day o		
	Ву:		
	Name:		
	Title:		



November 1, 2024

Ariana Brendle, VP, Acquisitions Shaun Mosheim, Senior Development Manager National Community Renaissance 9692 Haven Avenue Suite 100 Rancho Cucamonga, CA 91730

Sent via electronic communication

Re: Hawthorne Heights (Alachua County, FL) - 4th Rev

Dear Ariana and Shaun:

Thank you for the opportunity to provide National Community Renaissance with the following terms pertaining to the construction financing of Hawthorne Heights, a property located at 2412 SE Hawthorne Rd, Gainesville, FL (Alachua County). Hawthorne Heights is a 4% LIHTC new construction deal that will comprise of 86 units serving seniors at or below 60% AMI.

KeyBank Real Estate Capital has a strong interest in providing the financing for this property and we appreciate your consideration. Based upon our preliminary review of the Proforma Budget, and the balance of the information submitted, we find that your financing needs are best accommodated by executing with KeyBank to utilize our Construction as well as a perm execution provided by KeyBank CMG. The KeyBank CMG has been provided under separate cover.

A summary of the proposed construction for Hawthorne Heights are as follows:

#### **Construction Loan:**

Borrower: CORE Hawthorne Heights LLLP. The Borrower must be a single-asset entity. The

Borrower and Managing Member are subject to approval of the Bank.

Guaranty: Payment and Performance Guaranty to be provided during the term of

construction by National Community Renaissance or any additional joint

venture parties subject to the approval of the Bank.

100% Guaranty of Completion and 25% Repayment to be provided

during the term of the Loan

Financial Covenants:

Guarantor financial covenants to be determined and generally include a minimum level of unrestricted liquidity of \$1.4mm and net assets of \$14MM. The final covenants will be determined during due diligence.

Construction Loan Amount:

up to \$14,000,000

Term:

Borrower may select a term of 30 months with one 6-month extension option.

**Extension Terms:** 

Provided no event of default and no event or circumstance which would constitute an event of default if not cured within the time allowed has occurred under the Loan Documents (as hereinafter defined), Borrower may extend the Maturity Date of the Loan for one additional 6-month extension period subject to the following conditions:

- a) Borrower delivers written notice to the Bank requesting the extension not more than 60 days or less than 30 days before the original or extended Maturity Date.
- b) Borrower has paid to Lender an Extension Fee of 25 basis points.
- c) Construction of the Improvements has been completed in accordance with all the requirements of the Loan Agreement, including without limitation the issuance of a final certificate of occupancy.
- d) There are sufficient interest reserves, Guarantor cash, or Operating Cash Flow to cover interest carrying cost.
- e) Project is at least 80% occupied.
- f) The Bank receives each Guarantor's and Borrower's current financial statements, certified as correct by Borrower and by each Guarantor. There must be no material adverse change in Borrower's or any Guarantor's financial condition.

All references herein to the "Maturity of the Loan" or the "Maturity Date" shall mean the original Maturity Date or, the last day of the Extension Period as the context requires.

Shall an extension option be exercised, then beginning in Month 37, Borrower will be required to repay the principal together with the accrued interest calculated and established at the time of the extension. Monthly debt service payments will be based on the outstanding principal amount at extension, using the fixed contract rate and a 40-year amortization schedule.

Interest Rate:

The fixed rate of 6.50% for construction loan term. KeyBank CDL will require a forward rate lock commitment for this fixed construction rate at time of signing this commitment

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Origination Fee: 75 basis points.

Repayment: Prior to the maturity date, interest on the outstanding principal balance of

the Loan shall be due and payable monthly beginning on the first day of the first calendar month following Loan Closing and shall continue through the Completion Date. If not sooner repaid, the entire principal balance outstanding, together with all unpaid interest and fees thereon, shall be due and payable in full on the last day of the 30<sup>th</sup> consecutive calendar month following the Date of Closing ("Maturity Date") unless

the six-month extension option is exercised.

Late Fee: For any payment of principal or interest not made within 10 days of when

due, Borrower shall pay a late fee equal to the greater of 5.0% of the

amount of such payment or \$50.00.

Prepayment Penalty: Borrower may prepay this Loan in whole or in part at any time without

penalty.

Accounts: Maintenance of primary operating deposit accounts related to the Project

shall be held at KeyBank N.A. The accounts are to be opened prior to or

concurrent with Loan Closing.

Appraisal: Bank shall receive prior to Date of Closing a written appraisal

satisfactory to the Bank in all respects including, but not limited to, a prospective market valuation of the Project and the Low-Income Housing

Tax Credits. The report shall be acceptable to the Bank in its sole

discretion.

Environmental Assessment: Borrower shall provide evidence (including a Phase I environmental

assessment prepared for and certified to Bank) indicating the Land is free from risk in the Bank's sole judgement from all hazardous substances, toxic substances or hazardous waste as defined by any Federal, state or local law, statute, ordinance or regulation, and is free of all other

contamination which, even if not so regulated, is known to pose a hazard to the health of any person on or about the Land, and that the Land is not in a "wetlands" or "flood plain" area, and contains no underground storage tanks or oil or gas wells. The Bank reserves the right, at the Borrower's expense, to retain an independent consultant to review any such evidence submitted by Borrower or to conduct its own investigation

of the Land.

Disbursement Procedures: All funds disbursed under the Loan shall be subject to the Bank's

Construction Loan Agreement, which shall contain such terms,

covenants, and conditions as shall be satisfactory to the Bank as set forth

herein.

Insurance: Borrower shall obtain and maintain insurance coverage satisfactory to the

Bank. The initial policies shall be prepared and certificates of insurance shall be delivered to the Bank prior to Loan Closing. All renewal policies shall be prepaid and certificates of insurance delivered to the Bank as evidence of such insurance on or prior to the policy expiration date.

Construction Period Interest: An interest reserve will be required. Interest payments may be funded

through the monthly construction draw process. Sufficient interest for the construction period should be included as a line item in the construction

budget.

LTV: Not to exceed 80% of appraised value, as stabilized, with restrictions

including the value of the low-income housing tax credits

Equity: Borrower will be required to provide a minimum of 10% equity or soft

sources in during the construction period based on construction budget costs. Tax Credit Equity, and other soft debt sources that are 1) not must pay and 2) that are in lien position behind Key's loan will be considered

as sources of equity if received during the construction period.

Sufficient sources required to pay off the construction loan at conversion.

Special Conditions: Pricing and terms are subject to change if the construction loan is not

paired with the KeyBank CMG Affordable agency loan in this proposal

letter.

Loan Documentation: Documented on KeyBank standard loan documents

Insurance Requirements: Standard insurance requirements provided when the due diligence period

is initiated

Permanent Guaranty/Recourse: Non-recourse; standard carve outs.

Bond Payments:

Principal and interest payments will be based on a monthly schedule and

will flow through the bond trustee for payment to the bondholder.

Subordinate Debt: Soft subordinate debt is permitted subject to underwriting review and

approval of the Bank.

Conversion Requirements: a) Project receipt of Certificate of Occupancy

b) 90% occupancy for 90 days

c) 1.15 DSCR

d) Equity installment necessary to payoff construction loan

Escrow Requirements: Tax, Insurance and Replacement Reserves are required. Reserves are

required to be funded at an amount determined at Conversion. No debt

service reserves are contemplated at this time.

**Special Conditions:** 

Final Loan Amount is subject to Appraisal and its Restricted Valuation for

the Subject Property.

Pricing is conditioned upon the expansion of the deposit/treasury management relationship with KeyBank, including property-level and

operating-level accounts.

Timing: Loan process timing from executed Commitment to initial closing is

estimated to be 150 days.

#### **General Terms and Conditions:**

Perm Loan: \$7,550,000 on agency or off-balance sheet perm provided by KeyBank

under separate cover.

Loan Documents & Security: The Loan shall be evidenced by a promissory note (the "Note") for the

Loan Amount and a Construction Loan Agreement, and may be secured by a Deed of Trust and Security Agreement (the "Mortgage") which Mortgage shall convey to Bank (i) a first leasehold to the Land and the Improvements and easements and rights of way appurtenant thereto, which Land shall be more fully described in a legal description to be provided by the Borrower to satisfaction of the Bank, and (ii) a first lien and security interest in all fixtures and personal property owned by Borrower and relating to or located on the Project and such other collateral documents and legal opinions as the Bank and its legal counsel

shall require, all in form and substance acceptable to the Bank. .

Commercial Lease: Any lease for the commercial space along with easements and CC&Rs

shall be reviewed and approved by KeyBank along with assignments of

said lease agreements.

General Contractor: Prior to the Date of Closing, Borrower shall furnish to Bank an executed

fixed price or guaranteed maximum price construction contract from a general contractor acceptable to Bank. The General Contractor will be required to provide an acceptable workman's compensation insurance policy, a payment and performance bond (this requirement is waived if contractor is same general contractor that the Borrower's Developer has worked with consistently on past similar size and types of development),

and three years financial statements.

In addition, if requested, Borrower shall furnish copies of contracts with any and all major subcontractors to be reviewed and accepted by the

Bank in its discretion.

Additional Loan Conditions: 1. Prior to commencement of construction of the improvements, and

prior to any disbursement for construction hard costs, Borrower shall furnish to Bank the following documentation, all in form, substance and execution satisfactory to Bank:

- a. A complete set of final plans and specifications related to the rehab construction of the Project and evidence of compliance with the Americans with Disabilities Act. Bank shall retain an independent engineer, architect or consultant to conduct such review, and Borrower agrees to bear the cost and expenses thereof
- b. A cost breakdown and itemization of all hard and soft costs for the Project. This itemization shall include (i) a summary page indicating costs of land, site work, construction and soft costs on an AIA G703 form and (ii) detailed schedules supporting the site work and construction costs shown on the AIA G703 form according to Construction Standards Institute (CSI) Division.
- c. Evidence of all building permits and governmental approvals necessary for the Project as reasonably determined by KeyBank. A "Permit Ready" letter is generally acceptable.
- d. The General Contractor's contract and all other contracts of \$1,000,000 or greater related to construction of the Project.
- e. A list of all known and contemplated contractors used for development of the Project with a contract amount of \$1,000,000 or greater.
- f. A Project development schedule provided by Borrower and development supervisor setting forth the approximate start and finish dates of all major stages of the Project; such schedule shall provide that the development of the Project shall commence on or before 60 days after loan closing.
- 2. Development of the Project shall be completed (Certificates of Substantial Completion issued) within 24 months after commencement of Project development. Project development shall begin after closing but no later than 60 days after closing.
- 3. Upon completion of all development and prior to disbursement of the retainage, Borrower shall submit evidence of completion of the Project, consisting of (i) a certificate of the supervising architect or General Contractor certifying that the Project has been completed in accordance with the final plans and specifications as approved by the Bank, and (ii) a certificate of use and occupancy and any other certificates required by the local municipality or by any other applicable governmental department, agency or unit, and (iii) if requested, an "As-Built" ALTA/ACSM final survey of the Project.

- 4. Borrower shall submit to Bank annual financial statements, rent rolls, income and operating statements for the Project and other periodic financial statements as reasonably requested by the Bank.
- 5. Bank shall be entitled to erect a sign on the Land at Borrower's expense or as part of Borrower's signage indicating that the Bank is the source of financing for the Project and to use the Loan Amount, Borrower's name and Project location in any advertisement.
- 6. Provided no default exists in the covenants, terms and conditions of any Loan Documents at any time while the Loan remains unpaid, the Bank will permit Borrower to pay the Property insurance premiums and real estate taxes related to the Project outside of escrow during the term of the Loan. Borrower shall furnish to the Bank evidence that the insurance premiums are paid, at least 5 days prior to the last date for payment of such amounts before termination of the insurance policy.
- 7. Until the Loan is paid in full, the Borrower, without the prior written consent of the Bank, shall not create, effect, consent to, attempt, contract for, agree to make, suffer or permit any conveyance (other than conveyances of leasehold estates in the ordinary course of business), sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation of the Project, or the Borrower, or any interest in or portion of the Project, or the Borrower, which is effected directly, indirectly, voluntarily, involuntarily, or by operation of law or otherwise.

#### Construction Disbursement Funding:

All funds disbursed under the Loan shall be subject to the Bank's Construction Loan Agreement, which shall contain such terms, covenants, and conditions as shall be satisfactory to the Bank, including without limitation, the following:

Other Funding Sources: All other construction funding sources shall be disbursed in accordance with the Equity/Sub-Debt/Deferred Cost Requirement Section outlined in this Proposal. These include Florida's SAIL loan funds of \$7,225,000, NHTF Loan of \$870,000, ELI loan funds of \$569,060. The NHTF and SAIL loans will be paid in during construction and the ELI loan comes in at conversion to perm.

<u>Draw Request</u>: All requests for disbursement of funds shall be in writing and shall be submitted on a Standard AIA Form G702 and G703 and shall be for costs consistent with the final Project cost breakdown accepted by the Bank in aggregate total and itemization. Draw requests should not be made more frequently than once per month. No disbursements will be made for stored materials unless properly secured

and insured in a manner satisfactory to the Bank or its agent. Each draw request shall be signed by the Borrower and approved in writing by the supervising architect.

<u>Inspections</u>: All inspections shall be completed by an agent for the Bank who will require all lien waivers and may require further information, including, but not limited to, documents such as contracts and invoices, to complete the analysis of the Draw Request. The cost of these inspections shall be paid directly by the Borrower.

Affidavits/Lien Waivers: The Borrower shall submit with all Draw Requests copies of affidavits signed by the general contractor certifying all outstanding balances due but unpaid for work in place for the Project. With each Draw Request, Borrower shall deliver to Bank and Bank's construction inspector copies of waivers of liens from contractors in the respective sum received by each such contractor for all of the preceding Draw Requests.

<u>Title Insurance</u>: Borrower shall furnish to the Bank an ALTA Loan Policy of Title Insurance, by a title company satisfactory to the Bank, in the Loan Amount, insuring the Bank that it has a first lien upon the Project including customary insurance against mechanic's and material men's liens and encroachments by or upon the Project.

<u>Disbursements</u>: All disbursements shall be made approximately ten (10) days after receipt of all information required by the Bank to approve the requested disbursements. Funds will be disbursed directly into a demand deposit account maintained by Borrower at the Bank specifically for the Project; provided, however, the Bank reserves the right to pay individual contractors directly or by check jointly payable to Borrower and any such contractor should circumstances warrant in Bank's sole opinion.

<u>Retainage</u>: The Bank may withhold up to 10% (the "Retainage") from the "hard costs" contained on each requested Loan Disbursement. At a minimum, 5% shall always be available for retainage.

<u>Interest Reserve</u>: The Bank shall set aside an amount from the loan proceeds to be used as an interest reserve; this amount will be determined before construction loan closing and will be in an amount sufficient to cover all interest payments. Funds from the reserve are to be used solely to pay interest during construction and are not to be used to fund hard costs.

<u>In Balance</u>: The Loan shall remain 'in balance" at all times. The Loan shall be determined to be "in balance" only at such times as Bank determines, in its reasonable discretion, that the then undisbursed portion of the Loan, together with such construction-period equity as Bank

deems appropriate for inclusion, equals or exceeds the amount necessary to pay all work done and not theretofore paid for or to be done in connection with the completion of the construction of the Project in accordance with the plans and specifications or otherwise to be incurred in connection with completion of the Project.

If the Bank determines that the Loan is not "in balance", Borrower shall within 30 days after written request by Bank deposit the amount of the deficiency with Bank, which shall then be disbursed before any further disbursements of Loan proceeds. Bank shall not be obligated to make any disbursements of the Loan at any time that the Loan is not in balance. Key will calculate the construction term and the amount of loan outstanding during that period to determine a reasonable amount required for a construction interest reserve.

Rental Subsidy Contracts:

Rental Subsidy contracts that be provided to the Bank and be approved and deemed acceptable by the Bank in terms as identified for term of the private placement perm loan

Low Income Housing Tax Credits:

The closing of the loan is conditioned upon the Project obtaining a reservation of Federal Low-Income Housing Tax Credits under Section 42 of the Internal Revenue Code in amounts satisfactory to Bank. Borrower shall satisfy all conditions required to maintain the qualifications of the Tax Credits throughout the term of the loan. Estimated LIHTC equity as identified is \$10,059,746

Approval of LLPA Agreement:

The closing of the Construction Loan is conditioned upon the Bank approving the limited partnership agreement of the Borrower, including (without limitation) all terms and provisions concerning the admission of the Managing Member and the Investor Member, and the amount, timing and means of payment of the capital contributions to be received from the Investor Member, and all related documentation.

**Bank Participation:** 

Borrower acknowledges that the Bank reserves the right to syndicate and/or participate its interest in the Loan and Borrower agrees to, at Bank's request, execute such additional promissory notes and other instruments as may be appropriate to evidence its obligation under the Loan to such syndicate banks as may commit, in the future, to fund a portion of the Loan Amount according to the terms of the Construction Loan Agreement.

Indemnification:

The Borrower agrees to indemnify and to defend and hold the Bank harmless against (i) any brokerage commissions or finder's fees claimed by any broker or other party in connection with the transactions contemplated hereby and (ii) any loss, costs, damages or expenses that the Bank may incur, directly or indirectly, as a result of or in connection with the assertion against the Bank of any claims relating to the presence or removal of any environmental contamination on the Land or any adjacent property

Confidentiality:

This Proposal is delivered to you with the understanding that neither this term sheet nor any of its terms or substance shall be disclosed, directly or indirectly to any other person except (i) your employees, agents and advisors who are directly involved in the consideration of this matter or (ii) as disclosure may be compelled in a judicial or administrative proceeding or as otherwise required by law.

Legal and Other Fees:

Borrower will be responsible for all legal fees and third-party fees, including but not limited to: Appraisal, Phase I ESA, Survey, Title and all closing costs related to the loan. Legal counsel will be identified at the time of acceptance of this proposal.

Construction loan legal expenses are estimated to be \$75,000.

Third Party Report Deposit:

\$20,000 due at application for third party reports including appraisal, environmental, physical needs assessment, zoning, and other required reports. The actual cost of third-party reports will be billed at closing. (\$5,000 additional deposit will be required for Legal Costs).

Non-Assignability of Proposal:

This Proposal is made exclusively to the Borrower and is not assignable nor transferable voluntarily or involuntarily by the Borrower and any such assignment or transfer or attempted assignment, or transfer shall be null and void and shall result in this Proposal being automatically and simultaneously terminated.

Good Faith Deposit:

If the foregoing terms and conditions meet with your approval, please send a signed copy of this letter, along with a Good Faith Deposit ("Deposit") of \$20,000. Borrower is responsible to reimburse Bank for expenses incurred which exceed the Deposit. However, this Deposit is non-refundable if the Bank approves the Loan on substantially the same terms and conditions as provided herein. If no such approval is granted, said deposit (less the Bank's out-ofpocket expenses) shall be refunded to Borrower. If the Loan is closed, the application fee will be credited towards the cost of third-party reports and legal fees, if applicable.

**Proposal Expiration:** These proposed terms herein are open for acceptance by the Borrower until 5:00 PM on November 22, 2024. If it is not accepted and returned to the Bank at the address below by said date, the Proposal shall immediately become null and void without further notice.

We very much look forward to working with National Community Renaissance on Hawthorne Heights.

Many thanks,

Matthew Haas, SVP & Senior Banker Senior Relationship Manager Key Bank Real Estate Capital Community Development Lending & Investing

CC: Cathy Danigelis, KeyBank CDL West Team Lead Hector Zuniga, KeyBank CMG Ashley Wright, SVP, Dev, National CORE

[Borrower Acknowledgement on following page]

#### **ACKNOWLEDGED BY:**

#### **BORROWER/GUARANTOR:**

National Community Renaissance

By: SVP

Date: 11/4/2024

#### **Additional Required Information**



#### IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING ACCOUNTS AT KEY

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each customer who opens an account. Therefore, all new and existing customers are subject to the identity verification requirements.

When a customer opens an account with any entity within the KeyCorp family of companies, we will ask for the customer's name, address and identification number, and in the case of an individual, his or her date of birth. For business accounts, we may also obtain this information for individuals associated with the business. We may also request to see a valid driver's license or other approved identifying documents. In all cases, Key is committed to protecting the privacy and identity of each of its customers.

#### CREDIT INFORMATION

Borrower authorizes KeyBank, its employees, agents, successors, assigns and affiliates to a) make whatever investigation KeyBank deems appropriate concerning Borrower, Guarantor, principals of Guarantor, Borrower's request for credit, and in the collection and periodic review of the Construction Loan, and, b) to share the information obtained with prospective purchasers of assignments and participations in the Construction Loan and as otherwise permitted by law. Without limiting the foregoing, KeyBank may obtain credit reports and other information regarding Borrower's deposit accounts, income and banking credit, business, and employment relationships and may verify such information. If Borrower or Guarantor is married and lives in a community property state, this authorization is also made on behalf of Borrower or Guarantor's spouse, even if he or she is not a Co-Borrower or Guarantor.

#### **ADVERTISING**

Borrower authorizes KeyBank to publicly use, at our discretion, the name of the Property, photographs of the Property, and/or other basic transaction information relating to the Construction Loan in marketing press releases and/or advertising materials.



November 1, 2024

Ariana Brendle, VP, Acquisitions Shaun Mosheim, Senior Development Manager National Community Renaissance 9692 Haven Avenue Suite 100 Rancho Cucamonga, CA 91730

Sent via electronic communication

Re: Hawthorne Heights (Alachua County, FL) - 4th Rev

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100% Guaranty of Completion and 25% Repayment to be provided

during the term of the Loan

Financial Covenants:

Guarantor financial covenants to be determined and generally include a minimum level of unrestricted liquidity of \$1.4mm and net assets of \$14MM. The final covenants will be determined during due diligence.

Construction Loan Amount:

up to \$14,000,000

Term:

Borrower may select a term of 30 months with one 6-month extension option.

**Extension Terms:** 

Provided no event of default and no event or circumstance which would constitute an event of default if not cured within the time allowed has occurred under the Loan Documents (as hereinafter defined), Borrower may extend the Maturity Date of the Loan for one additional 6-month extension period subject to the following conditions:

- a) Borrower delivers written notice to the Bank requesting the extension not more than 60 days or less than 30 days before the original or extended Maturity Date.
- b) Borrower has paid to Lender an Extension Fee of 25 basis points.
- c) Construction of the Improvements has been completed in accordance with all the requirements of the Loan Agreement, including without limitation the issuance of a final certificate of occupancy.
- d) There are sufficient interest reserves, Guarantor cash, or Operating Cash Flow to cover interest carrying cost.
- e) Project is at least 80% occupied.
- f) The Bank receives each Guarantor's and Borrower's current financial statements, certified as correct by Borrower and by each Guarantor. There must be no material adverse change in Borrower's or any Guarantor's financial condition.

All references herein to the "Maturity of the Loan" or the "Maturity Date" shall mean the original Maturity Date or, the last day of the Extension Period as the context requires.

Shall an extension option be exercised, then beginning in Month 37, Borrower will be required to repay the principal together with the accrued interest calculated and established at the time of the extension. Monthly debt service payments will be based on the outstanding principal amount at extension, using the fixed contract rate and a 40-year amortization schedule.

Interest Rate:

The fixed rate of 6.50% for construction loan term. KeyBank CDL will require a forward rate lock commitment for this fixed construction rate at time of signing this commitment

•

Origination Fee: 75 basis points.

Repayment: Prior to the maturity date, interest on the outstanding principal balance of

the Loan shall be due and payable monthly beginning on the first day of the first calendar month following Loan Closing and shall continue through the Completion Date. If not sooner repaid, the entire principal balance outstanding, together with all unpaid interest and fees thereon, shall be due and payable in full on the last day of the 30<sup>th</sup> consecutive calendar month following the Date of Closing ("Maturity Date") unless

the six-month extension option is exercised.

Late Fee: For any payment of principal or interest not made within 10 days of when

due, Borrower shall pay a late fee equal to the greater of 5.0% of the

amount of such payment or \$50.00.

Prepayment Penalty: Borrower may prepay this Loan in whole or in part at any time without

penalty.

Accounts: Maintenance of primary operating deposit accounts related to the Project

shall be held at KeyBank N.A. The accounts are to be opened prior to or

concurrent with Loan Closing.

Appraisal: Bank shall receive prior to Date of Closing a written appraisal

satisfactory to the Bank in all respects including, but not limited to, a prospective market valuation of the Project and the Low-Income Housing

Tax Credits. The report shall be acceptable to the Bank in its sole

discretion.

Environmental Assessment: Borrower shall provide evidence (including a Phase I environmental

assessment prepared for and certified to Bank) indicating the Land is free from risk in the Bank's sole judgement from all hazardous substances, toxic substances or hazardous waste as defined by any Federal, state or local law, statute, ordinance or regulation, and is free of all other

contamination which, even if not so regulated, is known to pose a hazard to the health of any person on or about the Land, and that the Land is not in a "wetlands" or "flood plain" area, and contains no underground storage tanks or oil or gas wells. The Bank reserves the right, at the Borrower's expense, to retain an independent consultant to review any such evidence submitted by Borrower or to conduct its own investigation

of the Land.

Disbursement Procedures: All funds disbursed under the Loan shall be subject to the Bank's

Construction Loan Agreement, which shall contain such terms,

covenants, and conditions as shall be satisfactory to the Bank as set forth

herein.

Insurance: Borrower shall obtain and maintain insurance coverage satisfactory to the

Bank. The initial policies shall be prepared and certificates of insurance shall be delivered to the Bank prior to Loan Closing. All renewal policies shall be prepaid and certificates of insurance delivered to the Bank as evidence of such insurance on or prior to the policy expiration date.

Construction Period Interest: An interest reserve will be required. Interest payments may be funded

through the monthly construction draw process. Sufficient interest for the construction period should be included as a line item in the construction

budget.

LTV: Not to exceed 80% of appraised value, as stabilized, with restrictions

including the value of the low-income housing tax credits

Equity: Borrower will be required to provide a minimum of 10% equity or soft

sources in during the construction period based on construction budget costs. Tax Credit Equity, and other soft debt sources that are 1) not must pay and 2) that are in lien position behind Key's loan will be considered

as sources of equity if received during the construction period.

Sufficient sources required to pay off the construction loan at conversion.

Special Conditions: Pricing and terms are subject to change if the construction loan is not

paired with the KeyBank CMG Affordable agency loan in this proposal

letter.

Loan Documentation: Documented on KeyBank standard loan documents

Insurance Requirements: Standard insurance requirements provided when the due diligence period

is initiated

Permanent Guaranty/Recourse: Non-recourse; standard carve outs.

Bond Payments:

Principal and interest payments will be based on a monthly schedule and

will flow through the bond trustee for payment to the bondholder.

Subordinate Debt: Soft subordinate debt is permitted subject to underwriting review and

approval of the Bank.

Conversion Requirements: a) Project receipt of Certificate of Occupancy

b) 90% occupancy for 90 days

c) 1.15 DSCR

d) Equity installment necessary to payoff construction loan

Escrow Requirements: Tax, Insurance and Replacement Reserves are required. Reserves are

required to be funded at an amount determined at Conversion. No debt

service reserves are contemplated at this time.

**Special Conditions:** 

Final Loan Amount is subject to Appraisal and its Restricted Valuation for

the Subject Property.

Pricing is conditioned upon the expansion of the deposit/treasury management relationship with KeyBank, including property-level and

operating-level accounts.

Timing: Loan process timing from executed Commitment to initial closing is

estimated to be 150 days.

#### **General Terms and Conditions:**

Perm Loan: \$7,550,000 on agency or off-balance sheet perm provided by KeyBank

under separate cover.

Loan Documents & Security: The Loan shall be evidenced by a promissory note (the "Note") for the

Loan Amount and a Construction Loan Agreement, and may be secured by a Deed of Trust and Security Agreement (the "Mortgage") which Mortgage shall convey to Bank (i) a first leasehold to the Land and the Improvements and easements and rights of way appurtenant thereto, which Land shall be more fully described in a legal description to be provided by the Borrower to satisfaction of the Bank, and (ii) a first lien and security interest in all fixtures and personal property owned by Borrower and relating to or located on the Project and such other collateral documents and legal opinions as the Bank and its legal counsel

shall require, all in form and substance acceptable to the Bank. .

Commercial Lease: Any lease for the commercial space along with easements and CC&Rs

shall be reviewed and approved by KeyBank along with assignments of

said lease agreements.

General Contractor: Prior to the Date of Closing, Borrower shall furnish to Bank an executed

fixed price or guaranteed maximum price construction contract from a general contractor acceptable to Bank. The General Contractor will be required to provide an acceptable workman's compensation insurance policy, a payment and performance bond (this requirement is waived if contractor is same general contractor that the Borrower's Developer has worked with consistently on past similar size and types of development),

and three years financial statements.

In addition, if requested, Borrower shall furnish copies of contracts with any and all major subcontractors to be reviewed and accepted by the

Bank in its discretion.

Additional Loan Conditions: 1. Prior to commencement of construction of the improvements, and

prior to any disbursement for construction hard costs, Borrower shall furnish to Bank the following documentation, all in form, substance and execution satisfactory to Bank:

- a. A complete set of final plans and specifications related to the rehab construction of the Project and evidence of compliance with the Americans with Disabilities Act. Bank shall retain an independent engineer, architect or consultant to conduct such review, and Borrower agrees to bear the cost and expenses thereof
- b. A cost breakdown and itemization of all hard and soft costs for the Project. This itemization shall include (i) a summary page indicating costs of land, site work, construction and soft costs on an AIA G703 form and (ii) detailed schedules supporting the site work and construction costs shown on the AIA G703 form according to Construction Standards Institute (CSI) Division.
- c. Evidence of all building permits and governmental approvals necessary for the Project as reasonably determined by KeyBank. A "Permit Ready" letter is generally acceptable.
- d. The General Contractor's contract and all other contracts of \$1,000,000 or greater related to construction of the Project.
- e. A list of all known and contemplated contractors used for development of the Project with a contract amount of \$1,000,000 or greater.
- f. A Project development schedule provided by Borrower and development supervisor setting forth the approximate start and finish dates of all major stages of the Project; such schedule shall provide that the development of the Project shall commence on or before 60 days after loan closing.
- 2. Development of the Project shall be completed (Certificates of Substantial Completion issued) within 24 months after commencement of Project development. Project development shall begin after closing but no later than 60 days after closing.
- 3. Upon completion of all development and prior to disbursement of the retainage, Borrower shall submit evidence of completion of the Project, consisting of (i) a certificate of the supervising architect or General Contractor certifying that the Project has been completed in accordance with the final plans and specifications as approved by the Bank, and (ii) a certificate of use and occupancy and any other certificates required by the local municipality or by any other applicable governmental department, agency or unit, and (iii) if requested, an "As-Built" ALTA/ACSM final survey of the Project.

- 4. Borrower shall submit to Bank annual financial statements, rent rolls, income and operating statements for the Project and other periodic financial statements as reasonably requested by the Bank.
- 5. Bank shall be entitled to erect a sign on the Land at Borrower's expense or as part of Borrower's signage indicating that the Bank is the source of financing for the Project and to use the Loan Amount, Borrower's name and Project location in any advertisement.
- 6. Provided no default exists in the covenants, terms and conditions of any Loan Documents at any time while the Loan remains unpaid, the Bank will permit Borrower to pay the Property insurance premiums and real estate taxes related to the Project outside of escrow during the term of the Loan. Borrower shall furnish to the Bank evidence that the insurance premiums are paid, at least 5 days prior to the last date for payment of such amounts before termination of the insurance policy.
- 7. Until the Loan is paid in full, the Borrower, without the prior written consent of the Bank, shall not create, effect, consent to, attempt, contract for, agree to make, suffer or permit any conveyance (other than conveyances of leasehold estates in the ordinary course of business), sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation of the Project, or the Borrower, or any interest in or portion of the Project, or the Borrower, which is effected directly, indirectly, voluntarily, involuntarily, or by operation of law or otherwise.

#### Construction Disbursement Funding:

All funds disbursed under the Loan shall be subject to the Bank's Construction Loan Agreement, which shall contain such terms, covenants, and conditions as shall be satisfactory to the Bank, including without limitation, the following:

Other Funding Sources: All other construction funding sources shall be disbursed in accordance with the Equity/Sub-Debt/Deferred Cost Requirement Section outlined in this Proposal. These include Florida's SAIL loan funds of \$7,225,000, NHTF Loan of \$870,000, ELI loan funds of \$569,060. The NHTF and SAIL loans will be paid in during construction and the ELI loan comes in at conversion to perm.

<u>Draw Request</u>: All requests for disbursement of funds shall be in writing and shall be submitted on a Standard AIA Form G702 and G703 and shall be for costs consistent with the final Project cost breakdown accepted by the Bank in aggregate total and itemization. Draw requests should not be made more frequently than once per month. No disbursements will be made for stored materials unless properly secured

and insured in a manner satisfactory to the Bank or its agent. Each draw request shall be signed by the Borrower and approved in writing by the supervising architect.

<u>Inspections</u>: All inspections shall be completed by an agent for the Bank who will require all lien waivers and may require further information, including, but not limited to, documents such as contracts and invoices, to complete the analysis of the Draw Request. The cost of these inspections shall be paid directly by the Borrower.

Affidavits/Lien Waivers: The Borrower shall submit with all Draw Requests copies of affidavits signed by the general contractor certifying all outstanding balances due but unpaid for work in place for the Project. With each Draw Request, Borrower shall deliver to Bank and Bank's construction inspector copies of waivers of liens from contractors in the respective sum received by each such contractor for all of the preceding Draw Requests.

<u>Title Insurance</u>: Borrower shall furnish to the Bank an ALTA Loan Policy of Title Insurance, by a title company satisfactory to the Bank, in the Loan Amount, insuring the Bank that it has a first lien upon the Project including customary insurance against mechanic's and material men's liens and encroachments by or upon the Project.

<u>Disbursements</u>: All disbursements shall be made approximately ten (10) days after receipt of all information required by the Bank to approve the requested disbursements. Funds will be disbursed directly into a demand deposit account maintained by Borrower at the Bank specifically for the Project; provided, however, the Bank reserves the right to pay individual contractors directly or by check jointly payable to Borrower and any such contractor should circumstances warrant in Bank's sole opinion.

<u>Retainage</u>: The Bank may withhold up to 10% (the "Retainage") from the "hard costs" contained on each requested Loan Disbursement. At a minimum, 5% shall always be available for retainage.

<u>Interest Reserve</u>: The Bank shall set aside an amount from the loan proceeds to be used as an interest reserve; this amount will be determined before construction loan closing and will be in an amount sufficient to cover all interest payments. Funds from the reserve are to be used solely to pay interest during construction and are not to be used to fund hard costs.

<u>In Balance</u>: The Loan shall remain 'in balance" at all times. The Loan shall be determined to be "in balance" only at such times as Bank determines, in its reasonable discretion, that the then undisbursed portion of the Loan, together with such construction-period equity as Bank

deems appropriate for inclusion, equals or exceeds the amount necessary to pay all work done and not theretofore paid for or to be done in connection with the completion of the construction of the Project in accordance with the plans and specifications or otherwise to be incurred in connection with completion of the Project.

If the Bank determines that the Loan is not "in balance", Borrower shall within 30 days after written request by Bank deposit the amount of the deficiency with Bank, which shall then be disbursed before any further disbursements of Loan proceeds. Bank shall not be obligated to make any disbursements of the Loan at any time that the Loan is not in balance. Key will calculate the construction term and the amount of loan outstanding during that period to determine a reasonable amount required for a construction interest reserve.

Rental Subsidy Contracts:

Rental Subsidy contracts that be provided to the Bank and be approved and deemed acceptable by the Bank in terms as identified for term of the private placement perm loan

Low Income Housing Tax Credits:

The closing of the loan is conditioned upon the Project obtaining a reservation of Federal Low-Income Housing Tax Credits under Section 42 of the Internal Revenue Code in amounts satisfactory to Bank. Borrower shall satisfy all conditions required to maintain the qualifications of the Tax Credits throughout the term of the loan. Estimated LIHTC equity as identified is \$10,059,746

Approval of LLPA Agreement:

The closing of the Construction Loan is conditioned upon the Bank approving the limited partnership agreement of the Borrower, including (without limitation) all terms and provisions concerning the admission of the Managing Member and the Investor Member, and the amount, timing and means of payment of the capital contributions to be received from the Investor Member, and all related documentation.

**Bank Participation:** 

Borrower acknowledges that the Bank reserves the right to syndicate and/or participate its interest in the Loan and Borrower agrees to, at Bank's request, execute such additional promissory notes and other instruments as may be appropriate to evidence its obligation under the Loan to such syndicate banks as may commit, in the future, to fund a portion of the Loan Amount according to the terms of the Construction Loan Agreement.

Indemnification:

The Borrower agrees to indemnify and to defend and hold the Bank harmless against (i) any brokerage commissions or finder's fees claimed by any broker or other party in connection with the transactions contemplated hereby and (ii) any loss, costs, damages or expenses that the Bank may incur, directly or indirectly, as a result of or in connection with the assertion against the Bank of any claims relating to the presence or removal of any environmental contamination on the Land or any adjacent property

Confidentiality:

This Proposal is delivered to you with the understanding that neither this term sheet nor any of its terms or substance shall be disclosed, directly or indirectly to any other person except (i) your employees, agents and advisors who are directly involved in the consideration of this matter or (ii) as disclosure may be compelled in a judicial or administrative proceeding or as otherwise required by law.

Legal and Other Fees:

Borrower will be responsible for all legal fees and third-party fees, including but not limited to: Appraisal, Phase I ESA, Survey, Title and all closing costs related to the loan. Legal counsel will be identified at the time of acceptance of this proposal.

Construction loan legal expenses are estimated to be \$75,000.

Third Party Report Deposit:

\$20,000 due at application for third party reports including appraisal, environmental, physical needs assessment, zoning, and other required reports. The actual cost of third-party reports will be billed at closing. (\$5,000 additional deposit will be required for Legal Costs).

Non-Assignability of Proposal:

This Proposal is made exclusively to the Borrower and is not assignable nor transferable voluntarily or involuntarily by the Borrower and any such assignment or transfer or attempted assignment, or transfer shall be null and void and shall result in this Proposal being automatically and simultaneously terminated.

Good Faith Deposit:

If the foregoing terms and conditions meet with your approval, please send a signed copy of this letter, along with a Good Faith Deposit ("Deposit") of \$20,000. Borrower is responsible to reimburse Bank for expenses incurred which exceed the Deposit. However, this Deposit is non-refundable if the Bank approves the Loan on substantially the same terms and conditions as provided herein. If no such approval is granted, said deposit (less the Bank's out-ofpocket expenses) shall be refunded to Borrower. If the Loan is closed, the application fee will be credited towards the cost of third-party reports and legal fees, if applicable.

**Proposal Expiration:** These proposed terms herein are open for acceptance by the Borrower until 5:00 PM on November 22, 2024. If it is not accepted and returned to the Bank at the address below by said date, the Proposal shall immediately become null and void without further notice.

We very much look forward to working with National Community Renaissance on Hawthorne Heights.

Many thanks,

Matthew Haas, SVP & Senior Banker Senior Relationship Manager Key Bank Real Estate Capital Community Development Lending & Investing

CC: Cathy Danigelis, KeyBank CDL West Team Lead Hector Zuniga, KeyBank CMG Ashley Wright, SVP, Dev, National CORE

[Borrower Acknowledgement on following page]

#### **ACKNOWLEDGED BY:**

#### **BORROWER/GUARANTOR:**

National Community Renaissance

By: SVP

Date: 11/4/2024

#### **Additional Required Information**



#### IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING ACCOUNTS AT KEY

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each customer who opens an account. Therefore, all new and existing customers are subject to the identity verification requirements.

When a customer opens an account with any entity within the KeyCorp family of companies, we will ask for the customer's name, address and identification number, and in the case of an individual, his or her date of birth. For business accounts, we may also obtain this information for individuals associated with the business. We may also request to see a valid driver's license or other approved identifying documents. In all cases, Key is committed to protecting the privacy and identity of each of its customers.

#### CREDIT INFORMATION

Borrower authorizes KeyBank, its employees, agents, successors, assigns and affiliates to a) make whatever investigation KeyBank deems appropriate concerning Borrower, Guarantor, principals of Guarantor, Borrower's request for credit, and in the collection and periodic review of the Construction Loan, and, b) to share the information obtained with prospective purchasers of assignments and participations in the Construction Loan and as otherwise permitted by law. Without limiting the foregoing, KeyBank may obtain credit reports and other information regarding Borrower's deposit accounts, income and banking credit, business, and employment relationships and may verify such information. If Borrower or Guarantor is married and lives in a community property state, this authorization is also made on behalf of Borrower or Guarantor's spouse, even if he or she is not a Co-Borrower or Guarantor.

#### **ADVERTISING**

Borrower authorizes KeyBank to publicly use, at our discretion, the name of the Property, photographs of the Property, and/or other basic transaction information relating to the Construction Loan in marketing press releases and/or advertising materials.



October 29, 2024

Ms. Ariana Brendle Vice President – Acquisitions and Forward Planning 9692 Haven Ave., Ste. 100 Rancho Cucamonga, CA 91730 Phone: (410) 227-9540

Via E-mail: abrendle@nationalcore.org

**RE:** HAWTHORNE HEIGHTS

FREDDIE MAC LOAN APPLICATION KEY LOAN NUMBER: 10250494

KeyBank National Association ("Key") is pleased to deliver this Loan Application to you for a commitment to make a loan (the "Funding Loan") to the Florida Housing Finance Corporation (the "Governmental Lender") pursuant to the Federal Home Loan Mortgage ("Freddie Mac") Direct Purchase of Tax-Exempt Loan Program (the "TEL Program") in connection with Hawthorne Heights Apartments in Gainesville, FL (the "Property"). The proceeds of the Funding Loan will be used by the Governmental Lender to fund a mortgage loan with matching economic terms (the "Project Loan" and together with the Funding Loan, the "Loans") to the Borrower to finance the Property. The Funding Loan will be a nonrecourse obligation of the Governmental Lender secured solely by receipts and revenues from the Project Loan and the collateral pledged therefor (including a first mortgage lien with respect to the Property (the "Mortgage")). By your signature below and your payment to Key of an Application Deposit of \$21,550 refundable under the conditions specified herein, you are applying to Key to underwrite the Loans under the following terms and conditions:

#### **IMPORTANT**

**DATES:** Terms contained herein are subject to the following:

I. 10/28/2024: Treasury floor calculation date;

II. 11/05/2024: Signed Application returned or terms herein will expire; III. 02/18/2025: Key's full underwriting submitted to Freddie Mac; IV. 04/04/2025: Interest rate must be locked or terms herein will expire.

**SECURITY:** Hawthorne Heights Apartments, a to be constructed, 86-unit apartment complex

located at 2420 SE Hawthorne Rd in Gainesville, FL.

**BORROWER:** Core Hawthorne Heights, LLLP. Borrower must be a Single Purpose Entity

("SPE"). Borrower agrees not to change the borrowing entity or ownership structure thereof during the pendency of this Application without giving written

notice to Key. Additionally,

• Borrower must be a (i) limited partnership, (ii) corporation, or (iii) limited liability company.

- Each Borrower and each SPE Equity Owner, <u>if applicable</u>, must be newly formed; provided, however, that recycled SPEs may be acceptable so long as Borrower and SPE Equity Owner, if applicable, are able to sign a Recycled Entity Certification, the forms of which will be provided by Key's counsel.
- The specific SPE requirements for Borrower and SPE Equity Owner, if applicable, can be found in Section 6.13(a) of the form Loan Agreement that will be provided by Key's counsel.
- The Property must be the Borrower's sole asset and the operation of the Property must be the Borrower's sole business.
- Each Borrower that is a limited liability company with a single member must be formed in Delaware. If the Borrower is a single member limited liability company formed in Delaware, the Borrower must have one or more "springing members" in the event the single member ceases to be a member of the Borrower.

### LOAN AMOUNT:

\$7,550,000 (Not to exceed the lesser of (a) 70% of appraised value, or (b) the loan amount that the Property's net operating income as determined by Freddie Mac can support based upon a 1.25 to 1 debt service coverage and the Interest Rate.) For purposes of calculating LTV, value will be equal to capitalized NOI assuming the lower of actual, maximum restricted, or market rent, and a market cap rate.

#### FORWARD COMMITMENT PERIOD:

24-months

1<sup>st</sup> 6-month extension is at a cost of 110 bps;

2<sup>nd</sup> 6-month extension is at Freddie Mac's discretion.

### PERMANENT

**LOAN TERM:** Seventeen (17) year term.

# AMORTIZATION: INTEREST RATE:

No interest-only period. Forty (40) year amortization schedule.

The estimated spread is 181 basis points ("Spread") over the yield on the 10-year interpolated U.S. Treasury in effect at the time the rate is locked as outlined below. This Spread may be subject to change at Freddie Mac's discretion based upon changes in market conditions. If the yield on the Index at the time of rate lock drops below 3.78% (the "Index Floor"), then the Spread will be increased by the number of basis points equal to the decline in the yield at the time the Interest Rate is locked compared to the Index Floor. Interest on the Loan shall be computed based upon a 360-day year and the actual number of days elapsed in an interest period. As of the date of this Application, the Interest Rate would be 6.09% (excluding any issuer or trustee fee).

### PREPAYMENT PRIVILEGE:

The Loans are locked out from prepayment during the first ten (10) years but may be defeased to the maturity date during the lockout period. Thereafter, the loan is subject to yield maintenance until the 90-day period directly prior to maturity. During the yield maintenance period, prepayment in full is permitted on any scheduled payment date, provided a prepayment premium is paid. The prepayment

Hawthorne Heights Freddie Mac Loan Application October 29, 2024

premium will be the greater of the amount calculated using the Freddie Mac Yield Maintenance Prepayment formula or the alternative Freddie Mac fee (1%). Partial prepayments of principal if permitted by the terms of the Note, or in consideration of a partial release of the Property or the taking of the Property in whole or in part by eminent domain, may be accepted by the Servicer. No Prepayment Premium will be payable with respect to any prepayment occurring as a result of the application of any Insurance proceeds pursuant to the Continuing Covenant Agreement reviewed and approved during underwriting.

#### LIABILITY:

The Loan shall be non-recourse to Borrower and the Guarantor(s) (National Community Renaissance California), subject to the specific exceptions set forth in the standard Freddie Mac and Key loan documents. Prior to Commitment, Guarantor(s) must exhibit a minimum Net Worth of at least \$5,000,000 and liquidity of at least \$755,000.

### For non-warm body entity Guarantors, the following options exist subject to Freddie Mac's discretion:

- 1. Guarantor(s) must satisfy 2 times the above minimum net worth and liquidity requirements prior to Commitment. There may be a pricing addon for this option;
- 2. Guarantor(s) must sign financial covenants to maintain the above minimum net worth and liquidity requirements throughout the Loan Term; or,
- 3. Guarantor(s) must satisfy the above minimum net worth and liquidity requirements prior to Commitment and sign Freddie Mac's standard no Material Adverse Change clause.

## PERMANENT COMMITMENT

FEE:

1.00% of the Loan Amount payable to Key at closing.

### FREDDIE MAC REVIEW FEE:

A review fee equal to the greater of one tenth of one percent (0.1%) of the Loan Amount or \$3,000 will be charged by Freddie Mac to review Key's loan recommendation/submission. This processing cost is included in and will be paid from the Application Deposit.

### APPLICATION DEPOSIT:

A wire in the amount of \$21,550 is being forwarded with this Loan Application as an Application Deposit to Key. A nonrefundable Underwriting Fee of \$9,000 is payable to Key from the Application Deposit in addition to Key's direct expenses incurred in the underwriting and review of the Loan. Borrower agrees to provide Key with all documentation and information required pursuant to the TEL Program on an expeditious basis to enable Key to process this Loan Application in a timely fashion. If Key issues to Borrower a Loan Commitment upon the terms and conditions as applied for herein or better and Borrower refuses to accept the issued Loan Commitment, or if Borrower withdraws from processing, the entire Application Deposit will be retained by Key. If Key should fail to issue a Commitment in accordance with this Loan Application, the Application Deposit

less Key's Underwriting Fee and direct expenses will be returned to Borrower. Upon closing of the Loan, any remaining balance of the Application Deposit after payment of Key's Underwriting Fee and direct expenses will be returned to Borrower.

Key will engage third parties to prepare the following reports conforming to Freddie Mac's guidelines: 1) Appraisal (previously ordered), and 2) Phase I Environmental Study Assessment (borrower may provide Phase I that meets Freddie Mac guidelines; additionally Freddie Mac reserves the right to require a new Phase I Study upon Conversion), and 3) Zoning Report. Construction Lender to engage the Architectural Review of Plans and Specs/Engineering Report that meets Freddie Mac guidelines (KeyBank/Freddie Mac should be listed as coengaged/intended user). The Application Deposit includes the .10% Freddie Mac Review Fee and a \$5,000 legal deposit. In the event follow-up reports or additional third party reports are required by Key or Freddie Mac, Borrower agrees to pay for these reports directly.

### CONSTRUCTION MONITORING:

Required, Freddie Mac requires an architectural/engineering consultant to provide an Architectural Review of Plans and Specifications, Construction Monitoring Services, and a Final Cost Certification and Post Construction Report. In the event that Key is the Construction Lender, Key shall engage the reports and coordinate internally to receive copies of all documentation submitted to Key's Construction Team.

In the event that Key is not the Construction Lender, then Construction Lender shall engage the reports, which must be prepared by a vendor acceptable to Key and Freddie Mac in their sole discretion. The reports must satisfy Freddie Mac guidelines and KeyBank/Freddie Mac must be listed as co-engaged/intended users. Key will provide a list of approved vendors and a scope of work to the Construction Lender.

In the event follow-up reports or additional third-party reports are required by Key or Freddie Mac, Borrower will reimburse Key for its expenses. If the Construction Lender or its chosen consultant is unwilling or unable to allow for the coengagement, or if the necessary reports are not provided to Key timely upon request, Key will engage a separate consultant to provide the necessary reports and Borrower will be responsible for the costs of separate engagement.

### **CONVERSION** FEE:

\$25,000, collected at the time that the notice to conversion is initiated (typically 60-90days prior to the 'Conversion Date'). This fee will be retained by Key. Any additional costs for required 3rd party reports that are required as part of conversion including legal costs and other direct expenses incurred by the Lender will be invoiced separately or handled as part of conversion settlement disbursement. If in the event the transaction is granted an extension to the "Forward Commitment Period", a processing fee of \$4,500 will be assessed for each extension request and retained by Key plus the standard extension cost assessed by Freddie Mac as outlined within the Freddie Mac Commitment.

STANDBY FEE: 15 basis points per annum for each year (or partial year, prorated) of the forward

period and paid to Freddie Mac in advance at closing of the Forward Commitment.

**CONVERSION** 

**ASSURANCE FEE:** 5% payable in the form of a note secured by a mortgage on the Property.

REPLACEMENT

**RESERVES:** Monthly Deposits required during the permanent period. Key shall set the monthly

deposit amount based on a physical needs assessment at closing and every five years thereafter. Key has assumed \$250 per unit for purposes of this application. Lender acknowledges that FHFC may require \$300 in Replacement Reserves.

SECONDARY FINANCING:

Borrower acknowledges that no secondary financing may exist on the Property

unless reviewed and approved by Key and Freddie Mac. If subordinate debt is approved by Key and Freddie Mac, all subordinate lenders are required to execute the Freddie Mac Form Subordination Agreement. It is understood that the borrower will have soft funds that include State Apartment Incentive Loan (SAIL), ELI Loan, and National Housing Trust Fund (NHTF) loan, all subordinate to the first mortgage, subject to approval of Key and Freddie Mac in their reasonable

discretion.

**ASSUMABILITY:** The Loan shall be assumable upon payment of an assumption fee equal to the lesser

of one percent (1%) of the outstanding loan balance or \$250,000, plus processing and administrative fees associated with the transfer. Assumption of the Loan shall be subject to approval by Key and Freddie Mac pursuant to Freddie Mac's

guidelines.

**SURVEY:** An updated "as built" survey of the Property prepared in accordance with Freddie

Mac guidelines may be required post-construction. The cost of the survey will be

paid for directly by the Borrower.

APPRAISAL

**REQUIREMENTS:** Approval of this Loan Application is subject to receipt, review and acceptance of

an appraisal that is (1) completed according to Key, Freddie Mac and USPAP

standards and (2) satisfactory to Key and Freddie Mac.

**ENVIRONMENTAL** 

**REVIEW** 

**ASSESSMENT:** A Phase I Environmental Site Assessment from a qualified professional acceptable

to Key and Freddie Mac stating that the Property is free of hazardous substances

will be required.

TAX AND INSURANCE

**ESCROWS:** Except as otherwise provided in the Addendum, tax and insurance impounds will

be required and will be established and funded pursuant to Freddie Mac guidelines.

### SECURITIZATION

#### **DISCLOSURE:**

Borrower acknowledges that this Mortgage will be sold to Freddie Mac and that Freddie Mac intends to sell this Mortgage into a commercial mortgage-backed securitization or similar type execution, and it will not be held in Freddie Mac's portfolio.

# RATE LOCK FEE (DEPOSIT):

Borrower shall have the option to lock the Interest Rate at any time subsequent to Key's issuance of a Loan Commitment (the "Rate Lock Period"). However, this option to lock may not be exercised by Borrower until Borrower has accepted Key's Loan Commitment, posted the required Commitment Deposit and Key is satisfied that all closing materials and contingencies have been prepared and satisfied in a manner acceptable to Key and Freddie Mac. A DRAFT of the Borrower's counsel's Opinion must be reviewed and approved by Freddie Mac prior to locking the Interest Rate.

If Borrower fails to lock the Interest Rate during the Rate Lock Period, Key may issue an updated Commitment at its discretion and subject to Freddie Mac approval. However, Borrower may be subject to a change in the Spread at the discretion of Freddie Mac.

There is a commitment fee (the "Commitment Fee") in an amount equal to two percent (2%) of the Loan Amount. The Commitment Fee must be delivered to Key on or before the rate lock. The Commitment Fee will be refunded to the Borrower at the Conversion Date if a Forward or retained by Key if Closing fails to occur.

If Closing fails to occur within the time period specified within the Commitment, the Commitment Fee will be retained by Key for delivery to Freddie Mac as determined by Freddie Mac's Breakage Provisions. If the total Breakage Fee that is due per Freddie Mac's Breakage Provisions is greater than the Commitment Fee, Borrower understands and agrees that, upon delivery of Key's demand, it will pay the amount in excess of the Commitment Fee held by Key that is required to satisfy the Breakage Fee in full.

### OTHER COSTS TO BORROWER:

Borrower will be responsible to pay all costs incidental with the Loan to include all legal costs incurred by Key in preparation of the mortgage loan documents and the closing of the Loan and costs relative to title insurance, survey costs, recording and filing fees, inspection costs incurred by Key and any other out-of-pocket expenses payable in connection with the Loan.

### **BORROWER COVENANT:**

Borrower hereby agrees and covenants that Borrower will not enter into another loan application on the Property or enter into a marketing agreement or purchase contract to sell the Property during the pendency of this Loan Application without giving prior written notice to Key. Furthermore, Borrower authorizes Key to obtain information previously provided to other divisions and affiliates of KeyBank, N.A. (Such information to include, but not limited to, all Property data

and any applicable individual's personal information), as is necessary to process this loan request.

### SPECIAL CONDITIONS:

This application is based upon the assumptions outlined below. Any change to these assumptions may impact the loan amount contemplated herein.

The tax credit investor, equity pay-in schedule and cash flow splits shall be approved by Key. First installment of tax credit equity and any bridge loan at closing must be at least 20%.

Underwritten cash flows are subject to change following the receipt of an MAI appraisal to be engaged by Key.

Any subordinate debt, is assumed to be structured as payable solely from available cash flow (soft).

#### **ADVERTISING:**

Borrower authorizes Key and Freddie Mac, to publicly use, at their respective discretion, the name of the Property, photographs of the Property, and/or other basic transaction information relating to the Loan in marketing press releases and/or advertising materials.

## DOCUMENT MODIFICATIONS:

All document modification requests are fully subject to the discretion of Freddie Mac and Key. There is no guarantee of approval of any requested document modifications and such modifications must be agreed to prior to locking the Interest Rate.

# PATRIOT ACT DISCLOSURES:

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each customer who opens an account. Therefore, all new and existing customers are subject to the identity verification requirements.

When a customer opens an account with any entity within the KeyCorp family of companies, we will ask for the customer's name, verifiable address, identification number and organizational structure, and in the case of an individual, his or her date of birth. For business accounts, we may also obtain this information for individuals associated with the business. We may also request to see a valid driver's license or other approved identifying documents. In all cases, Key is committed to protecting the privacy and identity of each of its customers.

The information and documentation that is requested must be submitted to Key no later than 10 business days prior to the date that the interest rate is anticipated to be locked.

### BENEFICIAL OWNERSHIP:

Under the FinCEN Customer Due Diligence Final Rule, Key is required to obtain additional information from individuals who own and control legal entities when those legal entities open new accounts. A loan origination is considered a new

> account. During the due diligence process, Key will need to obtain the following information to comply with this rule:

- Beneficial Owner: Full legal name, residence address, date of birth, SSN, and % ownership for any Individual who owns 25% or more, directly or indirectly, of the Borrower (SPE).
- Controlling Party: Full legal name, residence address, date of birth, SSN of one individual with significant responsibility to control, manage or direct the Borrower (e.g. CFO, CEO, President, VP, Treasurer or any other individual who regularly performs similar functions).
- Certifying Party: Full legal name and title. The Certifying Party will need to attest that to the best of their knowledge the information for the Beneficial Owner and Controlling Party is complete and accurate.

There will be instances where a loan will not have a Beneficial Owner. The Controlling Party and the Certifying Party may be the same individual.

The information and documentation that is requested must be submitted to Key no later than 10 business days prior to the date that the interest rate is anticipated to be locked.

LOAN PAYMENTS: Monthly payments based on the terms herein shall be paid to Key by preauthorized debit from Borrower's account on the payment due date using electronic funds transfer through the Automated Clearing House ("ACH").

### **OPERATING** ACCOUNT:

Borrower shall establish an Operating Account at KeyBank for the Property. All revenue from the subject property will be deposited into this account.

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#### **ENTIRE**

**UNDERSTANDING:** This is not a Loan Commitment. It is a Loan Application subject to the sole discretion approval of Key and Freddie Mac. If a loan is approved it will be evidenced by Key's issuance of a written Loan Commitment setting forth the specific terms and conditions of such financing. This Application represents the entire understanding between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties and any changes to this Application must be in writing.

Very truly yours,

KeyBank National Association a national banking association

By:

Hector X. Zuniga, Jr.

Sr. Mortgage Banker – Affordable Housing

KeyBank Real Estate Capital

We hereby apply to Key for a Loan Commitment according to the terms of this Loan Application.

Sponsor/Borrower: N. CORE

By:

Name: Ashley Wright

Date: 11/1/2024

#### **ADDENDUM**

### **Modifications to the Loan Application**

Note: No Application will be accepted that is modified by the Borrower or to which a Borrower's cover note is attached that addresses and/or modifies any terms of the Application.

- 1. The Issuance of this Application is subject to appraisal support of the underwritten NOI, value, and capitalization rate.
  - a. Expenses and economic vacancy to be supported by appraisal, and comps.
- 2. Quote assumes policy compliance insurance.
- 3. Monitoring of construction by a licensed architect / engineer is required and may be done by Seller/Servicer staff or by their third-party contractor.
- 4. Third Party reports: 1) PCA, Environmental (Phase I), Wood-Damaging Insect, and Appraisal less than or equal to six months before delivery of the full underwriting package; 2) Flood Zone, O&M Plans, and Seismic less than twelve months of the full underwriting package.
- 5. Subject to Freddie Mac consent, an early index lock would include a 10-bps adder to quoted spread.
  - a. Borrower's exercise of this option is subject to Borrower's execution of the Delivery Assurance Fee equal to five percent (5%) of the Loan Amount. Notwithstanding whether Key has issued an Early Index Lock Agreement or locked the Index value, Key will have no obligation to approve or fund a loan until Key has issued its Loan Commitment to Borrower and Borrower has accepted the Loan Commitment as described above.
  - b. If Borrower elects the Early Index Lock Option, a DRAFT of the Borrower's counsel's Opinion will not be required prior to the Early Index Lock, provided that Borrower's counsel's DRAFT Opinion must be reviewed and approved by Freddie Mac prior to locking the Interest Rate.
- 6. Assumes no ground lease, no hard subordinated debt.
- 7. If the spread for Freddie Mac's WI K-000 Series 10-year Fixed Rate Class A-2 Certificates ("WI K-000 Series Class A-2 Spread") published on the K-Series Spread Reference Page exceeds the WI K-000 Series Class A-2 Spread stated above by more than 25 basis points (0.25%), Freddie Mac reserves the right to increase the Net Spread by an amount to be determined by Freddie Mac in its sole discretion. The K-Series Spread Reference Page can be found at https://mf.Freddiemac.com/lenders/uw/ under the "Quick Links" header and is designated for WI K-000 Series Class A-2 Spread publication.
- 8. Quote assumes up to 5% upsizing at forward conversion. Upsizing beyond 5% will require blended rate.
- 9. Borrower has the option for: 15-year term at 172bps gross spread or 16-year term at 177 bps spread.
- 10. 30 month forward = 3 bps adder; 36-month forward = 6 bps adder

#### Exhibit 1: Freddie Mac Construction Report Reliance Language

Each construction report must include the following language:

"This report is for the use and benefit of, and may be relied upon by,

- a) the KeyBank, Freddie Mac and any successors and assigns ("Lender");
- b) Independent auditors, accountants, attorneys and other professionals acting on behalf of Lender;
- c) Governmental agencies having regulatory authority over Lender;
- d) Designated persons pursuant to an order or legal process of any court or governmental agency;
- e) Prospective purchasers of the Mortgage; and
- f) With respect to any debt (or portion thereof) and/or securities secured, directly or indirectly, by the

Property which is the subject of this report, the following parties and their respective successors and assigns:

- Any placement agent or broker/dealer and any of their respective affiliates, agents and advisors;
- Any initial purchaser or subsequent holder of such debt and/or securities;
- Any Servicer or other agent acting on behalf of the holders of such debt and/or securities;
- Any indenture trustee;
- Any rating agency; and
- Any institutional provider from time to time of any liquidity facility or credit support for such financings

In addition, this report, or a reference to this report, may be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities."

# KEYBANK NATIONAL ASSOCIATION WIRING INSTRUCTIONS

KeyBank National Association 4224 Ridge Lea Road Amherst, NY 14226-3350 Attn: KBREC Fundings

ABA #: 021-300-077

Account #: 953-001-430

Account Holder: KeyBank National Association

Reference: Loan #: 10250494

Property Name: Hawthorne Heights

Amount of Wire: \$21,550

Purpose of Wire: Deposit for Application

Please provide your bank's Federal Reference Number for the Wire to Hector Zuniga, Jr. via email at hector\_x\_zuniga@keybank.com to facilitate the internal tracking and reporting of the receipt of the Wire.

If there are any questions, please contact Hector Zuniga at 512-660-9401.



# Attachment L

# Marketing Plan



### **Marketing Plan**

The target market of this apartment community is seniors who qualify for income restrictions ranging from 22% AMI to 60% AMI. Given the current affordable housing shortage in Gainesville, we are confident that households will be attracted to a combination of below-market rents, spacious floorplans, amenities, and a conveniently located site. The curb appeal and amenities of the property will be a strong marketing window as well.

Pursuant to city signage standards and city approval, we will install a sign at the main entry. The Property Management team will be comprised of professional property management employees equipped with the knowledge and skill set to perform task effectively. Marketing outreach will be done through local businesses in the community, various City and County service departments, neighborhood organizations such as local churches will also be approached for prospective residents. Property management staff will be available at the leasing office to tour the property with prospective residents, and we will be taking wait list applications for future move-ins.

All advertising for Hawthorne Heights will include Equal Housing Opportunity logos, slogans and/or statements of intent to affirmatively market the units. Materials to be used in the affirmative marketing include:

- 1) Fair Housing posters prominently displayed in the management and leasing office
- 2) Equal Housing Opportunity logo to be displayed on the marketing brochure, flyers and other marketing materials. Marketing Flyers will also include a contact number for information in Spanish.

A complete affirmative marketing plan tailored specifically to the Hawthorne Heights project can be provided upon request.

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# Attachment M

# **Key Personnel**



### **Key Personnel**

National CORE will bring a myriad of experience to the development of Hawthorne Heights. Our breadth of experience developing, constructing and managing well-designed, well-maintained communities is led by a group of highly adept and seasoned personnel who will ensure the highest standards are maintained at every step of the development, construction, and management process.

Executive Management is based out of our headquarters in Rancho Cucamonga, California. However, the national expansion team led by Ariana Brendle, Vice President of Acquisitions, has extensive knowledge and experience developing in Florida and will lead all efforts in developing Hawthorne Heights. Team members directly managing development are based in Florida.

### **Ariana Brendle – Vice President of Acquisitions**

Ariana Brendle, Vice President of Acquisitions, joined National CORE in 2020 as a Senior Development Manager, where she was responsible for managing all aspects of the development process from asset acquisition through debt conversion and stabilization. Her professional experience encompasses both affordable & market-rate multifamily housing development and financing, including FHA insured loans utilizing 221(d)(4) New Construction & Sub-Rehabilitation, 223(f)/(a)(7), 202 and 231 loan products. The capital stacks of these developments typically included Low Income Housing Tax Credits (4% & 9%), Tax Exempt Bonds, and subordinate debt. Ariana has successfully applied for federal/ state funding sources administered by the Florida Housing Finance Corporation (FHFC), including 9% and 4% LIHTC, HOME, CDBG, RRLP, as well as local government area of opportunity funds.

### Oscar Paul – Development Manager

Mr. Paul serves as the Development Manager for National Community Renaissance of California ("CORE"). He is responsible for all aspects of development ranging from land and asset acquisition through debt conversion and stabilization. Oscar has been involved in affordable housing for most of his career, starting as a leasing consultant at an affordable housing community.



Oscar has played a key role in the development of over 1500 units of affordable housing units across Florida and Texas. His expertise ranges from acquisition/rehab of aged properties utilizing Low Income Housing Tax Credits (4% and 9%), to new construction of several hundred units utilizing bond financing. He is familiar with complex financing and capital stacks, governmental programming, and major real estate transactions. He has a passion for volunteering and helping those in need. In 2017, Oscar was the recipient of the President's Medal for Volunteer Service, awarded by the White House. Additionally, for completing more than 2500 voluntary public service hours in a single year, Oscar is a recipient of the Congressional Gold Medal, the highest honor granted by the United States Congress to American civilians. Oscar double-majored while attending Florida State University, receiving his B.S. in Urban/Regional Planning & Development as well as Emergency Management and Homeland Security.

### Shaun Mosheim – Senior Development Manager

Shaun Mosheim joined National CORE in the summer of 2024. Prior to joining CORE, Shaun worked as a Senior Development Manager for a private affordable housing developer in Florida, where he oversaw the successful completion of six affordable housing communities, overseeing all phases of development from site acquisition through debt stabilization. Shaun has experience utilizing a variety of different funding sources including 4% and 9% LIHTC, tax-exempt bonds, soft municipal debt, HOME, SHIP, CDBG-DR, RRLP, and SAIL. Shaun has been intimately involved with underwriting for Hawthorne Heights and will be taking the lead on project management.

### Alexa Washburn - Chief Development Officer

Alexa Washburn is Senior Vice President of Planning and Acquisitions for National CORE. As an affordable housing developer, consultant and public agency program manager, Alexa has managed, prepared, and implemented a variety of community development projects over her 22-year career. Her projects have been recognized with 12 awards from the American Planning Association and Southern California Association of Governments. She applies her creative land planning, design solutions, and in-depth understanding of progressive policy and implementation strategies to effectively enhance the feasibility, livability, and sustainability of National CORE's



communities. Alexa is responsible for business development, acquisitions, forward and advanced planning, environmental, entitlements, and community outreach. She also established National CORE's consulting practice, providing planning and policy services to public and private sector clients.

### **Lesley Hampton – Senior Vice President of Development**

Lesley Hampton holds an MBA degree from the University of California, Irvine and a B.A. degree from the University of California, San Diego. She joined National CORE in 2003 as a financial analyst and transitioned to project management in 2005. Prior to joining National CORE, she worked with the Orlando Housing Authority as chief accountant for several years. Ms. Edwards' professional experience also includes banking and working as controller for a non-profit organization. Ms. Edwards is experienced with numerous affordable housing financing sources such as low-income housing tax credits, HOME, CDBG, HOPWA, AHP, MHP, AHSC, NPLH, housing set-aside funds, tax-exempt bonds and conventional financing.

#### **Chris Killian – Vice President of Construction**

Chris Killian began his career at National CORE in 2004 as an onsite Construction Superintendent and has held various positions within the organization, including Construction Manager and Vice President of Estimating. During his tenure with National CORE, he has been responsible for the construction and renovation of more than 1,240 apartment units, valued at approximately 215 million dollars. Prior to joining National CORE, Chris spent five years with the Fontana Unified

School District, where as a Project Manager he was involved in the construction of four new schools with a total value of 103 million dollars. He also was responsible for the coordination of infrastructure and installation of numerous modular facilities during his time with the school district. Chris has a BS from the University of Redlands and has taken course work in construction and supervision from Riverside Community College. He is a licensed General Contractor(B) in the State of California.



# Attachment N

# Housing Developments Completed Since 2014



### **Housing Developments Completed Since 2014**

Development Name	Location	Year Completed	Number of Units
Downey View	Downey, CA	2014	50
Dumosa	Yucca Valley, CA	2014	75
Las Palmas	San Clemente, CA	2015	19
Mary's Place	Pasadena, CA	2015	20
Oakcrest Terrace	Yorba Linda, CA	2016	69
Valencia Vista	San Bernardino, CA	2016	75
Mission Cove I	Oceanside, CA	2017	90
Olive Meadow-100% RAD	San Bernardino, CA	2017	62
Three Oaks	Santa Clarita, CA	2017	30
Mission Cove II	Oceanside, CA	2018	60
Oakcrest Heights	Yorba Linda, CA	2018	54
Vista del Puente	San Diego, CA	2018	52
Encanto Village	San Diego, CA	2019	66
Vista Grande Court	Glendale, CA	2019	66
Day Creek I	Rancho Cucamonga, CA	2020	91
Day Creek II	Rancho Cucamonga, CA	2020	49
San Ysidro Senior Village	San Diego, CA	2020	51
Crestview Terrace	San Bernardino, CA	2021	184
Fairview Heights	Inglewood, CA	2021	101
Veterans Park	Pomona, CA	2021	61
Vista Verde	Ontario, CA	2021	100
Villa Serena Phase I	San Marcos, CA	2022	84
456 West	Los Angeles, CA	2023	91
Las Dahlias	Los Angeles, CA	2023	78
Legacy Square	Santa Ana, CA	2023	93
Metro View	Rialto, CA	2023	55
Greenbrier	Oceanside, CA	2024	60
Miraflores	Anaheim, CA	2024	86
Mountain View	Lake Forest, CA	2024	71
Nestor Senior Village	San Diego, CA	2024	74
Orchard View	Buena Park, CA	2024	66
Santa Angelina	Placentia, CA	2024	65
Santa Fe Senior Village-Vista Santa Fe	Vista, CA	2024	54
Valley Senior	Escondido, CA	2024	50
Vista De La Sierra	Victorville, CA	2024	80
Vista Sante Fe	Vista, CA	2024	55



# **Attachment O**

# **Local Government** References

### **Local Government References**

### City of Glendale, Housing Division

Mike Fortney, Housing Project Manager 141 N. Glendale Avenue Suite 202, Glendale, CA 91206 (818) 548-3723 mfortney@glendaleca.gov

### City of Santa Ana, Community Development Agency

Judson Brown, Housing Division Manager 20 Civic Center Plaza Santa Ana, CA 92702 (714) 667-2241 jbrown@santa-ana.org

### City of Inglewood, Economic and Community Development Department

Christopher E. Jackson, Sr., Director One West Manchester Blvd., 4th Floor Inglewood, CA 90301 (310) 412-5672 cejackson@cityofinglewood.org

### City of Pasadena

William Huang, Director of Housing 100 Garfield Ave Pasadena, CA 91101 (626) 744-8320 whuang@cityofpasadena.net

### City of Anaheim

Jim Vanderpool, City Manager 200 South Anaheim Boulevard, Suite 733 Anaheim, CA 92805 (714) 765-5162 citymanager@anaheim.net