



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO COUNCIL AND
REDEVELOPMENT AGENCY
City of Sacramento**

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
May 8, 2007

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

Title: Approval of Agency Loan for the Martin Luther King Village Apartments Project

Location/Council District: 3900 47th Avenue, Sacramento County 95824

Recommendation: 1) Adopt a **City Resolution and a Redevelopment Agency Resolution** a) approving a Mental Health Services Act/Building Hope Program (MHSA) Loan (\$325,000) for the Martin Luther King Village Apartment project; b) approving and authorizing the Executive Director or her designee to execute a loan agreement for \$1,325,000 with a term of 55 years; c) authorizing the transfer of \$325,000 from the MHSA/Building Hope Program to the Martin Luther King Village Apartment Project, and b) approving the environmental findings for the project.

Contact: Nancy Conk, Director of Housing Policy and Development, 440-1310, Jim Hare, Assistant Director, Housing Policy and Development, 440-1313

Presenters: Jim Hare, Assistant Director of Housing Policy and Development; Alan Saunders, Senior Housing Finance Analyst

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis:

Issue: The 80 unit MLK Village apartment project is proposed for construction at 3900 47th Avenue in Sacramento County. The developer, Mercy Housing California, initially planned to begin construction on the project in 2006, but has encountered delays - primarily due to the lack of water availability from the Fruitridge Vista Water District. The lack of water and the subsequent delays caused the expiration of the developer's equity investor commitment. Because of market conditions, the Developer had to negotiate a new lower equity commitment. Both issues contributed to increased project costs which resulted in a funding gap. To help fill this gap, staff is recommending a Franklin Boulevard Tax Increment Housing Set-Aside loan of up to \$1,000,000, and a loan of up to \$325,000 in Mental Health Services Act/Building Hope (MHSA) Program funds.

Approval of Agency Loan for Martin Luther King Village Apartments

The recommended \$1,325,000 loan will ensure adequate financing for the project which will set aside all 80 housing units for extremely low-income individuals who are chronically homeless and have a mental disability. This is the second project to provide "units through development" under the Ten-Year Plan to End Chronic Homelessness, the first being the Ardenaire Apartments project, approved by the County earlier this year. Approval of funding for the MLK Village Apartment Project will help the Agency exceed the first year goal of the Ten Year Plan to End Chronic Homelessness by nineteen units. Management of the project will be the responsibility of Mercy Services Corporation. Turning Point Community Programs will provide case management services to the residents.

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

Policy Considerations: The Developer has requested that the term of the Agency's loans be 55 years instead of 30 years which is prescribed in the Agency Multifamily Lending Guidelines. The Developer's request was made due to California Housing and Community Development Department's requirement that any other project "soft" loans not mature prior to a loan through the Multi-Family Housing Program. Staff recommends waiving the 30 year requirement in favor of the 55 year term. Recently, similar situations have arisen with the Ardenaire Apartments, Grizzly Hollow Phase II and Acacia Meadows projects in Sacramento County which were approved with a 55 year term for the same reason. Regulatory restrictions on the property will be specified in a Regulatory Agreement between the Borrower and SHRA. Compliance with the Regulatory Agreement will be monitored not less than annually by the Agency.

Environmental Considerations: The proposed action is exempt from environmental review under the Agency's Environmental Review Policies and Procedures, Section 7-3.10, as well as under the California Environmental Quality Act Guidelines Section 15022, and provide that loan funding mechanisms are exempt under Section 15310. An Environmental Assessment was prepared pursuant to 24 CFR Part 58.36, and a Finding of No Significant Impact (FONSI) was made for the Martin Luther King Village Apartment project to fulfill NEPA requirements.

Committee/Commission Action: At its meeting of April 18, 2007, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Burns, Chan, Fowler, Gore, Hoag, Piatkowski, Shah, Stivers.

Approval of Agency Loan for Martin Luther King Village Apartments

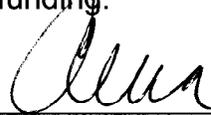
NOES: Burruss, Coriano.

ABSENT: None.

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 throughout the County. These apartments will assist in meeting the "units through development goal" created under the City and County of Sacramento's Ten-Year Plan to End Chronic Homelessness. The City and County Board of Supervisors are both required to approve funding for this action as Franklin Boulevard is a joint City/County redevelopment area.

Financial Considerations: The \$1,325,000 Agency loan will be funded with \$1,000,000 of Franklin Boulevard Tax Increment Housing Set-Aside funds and \$325,000 in MHSA funds. The MHSA/Building Hope funds are a part of the \$4 million transferred from Sacramento County Department of Health and Human Assistance to the Agency for disbursement to projects providing housing for homeless individuals.

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: 
ANNE M. MOORE
Executive Director

Recommendation Approved:


RAY KERRIDGE
City Manager

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Background Information – Martin Luther King Village Apartments Project

The Developer, Mercy Housing California, has encountered delays in the start of construction of this project primarily due to the lack of adequate water pressure from the Fruitridge Vista Water District. The lack of water and the subsequent delays caused the expiration of the Developer’s equity investor commitment. A new agreement has been entered into with the same investor. However, the market has significantly changed since the last commitment and the tax credit equity investment has decreased. Both issues contributed to increased project costs which resulted in a funding gap of \$1,325,000. To fill this gap, staff recommends a Franklin Boulevard Tax Increment Housing Set-Aside loan of up to \$1,000,000, and a loan of up to \$325,000 in Mental Health Services Act/Building Hope (MHSA) Program funds.

The recommended \$1,325,000 loan will set aside all 80 affordable housing units for extremely low-income individuals who are chronically homeless and have a mental disability. This is the second project to provide “units through development” under the Ten-Year Plan to End Chronic Homelessness. The Board previously approved the Ardenaire Apartments project. We will exceed the first year goal by 19 units with the approval of the MLK Village project. A vicinity map is included as Attachment 2 and a site map is included as Attachment 3.

Description of Development: The MLK Village Apartments project will be constructed at 3900 47th Avenue in Sacramento County. The project will consist of single-story, one-bedroom units comprised of 60 residential buildings, one community building, and one maintenance building. Each apartment unit will be 400 square feet. The kitchen will include a counter, sink, microwave and refrigerator. The bathroom will include a shower, toilet and sink. One fully equipped kitchen area will be located in the main Community Building. A site plan is included as Attachment 4. Property management services will be provided round-the-clock by Mercy Services Corporation including 24-hour desk coverage by trained staff.

All units are rental and will be affordable to extremely low-income residents. Rent restrictions will be enforced through a Regulatory Agreement with the Agency for a term of 55 years.

Developer: The developer is Mercy Housing California, a nonprofit 501 (C) (3) corporation. Mercy Housing has extensive experience in the development, renovation and operation of multifamily housing including 106 multifamily housing developments with over 6,060 units of affordable housing in California, including 54 developments (3,236 units) for families; 29 developments (1,709 units) for seniors; and 24 developments (1,115 units) for persons with special housing

needs (AIDS, homeless, physically disabled, etc.). Of the special needs developments in California, eleven developments with nearly 500 tenants provide permanent housing for formerly homeless individuals and families. Housing developments have been completed in 31 communities in California including Sacramento and Sacramento County.

Property Management: This project will be managed by Mercy Services Corporation (MSC) which was established in 1983. MSC manages 218 properties within the states of Washington, Idaho, California, Arizona, Colorado, Kansas, Nebraska, Oklahoma, Iowa, Missouri, Utah, Illinois, Georgia, and Ohio. Total book value of assets is approximately \$1 billion with annual operating budgets totaling more than \$75.5 million.

Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management.

Social Services Plan: Turning Point Community Programs (TPCP) will provide case management services to the project's residents. TPCP has offered a path to mental health in the Central Valley since 1976, often employing those in recovery to mentor others. TPCP operates 17 programs serving more than 3,500 people struggling with the effects of mental illness in Sacramento, Stanislaus, Merced and Yolo counties. The "housing first" approach is modeled in its Sacramento County Homeless Intervention Program (HIP). Psychiatric care, benefit and employment support, addiction and mental health counseling, are offered around the clock. HIP now provides housing and services to 150 persons, and since November, 1999, has helped 348 persons get off the street and into treatment. Turning Point purchased and renovated the Fairview Apartments, and will obtain housing for an additional 125 people later this year when Pathways to Success after Homelessness (formerly Permanent Supportive Housing) opens.

Social service delivery begins with tenant selection in collaboration with all Sacramento County referral services. MLK Village supportive service staff will meet regularly with providers to facilitate the referral process. Property management staff will make the final tenant selection. Once housed, a full range of culturally appropriate and consumer-centered supportive services will be available to tenants.

Supportive services will include an individualized assessment of each resident's past barriers to maintaining housing and their current needs. Life skills instruction including budgeting, cooking, and nutrition will be provided on-site. In addition there will be a variety of support groups established to support residents in their recovery from mental illness and substance abuse. Turning Point's Employment Services Program and Crossroads Employment Services will offer employment services in collaboration with the Department of Rehabilitation and

other community partners to enhance the employment opportunities for residents.

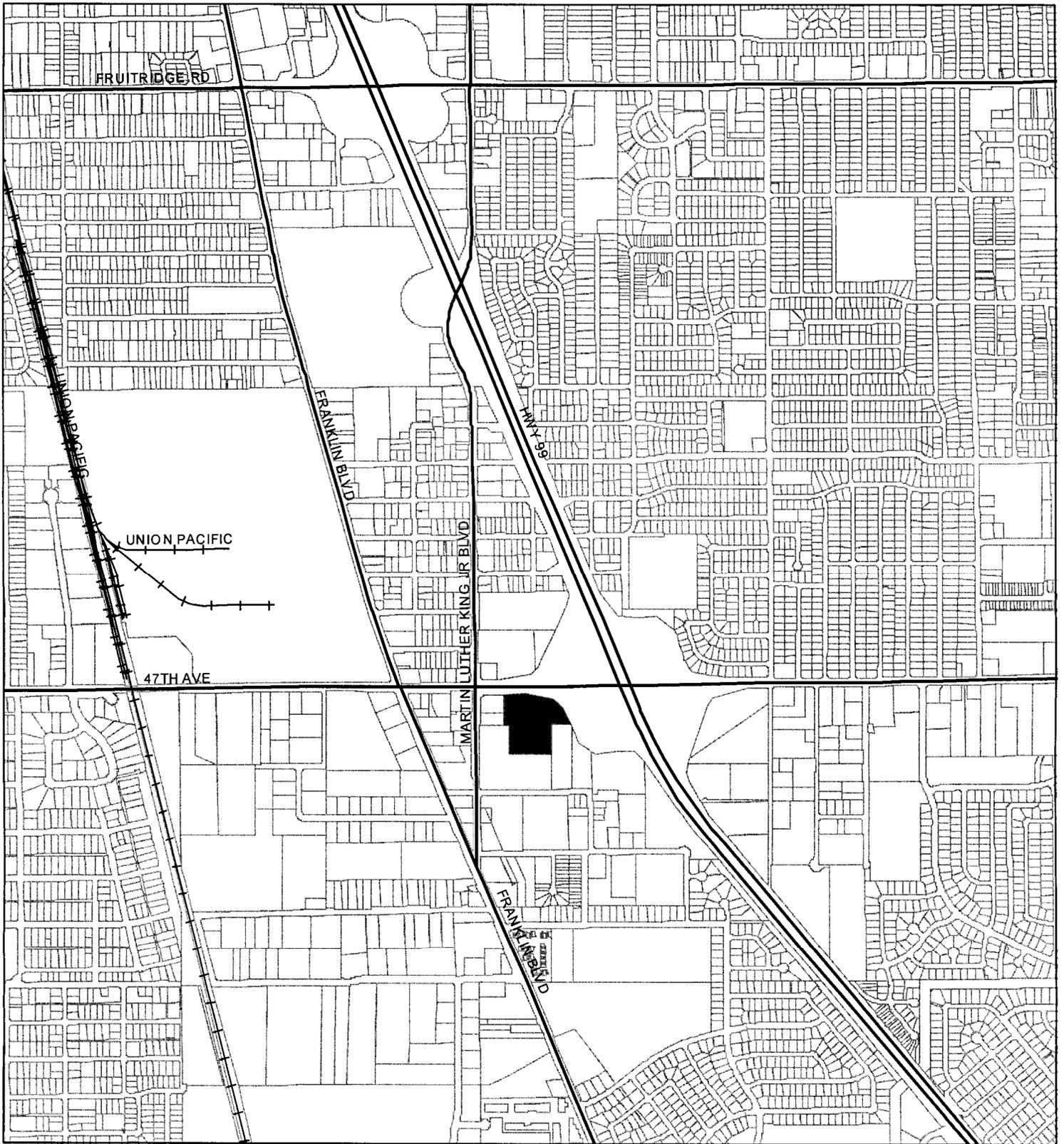
Project Financing: The developer has proposed to finance MLK Village through low-income housing tax credits, Multifamily Housing Program (MHP) funds, Affordable Housing Program (AHP) Funds from the Federal Home Loan Bank of San Francisco, developer equity, and Agency loans from the Franklin Boulevard Tax Increment Housing Set-Aside program, and MHSA/Building Hope Program funds. Sacramento County has granted permit fee waivers totaling \$424,198 for sewers, roadway, transit and drainage as a part of Sacramento County's Affordable Housing Fee Deferral/Waiver Program. A project summary, including a proposed sources and uses of funds, is included as Attachment 5. A cash flow proforma is included as Attachment 6.

Low-income Set-aside Requirements: As a condition of receiving the benefits of below-market rate loans and grants, federal law requires that project units be set aside for targeted income groups. All of the units in this project will be regulated at the Extremely Low-Income (30% AMI) level by one or more funding sources. The Agency regulates only a portion of a project's units proportionate to the gap funding provided. The following chart summarizes the proposed affordability restrictions as required for the Agency's loan.

25% AMI or below	35% AMI or below	45% AMI or below	TOTAL
4	5	3	12

Maximum rent and income limits for the program can be found in Attachment VI. The project's affordability restrictions will be specified in a regulatory agreement between the Agency and the developer.

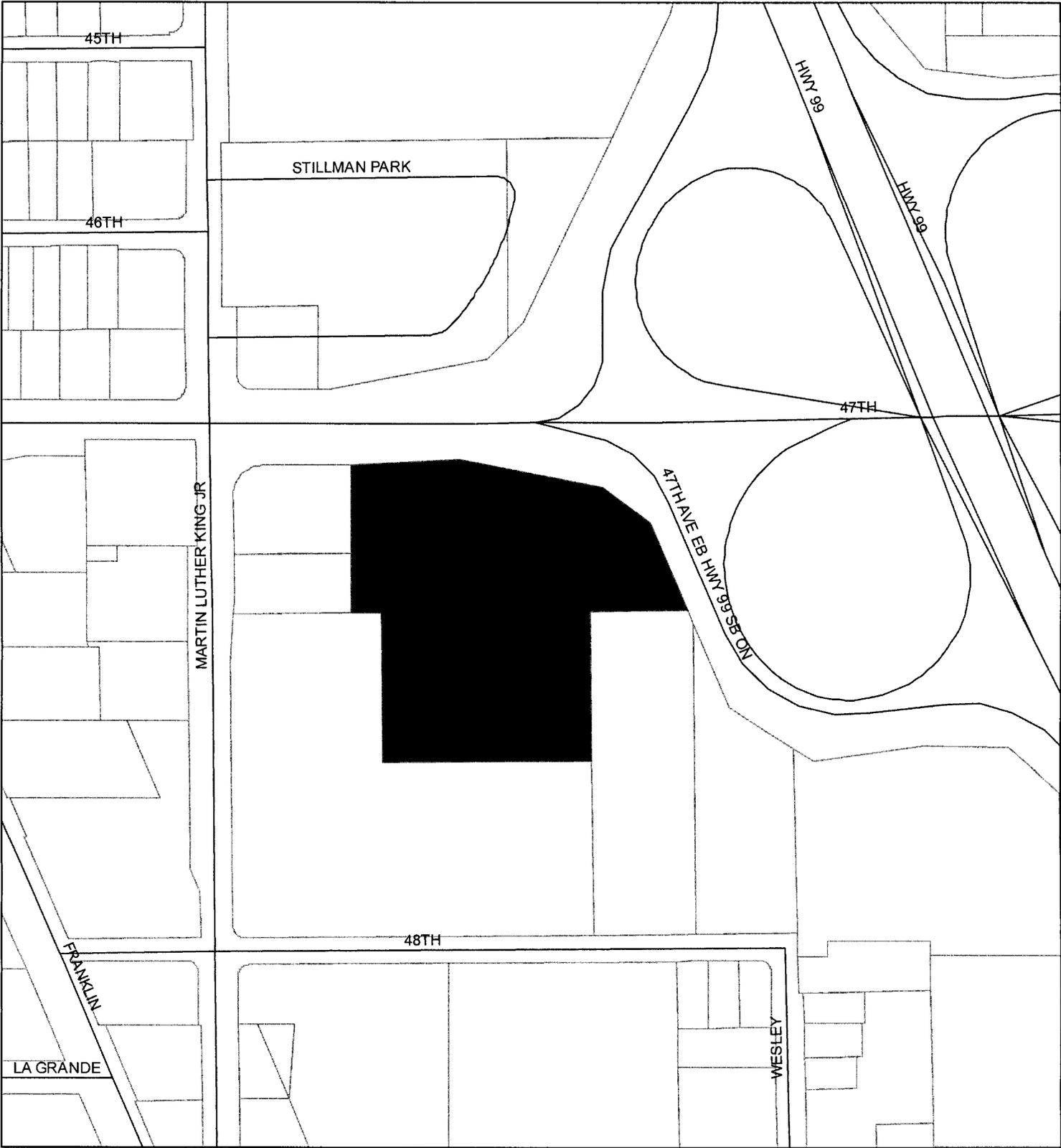
Martin Luther King Village Vicinity Map



Legend

- +— Railways
- Major Roads
- Martin Luther King Village
- Parcels

Martin Luther King Village Location Map



Legend

-  Martin Luther King Village
-  Streets
-  Parcels

Martin Luther King Village

Address	3900 47th Avenue, Sacramento, CA 95824		
Number of Units	80		
Year Built	New Construction		
Acreage	5.5 acres		
Affordability	25 units at or below 25% of median 35 units at or below 35% of median 20 units at or below 45% of median		
Unit Mix and Gross Rents	Gross Rents Before Utility Allowance		
	25% AMI	35% AMI	45% AMI
1 Bedroom / 1 Bath	25 @ \$180	15 @ \$315	20 @ \$315
1 Bedroom / 1 Bath		20 @ \$429	
1 Bedroom / 1 Bath			
Square Footage	80 units at 400 square feet		
1 BR / 1 BA	5,215 square feet		
Community & Maintenance Buildings	37,215 square feet		
Total			
Resident Facilities	Community Building (4,815 square feet)		
Permanent Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>
Tax Credit Equity	\$ 6,828,426	\$ 85,355	\$ 183.49
SHRA Loan	\$ 1,325,000	\$ 16,563	\$ 35.60
Permit Fee Waiver	\$ 424,198	\$ 5,302	\$ 11.40
General Partner Equity	\$ 599,447	\$ 7,493	\$ 16.11
AHP Grant	\$ 400,000	\$ 5,000	\$ 10.75
MHP - NSSS	\$ 500,000	\$ 6,250	\$ 13.44
MHP Loan	\$ 5,952,210	\$ 74,403	\$ 159.94
TOTAL SOURCES	\$ 16,029,281	\$ 200,366	\$ 430.72
Permanent Uses			
Property Acquisition	\$ 344,564	\$ 4,307	\$ 9.26
Construction Costs	\$ 9,884,548	\$ 123,557	\$ 265.61
Contractor Overhead, Profit, General Re.	\$ -	\$ -	\$ -
Developer Fee and Costs	\$ 1,537,097	\$ 19,214	\$ 41.30
Syndication Costs	\$ 76,600	\$ 958	\$ 2.06
Reserves	\$ 800,000	\$ 10,000	\$ 21.50
Other Soft Costs	\$ 3,386,472	\$ 42,331	\$ 91.00
TOTAL USES	\$ 16,029,281	\$ 200,366	\$ 430.72
Management / Operations	Proposed Developer: Mercy Housing California		
	Property Management Company: Mercy Services Corporation		
	Operations Budget:	\$400,806	\$5,010
	Replacement Reserves:	\$28,000	\$350

MLK Village
Cash Flow Pro Forma

Unit Type	AMI	Number Units	Sq. Feet	Total Sq. Feet	Gross Rent	2008 Year 1	2009 Year 2	2010 Year 3	2011 Year 4	2012 Year 5	2013 Year 7	2014 Year 7	2015 Year 8	2016 Year 9	2017 Year 10	2018 Year 15	2019 Year 20	2020 Year 25	2021 Year 29	2022 Year 30	
1 BR+BA	25%	25	400	10,000	\$180	\$52	\$128	\$320	\$3,200	\$3,400	\$3,945	\$4,340	\$4,734	\$5,129	\$5,524	\$6,069	\$6,614	\$7,159	\$7,704	\$8,249	\$8,794
	35%	15	400	6,000	\$ 315	\$ 52	\$ 263	\$ 345	\$ 3,945	\$ 4,340	\$ 4,734	\$ 5,129	\$ 5,524	\$ 5,919	\$ 6,314	\$ 6,709	\$ 7,104	\$ 7,499	\$ 7,894	\$ 8,289	\$ 8,684
	35%	20	400	8,000	\$ 429	\$ 52	\$ 377	\$ 7,540	\$ 8,200	\$ 8,960	\$ 9,720	\$ 10,480	\$ 11,240	\$ 12,000	\$ 12,760	\$ 13,520	\$ 14,280	\$ 15,040	\$ 15,800	\$ 16,560	\$ 17,320
	45%	20	400	8,000	\$315	\$52	\$283	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200
		80		32,000			\$239,340	\$19,645													
Rental Income	2.50%				\$239,384	\$245,348	\$251,482	\$257,769	\$264,213	\$270,818	\$277,589	\$284,529	\$291,642	\$298,833	\$306,103	\$313,452	\$320,881	\$328,390	\$335,979	\$343,648	\$351,397
Shelter Plus Care Subsidy	2.50%				\$110,000	\$113,160	\$116,989	\$121,861	\$126,803	\$131,814	\$136,894	\$142,043	\$147,261	\$152,548	\$157,904	\$163,329	\$168,824	\$174,389	\$179,924	\$185,529	\$191,194
SHIP Subsidy	2.50%				\$154,500	\$158,383	\$162,322	\$166,300	\$170,330	\$174,403	\$178,520	\$182,681	\$186,887	\$191,138	\$195,434	\$199,775	\$204,161	\$208,592	\$213,069	\$217,592	\$222,161
Other Income - Laundry	2.50%				\$2,400	\$2,480	\$2,565	\$2,649	\$2,732	\$2,815	\$2,897	\$2,979	\$3,061	\$3,143	\$3,225	\$3,307	\$3,389	\$3,471	\$3,553	\$3,635	\$3,717
Gross Potential Income					\$506,684	\$519,331	\$532,314	\$545,922	\$559,262	\$573,244	\$587,173	\$601,052	\$614,883	\$628,664	\$642,395	\$656,076	\$669,707	\$683,288	\$696,819	\$710,300	\$723,731
Vacancy-Resident	10.00% Stab.				(23,936)	(24,535)	(25,148)	(25,777)	(26,421)	(27,082)	(27,759)	(28,453)	(29,164)	(29,893)	(30,641)	(31,408)	(32,195)	(32,992)	(33,809)	(34,636)	(35,473)
Subsidy	10.00%				(11,040)	(11,316)	(11,599)	(11,889)	(12,186)	(12,491)	(12,803)	(13,123)	(13,451)	(13,787)	(14,131)	(14,483)	(14,843)	(15,211)	(15,587)	(15,971)	(16,362)
Effective Income					\$471,688	\$483,480	\$495,567	\$507,956	\$520,655	\$533,671	\$547,013	\$560,688	\$574,706	\$589,073	\$603,744	\$618,724	\$634,012	\$649,609	\$665,520	\$681,734	\$698,261
Total Income					\$471,688	\$483,480	\$495,567	\$507,956	\$520,655	\$533,671	\$547,013	\$560,688	\$574,706	\$589,073	\$603,744	\$618,724	\$634,012	\$649,609	\$665,520	\$681,734	\$698,261
Operating Expenses	3.50%				\$398,806	\$412,764	\$427,211	\$442,163	\$457,539	\$473,356	\$489,624	\$507,363	\$526,551	\$546,193	\$566,290	\$586,843	\$607,853	\$629,320	\$651,243	\$673,622	\$696,464
Assessments	2.00%				2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438	2,487	2,537	2,588	2,640	2,693	2,747
Replacement Reserves					28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Social Service Fee	2.00%				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses					\$428,806	\$442,804	\$457,292	\$472,286	\$487,504	\$503,065	\$518,987	\$535,266	\$551,903	\$568,943	\$586,383	\$604,226	\$622,473	\$641,120	\$660,173	\$679,530	\$699,199
Net Operating Income					\$42,882	\$40,676	\$38,275	\$35,670	\$32,951	\$29,807	\$26,526	\$22,998	\$19,211	\$15,151	\$9,702	-\$43,555	-\$99,702	-\$174,700	-\$265,668	-\$374,700	-\$494,930
Mandatory MHP Loan Payment					(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	(24,999)	
Partnership Mgmt Fee	3.50%				(10,000)	(10,350)	(10,712)	(11,087)	(11,475)	(11,877)	(12,293)	(12,724)	(13,171)	(13,634)	(14,113)	(14,608)	(15,119)	(15,646)	(16,189)	(16,748)	(17,322)
Asset Management Fee					(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	
Cash After Distributions					\$5,883	\$3,327	\$564	(\$2,416)	(\$5,023)	(\$9,069)	(\$9,648)	(\$10,042)	(\$10,239)	(\$10,440)	(\$10,654)	(\$10,882)	(\$11,124)	(\$11,380)	(\$11,649)	(\$11,931)	(\$12,227)
Operating Reserve Account					725,000	\$752,633	\$778,538	\$802,458	\$824,116	\$843,217	\$859,444	\$875,379	\$891,599	\$908,108	\$924,912	\$942,012	\$959,418	\$977,130	\$995,148	\$1,013,473	\$1,032,106
Beginning Cash Balance					\$5,883	\$3,327	\$564	(\$2,416)	(\$5,023)	(\$9,069)	(\$9,648)	(\$10,042)	(\$10,239)	(\$10,440)	(\$10,654)	(\$10,882)	(\$11,124)	(\$11,380)	(\$11,649)	(\$11,931)	(\$12,227)
Deposit to Operating Deficit Reserve					\$21,750	\$22,579	\$23,356	\$24,074	\$24,723	\$25,297	\$25,783	\$26,261	\$26,748	\$27,243	\$27,748	\$28,261	\$28,783	\$29,314	\$29,854	\$30,404	\$30,963
Interest Earned					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Withdrawal from Operating Deficit Reserve	3.00%				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accumulated Balance of Operating Deficit Reserve					\$752,633	\$778,538	\$802,458	\$824,116	\$843,217	\$859,444	\$875,379	\$891,599	\$908,108	\$924,912	\$942,012	\$959,418	\$977,130	\$995,148	\$1,013,473	\$1,032,106	\$1,051,149
Agency Debt																					
Agency Debt																					
Franklin TL Loan					\$1,000,000	\$1,040,000	\$1,081,800	\$1,124,964	\$1,169,859	\$1,216,653	\$1,265,319	\$1,315,932	\$1,368,599	\$1,423,312	\$1,480,074	\$1,538,936	\$1,599,899	\$1,663,064	\$1,728,531	\$1,796,400	\$1,866,671
Plus Interest	4.00% 55 years				\$40,000	\$41,600	\$43,264	\$44,995	\$46,794	\$48,666	\$50,613	\$52,637	\$54,743	\$56,932	\$59,207	\$61,569	\$64,019	\$66,558	\$69,187	\$71,907	\$74,718
Less Payment					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Ending Balance					\$1,040,000	\$1,081,600	\$1,124,864	\$1,169,859	\$1,216,653	\$1,265,319	\$1,315,932	\$1,368,599	\$1,423,312	\$1,480,074	\$1,538,936	\$1,599,899	\$1,663,064	\$1,728,531	\$1,796,400	\$1,866,671	\$1,939,389
MHSA Loan					\$325,000	\$328,250	\$331,538	\$334,848	\$338,166	\$341,578	\$344,994	\$348,444	\$351,928	\$355,448	\$358,994	\$362,566	\$366,164	\$369,789	\$373,441	\$377,120	\$380,826
Plus Interest	1% 55 years				\$3,250	\$3,383	\$3,515	\$3,648	\$3,782	\$3,916	\$4,050	\$4,184	\$4,319	\$4,454	\$4,589	\$4,724	\$4,859	\$4,994	\$5,129	\$5,264	\$5,400
Less Payment					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Ending Balance					\$328,250	\$331,538	\$334,848	\$338,166	\$341,578	\$344,994	\$348,444	\$351,928	\$355,448	\$358,994	\$362,566	\$366,164	\$369,789	\$373,441	\$377,120	\$380,826	\$384,550

MAXIMUM RENT AND INCOME LEVELS

Mortgage Revenue Bond Program

Rents at 50% AMI less utility allowance

Maximum Income Limits:	
50% AMI	
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 22,900
2 person	\$ 26,150
3 person	\$ 29,450
4 person	\$ 32,700
5 person	\$ 35,300

Maximum Rent Limits:	
<u>Unit Size</u>	<u>Gross Rent</u>
1 Bedroom	\$ 654
2 Bedroom	\$ 736
3 Bedroom	\$ 817

4% Low-Income Housing Tax Credit Program

Rents @ 60% AMI less utility allowance

Maximum Income Limits:	
60% AMI	
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 27,480
2 person	\$ 31,380
3 person	\$ 35,340
4 person	\$ 39,240
5 person	\$ 42,360

Maximum Rent Limits:	
<u>Unit Size</u>	<u>Gross Rent</u>
1 Bedroom	\$ 735
2 Bedroom	\$ 883
3 Bedroom	\$ 1,020

State of California Multi-Family Housing Program

(Rents @ 30%, 50% & 60% of state or area median income less utility allowance)

Maximum Income Limits:			
<u>Family Size</u>	30% AMI	50% AMI	60% AMI
	<u>Max. Income</u>	<u>Max. Income</u>	<u>Max. Income</u>
1 person	\$ 13,740	\$ 22,900	\$ 27,480
2 person	\$ 15,690	\$ 26,150	\$ 31,380
3 person	\$ 17,670	\$ 29,450	\$ 35,340
4 person	\$ 19,620	\$ 32,700	\$ 39,240
5 person	\$ 21,180	\$ 35,300	\$ 42,360

Maximum Rent Limits:			
<u>Unit Size</u>	30% AMI	50% AMI	60% AMI
	<u>Gross Rent</u>	<u>Gross Rent</u>	<u>Gross Rent</u>
1 Bedroom	\$ 367	\$ 613	\$ 735
2 Bedroom	\$ 441	\$ 736	\$ 883
3 Bedroom	\$ 510	\$ 850	\$ 1,020

RESOLUTION NO. 2007 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

THE MARTIN LUTHER KING VILLAGE: APPROVAL OF UP TO \$1,325,000 DEVELOPMENT LOAN WITH 55 YEAR TERM, EXECUTION OF LOAN AGREEMENT, AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA, A CALIFORNIA NON-PROFIT CORPORATION, OR RELATED ENTITY; RELATED BUDGET AMENDMENT

BACKGROUND

- A. Mercy Housing California has requested a loan of One Million Three Hundred Twenty-Five Thousand Dollars for the Martin Luther King Village Project ("Project") to assist in funding the costs of acquisition and construction of an 80 unit housing project that will include all extremely low-income units.

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

Section 1. It is determined that the action proposed by this resolution is exempt from environmental review under the Agency's Environmental Review Policies and Procedures, Section 7-3.10, as well as under the California Environmental Quality Act Guidelines Section 15022, and provide that loan funding mechanisms are exempt under Section 15310. An Environmental Assessment was prepared pursuant to 24 CFR Part 58.36, and a Finding of No Significant Impact (FONSI) was made for the Martin Luther King Village project to fulfill NEPA requirements.

Section 2. The Agency Budget is amended to transfer \$1,000,000 from the Franklin Blvd. Tax Increment Housing Set-Aside fund ("TI Funds") and to allocate \$325,000 from Mental Health Services Act ("MHSA") Program to the Martin Luther King Village Project ("Project").

Section 3. The Loan Commitment, attached to and incorporated in this resolution by this reference, for financing the Martin Luther King Village project is approved and the Agency is authorized to execute and transmit the Loan Commitment to Mercy Housing California.

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 \$1,325,000 Loan for a term of 55 years, with Mercy Housing California to fund the acquisition and construction of Martin Luther King Village.

Section 5. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the staff report that accompanies this resolution, in accordance with their respective 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, and with good legal practices for making of such a loan.

RESOLUTION NO. 2007 -

Adopted by the Sacramento City Council

on date of

THE MARTIN LUTHER KING VILLAGE: APPROVAL OF UP TO \$1,325,000 DEVELOPMENT LOAN WITH 55 YEAR TERM, EXECUTION OF LOAN AGREEMENT, AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA, A CALIFORNIA NON-PROFIT CORPORATION, OR RELATED ENTITY; RELATED BUDGET AMENDMENT

BACKGROUND

- A. Mercy Housing California has requested allocation of One Million Three Hundred Twenty Five Thousand Dollars (\$1,325,000) from the Franklin Blvd. Tax Increment Housing Set-Aside fund (\$1,000,000), and Mental Health Services Act (MHSA) fund (\$325,000) to the Martin Luther King Village project to assist in funding the costs of acquisition and construction of an 80 unit housing project that will include all extremely low-income units.

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

Section 1. It is determined that the action proposed by this resolution is exempt from environmental review under the Agency's Environmental Review Policies and Procedures, Section 7-3.10, as well as under the California Environmental Quality Act Guidelines Section 15022, and provide that loan funding mechanisms are exempt under Section 15310. An Environmental Assessment was prepared pursuant to 24 CFR Part 58.36, and a Finding of No Significant Impact (FONSI) was made for the Martin Luther King Village project to fulfill NEPA requirements.

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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 \$1,325,000 Loan for a term of 55 years, with Mercy Housing California to fund the acquisition and construction of Martin Luther King Village.

Section 5. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the staff report that accompanies this resolution, in accordance with their respective 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, and with good legal practices for making of such a loan.

May 8, 2007

Mr. Greg Sparks
Mercy Housing California
3120 Freeboard Drive, Suite 202
West Sacramento, CA 95691

RE: Conditional funding commitment, Martin Luther King Village

Dear Mr. Sparks:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of permanent loan funds ("Loan") from the Franklin Boulevard Tax Increment Housing Set-Aside (Franklin TI) funds and Mental Health Services Act/Building Hope (MHSA) Program for the purpose of financing the acquisition and rehabilitation of that certain real property located at 3900 47th Avenue, Sacramento County, California ("Property"). 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 sixty days prior to close of escrow for the Property.

This commitment will expire May 8, 2008.

1. **PROJECT DESCRIPTION:** The project is the acquisition of land and construction of an 80 unit apartment development for chronically homeless adults. The project will include 25 extremely low-income (25% AMI), 35 very low-income (35% AMI), and 20 very low-income (45% AMI) units in 60 residential buildings, one community building, and one maintenance building. At least 4 units will be restricted at 25% AMI, at least 5 units will be restricted at 35% AMI, and at least 3 units will be restricted at 45% AMI. The units are all one bedroom, 400 square feet in size. Each apartment will include a kitchen

counter and sink, microwave, refrigerator, and bathroom with shower/toilet/sink. One fully equipped kitchen area will be located in the main Community Building.

2. BORROWER: The name of the Borrower for the Loan is MHC XXVI, a California Limited Partnership.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, 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) One Million Three Hundred Twenty Five Thousand Dollars (\$1,325,000), 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 unpaid balance of the Loan will be all due and payable month 660.
6. INTEREST RATE: The Loan will bear simple interest at Four Percent (4%) per annum on One Million Dollars (\$1,000,000) of the loan, and One Percent (1%) per annum on Three Hundred Twenty Five Thousand Dollars (\$325,000) of the loan or a combined 3.28%. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. 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: \$1,000,000 in Franklin Boulevard Tax Increment Housing Set-Aside funds, and \$325,000 in Mental Health Services Act/Building Hope 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)

8. 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.
9. 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 subordinate 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.
10. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be on a form of lease 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.
11. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$6,800,000, in Low Income Housing Tax Credits.
12. 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.

13. 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.
14. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a soils report prepared by a licensed soils engineer, if requested, 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.
15. 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 judgement 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.
16. 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 disbursal 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.
17. 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.

18. 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.
19. 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.
20. 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.

21. 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, an amount proportionate to the investment made by the Agency relative to all permanent sources, 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.

22. CONSTRUCTION CONTINGENCY: Within the Development Budget there will be a 5% construction contingency. This contingency can only be spent by change order request with Agency approval.
23. 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 August 1, 2007.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than December 1, 2008.
25. 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).
26. 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.

27. 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 subordinated 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.
28. 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.
29. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
30. 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.

31. 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. Mercy Services Corporation has been approved by Agency as an acceptable management company.
32. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it has received an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
33. 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.
34. OPERATING RESERVE ACCOUNT: In recognition of the fact that this project will be providing supportive housing for extremely low-income adults, the Agency is in agreement with the need for an Operating Reserve Account which will initially be established with \$725,000 in tax credit equity from the Investor. Excess cash flow will be allowed to accumulate in the Operating Reserve Account, subject to California HCD's Multifamily Housing Program's Regulatory Agreement, Attachment C.
35. 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.
36. 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. 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,

Anne M. Moore
Executive Director

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

Dated:

BORROWER:

Mercy Housing California XXVI,
a California limited partnership

By: Mercy Housing West
Its: General Partner

By: _____
Greg Sparks

Its: Vice President