



**Sacramento  
Housing &  
Redevelopment  
Agency**

**REPORT TO CITY COUNCIL  
AND HOUSING AUTHORITY**

**City of Sacramento**

915 I Street, Sacramento, CA 95814-2671

[www.CityofSacramento.org](http://www.CityofSacramento.org)

**PUBLIC HEARING  
March 25, 2008**

**Honorable Mayor and Members of the City Council  
Chair and Members of the Housing Authority Board**

**Title: Copperstone Village 1 Apartments Project**

**Location/Council District:** Southwest of the intersection Calvine Rd. and Highway 99,  
Council District 8

**Recommendation:** Conduct a public hearing and upon conclusion, adopt **1) a City Council Resolution** approving funding from the City Housing Trust Fund (HTF) of up to \$985,000 and the City Home Investment Partnership (HOME) fund of up to \$1,710,000 for a loan to Copperstone Village 1 Family Apartments project; **2) a City Council Resolution** approving a grant of \$158,000 from the City's Affordable Housing Fee Reduction Fund; **3) a City Council Resolution** authorizing an application to the California Debt Limit Allocation Committee (CDLAC) for authority to issue the bonds; a) indicating that the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and permanent financing of the project; b) authorizing the Interim Executive Director or designee to execute all necessary documents associated with the transaction; **4) adopt a Housing Authority Resolution** indicating the willingness of the Housing Authority of the City of Sacramento to issue up to \$11,000,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the project.

**Contact:** Lisa Bates, Deputy Executive Director, 440-1316, Christine Weichert, Assistant Director, Housing and Community Development, 440-1353.

**Presenter:** Jeree Glasser-Hedrick, Program Manager

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue:** The 373 unit College Square Planned Unit Development (PUD) will have 373 residential units that are subject to the City's Mixed Income Housing Ordinance. The PUD's inclusionary housing obligation is 15 percent of the total units or 56 low and very low income units. These units are proposed to be included in the 103 unit Copperstone Village I affordable housing project that will be incorporated into the 373 unit PUD. This report recommends an Agency loan,

Tax Exempt Bond and Agency Loan for Copperstone Village Apartments 1

a fee reduction, and the use of tax exempt mortgage revenue bonds to provide construction and permanent financing for the 103-unit Copperstone Village I Apartments complex. Issuance of the bonds requires: 1) adoption of an inducement resolution to indicate the Housing Authority's intent to issue the bonds, 2) authorization of an application to CDLAC for authority to issue the bonds, and 3) holding a TEFRA public hearing to approve issuance of the bonds. These actions will not commit the Housing Authority to issue bonds until all other necessary actions and approvals are taken or received in accordance with all applicable laws and to the satisfaction of the City Council. The hearing of this report by the City Council shall serve as the public hearing required under TEFRA.

Proposed sources of financing include: tax-exempt mortgage revenue bonds, four percent Low-Income Housing Tax Credits (LIHTC), an Agency loan, a deferred developer fee, and general partner equity. In addition, Citadel (master developer of the PUD) will contribute donated land in addition to the prepayment of site specific Community Facilities District (CFD) fees. The bonds, tax credits, Agency loan, and the City of Sacramento's inclusionary ordinance will require 37 units to be affordable to individuals earning 50 percent or less than Area Median Income (AMI) and 65 units to be affordable to individuals earning 60 percent or less than AMI for a period of 55 years.

Further background on the project developer and the property are included as Attachment 1. A vicinity map, location map, and site plan are included as Attachments 2, 3, and 4. A project summary, including proposed sources and uses of funds, is included as Attachment 5. A project cash flow proforma and a schedule of maximum rents are included as Attachments 6 and 7.

**Policy Considerations:** The recommended actions are consistent with the Agency's previously approved mortgage revenue bond policy and multifamily lending policy. Regulatory restrictions on the property are specified in a Regulatory Agreement between the Developer and the Housing Authority. Compliance with the Regulatory Agreement will be monitored by the Agency on a regular basis.

The recommended actions are also consistent with the City Inclusionary Housing Ordinance. The project will meet the mixed income housing requirements for the College Square PUD, subject to Sacramento City Code 17.190. The inclusionary housing requirements will be detailed in an Inclusionary Housing Regulatory Agreement recorded on the underlying land. Compliance with the Inclusionary Housing Regulatory Agreement will be monitored by the Agency on a regular basis.

Tax Exempt Bond and Agency Loan for Copperstone Village Apartments 1

**Environmental Considerations:** The potential environmental impacts of the development project were evaluated by the City on January 27, 2004. The City Council certified an Environmental Impact Report (EIR) for the planned unit development that includes this project by Resolution No. 2004-053. The City has determined that the project does not propose substantial changes, no substantial changes have occurred with respect to the circumstances under which the project is undertaken, and that no new information of substantial importance regarding the environmental effects of the project has emerged. Therefore, the proposed actions set out in this staff report are exempt from further California Environmental Quality Act (CEQA) review in reliance upon the City's previous environmental determination pursuant to CEQA Guidelines section 15162. Environmental review pursuant to the National Environmental Policy Act (NEPA) is currently underway. The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban Development's consent to the Agency's request for release of funds.

**Committee/Commission Action:** At its March 5, 2008 meeting, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Burruss, Chan, Coriano, Fowler, Gore, Morgan, Shah, Stivers.

NOES: None.

ABSENT: Dean, Otto.

**Rationale for Recommendation:** The actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the city.

**Financial Considerations:** Staff recommends the issuance of up to \$11,000,000 in tax-exempt bonds and up to \$2,695,000 in an Agency loan from City HOME and HTF which will be repaid with interest. A loan commitment letter is included as Exhibit A. The developer will be responsible for the CDLAC processing fee and posting of the performance deposit required by CDLAC.

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Tax Exempt Bond and Agency Loan for Copperstone Village Apartments 1

**M/WBE Considerations:** Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by:   
LASHELLE DOZIER  
Interim Executive Director

Recommendation Approved:

  
RAY KERRIDGE  
City Manager

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## **Copperstone Village 1 Family Apartments Project Background Information**

USA Multifamily Development Inc. a local affordable housing developer, has requested the issuance of tax-exempt mortgage revenue bonds and a \$2,695,000 loan for the construction of the 103 unit Copperstone Village 1 Apartments.

Description of Development: Copperstone Village 1 Apartments is proposed as a newly constructed 103 unit apartment complex located within the Citadel Master Planned Community of College Square. The apartment complex will satisfy the 56 unit mixed income housing requirement of the College Square PUD. The project will be located on 3.92 net acres of land southwest of the intersection of Calvine Road and Highway 99.

The project will include 37 very low-income and 65 low-income units and one manager's unit in five, three story walk-up garden style buildings. The units will be a mix of one, two and three bedrooms ranging in size from 706 square feet to 1,129 square feet. Buildings will be wood frame construction with stucco siding and clay shingle roof tiles. The site will include a 2,910 square foot club house which will contain a leasing office, kitchen, library with a study and computer area, fitness center, laundry facility, game room, conference room, and mail center. The site will be professionally landscaped and include a swimming pool, social patio area, bicycle parking, and passive social areas on greenbelts. There will be 155 parking spaces, 104 of which are covered carports.

Developer: USA Properties Fund, Inc. (the "Developer"), a privately owned real estate and development organization based in Roseville, has been in operation since 1981. The Developer has developed and constructed or rehabilitated 48 multi-family projects totaling over 6,500 units. Recent projects completed by the Developer in the Sacramento region include Terracina Gold Apartments (280 units), Terracina Meadows Apartments (156 units), Terracina Park Meadows (144 units), Vintage Willow Creek Senior Apartments (184 units), Silverado Creek Apartments (168 units) and Creekside Village Senior Apartments (296 units). USA Properties has a demonstrated knowledge and experience in the delivery of high quality projects.

Property Management: USA Properties Fund, Inc. retains ownership of its developments with the management undertaken by its subsidiary USA Multi-Family Management. USA Multi-Family Management currently manages all of the properties owned by USA Properties Fund, Inc. Agency staff has thoroughly reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets all Agency requirements for property management.

Social Service Plan: USA Properties Fund will partner with the non-profit Lifesteps Corporation, based in Orange, California, to provide on-site resident services. Lifesteps is an experienced social service provider, and is already working in several affordable projects in Sacramento. They have 11 employees in Sacramento, one of which will be assigned to the project. As a condition of this financing, Lifesteps has submitted a complete social services plan for Agency approval detailing the scope and schedule of services provided.

Project Financing: The developer will be responsible for payment of the CDLAC processing fee and posting of a one-half percent performance deposit as required by CDLAC. The City Housing Trust Fund and HOME Loan of \$2,695,000 will be made consistent with standard Agency underwriting guidelines. The loan will be made at a four percent simple interest rate. A draft commitment letter is included as Exhibit A to the City Council Resolution authorizing the Agency loan.

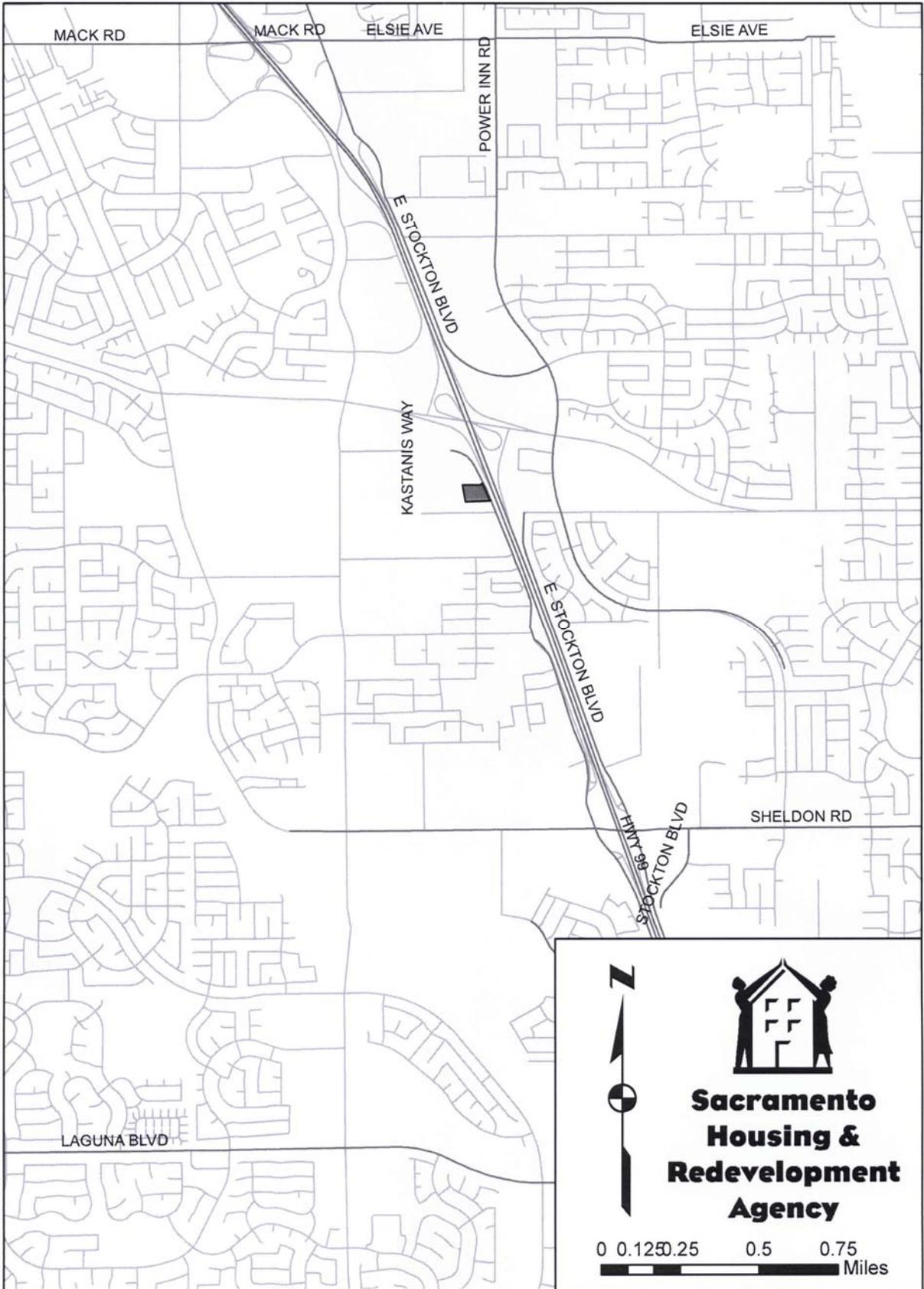
In 2001, the City created an Affordable Housing Fee Reduction Program to encourage the development of affordable housing in new growth areas. Affordable housing projects in these areas are eligible to receive City fee reductions based on the number and affordability of the units constructed. A project is eligible to receive a \$4,000 fee reduction for each very low-income inclusionary unit built and a \$1,000 fee reduction for each low-income inclusionary unit built. Based on this formula, Copperstone Village 1 Apartments is eligible to receive a total reduction of \$158,000 in City fees. These fee reductions are funded by the Affordable Housing Fee Reduction Fund. In addition, the master developer, Citadel, is contributing the land at no cost and providing additional subsidy for the construction of the project in the amount of approximately \$15,000 per inclusionary unit.

Low-income Set-aside Requirements: As a condition of receiving the tax-exempt bond financing benefits of below-market rates, federal law requires that project units be set aside for targeted income groups. The following chart summarizes the proposed affordability restrictions for the project.

<b>Unit Type</b>	<b>% of Units</b>	<b>Affordability Restrictions</b>	<b>Units</b>	<b>Regulatory Requirements</b>
Agency Loan, Tax-exempt Bonds, LIHTC, Inclusionary	36%	Very Low (50% AMI)	37	55 years
Agency Loan, LIHTC, Inclusionary	63%	Low (60% AMI)	65	55 years
Manager Units	1%	None	1	None
<b>Total</b>	<b>100%</b>		<b>103</b>	

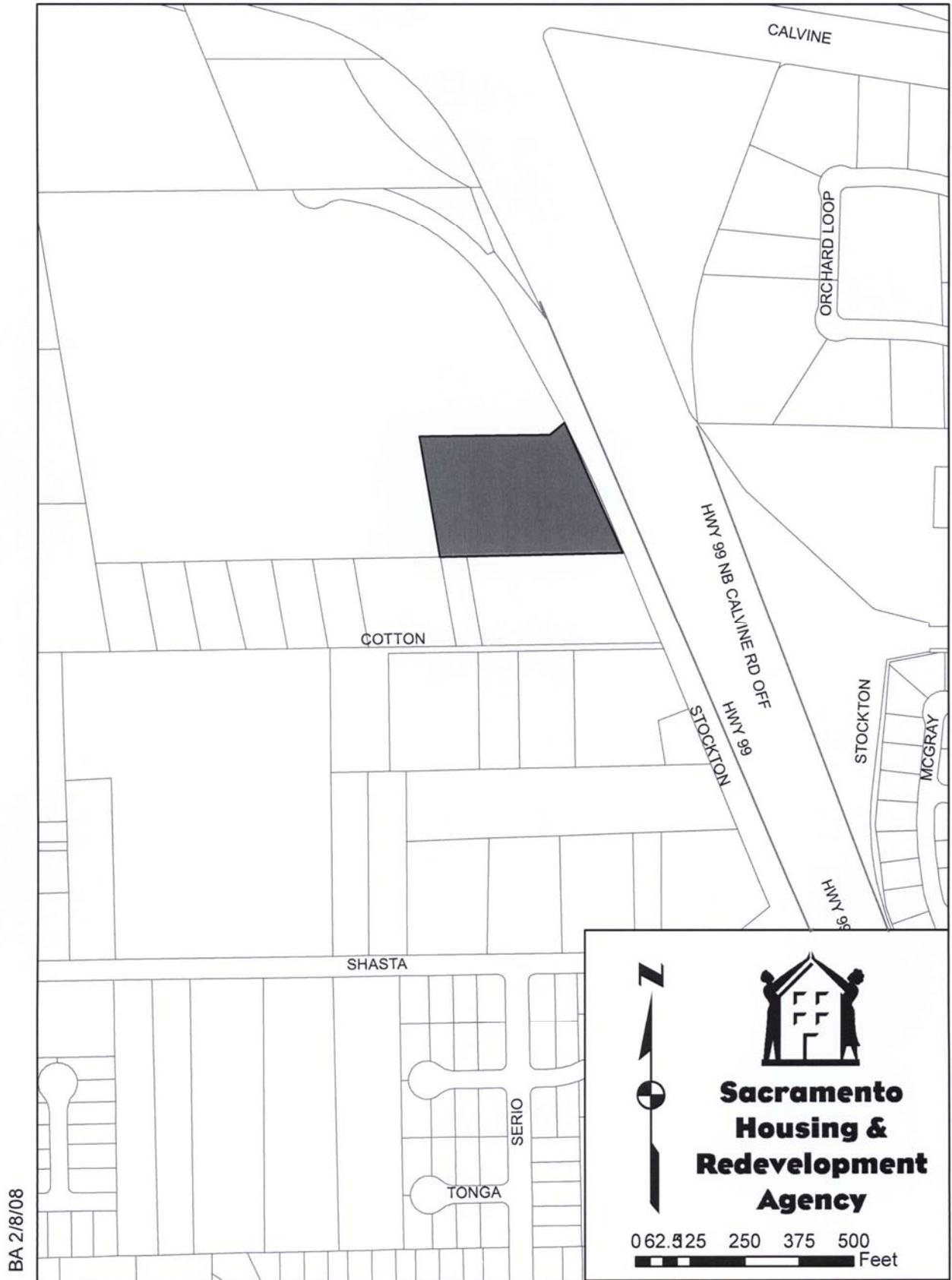
The federal set-aside requirements are that either 20 percent of the project's units are rented to households at or below 50 percent of Area Income (AMI), or 40 percent of project units are rented to households at or below 60 percent of AMI. The Agency requires that the deeper affordability terms be required of projects in Sacramento. For this project, at least 36 percent of the units will be occupied by families at 50 percent or less AMI and 63 percent of the units will be occupied by families at 60 percent AMI. The term of these affordability restrictions is 55 years or the life of the bonds, whichever is longer.

Copperstone Village 1  
Vicinity Map



BA 2/8/08

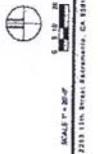
Copperstone Village 1  
Location Map



BA 2/8/08



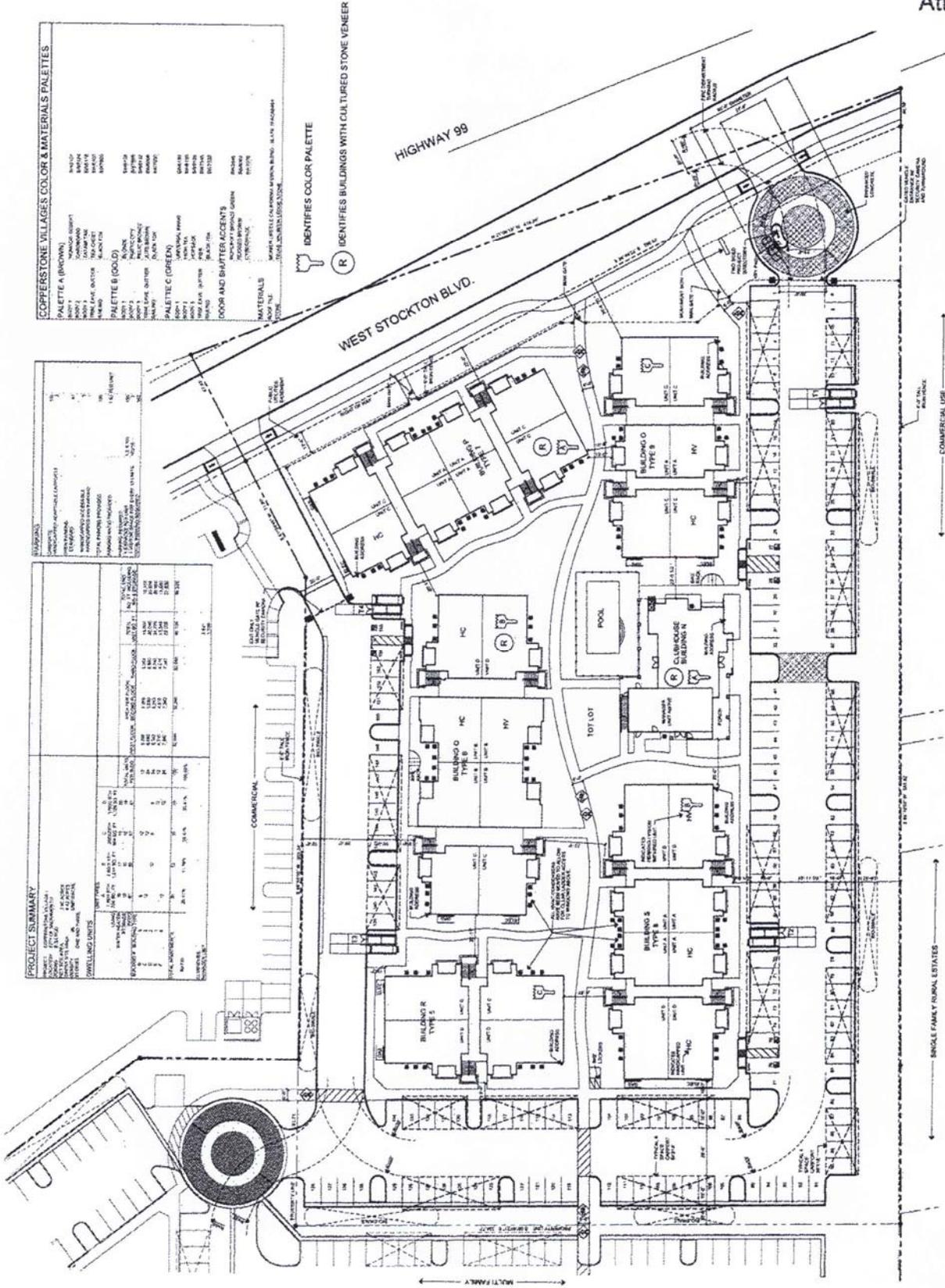
PROJECT COMMENCED IN 2007  
 REVISED NOVEMBER 22, 2007  
 ADDRESS 34, 2007  
 2351 11th Street, Sacramento, CA 95818 TEL: 916 452 2428 FAX: 916 447 2488



SCALE 1" = 200'  
 COMMERCIAL USE  
 SINGLE FAMILY JOURNAL ESTATES

**COPPERSTONE VILLAGE I**  
 Sacramento, California  
 PRELIMINARY SITE PLAN

USA Properties Fund



**COPPERSTONE VILLAGES COLOR & MATERIALS PALETTES**

**PALETTE A (BROWN)**

- WOOD: BROWN
- STONE: BROWN
- BRICK: BROWN
- ROOF: BROWN
- PAINT: BROWN
- GLASS: BROWN
- IRON: BROWN
- ALUMINUM: BROWN
- STEEL: BROWN
- CONCRETE: BROWN
- ASPHALT: BROWN
- GRASS: BROWN
- LANDSCAPE: BROWN

**PALETTE B (GOLD)**

- WOOD: GOLD
- STONE: GOLD
- BRICK: GOLD
- ROOF: GOLD
- PAINT: GOLD
- GLASS: GOLD
- IRON: GOLD
- ALUMINUM: GOLD
- STEEL: GOLD
- CONCRETE: GOLD
- ASPHALT: GOLD
- GRASS: GOLD
- LANDSCAPE: GOLD

**PALETTE C (GREEN)**

- WOOD: GREEN
- STONE: GREEN
- BRICK: GREEN
- ROOF: GREEN
- PAINT: GREEN
- GLASS: GREEN
- IRON: GREEN
- ALUMINUM: GREEN
- STEEL: GREEN
- CONCRETE: GREEN
- ASPHALT: GREEN
- GRASS: GREEN
- LANDSCAPE: GREEN

**DOOR AND SHUTTER ACCENTS**

- WOOD: BROWN
- STONE: BROWN
- BRICK: BROWN
- ROOF: BROWN
- PAINT: BROWN
- GLASS: BROWN
- IRON: BROWN
- ALUMINUM: BROWN
- STEEL: BROWN
- CONCRETE: BROWN
- ASPHALT: BROWN
- GRASS: BROWN
- LANDSCAPE: BROWN

**MATERIALS**

- WOOD: BROWN
- STONE: BROWN
- BRICK: BROWN
- ROOF: BROWN
- PAINT: BROWN
- GLASS: BROWN
- IRON: BROWN
- ALUMINUM: BROWN
- STEEL: BROWN
- CONCRETE: BROWN
- ASPHALT: BROWN
- GRASS: BROWN
- LANDSCAPE: BROWN

IDENTIFIES COLOR PALETTE  
 (R) IDENTIFIES BUILDINGS WITH CULTURED STONE VENEER

**Copperstone Village 1 Apartments  
Project Summary**

<b>Address</b>	8000 West Stockton Blvd., Sacramento, CA		
<b>Number of Units</b>	103		
<b>Year Built</b>	New Construction		
<b>Acreage</b>	3.92 acres		
<b>Affordability</b>	37 units (36%) at or below 50% of Area Median Income (AMI) 65 units (63%) at or below 60% of AMI 1 Manager's Unit		
<b>Unit Mix and Rents</b>	(50% AMI)	(60% AMI)	Manager
1 Bedroom / 1 Bath	16	14	
2 Bedroom / 2 Bath	11	19	
2 Bedroom / 2 Bath	5	7	
3 Bedroom / 2 Bath	5	25	1
<b>Total</b>	<b>37</b>	<b>65</b>	<b>1</b>
<b>Square Footage</b>	<i>Per Unit</i>	<i>Total</i>	
1 BR / 1 BA	706	21,180	square feet
2 BR / 2 BA	964	28,920	square feet
2 BR / 2 BA	1014	12,168	square feet
3 BR / 2 BA	1129	33,870	square feet
Manager's 3 BR / 2 BA	1096	1,096	square feet
<b>Total</b>		<b>97,234</b>	<b>square feet</b>
<b>Resident Facilities</b>	The complex will include a swimming pool, and recreation facility. The recreation facility will include a library, computer lab, full kitchen, fitness center, and laundry facilities.		
<b>Permanent Sources</b>	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>
Senior MRB	7,400,000 \$	71,845 \$	76.11
Tax Credit Equity	7,382,000 \$	71,670 \$	75.92
Agency Loan	2,695,000 \$	26,165 \$	27.72
Citadel Subsidy	819,000 \$	7,951 \$	8.42
General Partner Equity	516,000 \$	5,010 \$	5.31
Fee Waivers	356,000 \$	3,456 \$	3.66
Deferred Developer Fee Note	1,100,000 \$	10,680 \$	11.31
<b>TOTAL SOURCES</b>	<b>20,268,000 \$</b>	<b>196,777 \$</b>	<b>208</b>
<b>Permanent Uses</b>			
Land	0 \$	- \$	-
Construction	10,274,000 \$	99,748 \$	105.66
Development Impact Fees/Permits	2,196,000 \$	21,320 \$	22.58
Prepaid CFD	831,000 \$	8,068 \$	8.55
Contractor O&P	1,034,000 \$	10,039 \$	10.63
Architecture, Engineering, Survey	625,000 \$	6,068 \$	6.43
Contingency	989,000 \$	9,602 \$	10.17
Financing Costs	684,000 \$	6,641 \$	7.03
Total Reserves	317,000 \$	3,078 \$	3.26
Legal Fees	90,000 \$	874 \$	0.93
Developer Fee	2,500,000 \$	24,272 \$	25.71
Other	728,000 \$	7,068 \$	7.49
<b>TOTAL USES</b>	<b>20,268,000 \$</b>	<b>196,777 \$</b>	<b>208</b>
<b>Management / Operations</b>			
Proposed Developer:	USA Multifamily Development Inc.		
Property Management Company:	USA Multifamily Management Inc.		
Operations Budget:	\$381,100	\$3,700	
Replacement Reserves:	\$25,750	\$250	

Cash Flow Proforma  
Copperstone Village 1 Apartments

Unit Type	Quantity	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Monthly Rent	Annual Rent	2010	2011	2012	2013	2014	2015	2019	2024	2025	2029	2039	2044		
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 10	Year 15	Year 16	Year 20	Year 30	Year 35		
1 BD / 1 BA @ 50% AMI	16	706	11,296	\$ 665	\$ 48	\$ 617.00	\$ 0.87	\$ 9,872	\$ 118,464														
1 BD / 1 BA @ 60% AMI	14	706	9,884	\$ 798	\$ 48	\$ 750.00	\$ 1.06	\$ 10,500	\$ 126,000														
2 BD / 2 BA @ 50% AMI	5	1014	5,070	\$ 798	\$ 64	\$ 734.00	\$ 0.72	\$ 3,670	\$ 44,040														
2 BD / 2 BA @ 50% AMI	11	964	10,604	\$ 798	\$ 64	\$ 734.00	\$ 0.76	\$ 8,074	\$ 96,888														
2 BD / 2 BA @ 60% AMI	4	1014	4,056	\$ 957	\$ 64	\$ 893.00	\$ 0.88	\$ 3,572	\$ 42,864														
2 BD / 2 BA @ 60% AMI	19	964	18,316	\$ 957	\$ 64	\$ 893.00	\$ 0.93	\$ 16,967	\$ 203,604														
3 BD / 2 BA @ 50% AMI	5	1,129	5,645	\$ 923	\$ 81	\$ 842.00	\$ 0.75	\$ 4,210	\$ 50,520														
3 BD / 2 BA @ 50% AMI	3	1,014	3,042	\$ 958	\$ 64	\$ 894.00	\$ 0.88	\$ 2,682	\$ 32,184														
3 BD / 2 BA @ 60% AMI	25	1,129	28,225	\$ 1,107	\$ 81	\$ 1,026.00	\$ 0.91	\$ 25,650	\$ 307,800														
3 BD / 2 BA Managers Unit	1	1,096	1,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -														
<b>Total / Average</b>	<b>103</b>	<b>944</b>	<b>97,234</b>	<b>\$ 7,961</b>	<b>\$ 578</b>	<b>\$ 7,383</b>	<b>\$ 0.88</b>	<b>\$ 85,197</b>	<b>\$ 1,022,364</b>														
<b>Income</b>	<b>annual increase</b>	<b>per unit</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2019</b>	<b>2024</b>	<b>2025</b>	<b>2029</b>	<b>2039</b>	<b>2044</b>									
Potential Gross Income	2.50%		1,022,364	1,047,923	1,074,121	1,100,974	1,128,499	1,156,711	1,276,793	1,444,574	1,480,888	1,634,402	2,092,173	2,367,102									
Other Income	2.50%		44,801	45,921	47,069	48,246	49,452	50,688	55,950	63,303	64,885	71,621	91,681	103,729									
Less Vacancy	5.00%		53,358	54,692	56,060	57,461	58,898	60,370	66,637	75,394	77,279	85,301	109,193	123,542									
Effective Gross Income			\$1,013,807	\$1,039,152	\$1,065,131	\$1,091,759	\$1,119,053	\$1,147,029	\$1,266,106	\$1,432,482	\$1,468,294	\$1,620,722	\$2,074,662	\$2,347,289									
<b>Operating Expenses</b>																							
Property Assessments	3.50%		332,905	344,557	356,616	369,098	382,016	395,387	453,715	538,872	557,732	640,010	902,798	1,072,241									
Property Management	2.00%		200	200	211,533	21,576	22,007	22,896	24,784	27,363	27,911	30,211	36,827	40,660									
Social Services	5.00%		468	48,195	51,958	53,257	54,588	55,953	57,351	63,305	71,624	81,036	103,733	117,364									
Replacement Reserves	3.00%		204	21,000	21,630	22,279	23,636	24,345	27,400	31,764	32,717	36,824	49,488	57,370									
Total Expenses	0.00%		250	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750									
<b>Total Expenses</b>			<b>\$448,588</b>	<b>\$465,047</b>	<b>\$479,477</b>	<b>\$494,390</b>	<b>\$509,802</b>	<b>\$525,729</b>	<b>\$594,955</b>	<b>\$695,373</b>	<b>\$717,525</b>	<b>\$813,831</b>	<b>\$1,118,596</b>	<b>\$1,313,385</b>									
<b>Net Operating Income</b>			<b>\$565,219</b>	<b>\$574,105</b>	<b>\$585,653</b>	<b>\$597,369</b>	<b>\$609,251</b>	<b>\$621,300</b>	<b>\$671,151</b>	<b>\$737,109</b>	<b>\$750,770</b>	<b>\$806,891</b>	<b>\$956,065</b>	<b>\$1,033,904</b>									
<b>Debt Service</b>																							
Senior Loan	amort		475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000									
SHRA Monitoring Fee	5.40%	35	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500									
Debt Service Subtotal	0.15%		\$491,500	\$491,500	\$491,500	\$491,500	\$491,500	\$491,500	\$491,500	\$491,500	\$491,500	\$491,500	\$491,500	\$491,500									
DCR on Senior Bonds			1.15	1.17	1.19	1.22	1.24	1.26	1.28	1.37	1.50	1.64	1.95	2.10									
Modified NOI for DCR Calculation			\$522,454	\$530,275	\$540,730	\$551,324	\$562,056	\$572,925	\$617,740	\$676,626	\$688,760	\$738,360	\$867,926	\$963,860									
<b>Priority Distributions</b>																							
Asset Management Fee (Investor)	3.00%		5,000	5,150	5,305	5,464	5,628	5,796	6,524	7,563	7,790	8,768	11,783	13,660									
Managing General Partner Fee	0.00%		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000									
PILOT Fee	2.00%		21,765	22,200	22,644	23,087	23,559	24,030	24,030	26,011	28,718	29,293	31,707	38,651									
Priority Distributions Subtotal			46,765	47,350	47,949	48,561	49,187	49,827	52,535	56,281	55,436	60,734	76,367	85,675									
Net Cash after Priority Distributions			\$26,954	\$35,255	\$46,205	\$57,308	\$68,564	\$79,973	\$127,116	\$189,328	\$203,833	\$254,657	\$388,198	\$456,729									
<b>Deferred Developer Fee</b>																							
Principal Balance	3.00%	\$1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000									
Interest for Period			33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000									
Accumulated Interest			33,000	39,046	36,792	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000									
Payment			26,954	35,255	46,205	57,308	68,564	79,973	127,116	167,935	0	0	0	0									
Balance			\$1,106,046	\$1,103,792	\$1,090,587	\$1,075,692	\$1,064,436	\$1,053,027	\$1,053,027	\$0	\$0	\$0	\$0	\$0									
Net Cash after Deferred Developer Fee			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,393	\$203,833	\$254,657	\$388,198	\$456,729									
<b>SHRA HOME loan</b>																							
Principal Balance	4.00%	\$2,695,000	2,695,000	2,695,000	2,695,000	2,695,000	2,695,000	2,695,000	2,695,000	2,695,000	2,695,000	2,695,000	2,695,000	2,695,000									
Interest for Period			107,800	107,800	107,800	107,800	107,800	107,800	107,800	107,800	107,800	107,800	107,800	107,800									
Accrued Interest			107,800	215,600	323,400	431,200	539,000	646,800	646,800	1,078,000	1,617,000	1,724,800	1,551,177	267,562									
Payment			0	0	0	0	0	0	0	0	0	0	0										
Balance			\$2,802,800	\$2,910,600	\$3,018,400	\$3,126,200	\$3,234,000	\$3,341,800	\$3,449,600	\$4,312,000	\$4,283,911	\$4,062,970	\$2,658,856	\$1,388,270									
Combined Debt Coverage Ratio			1.15	1.17	1.19	1.22	1.24	1.26	1.37	1.50	1.20	1.20	1.20	1.20									
Net Cash After Loan Repayment			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,393	\$67,944	\$71,450	\$84,918	\$88,399									

**MAXIMUM RENT AND INCOME LEVELS 2008**

**Mortgage Revenue Bond Program**

(Rents @ 50% of AMI)

Maximum Income Limits:	
50% AMI	
Family Size	Max Income
1 person	\$ 24,850
2 person	\$ 28,400
3 person	\$ 31,950
4 person	\$ 35,500
5 person	\$ 38,350
6 person	\$ 41,200
Maximum Rent Limits:	
Unit Size	Gross Rent
1 Bedroom	\$ 710
2 Bedroom	\$ 799
3 Bedroom	\$ 888

**4% Low-Income Housing Tax Credit Program**

(Rents @ 60% of AMI)

Maximum Income Limits:		
50% AMI		60% AMI
Family Size	Max Income	Max Income
1 person	\$ 24,850	\$ 29,820
2 person	\$ 28,400	\$ 34,080
3 person	\$ 31,950	\$ 38,340
4 person	\$ 35,500	\$ 42,600
5 person	\$ 46,020	\$ 46,020
6 person	\$ 49,440	\$ 49,440
Maximum Rent Limits:		
Unit Size	Gross Rent	Gross Rent
1 Bedroom	\$ 665	\$ 798
2 Bedroom	\$ 798	\$ 958
3 Bedroom	\$ 923	\$ 1,107

**HOME Funds**

(Rents @ 50% and 65% of AMI)

Maximum Income Limits:		
Low HOME 50% AMI		High HOME 65% AMI
Family Size	Max. Income	Max. Income
1 person	\$ 24,850	\$ 32,305
2 person	\$ 28,400	\$ 36,920
3 person	\$ 31,950	\$ 41,535
4 person	\$ 35,500	\$ 46,150
5 person	\$ 46,020	\$ 59,826
6 person	\$ 49,440	\$ 64,272
Maximum Rent Limits:		
Unit Size	Gross Rent	Gross Rent
1 Bedroom	\$ 665	\$ 798
2 Bedroom	\$ 798	\$ 958
3 Bedroom	\$ 923	\$ 1,107

# **RESOLUTION NO. 2008**

**Adopted by the Sacramento City Council**

on date of

## **COPPERSTONE VILLAGE 1 APARTMENTS: APPROVAL OF \$158,000 FEE REDUCTION**

### **BACKGROUND**

- A. Copperstone 1 Family Apartments, L.P. has requested allocation of One Hundred Fifty-Eight Thousand Dollars (\$158,000) from the Affordable Housing Fee Reduction Fund to the Copperstone 1 Family Apartments project to assist in funding the costs of construction of a 103 unit housing project that will include 37 very low-income, 65 low-income units and 1 manager's unit.
- B. The Copperstone Village 1 Apartments project qualifies for an affordable housing fee reduction of \$158,000 according to Chapter 17.195 of the City Code.

### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. All of the evidence presented having been duly considered, the findings regarding this action are approved.
- Section 2. An allocation of \$158,000 the Affordable Housing Fee Reduction Fund to the Copperstone Village 1 Apartments project is authorized.
- Section 3. The Agency is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with Agency policy and with this resolution,
- Section 4. The Sacramento Housing and Redevelopment Agency ("Agency") is authorized to enter into and execute other documents and performs other actions necessary to fulfill the intent of this resolution.

# RESOLUTION NO. 2008 - \_\_\_\_\_

Adopted by the Sacramento City Council

on date of

## APPROVING THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

### BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$11,000,000 (the "Obligations") for the purpose, among other things, of making a loan to Copperstone I Family Apartments, L.P., a California limited partnership, or a limited partnership or limited liability company related to or formed by USA Properties Fund, Inc. ("Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction of a 103-unit multifamily housing facility to be located at 8000 West Stockton Boulevard, Sacramento, California and to be commonly known as the Copperstone Village I Family Apartments (the "Project"); and
- B. The Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California to issue and sell revenue bonds for the purpose of financing the acquisition, construction and development of multifamily rental housing facilities to be occupied in part by low and very low income tenants; and
- C. In order for the Obligations to be considered "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code"), Section 147(f) of the Code requires that the "applicable elected representatives" of the area in which the Project is to be located hold a public hearing on and approve the issuance of the Obligations; and
- D. This City Council is the elected legislative body of the City; and
- E. A notice of public hearing in a newspaper of general circulation in the City has been published, to the effect that a public hearing would be held by this City Council regarding the issuance of the Obligations by the Issuer and the nature and location of the Project; and

- F. This City Council held said public hearing on the published date, at which time an opportunity was provided to present arguments both for and against the issuance of such Bonds and the nature and location of the Project; and
- G. It is in the public interest and for the public benefit that the City approve the issuance and delivery of the Obligations for the purpose of financing the acquisition and construction of the Project;
- H. The City shall not have any liability for the repayment of the Obligations or any responsibility for the Project;

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:**

1. The City hereby finds and determines that the foregoing recitals are true and correct.
2. Solely for the purpose of fulfilling the requirement of Section 147(f) of the Code, the City hereby approves the issuance and delivery of the Obligations.
3. This resolution shall take effect upon its adoption.

# RESOLUTION NO. 2008 - \_\_\_\_

Adopted by the Housing Authority of the City of Sacramento

on date of

## RESOLUTION DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

### BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$11,000,000 (the "Obligations") for the purpose, among other things, of making a loan to Copperstone I Family Apartments, L.P., a California limited partnership, or a limited partnership or limited liability company related to or formed by USA Properties Fund, Inc. (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction of a 103-unit multifamily rental housing facility to be located at 8000 West Stockton Boulevard, Sacramento, California, and to be commonly known as the Copperstone Village I Family Apartments (the "Project");
- B. United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

### BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition and construction of the Project.
- Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for

reimbursement of expenditures for the acquisition and construction of the Project that are paid before the date of initial execution and delivery of the Obligations.

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition and construction of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$11,000,000.

Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition and construction of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6. The law firm of Jones Hall, A Professional Law Corporation, is hereby named as bond counsel to the Authority in connection with the issuance of the Obligations. The fees and expense of bond counsel and any financial advisor employed by the Authority in connection with the issuance of the Obligations are to be paid solely from the proceeds of the Obligations or directly by the Developer.

Section 7. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 8. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition and

construction of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, of or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction or operation of the Project.

Section 9. This resolution shall take effect immediately upon its adoption.

# **RESOLUTION NO. 2008 -**

**Adopted by the Sacramento City Council**

on date of

## **COPPERSTONE VILLAGE 1 FAMILY APARTMENTS: APPROVAL OF \$985,000 HTF LOAN AND \$1,710,000 HOME LOAN; EXECUTION OF LOAN AGREEMENT AND RELATED DOCUMENTS WITH COPPERSTONE 1 FAMILY APARTMENTS L.P.; RELATED BUDGET AMENDMENT**

### **BACKGROUND**

- A. Copperstone 1 Family Apartments, L.P. has requested allocation of Nine Hundred Eighty Five Thousand Dollars (\$985,000) from the City Housing Trust Fund and One Million Seven Hundred Ten Thousand Dollars (\$1,710,000) from the HOME funds to the Copperstone Village 1 Family Apartments project to assist in funding the costs of construction of a 103 unit housing project that will include 37 very low-income, 65 low-income units, and 1 manager's unit.
- B. The Copperstone Village 1 Family Apartments project qualifies for Housing Trust Fund and HOME funding under Sacramento Housing and Redevelopment Agency guidelines.

### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. All of the evidence presented having duly considered, the findings, including the environmental findings regarding this action are approved.
- Section 2. The Sacramento Housing and Redevelopment Agency ("Agency") is authorized to amend the Agency Budget to transfer \$985,000 from the City Housing Trust Fund and \$1,710,000 from HOME to the Copperstone Village 1 Family Apartments project.
- Section 3. The Loan Commitment, attached to and incorporated in this resolution by this reference, for financing the Copperstone Village 1 Family Apartments project with Housing Trust Funds in the amount of \$985,000 and HOME funds in the amount of \$1,710,000 is approved and the Agency is authorized to execute and transmit the Loan Commitment to Copperstone 1 Family Apartments, L.P.

- Section 4. Subject to the satisfaction of conditions in the Loan Commitment, the Agency is authorized to prepare and execute all Loan documents required for making the \$2,695,000 Loan for a term of 55 years, with an interest rate of 4% (simple), and a loan repayment schedule as detailed in the Loan Commitment, with Copperstone 1 Family Apartments, L.P. to fund the construction of Copperstone Village 1 Family Apartments.
- Section 5. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions and restructuring of payments, all as approved by Agency Counsel.
- Section 6. The Agency is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with the Loan Commitment, with Agency policy, with this resolution, with good legal practices for making of such a loan.

**Table of Contents**

Exhibit A – Agency Loan Commitment Letter

February 8, 2008

USA Properties Fund, Inc.  
DBACopperstone 1 Family Apartments, L.P.  
2440 Professional Dr.  
Roseville, CA 95661-7773  
Attention: Mr. Geoff Brown

RE: Conditional funding commitment, Copperstone Village 1 Apartments

Dear Mr. Geoff Brown:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") from the Housing Trust Fund and HOME funds for the purpose of financing the new construction of that certain real property known as Copperstone Village 1 Apartments located southwest of the intersection Calvine Road and Interstate 99, Sacramento County, California ("Property"). The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least 60 days prior to close of escrow for the Property.

This commitment will expire March 25, 2009.

1. **PROJECT DESCRIPTION:** The project is new construction of a 103-units of one, two, and three bedroom family apartments. A total of 37 units will be affordable to households earning less than 50 percent Area Median Income (AMI) and 65 units will be affordable at 60 percent AMI. One unit will remain an unrestricted managers unit.

2. BORROWER: The name of the Borrower for the Loan is Copperstone 1 Family Apartments, L.P.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing or for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) Two Million Seven Hundred Eighty-Five Thousand Dollars (\$2,695,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed 90 percent of the appraised value.
5. TERM OF LOAN: The loan shall have a term of 217 months.
6. INTEREST RATE: The Loan will bear simple interest at Four Percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. AMORTIZATION: Loan payments shall be made according to the payment schedule in the “monthly payment” section.
8. MONTHLY PAYMENT: Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. Interest and principal payments shall be deferred from the date of loan closing through the first 191 months. Beginning in month 192, monthly installments shall be made according to the following schedule:

Months 192-203	\$ 11,324 monthly
Months 204-215	\$ 12,020 monthly
Months 216-227	\$ 13,162 monthly
Months 228-239	\$ 13,896 monthly
Months 240-251	\$ 15,267 monthly
Months 252-263	\$ 16,162 monthly
Months 264-275	\$ 17,201 monthly
Months 276-287	\$ 18,141 monthly
Months 288-299	\$ 18,960 monthly
Months 300-311	\$ 20,233 monthly
Months 312-323	\$ 21,080 monthly
Months 324-335	\$ 22,269 monthly
Months 336-347	\$ 23,138 monthly
Months 348-359	\$ 24,385 monthly
Months 360-371	\$ 25,273 monthly
Months 372-383	\$ 26,370 monthly

Months 384-395	\$ 27,485 monthly
Months 396-407	\$ 28,393 monthly
Month 408-419	\$ 29,534 monthly
Month 420	\$ 1,756,600 BALLON PAYMENT

9. SOURCE OF LOAN FUNDS: Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: \$2,695,000 in HOME and Housing Trust Funds. This Loan is conditioned upon Borrower’s acceptance of Agency’s requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

**Borrower acknowledges that, as a condition of the Agency’s making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**

\_\_\_\_\_ (Borrower Initial)

**Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety standards Act (40 U.S.C. 327-332). (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a “subsidy” may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower’s contractor.**

\_\_\_\_\_ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a second lien upon the Property and Improvements subject only to senior debt and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements.

The Agency may subordinate said deeds of trust in order to accommodate completion of construction of the Property.

12. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$7,400,000 in Low Income Housing Tax Credit equity and no less than \$1,100,000 in deferred developer fee and \$516,000 in General Partner Equity.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

Construction Financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien and for a term of not less than 30 years.

Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the Loan Agreement.

15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.

16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a soils report prepared by a licensed soils engineer and a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance"; the Agency may declare the Loan to be in default.
18. PLANS AND SPECIFICATION: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency shall require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of

constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

23. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification, shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding, from the original budget approved by the Agency, that results in a reduction in the amount of deferred fees payable to the developer, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the project.
24. APPROVAL OF DISBURSEMENTS: Borrower shall submit all disbursement requests to the Agency simultaneous to lender, tax credit investor, and/or any other funding source for the project for approval. Agency shall have five business days from the date of a complete disbursement request to approve or deny, in whole or part, such disbursement request. Borrower shall ensure that appropriate language to this effect is included in lender and partnership documents.

Agency shall only approve disbursements of the Loan based on a cost breakdown that restricts disbursements to line items in cost categories in Agency approved budget. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds. Agency shall conduct inspections of the Property prior to disbursing, or approving disbursement requests, of Loan funds.

If the Agency does not approve a draw request, in whole or part, or the Borrower fails to submit a draw request to the Agency for approval, the Agency loan shall be reduced by the same amount of the disallowed draw item(s).

At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items based on the original approved budget for the project, the Agency shall withhold for itself, as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.

25. CONSTRUCTION CONTINGENCY: Within the Development Budget there will be 5% construction contingency. This contingency can only be spent by change order request with Agency approval. Any unspent funds will be split between the Developer (50%) and the Agency (50%).
26. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than July 1, 2008.
27. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction no later than August 1, 2010.
28. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
29. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: Bodily injury liability of \$1,000,000 each occurrence and \$1,000,000 Aggregate, Products and Completed Operations; Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; Contractual liability for

Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

30. TITLE INSURANCE: Borrower must procure and deliver to Agency a 1970 or 1987 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deeds of Trust constitutes a second lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
31. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
32. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
33. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and

operating statements with respect to the Property and Improvements, as Agency may request.

34. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval. In addition, Borrower must submit an organizational chart indicating the number of employees currently employed by the management company that will operate the project and an organizational chart of the management organization.
35. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
36. TENANT SERVICES PLAN: Prior to the closing of the Loan the Borrower will submit to the Agency for approval a Tenant Services Plan. The Tenant Services Plan must provide a description of the services or activities to be provided as well as their goals and objectives. Additional information such as the name of the service provider, the number of staff persons facilitating the services, and how regularly the services will be offered must be included.
37. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly light the parking area and all common spaces
38. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
39. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
40. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
41. ENVIRONMENTAL CLEARANCE: This commitment is subject to National Environmental Protection Act (NEPA) clearance being obtained for the project. The review is currently underway.

42. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,  
LaShelle Dozier  
Interim Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER'S REPRESENTATIVE:  
Copperstone Village 1 Family Apartments, L.P.

By: \_\_\_\_\_  
Geoff Brown  
Authorized Member