

1. PROJECT SUMMARY

PROJECT NAME: Cornerstone Village - Elk Grove

PROJECT CITY: Elk Grove

PROJECT ADDRESS: 9270 Bruceville Road
PROJECT COUNTY: Sacramento

PROJECT ZIP CODE: 95758
PROJECT CENSUS TRACT: 96.16

UNIT MIX

Unit Type	# of LIHTC Units	# of	
		# of Section 8 Units	Restricted Units
0 BD	0	0	0
1 BD	20	21	41
2 BD	18	3	22
3 BD	21	0	21
4 BD	0	0	0
5 BD	0	0	0
Total	59	24	84
		# of Manager's Units: 1	

Affordability Mix

Income Restriction	Restricted	
	Units	%
20% AMI	9	11%
25% AMI	12	14%
30% AMI	35	42%
50% AMI	16	19%
60% AMI	11	13%
70% AMI	0	0%
Total	83	100%
Average Affordability: 36.02%		

USES

	Total	Per Unit
Total Acquisition Costs	1,907,600	22,710
Total Hard Costs	35,508,694	422,723
Total Design Costs	1,304,580	15,531
Total Fees & Permits	2,229,475	26,541
Total Financing Costs	4,945,250	58,872
Total Developer Fee	6,325,000	75,298
Total Reserves	220,166	2,621
Total Other Soft Costs	2,229,090	26,537
Total Development Cost	54,669,855	650,832

CASH FLOW

Effective Gross Income	963,606	
Annual Operating Expenses	(666,904)	
Replacement Reserve	(21,000)	
NOI	275,702	
Required Debt Service	(159,866)	DCR 1.18
Net Cash Flow		115,836
Required Cash Flow Payments	(19,000)	
Residual Receipts	(96,836)	
Cash Flow		0

SOURCES

	Total	Per Unit
Tax Exempt first mortgage	2,500,000	29,762
HCD MHP Loan	10,400,081	123,810
City of Elk Grove AHP Loan	3,436,000	40,905
HCD HOME	7,000,000	83,333
DDS Multifamily Loan	2,100,000	25,000
	0	0
	0	0
Contributed Developer Fee	4,125,000	49,107
GP Capital	100	1
Tax Credit Equity - State	0	0
Tax Credit Equity - Federal	23,108,673	275,103
Total Sources	52,669,854	627,022

PERMANENT 1ST MORTGAGE ASSUMPTIONS

Interest Rate	5.75%
Amortization	40
Term	17
Debt Coverage Ratio	1.15
Annual Debt Service	159,866

TAX CREDIT ANALYSIS

	New	
	Acquisition	Constr./Rehab.
Qualified Basis	0	65,285,267
LIHTC Rate	4.00%	4.00%
Annual LIHTC Allocation	0	2,611,411
Total Annual LIHTC Allocation	2,611,411	
Total LIHTC Allocation	26,111,495	
Total Tax Credit Equity	23,108,673	
Tax Credit Equity Price	0.8850	

Surplus/(Gap)	(2,000,000)	(23,810)
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PROJECT SCHEDULE

	Date	Months
Closing	July 2023	
Construction Completion	Nov 2024	16
Lease Up Completion	Apr 2025	5
Stabilization Completion	July 2025	4
Conversion to Permanent	December 2025	6

TAX CREDITY PAY-IN SCHEDULE

Payment Milestones		
Closing	15%	3,466,301
During Construction	0%	0
Constr. Completion/PIS	0%	0
Perm. Conversion	62%	14,327,378
8609	23%	5,314,995

DEVELOPER FEE PAY-IN SCHEDULE

Capitalized Developer Fee	100%	2,200,000
At Closing	27%	600,000
During Construction	0%	0
At Completion/TCO	0%	0
At Conversion	65%	1,419,158
At 8609	8%	180,842

2. DEVELOPMENT BUDGET

PROJECT NAME:

Cornerstone Village - Elk Grove

5.31.23

	ASSUMPTIONS			NON-DEPRECIABLE				
	TOTAL	PER UNIT	RESIDENTIAL	COMMERCIAL	AMORTIZED	EXPENSED		
		84	100%	0%				
ACQUISITION COSTS								
Purchase Price	1,900,000							
Land Purchase	100%	1,900,000	22,619	1,900,000				
Appraisal/Legal		7,600	90	7,600	0	0		
Other: Transfer Tax		0	0	0				
Total Acquisition Costs		1,907,600	22,710	1,907,600	0	0	0	0

DEVELOPMENT COSTS

RESIDENTIAL HARD CONSTRUCTION

Residential Construction		27,129,053	322,965	27,129,053	0			
Security	0	152,000	1,810	152,000	0			
General Requirements	0	672,000	8,000	672,000	0			
General Conditions		1,472,000	17,524	1,472,000	0			
Taxes & Insurance		537,666	6,401	537,666	0			
GC Bond		162,690	1,937	162,690	0			
GC Contingency		819,797	9,759	819,797	0			
GC Fee		1,516,145	18,049	1,516,145	0			
Escalation Contingency	5.00%	1,356,453	16,148	1,356,453	0			
Design Contingency	3.00%		0	0	0			
Subtotal Residential Hard Construction		33,817,804	402,593	0	33,817,804	0	0	0

CONSTRUCTION CONTINGENCY

Hard Cost Contingency	5%	1,690,890	20,130	1,690,890	0			
Subtotal Construction Contingency		1,690,890	20,130	0	1,690,890	0	0	0

DESIGN/ENGINEERING/ENVIRONMENTAL

Architect contract + reimb.		944,950	11,249	944,950	0			
Engineering		0	0	0	0			
Soils/Geo-Tech		30,000	357	30,000	0			
Energy Consultant		20,680	246	20,680	0			
Dry Utility Consultant		17,700	211	17,700	0			
Phase 1		15,500	185	15,500	0			
CEQA/NEPA Environmental Review		30,000	357	30,000	0			
Interiors	x	50,000	595	50,000	0			
Construction Management		76,000	905	76,000	0			
Preconstruction			0	0	0			
Construction Testing/Special Inspections		50,000	595	50,000	0			
Misc design prof - LV/Signage		45,000	536	45,000	0			
Survey		24,750	295	24,750	0			
Subtotal Design/Engineering/Environmental		1,304,580	15,531	0	1,304,580	0	0	0

FEES & PERMITS

Building Permits		263,059	3,132	263,059	0			
Planning Fees			0	0	0			
Other Fees			0	0	0			
Local Dev. Impact Fees		1,966,416	23,410	1,966,416	0			
Subtotal Fees & Permits		2,229,475	26,541	0	2,229,475	0	0	0

CONSTRUCTION PERIOD COSTS

Insurance, Builder's Risk		1,200,000	14,286	1,200,000	0			
Insurance, General Liability		80,000	952	80,000	0			
Real Estate Taxes Due During Construction		30,000	357	30,000	0			
Subtotal Construction Period Costs		1,310,000	15,595	0	1,310,000	0	0	0

CONSTRUCTION FINANCING

Origination Fee	1.00%	397,000	4,726	397,000	0			
City Loan Fee	0.00%	0	0	0	0			0

2. DEVELOPMENT BUDGET

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	ASSUMPTIONS	TOTAL	PER UNIT	NON-				
				DEPRECIABLE	RESIDENTIAL	COMMERCIAL	AMORTIZED	EXPENSED
			84		100%	0%		
Construction Loan Interest	6.85%	2,825,625	33,638		1,836,656	0		988,969
Construction Loan Interest - Taxable Tail	7.25%	1,105,625	13,162		497,531	0		608,094
Construction Lender Legal		70,000	833		70,000	0		
Construction Lender Fees		27,500	327		27,500	0		
Construction Inspection Fees		72,000			72,000			
Appraisal		10,000	119		10,000	0		
Title & Recording		35,000	417		35,000	0		
Subtotal Construction Financing		4,542,750	54,080	0	2,945,688	0	0	1,597,063
COST OF ISSUANCE								
Bond Counsel		70,000	833				70,000	
Issuer Financial Advisor		35,000	417				35,000	
Trustee Fees		15,000	179				15,000	
Issuer Fees	0.50%	137,500	1,637				137,500	
Issuer Counsel		30,000	357				30,000	
Printing			0				0	
Other:		25,000	298			0	25,000	
Subtotal Cost of Issuance		312,500	3,720	0	0	0	312,500	0
PERMANENT FINANCING COSTS								
Origination Fee	1.00%	25,000	298				25,000	
Lender Fees		25,000	298				25,000	
Lender Legal		20,000	238				20,000	
Title & Recording		20,000	238				20,000	
Subtotal Permanent Financing Costs		90,000	1,071	0	0	0	90,000	0
OTHER FEES								
Tax Credit Fees		62,400	743				62,400	
Tax-Exempt Bond Fees		12,590	150				12,590	
Subtotal Other Fees		74,990	893	0	0	0	74,990	0
OTHER SOFT COSTS								
Cost Certification		25,000	298					25,000
Accounting		15,000	179					15,000
Financial/Development Consultant		85,000	1,012		85,000	0		
Legal, Organization		15,000	179				15,000	
Legal, Construction Loan Closing		70,000	833		70,000	0		
Legal, Permanent Loan Closing		20,000	238				20,000	
Legal, Syndication		35,000	417					35,000
Legal, Investor		50,000	595	50,000				
FF&E by Owner		166,000	1,976		166,000	0		
Market Study		12,500	149					12,500
Marketing Rent-Up		75,600	900				75,600	
Soft cost contingency		275,000	3,274		275,000	0		0
Subtotal Other Soft Costs		844,100	10,049	50,000	596,000	0	110,600	87,500
DEVELOPER FEE								
Developer Fee - Capitalized		2,200,000	26,190		2,200,000			
Developer Fee - Deferred		0	0		0			
Developer Fee - Contributed		4,125,000	49,107		4,125,000	0		
Subtotal Developer Fee		6,325,000	75,298	0	6,325,000	0	0	0
CAPITALIZED RESERVES								
Operating Reserve (mos)	3	160,006	1,905	160,006				
Replacement Reserve		42,000	500	42,000				
Transition Reserve HCD		18,160	216	18,160				
Subtotal Capitalized Reserves		220,166	2,621	220,166	0	0	0	0
SUBTOTAL DEVELOPMENT COSTS		52,762,255	628,122	270,166	50,219,436	0	588,090	1,684,563

2. DEVELOPMENT BUDGET

PROJECT NAME:

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5.31.23

ASSUMPTIONS	TOTAL	PER UNIT	NON-				
			DEPRECIABLE	RESIDENTIAL	COMMERCIAL	AMORTIZED	EXPENSED
		84		100%	0%		
TOTAL DEVELOPMENT COSTS	54,669,855	650,832	2,177,766	50,219,436	0	588,090	1,684,563

3. DEVELOPMENT SOURCES

PROJECT NAME: Cornerstone Village - Elk Grove

CONSTRUCTION SOURCES

	Lien Position	Amount	Interest Rate	Required Payment	Loan Term (months)	Tax-Exempt (Y/N)
Tax-Exempt Construction Loan	1	27,500,000	6.85%	Interest Only	30	Yes
Taxable Tail		12,200,000	7.25%	Interest Only	30	No
City of Elk Grove AHP Loan		3,436,000	4.00%	Deferred Payment	660	Yes
DDS Multifamily Loan		2,100,000	3.00%	Deferred Payment	660	Yes
Contributed Developer Fee		4,125,000	-	-	-	-
GP Capital		100	-	-	-	-
Deferred Costs		1,842,454	-	-	-	-
Tax Credit Equity (Through Construction)		3,466,301	-	-	-	-
Total Construction Sources		54,669,855				

PERMANENT SOURCES

Source	Lien Position	Amount	Interest Rate	Payment Type	Loan Term (months)	Loan Amortization (months)	Interest Type	Tax-Exempt (Y/N)	Federal Financing (Y/N)	Federal Financing	Grant (Y/N)	Grant Amount
Tax Exempt first mortgage	1	2,500,000	5.75%	Required - Fully Amortizing	204	420	-	Yes	No	0	No	0
HCD MHP Loan	2	10,400,081	3.00%	Required - Other	660	660	Simple	Yes	No	0	No	0
City of Elk Grove AHP Loan	3	3,436,000	4.00%	Residual Receipts	660	660	Simple	Yes	No	0	No	0
				Residual Receipts	660	660	Simple	Yes	No	0	No	0
DDS Multifamily Loan	4	2,100,000	3.00%	Other	660	660	Simple	No	No	0	No	0
HCD HOME				Residual Receipts	660	660	Simple	No	No	0	No	0
										0		0
Contributed Developer Fee		4,125,000	-	-	-	-	-	-	-	-	-	-
GP Capital		100	-	-	-	-	-	-	-	-	-	-
Tax Credit Equity - State		0	-	-	-	-	-	-	-	-	-	-
Tax Credit Equity - Federal		23,108,673	-	-	-	-	-	-	-	-	-	-
Total Permanent Sources		52,669,854								0		0

Sources and Uses Summary

Total Development Costs	54,669,855
Total Construction Surplus/(Gap)	0
Total Permanent Surplus/(Gap)	(2,000,000)

max HCD 50% of project costs \$ 27,334,927.33
max MHP \$ 24,679,324.00

50% Test Analysis

Tax Credit Basis	50,219,436
Land Value (appraised value)	1,900,000
Commercial	0
Total Costs:	52,119,436
Tax Exempt Bond Amount	27,500,000
% of Total Costs/Tax-Exempt Bonds:	52.76%

Interest Rate Assumptions

	Construction	Permanent
Index	30 Day LIBOR	10 Year Treas.
As of:	6/1/2022	6/1/2022
Index (Current)	3.50%	4.00%
Spread	1.50%	1.40%
Underwriting Cushion	1.50%	1.00%
UW Rate	6.50%	6.40%
Taxable Premium	0.50%	1.00%

7. PERMANENT PERIOD CASH FLOW

PROJECT NAME: **Cornerstone Village - Elk Grove**

			<u>Underwriting:</u>										
Completed Project Year Calendar Year			<u>1st Year</u>	<u>2</u> <u>2026</u>	<u>3</u> <u>2027</u>	<u>4</u> <u>2028</u>	<u>5</u> <u>2029</u>	<u>6</u> <u>2030</u>	<u>7</u> <u>2031</u>	<u>8</u> <u>2032</u>	<u>9</u> <u>2033</u>	<u>10</u> <u>2034</u>	<u>11</u> <u>2035</u>
INCOME													
Tax Credit Rental Income		Trending 2.50%	716,508	734,421	752,781	771,601	790,891	810,663	830,930	851,703	872,995	894,820	917,191
Vacancy	5.00%		(35,825)	(36,721)	(37,639)	(38,580)	(39,545)	(40,533)	(41,546)	(42,585)	(43,650)	(44,741)	(45,860)
Other Rental/Operating Subsidy		2.50%	288,972	296,196	303,601	311,191	318,971	326,945	335,119	343,497	352,084	360,886	369,909
Vacancy	5.00%		(14,449)	(14,810)	(15,180)	(15,560)	(15,949)	(16,347)	(16,756)	(17,175)	(17,604)	(18,044)	(18,495)
Laundry & Misc.		2.50%	8,400	8,610	8,825	9,046	9,272	9,504	9,741	9,985	10,235	10,490	10,753
EGI			963,606	987,696	1,012,389	1,037,698	1,063,640	1,090,232	1,117,488	1,145,425	1,174,060	1,203,412	1,233,497
EXPENSES													
Operations		3.50%	640,024	662,425	685,610	709,606	734,442	760,148	786,753	814,289	842,789	872,287	902,817
RE Taxes & City Assessments 25% of budget	320	1.50%	26,880	27,821	28,238	28,662	29,092	29,528	29,971	30,420	30,877	31,340	31,810
Issuer Annual Admin. Fee	0.050%		13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750
HCD Mandatory Payment HOME &MHP	17,400,081	0.42%	73,080	73,080	73,080	73,080	73,080	73,080	73,080	73,080	73,080	73,080	73,080
			0	0	0	0	0	0	0	0	0	0	0
Replacement Reserves	250	2.00%	21,000	21,420	21,848	22,285	22,731	23,186	23,649	24,122	24,605	25,097	25,599
subtotal			774,734	798,496	822,527	847,383	873,095	899,692	927,204	955,662	985,101	1,015,554	1,047,056
NOI			188,872	189,200	189,862	190,314	190,545	190,540	190,284	189,762	188,959	187,858	186,441
REQUIRED DEBT SERVICE													
Permanent 1st Mortgage	2,500,000	5.75%	40	1.15									
Permanent 2nd Mortgage	0												
subtotal			159,866	159,866	159,866	159,866	159,866	159,866	159,866	159,866	159,866	159,866	159,866
DCR			1.18	1.18	1.19	1.19	1.19	1.19	1.19	1.19	1.18	1.18	1.17
NET CASH FLOW			29,005	29,334	29,996	30,448	30,678	30,674	30,418	29,896	29,093	27,992	26,575
	Debt-Service Test	25%	16.04%	16.18%	16.51%	16.72%	16.80%	16.76%	16.58%	16.25%	15.77%	15.13%	14.33%
	Percent of Gross Revenue Test	8%	2.86%	2.82%	2.82%	2.79%	2.74%	2.67%	2.59%	2.48%	2.36%	2.21%	2.05%
REQUIRED CASH FLOW PAYMENTS													
LP Asset Management Fee	5,000	3.0%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720
GP Partnership Mgmt. Fee	14,000	3.0%	14,000	14,420	14,853	15,298	15,757	16,230	16,717	17,218	17,735	18,267	18,815
Deferred Developer Fee	0												
Other:				0	0	0	0	0	0	0	0	0	0
GP UNPAID / ACCRUED			10,005	9,764	9,839	9,686	9,294	8,648	7,731	6,528	5,024	3,201	1,040
RESIDUAL RECEIPTS CASH FLOW PAYMENTS													
Borrower	50%		4,882	4,919	4,843	4,647	4,324	3,866	3,264	2,512	1,600	520	
HCD MHP Loan	0.00%		0	0	0	0	0	0	0	0	0	0	0
City of Elk Grove AHP Loan	25.00%		2,441	2,460	2,422	2,323	2,162	1,933	1,632	1,256	800	260	
	0	25.00%	2,441	2,460	2,422	2,323	2,162	1,933	1,632	1,256	800	260	
	0.00%		0	0	0	0	0	0	0	0	0	0	0
HCD HOME	0.00%		0	0	0	0	0	0	0	0	0	0	0
Source #6 - Loan	0.00%		0	0	0	0	0	0	0	0	0	0	0
Source #7 - Loan	0.00%		0	0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0	0	0
CASH FLOW			10,005	0	0	0	0	0	0	0	0	0	0
GP Share	1.0%		0	0	0	0	0	0	0	0	0	0	0
LP Share	99.0%		0	0	0	0	0	0	0	0	0	0	0

7. PERMANENT PERIOD CASH FLOW

PROJECT NAME:

Completed Project Year Calendar Year	<u>12</u> <u>2036</u>	<u>13</u> <u>2037</u>	<u>14</u> <u>2038</u>	<u>15</u> <u>2039</u>	<u>16</u> <u>2040</u>
INCOME					
Tax Credit Rental Income	940,121	963,624	987,714	1,012,407	1,037,717
Vacancy	(47,006)	(48,181)	(49,386)	(50,620)	(51,886)
Other Rental/Operating Subsidy	379,156	388,635	398,351	408,310	418,518
Vacancy	(18,958)	(19,432)	(19,918)	(20,415)	(20,926)
Laundry & Misc.	11,022	11,297	11,579	11,869	12,166
EGI	1,264,334	1,295,943	1,328,341	1,361,551	1,395,589
EXPENSES					
Operations	934,416	967,120	1,000,969	1,036,003	1,072,263
RE Taxes & City Assessments 25% of budget	32,287	32,771	33,263	33,762	34,268
Issuer Annual Admin. Fee	13,750	13,750	13,750	13,750	13,750
HCD Mandatory Payment HOME &MHP	73,080	73,080	73,080	73,080	73,080
	0	0	0	0	0
Replacement Reserves	26,111	26,633	27,166	27,709	28,263
subtotal	1,079,644	1,113,355	1,148,229	1,184,305	1,221,625
NOI	184,690	182,588	180,112	177,246	173,963
REQUIRED DEBT SERVICE					
Permanent 1st Mortgage	159,866	159,866	159,866	159,866	159,866
Permanent 2nd Mortgage	0	0	0	0	0
subtotal	159,866	159,866	159,866	159,866	159,866
DCR	1.16	1.14	1.13	1.11	1.09
NET CASH FLOW					
	24,824	22,721	20,246	17,380	14,097
Percent of G	13.35%	12.18%	10.82%	9.27%	
	1.87%	1.67%	1.45%	1.21%	
REQUIRED CASH FLOW PAYMENTS					
LP Asset Management Fee	6,921	7,129	7,343	7,563	0
GP Partnership Mgmt. Fee	19,379	19,961	20,559	21,176	0
Deferred Developer Fee	0	0	0	0	0
Other:	0	0	0	0	0
GP UNPAID / ACCRUED	(1,476)	(4,368)	(7,656)	(11,359)	0
RESIDUAL RECEIPTS CASH FLOW PAYMENTS					
Borrower	-738	-2,184	-3,828	-5,680	7,048
HCD MHP Loan	0	0	0	0	0
City of Elk Grove AHP Loan	-369	-1,092	-1,914	-2,840	3,524
0	-369	-1,092	-1,914	-2,840	3,524
	0	0	0	0	0
HCD HOME	0	0	0	0	0
Source #6 - Loan	0	0	0	0	0
Source #7 - Loan	0	0	0	0	0
	0	0	0	0	0
subtotal	-1,476	-4,368	-7,656	-11,359	14,097
CASH FLOW					
	0	0	0	0	0
GP Share	0	0	0	0	0
LP Share	0	0	0	0	0

8. TAX CREDIT ANALYSIS

PROJECT NAME:

Cornerstone Village - Elk Grove

		Total	Acquisition	Construction
DEVELOPMENT COSTS		54,669,855	1,907,600	52,762,255
Less:				
Non-Depreciable		(2,177,766)	(1,907,600)	(270,166)
Expensed		(1,684,563)	0	(1,684,563)
Amortized		(588,090)	0	(588,090)
Non-Res. Deprec.		0	0	0
Res. Historic TC				
Other				
subtotal		50,219,436	0	50,219,436
Less:				
Federal Financing		0		0
Grants		0		0
ELIGIBLE LIHTC BASIS		50,219,436	0	50,219,436
TCAC MAXIMUM BASIS				72,878,432
CALCULATION BASIS		50,219,436	0	50,219,436
ADJUSTMENT (DDA or QCT)	130%	65,285,267	0	65,285,267
APPLICABLE FRACTION			100.00%	100.00%
QUALIFIED BASIS			0	65,285,267
LIHTC RATE			4.00%	4.00%
ANNUAL LIHTC AMOUNT				
	Calculated	2,611,411	0	2,611,411
	Maximum	2,611,411		2,611,411
BASIS FOR PRICING		2,611,411	0	2,611,411

Applicable Fraction Calculation

		<u># of Units</u>	<u>Unit Fraction</u>	<u>Total Sq. Feet</u>	<u>Sq. Ft. Fraction</u>
LIHTC Eligible Units		84	100.00%	74,355	100.00%
Non-LIHTC Units		0	0.00%	0	0.00%
Total		84	100.00%	74,355	100.00%
Application Fraction (lesser of)		100.00%			