

Late Backup

AHFC
#1

TERM SHEET

City Funding Amount:	\$2,940,000 (\$2 million for acquisition of land and \$940,000 for construction costs) secured by a subordinate deed of trust and with a completion guaranty provided by a guarantor acceptable to AHFC
Equity Investment:	Captuity Investments Three, LP will make an equity investment in the amount of approximately \$1.5 million, and as needed to balance sources and uses
First Mortgage:	HUD-insured 221(d)(4) loan of approximately \$18.4 million, with a HUD Firm Commitment expected in September 2009
AHFC Loan Repayment Terms:	99-year loan at 0% interest rate, repayable out of AHFC's share of available cash flow
Improvements Ownership:	Village on Little Texas, LLC (AHFC Village on Little Texas Nonprofit Corporation as managing member, Captuity Investments Three, LP as investor member)
Land Owner:	AHFC will be landlord in 99-year ground lease with Village on Little Texas, LLC as ground lease tenant
Ground Lease Terms:	Initial payment of \$2 million (loan from AHFC to Village on Little Texas, LLC), plus \$10,000/year ground lease rental payment increasing by 3% per year
Ad Valorem Tax Exemption:	The ground lease structure will provide a 100% ad valorem tax exemption, enabling the property to support affordable rents, including 30% area median income (AMI) affordable apartments
Option/First Refusal/Sales Proceeds:	AHFC will have an option to purchase the property and right of first refusal, or alternatively AHFC will receive 35% of sales proceeds upon the sale of the property
Developer:	Madison Interests, Inc. (Principals: William J. Lee and William C. Skeen) will be an independent third party developer, receiving a fee for services

Manager:

Capstone Real Estate Services, Inc.

Cash Flow Split:

27% to AHFC to repay the AHFC loan, 73% Captuity Investments Three, LP, and then 27% to AHFC's managing member and 73% to Captuity Investments Three, LP after the AHFC loan has been repaid

Asset Management Fee:

Beginning in year three of operations, Captuity Investments Three, LP will receive an annual fee of \$17,500, increasing at 3% per year payable out of cash flow before the 27/73 cash flow split as compensation for asset management and oversight services

Unit Mix:

Subject to HUD approval:

Units	Plan	Unit Type	SF
36	A1	One Bedroom/One Bath	595 SF
48	A2	One Bedroom/One Bath	625 SF
60	A3	One Bedroom/One Bath	715 SF
36	A4	One Bedroom/One Bath	857 SF
24	B1	Two Bedroom/Two Bath	909 SF
36	B2	Two Bedroom/Two Bath	1,057 SF
240 Units			

The following units, including 10% (24 apartments) at 30% MFI, will be restricted as affordable units, subject to HUD approval:

Number of Units	Unit Type	Unit Type(SF)	Percent of MFI
8	1 bed/1 bath	A1 (595 SF)	30%
9	1 bed/1 bath	A1 (595 SF)	50%
11	1 bed/1 bath	A2 (625 SF)	30%
7	1 bed/1 bath	A2 (625 SF)	50%
1	1 bed/1 bath	A3 (715 SF)	30%
1	1 bed/1 bath	A3 (715 SF)	50%
1	1 bed/1 bath	A4 (857 SF)	30%
2	2 bed/ 2 bath	B1 (939 SF)	30%
7	2 bed/ 2 bath	B1 (939 SF)	50%
1	2 bed/2 bath	B2 (1057 SF)	30%
1	2 bed/2 bath	B2 (1057 SF)	50%
50 Units			

Green Building:

Austin Energy Two Star Multifamily Green Building Rating

Section 8/Tenant Protection:

Assisted units must accept vouchers from the Housing Authority of the City of Austin (HACA)

Applicable Laws:

The project must comply with fair housing law and other applicable laws

Contingencies:

Documents must be in a form reasonably acceptable to AHFC and HUD, with final AHFC disbursement of funds conditioned on receipt of a HUD Firm Commitment for the First Mortgage

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