

**RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)**  
**Application for Rental Development Financing**

**PLEASE NOTE: AHFC Reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City's FY 2014-15 Action Plan goals and policy direction from the Austin City Council.**

Project Name: The Monarch at Lakeline Station

Project Address: 9800 block Lake Creek Parkway Zip Code: 78717

Total # units in project/property: 141 Census Tract Number: 48491020311

Total # units to be assisted with RHDA Funding: \_\_\_\_\_ City Council District Number: 6

Project type (check all that apply with an 'X'):

Acquisition  Rehabilitation  New construction  Refinance  Rent Buy-Down

Amount of funds requested: \$2,500,000 Terms Requested: 0%, 40 yrs, forgivable deferred payment loan

Role of applicant in Project (check all that apply):  Owner  Developer  Sponsor

**1. Applicant Information** (If applicant is not acting as the developer, please provide all of the information below for the developer as well as for the applicant. If the developer involves multiple entities, is a partnership or joint venture, please provide duplicative information for each, and identify the entity that will serve as the "lead" organization).

MGroup Holdings, Inc.  **Developer**  **Consultant/Other**  
Name Applicant is (please check appropriate box):

1013 Van Buren St.  
Street Address

Houston Texas 713-522-4141  
City State, Zip Telephone

Mark Musemeche 713-522-4141 mgrouppinc@sbcglobal.net  
Contact Person Contact Telephone E-mail address

[REDACTED] [REDACTED]  
Federal Tax ID Number D-U-N-S Number (REQUIRED - Visit [www.dnb.com](http://www.dnb.com) for free DUNS#)

**The applicant/developer certifies that the data included in this application and the exhibits attached hereto are true and correct. Unsigned/undated submissions will not be considered.**

MGroup Holdings, Inc. \_\_\_\_\_  
Legal Name of Developer/Entity Signature of Authorized Officer **City of Austin**

**JAN 08 2015**

Vice President \_\_\_\_\_  
Title Date **January 6, 2015** **NHCD / AHFC**

## ***CONSIDER SMOKE-FREE HOUSING***

The City of Austin encourages the development of smoke-free rental housing. Smoke-free housing protects the health of residents by decreasing exposure to harmful secondhand smoke. Also, apartment owners and managers reap the benefits of more efficient and less expensive unit turnovers, potentially lower insurance premiums, and reduced risk of fires.

Smoke-free policies are legally permissible and can be a marketing advantage for attracting and retaining residents. More than 80 percent of people living in the Austin area do not use tobacco, and a 2011 survey conducted by the Austin/Travis County Health and Human Services Department found that 77 percent of renters in Travis County would prefer to live in tobacco-free housing.

Find out how you can protect the health of residents, make your property safer, and save money by downloading a copy of "A Manager's Guide to Smoke-Free Housing Policies" at: <http://www.livetobaccofreeaustin.org/owners.php>.

### **Please answer the following questions.**

Is this development intended to have restrictions on smoking?       Yes       No

If "Yes," what level of restriction is intended?

No smoking anywhere on the property, inside or outside

No smoking Inside residents' units

No smoking in outdoor exclusive use areas such as individual balconies or patios

No smoking in outdoor common areas such as pool, parking lot, green spaces, etc.

No smoking outdoors within a reasonable distance from building entrances (such as 15 - 25 feet) to prevent smoke from entering another resident's open windows or doors.

2. **A. Non-profit applicants/developers, attached copies of the following: NA**
1. A "certificate of status" issued by the Texas Secretary of State.
  2. Federal IRS certification granting non-profit tax-exempt status.
  3. Certified financial audit for most recent year which include the auditor's opinion and management letters.
  4. Board resolution approving the proposed project and authorizing the request for funding

- B. For-profit applicants/developers, attach copies of the following: See Tab 1**
1. For Corporations, Limited Partnerships, and Limited Liability Companies, a copy of a "certificate of status" issued by the Texas Secretary of State.
  2. A current financial statement
  3. Proof of sufficient reserves or a line of credit available, if necessary, in order to complete the proposed project.

3. **Project Type (Please check any that apply.)** This project is considered:

- Traditional Rental Housing** (serving low-income households, and resident services may or may not be provided)
- Transitional Housing** (case management services provided and residency limited to a certain length of time, usually no more than 24 months)
- Permanent Supportive Housing** (Considered long-term rental housing for very low-income families and individuals who are among the hardest to serve and who are most vulnerable to homelessness. This type of housing provides case management services to residents as needed).

**If you checked Permanent Supportive Housing, please complete the information below. NA**

**A. Numbers of proposed PSH Units:**

NA Total Number of Units in project  
 \_\_\_\_\_ Total Number of Permanent Supportive Housing (PSH) Units Proposed

**B. Check the population or sub-population(s) proposed to be served and indicate the number of units dedicated to that population or sub-population.**

1. \_\_\_\_\_ Persons needing "**Housing First**," a Permanent Supportive Housing model typically designed for individuals or families who have complex service needs, who are often turned away from other affordable housing settings, and/or who are least likely to be able to proactively seek and obtain housing on their own. Housing First approaches also include rapid re-housing which provides quick access to permanent housing through interim rental assistance and supportive services on a time-limited basis.

NUMBER OF UNITS \_\_\_\_\_

Individuals or families headed by individuals that are:

2. \_\_\_\_\_ **Chronically homeless** as established in the HEARTH Act (Homeless Emergency and Rapid Transition to Housing Act of 2009) found at 24 CFR Part 577.

NUMBER OF UNITS \_\_\_\_\_

3. \_\_\_\_\_ Households that would otherwise meet the HUD definition of chronically homeless per the HEARTH Act, but **have been in an institution for over 90 days**, including a jail, prison, substance abuse facility, mental health treatment facility, hospital or other similar facility.

NUMBER OF UNITS \_\_\_\_\_

4. \_\_\_\_\_ Unaccompanied youth or families with children **defined as homeless under other federal statutes** who:

a. have experienced a long-term period without living independently in permanent housing;

- b. have experienced persistent instability as measured by frequent moves over such period; and
- c. can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.

NUMBER OF UNITS \_\_\_\_\_

5. \_\_\_\_\_ A single adult or household led by an adult **'aging out' of state custody of the foster care or juvenile probation system**, where the head of household is homeless or at-risk of homelessness.

NUMBER OF UNITS \_\_\_\_\_

6. \_\_\_\_\_ Any other population **not defined above** but who would otherwise be eligible for or need permanent supportive housing services.

NUMBER OF UNITS \_\_\_\_\_

**NOTE: APPLICANTS CHECKING B.1, B.2, B.3, or B.4 ABOVE MUST COLLECT AND REPORT INFORMATION INTO THE HOMELESS MANAGEMENT INFORMATION SERVICE (HMIS)**

**4. Project Description.** Provide a brief project description that addresses items "A" through "L" below. See below and also Tab 1 for an Executive Summary of the project.

- a. Describe the tenant population, income levels, and services, if any, to be provided to or made available to residents.

*The proposed development will serve the general population. Approximately 110 units will be income restricted to those with incomes less than 60% of the area's median income. The total restricted income percentage of the development is 79% and 21% will be market rate (non-income restricted).*

*The development will provide supportive services which may include financial planning courses, educational programs, health fairs, and notary services. See agreements and information for Portfolio Services under Tab 8.*

- b. Include the type of structure (multi-family or single-family), number and size of units in square feet.

*The proposed development is multi-family and will be located on an approximately 5.5 acre tract at the 9800 block of Lake Creek Parkway. It will consist of a single building, 5-story facility with 141 units. The unit mix is as follows:*

- 41 1-bedroom/1bath units at 653 square feet*
- 28 1-bedroom/1bath units at 730 square feet*
- 2 1-bedroom/1bath units at 900 square feet*
- 5 2-bedroom/1bath units at 896 square feet*
- 44 2-bedroom/2bath units at 1090 square feet*
- 12 2-bedroom/2bath units at 1200 square feet*
- 9 3-bedroom/2bath units at 1300 square feet*

- c. Indicate whether the property is occupied at the time this application is being submitted.

*The property is currently vacant, undeveloped land*

- d. Indicate whether the project meets the requirements of the City's Vertical Mixed-Use (VMU) Ordinance, or is in a Planned-Unit Development (PUD) or Transit Oriented Development (TOD), or is located less than .25 miles from a transit stop (not just a transit route).

*The project meets the requirements of the Transit Oriented Development as well as location to transit stops.*

- e. Indicate whether the project will preserve existing affordable rental units.

*There are no existing structures on the site.*

- f. If there are existing structures, provide documentation from the taxing authority or another third-party source indicating the year the structure was built.

*There are no existing structures on the site.*

- g. Indicate the number of units reserved for Housing Choice Voucher holders (Section 8).

*There are no units reserved for Section 8 Households, however the property will accept Section 8 voucher holders.*

- h. Indicate the number of units that are or will be made accessible and adaptable for persons with mobility, sight or hearing disabilities.

*Five percent of the units will be designed as fully accessible for people with mobility impairments, and another two percent will be designed as accessible for those with vision and hearing impairments. All units will be designed as adaptable per elevator served facilities and Fair Housing.*

- i. Demonstrate the Project's compatibility with current Neighborhood Plan (if applicable). Not Applicable  
*There is no residential or neighborhood organizations within 500 feet.*

- j. Summarize the key financials of the project, clearly indicating the total project cost, the amount and intended use of AHFC funds being requested, and the amount(s) and provider(s) of other funding and the stage of those funding commitments.

*The total project cost will be approximately \$25,214,410. The construction funding sources include a construction loan from Capital One in the amount of \$13,000,000, a loan from the City of Austin in the amount of \$2,500,000, a permanent loan from Capital One in the amount of \$7,250,000 and investor equity in the amount of \$14,535,450. See commitment letters under Tab 7.*

**Please attach the following to the description of the above items:**

- k. A map (8 1/2" x 11") indicating the property location and the distance to the nearest Capital Metro Transit Stop to which residents will have access.

See attachment – Tab 2

**5. Site Control and Demonstration of Value**

Include evidence of site control such as a warranty deed or a current earnest money contract, and provide a real estate appraisal or current tax documentation that substantiates the value of the property.

See attachment – Tab 3

**6. Zoning**

Include a letter from the City of Austin's Planning and Development Review Department (PDRD) verifying that the current zoning of the site for the proposed project is compatible with the anticipated use, or include documentation verifying that a request to change current zoning has been submitted to PDRD. Should the project be approved for funding, the appropriate zoning must be in place prior to execution of loan documents.

See attachment – Tab 4

- 7. S.M.A.R.T. Housing™.** Include a copy of the letter that indicates the project has been reviewed and meets S.M.A.R.T. Housing™ requirements.

Application submitted and receipt acknowledged by Javier Delgado – waiting for letter. Site location clearly meets S.M.A.R.T due to TOD. See attachment – Tab 5

- 8. Development Team and Capacity.** Identify below the persons or entities anticipated to be involved in the project, such as lenders, attorneys, accountants, architects, engineers, general contractor, sub-contractors, property managers and consultants. Also, indicate if any person or entity involved is certified by the City of Austin as a minority or women-owned business enterprise (**MBE/WBE**), or if any of the entities are also **non-profit** organizations. See attachment – Tab 6

**Please also provide narrative information about the skills you or your development team members have in the following areas:** See attachment – Tab 6

- a. project management,
- b. market analysis,
- c. site selection and control,
- d. planning and construction,
- e. design, architecture and engineering,
- f. legal and accounting,
- g. federal funding rules and
- h. other funding source rules (e.g. Low Income Housing Tax Credits).

	Name and Contact Information	MBE? (Mark X if Yes)	WBE? (Mark X if Yes)	Non- profit? (Mark X if Yes)
Owner	<b>Monarch Housing Partners, Ltd.</b>			
Developer	<b>MGroup Holdings, Inc.</b>		X	
Architect	<b>MGroup + Architects, Inc.</b>			
Engineer	<b>AMC Design (civil)</b>			
Construction Lender	<b>Capital One</b>			
Other Lenders	<b>NA</b>			
Attorney	<b>Coats Rose Yale Ryman &amp; Lee LLC</b>			
Accountant	<b>Katopody LLC</b>			
General Contractor	<b>Camden Builders, Inc.</b>			
Consultant (if Applicable)	<b>NA</b>			
Property Management Provider	<b>Capstone Real Estate Services, Inc.</b>			
Other:	<b>NA</b>			

- 9. Development Schedule.** Complete the grid below. You may re-order the steps according to the appropriate sequence for your project and to add in any other significant steps integral to your project's development. If the multiple properties are involved, provide a development schedule for each property.

	DATE(S)
Acquisition and/or holding	<b>January 5, 2015</b>
Environmental and/or historic review (AHFC)	<b>February 2015</b>
Securing and packaging project financing	<b>January 2015</b>
Construction Specifications and Cost estimates	<b>February 2015</b>
Construction Bids	<b>October 2015</b>
Construction Start	<b>December 2015</b>
Anticipated Draws (list all)	<b>December 2015 through Dec 2016</b>
End Construction	<b>December 2016</b>
Start of Rent-up	<b>November 2016</b>
Completion & Operation	<b>December 2016</b>

**10. Accessible and Adaptable Units.** Indicate the number of units proposed to be **accessible and adaptable** for persons with mobility, sight and hearing disabilities as required by RHDA Program Guidelines.

- 141   Units adaptable for persons with mobility disabilities
- 10   Units accessible for persons with mobility disabilities
- 141   Units adaptable for persons with sight and hearing disabilities
- 3    Units accessible for persons with sight and hearing disabilities

**11. Developer Capacity.** Provide narrative information on recent, similar, and successful experience in affordable housing development. Include experience using multiple fund sources, managing affordable rental developments, and previous working history with the Austin Housing Finance Corporation.

See developer resume – Tab 6

**12. Detailed Project Budget.** Use the following table, or comparable format, to provide a complete project budget. Add line-items as necessary. If this project has already received funding from AHFC, indicate by line item the amounts from the prior award. **See Tab 7**

<b>DETAILED PROJECT BUDGET</b>				
	<b>Cost</b>	<b>Prior award of RHDA Funds (if any)</b>	<b>RHDA Funds Requested</b>	<b>Description or Comments</b>
<b>PREDEVELOPMENT</b>	See attached	Development	Cost Schedule	See Tab 7
Appraisal				
Environmental Review				
Engineering				
Survey				
Architectural				
<b>TOTAL PREDEVELOPMENT</b>				
<b>ACQUISITION</b>				
Site and/or Land				
Structures				
Other (specify)				
<b>TOTAL ACQUISITION</b>				
<b>HARD COSTS</b>				
Infrastructure				
Site work				
Demolition				
Concrete				
Masonry				
Rough carpentry				
Finish carpentry				
Waterproofing & Insulation				
Roofing & Sheet Metal				
Plumbing/Hot Water				
HVAC				
Electrical				
Doors/Windows/Glass				
Lath & Plaster/ Drywall & Acoustical				
Tile work				
Soft & Hard Floor				
Paint/Decorating/Blinds/Shades				
Specialties/Special Equipment				

Cabinetry/Appliances				
Carpet				
Other (Please specify)				
Construction Contingency				
<b>TOTAL CONSTRUCTION</b>				
<b>SOFT &amp; CARRYING COSTS</b>				
Legal				
Audit/Accounting				
Title/Recording				
Architectural (Inspections)				
Construction Interest				
Construction Period Insurance				
Construction Period Taxes				
Relocation				
Marketing				
Davis-Bacon Monitoring				
Other: (Specify)				
<b>TOTAL PROJECT BUDGET</b>				

**13. Funds Proposal.** Provide the following information to facilitate financial review of the proposed project:

- a. **Sources and Uses of Funds** - Complete **Tables A & B (below)**, identifying all sources and uses of funds to implement project and include evidence of funds anticipated (financial statements, commitment letters, etc.). **See Tab 7 for commitment letters and sources and uses**

<b>TABLE A: SOURCES OF FUNDS SUMMARY</b>					<b>Intended Use of Funds (Predevelopment, Acquisition, Construction, Soft Costs)</b>
	Term	Interest Rate	Amount	Evidence (Deed, Sales Contract)	
Owner Equity					<b>See Tab 7</b>
Other Sources (List Below)					
<b>Proposed RHDA Funds</b>					
<b>TOTAL</b>					

<b>TABLE B: USES OF FUNDS SUMMARY</b>		
	Total Cost	Cost/Unit
Predevelopment		
Acquisition		
Hard Costs		
Soft & Carrying Costs		

TOTAL		
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b. **Leveraging** – Complete **Table C (below)**.

<b>TABLE C: PERCENTAGE OF RHDA FUNDS</b>	
<b>RHDA Funds</b>	<b>\$2,500,000</b>
<b>Other Funds</b>	
<b>Total Project Cost</b>	<b>\$25,214,410</b>
<b>RHDA Funds ÷ Total Project Cost=</b>	<b>9.0%</b>

c. **Operating Proforma** – In a format comparable to Table D below, prepare a minimum twenty (20) year financial Operating Proforma which realistically reflects the operation of the project relative to current and anticipated revenues, expenses and debt. The Proforma must indicate the anticipated debt coverage ratio (DCR) calculated as follows: net operating income (NOI)/debt service (DS) = DCR. For projects that will not carry debt, use the number "1" as the denominator in the equation.

<b>TABLE D: OPERATING PROFORMA</b>			
Unit Size (BR/BA)	Number of Units	Monthly Rental Income	Annual Rental Income
See attached proforma See Tab 7			
<b>FULL OCCUPANCY ANNUAL INCOME</b>			
<b>Less Vacancy Loss (Indicate % and Amount of Loss)</b>			
<b>GROSS ANNUAL INCOME</b>			

<b>Inflation Factor - Income</b>	
<b>Inflation Factor - Expense</b>	

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Gross Annual Income</b>					
<b>EXPENSES</b>					
Utilities					
Insurance					
Maintenance/Repair					
Property Taxes					
Management					
Marketing					
Maintenance Reserve					
Other (specify)					
Other (specify)					
<b>TOTAL EXPENSES</b>					
<b>NET OPERATING INCOME (NOI)</b>					

<b>Sources of Funds &amp; Debt Service</b>					
<b>TOTAL ANNUAL Debt Service (DS)</b>					
<b>Cash-flow after Debt Serv (CF = NOI - DS)</b>					
<b>Debt Coverage Ratio (DCR = NOI/DS)</b>					

**14. Good Neighbor Policy.** Please refer to the City’s Good Neighbor Guidelines and demonstrate compliance with the Good Neighbor Policy by completing the Good Neighbor Checklist and providing the documentation requested. **Not Applicable. There is no residential or neighborhood organizations within 500 feet.**

We will notify all City and County officials of the proposed development.

**15. Description of Supportive Services.** If supportive services are NOT to be provided, please stop here. For all other projects, if supportive services are to be provided to residents, provide a description of the services that includes the following information: **See attachment – Tab 8**

- a. A description of the supportive services to be provided to residents and/or clients.
- b. The number and types of residents/clients expected to be served annually.
- c. Describe the developer’s experience and qualifications in providing the services to be offered.
- d. If services are not provided by the developer of the project, include a description of the organization(s) providing the services and a memorandum of understanding or some other type of agreement that indicates the relationship between the developer and service provider.
- d. Provide resumes of key personnel who will be actively involved in the delivery of services. Resumes should include information about certifications, licenses, years of experience, and education.
- f. Demonstrate financial capacity to provide support services and/or operate a supportive services program by providing the following information:
  1. Sources of Funds: Identify sources and amounts of funds that will be or are expected to be utilized to provide supportive services.
  2. Budget: Include a supportive services budget which reflects current and anticipated funding and expenses associated with the provision of services for three (3) years.

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**ATTENTION:**

**Please submit with the Application a completed “self-evaluation” using the following Scoring Criteria.**

**RHDA PROGRAM  
SCORING CRITERIA**

**REQUIRED INFORMATION:**

- |                               |               |                                |               |
|-------------------------------|---------------|--------------------------------|---------------|
| 1. Applicant Information      | <u>  X  </u>  | 10. Accessible/Adaptable Units | <u>  X  </u>  |
| 2a. Non-profit Required Items | <u>      </u> | 11. Experience/Qualifications  | <u>  X  </u>  |
| OR                            |               | 12. Project Budget             | <u>  X  </u>  |
| 2b. For-profit Required Items | <u>  X  </u>  | 13. Funds Proposal:            |               |
| 3. Project Description        | <u>  X  </u>  | a. Sources                     | <u>  X  </u>  |
| 4. Site Control/Value         | <u>  X  </u>  | b. Uses                        | <u>  X  </u>  |
| 5. Zoning                     | <u>  X  </u>  | c. Leveraging                  | <u>  X  </u>  |
| 6. S.M.A.R.T. Housing         | <u>  X  </u>  | d. Operating Proforma          | <u>  X  </u>  |
| 7. Development Team           | <u>  X  </u>  | 14. Good Neighbor Checklist    | <u>  NA  </u> |
| 8. Development Schedule       | <u>  X  </u>  |                                |               |
| 9. Developer Capacity         | <u>  X  </u>  |                                |               |

**EVALUATION CRITERIA:**

Applications for proposed projects will be reviewed and scored on a competitive basis per the evaluation criteria below. Applications must receive a minimum score of **150** points out of a maximum score of **240** points. PLEASE NOTE: A score above the minimum score does not guarantee funding.

**CORE VALUES POINTS**

**(Affordable Housing Core Values: Deeper levels of affordability, long-term affordability, and geographic dispersion of affordable units throughout the City.)**

Score

**1. AFFORDABLE UNITS** (maximum 25 points) 25

If development has a mix of 30%, 40%, and/or 50% MFI units, add the results for the percentage of units in each income category up to the maximum of 25 points. If the percentage of units at a given MFI level is not a multiple of 10, round up to the next closest multiple of 10 to get the score for that particular MFI level

<b>% of Affordable Units in Project (only count units reserved for 50% MFI and below)</b>						
<b>% MFI</b>	10% of units	20% of units	30% of units	40% of units	50% of units	60% of units
<b>50%</b>		5	10	15	20	25
<b>40%</b>	5	10	15	20	25	
<b>30%</b>	10	15	20	25		

Score

**2. AFFORDABILITY PERIOD** (25 points) 25

**25 points:** Affordability period is:

       99 years;

**OR**

X   40 years, and project is applying for Low Income Housing Tax Credits. Note: AHFC funding is contingent upon the award of Low Income Housing Tax Credits.

Score

**3. GEOGRAPHIC DISPERSION** (maximum 25 points) \_25\_

Project is located in an area identified according to the Kirwan Institute's Comprehensive Opportunity Map of Austin as having greater opportunity for low-income households.

- 25 points:** Very High priority area
- 20 points:** High priority area
- 15 points:** Moderate priority area
- 10 points:** Low priority area
- 5 points:** Very Low priority area

**INITIATIVES AND PRIORITIES POINTS**

**(Permanent Supportive Housing, Sustainability, Priority Locations, Accessible and Integrated, and Preservation of Affordable Housing)**

Score

**4. PERMANENT SUPPORTIVE HOUSING (PSH)** (maximum 25 points) 0\_\_\_\_\_

**25 points:** "Housing First" model.

**15 points:** Project will reserve units for PSH for the following populations:

- Chronically Homeless as established in the HEARTH Act (24 CFR Part 577)
- Have been in an institution for over 90 days
- Unaccompanied youth or families with children defined as homeless under other federal statutes
- Youth "aging out" of state custody or the foster care or the juvenile probation system

**10 points:** Project will reserve units for PSH for populations other than those listed above.

Score

**5. SINGLE-FAMILY RENTAL HOUSING, INCLUDING SECONDARY UNITS ("GREEN ALLEY INITIATIVE")** (20 points) 0\_\_\_\_\_

**20 points:** Project consists of either new construction or rehabilitation of one or more single-family rental units, secondary units, or units compatible with the City's "Green Alley Initiative."

Score

**6. ACCESSIBILITY AND HOUSING FOR PERSONS WITH DISABILITIES** (maximum 20 points) 0\_\_\_\_\_

       **10 points:** In multi-family developments, (i.e. 5 or more units) or for single-family rental housing (i.e., 1 to 4 units), 50% or more of the total number of units will be made accessible per the Uniform Federal Accessibility Standards (UFAS).

\_\_\_\_\_ **10 points:** Units to be designated for persons with disabilities as defined in the Fair Housing Act: for Multi-family developments, (i.e. 5 or more units), at least 25% of all units; for single-family rental housing (i.e., 1 to 4 units) 1 or more units.

Score

**7. PRIORITY LOCATION (10 points)**

10\_\_\_\_\_

**10 points:** Project is:

- \_\_\_\_\_ located in a Vertical Mixed-Use (VMU) Corridor; or
- \_\_\_\_\_ a Planned-Unit Development (PUD); or
- \_\_\_\_\_ located within a Transit-Oriented Development (TOD) area, or
- \_\_\_\_\_ is located 0.25 miles (1,320 feet) or less from a transit stop.

Score

**8. PRESERVATION OF AFFORDABLE UNITS (10 points)**

0\_\_\_\_\_

**10 points:** Project is the rehabilitation and preservation of existing affordable housing units, or new units are being constructed to replace existing affordable units at the same location on a one-to-one replacement basis or a greater than one-to-one replacement basis.

Score

**9. TRANSITIONAL HOUSING (10 points)**

0\_\_\_\_\_

**10 points:** Project will be developed and operated exclusively as transitional housing.

**UNDERWRITING POINTS**

**(EXPERIENCE, CAPACITY, DEVELOPMENT FEASIBILITY, OPERATIONAL FEASIBILITY, COMPATIBILITY WITH OTHER PROGRAM REQUIREMENTS)**

Score

**10. DEVELOPER EXPERIENCE AND QUALIFICATIONS (maximum 15 points)**

15\_\_\_\_\_

- 15 points:** Developer has recent, similar, and successful completion of a development similar in size and scope with income-restricted units.
- 10 points:** Developer has recent, similar, and successful completion of a development **smaller** in size and scope with income-restricted units.
- 8 points:** Consultant directly involved who has successfully completed a development similar in size and scope with income-restricted units.
- 5 points:** Developer has recent, similar, and successful completion of a development similar in size and scope **without** income-restricted units

Score

**11. SOURCES & USES OF FUNDS (maximum 10 points)**

10\_\_\_\_\_

**10 points:** All sources and uses of funds are clearly indicated and sufficient evidence of funding availability and/or commitments are included.

**5 points:** All sources and uses of fund are clearly indicated, but evidence of funding availability or commitments are incomplete.

Score

**12. DEBT COVERAGE RATIO (maximum 10 points)**

10\_\_\_\_\_

- 10 points:** DCR of 1.25 or greater or will be a debt-free development
- 6 points:** DCR between 1.21 - 1.24
- 4 points:** DCR between 1.15 - 1.20

Score

**13. LEVERAGE (maximum 10 points)**

10\_\_\_\_\_

RHDA Program funding (including prior awards and the current request) divided by Total Project Costs equals:

- 10 points:** 25% or less
- 8 points:** 26% - 30%
- 6 points:** 31% - 35%
- 4 points:** 36% - 50%
- 2 points:** 51% - 54%
- 0 points:** 55% or greater

Score

**14. RHDA COST PER UNIT (maximum 10 points)**

10\_\_\_\_\_

	<u>Multi-Unit Structures</u>	<u>Single-Unit Structures</u>
<b>10 points</b>	<\$40,000/unit	<\$50,000/unit
<b>8 points</b>	<\$45,000/unit	<\$60,000/unit
<b>6 points</b>	<\$50,000/unit	<\$70,000/unit
<b>4 points</b>	<\$55,000/unit	<\$80,000/unit
<b>2 points</b>	<\$60,000/unit	<\$90,000/unit
<b>0 points</b>	>\$60,000/unit	>\$90,000/unit

Score

**15. PROJECT READINESS (maximum 10 points)**

2\_\_\_\_\_

**New construction**

**2 points each; maximum 10 points**

- The project meets the normal eligibility requirements under the existing program guidelines.
- The property is already owned by the developer.
- The project has completed all necessary design work and received site plan approval.
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.

**Acquisition and Rehab**

**2 points each; maximum 10 points**

- The project meets the normal eligibility requirements under the existing program guidelines
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.
- A General Contractor has been selected.
- Closing on the acquisition of the property can be achieved in less than 30 days.

**Acquisition of Completed Units**

**2.5 points each; maximum 10 points (A total score of 2.5 points will be rounded to 3; a total score of 7.5 points will be rounded to 8.)**

- The project meets the normal eligibility requirements under the existing program guidelines
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.

\_\_\_\_\_Closing on the acquisition of the property can be achieved in less than 30 days.

Score

**16. PROPERTY MANAGEMENT** (maximum 10 points)

10\_\_\_\_\_

**10 points:** Designated Property Management Entity has documented track record of success managing income-restricted properties of similar size and/or similar unit counts, and has the capacity to take on management of the proposed project.

**8 points:** Designated Property Management Entity has a documented track record of success managing income- restricted properties of smaller size and/or fewer units, and has the capacity to take on management of the proposed project.

**4 points:** Designated Property Management Entity has a documented track record of successful property management experience and has the capacity to take on management of the proposed project, but has not managed an income-restricted property.

Score

**17. SUPPORTIVE SERVICES** (maximum 15 points)

15\_\_\_\_\_

**15 points:**

- a. The developer has secured written agreements with organizations that will provide resident services, or has experienced and qualified staff (7 or more years of experience) able to provide the same services.
- b. Funds have been identified for the operation of resident services programs.
- c. A 3-year estimated operating budget for the operation of the resident services programs is provided.

**10 points:**

- a. The developer has secured letters of intent from organizations that intend to provide resident services, or has experienced and qualified staff (3 to 6 years of experience) able to provide the same services.
- b. Funds have been identified for the operation of the resident services programs.
- c. A 3-year estimated operating budget for the operation of the resident services programs is provided.

**5 points:**

- a. The developer has experienced and qualified staff (1 to 2 years of experience) able to provide the same resident services.
- b. Funds have been identified for the operation of the resident services programs.
- c. A 3-year estimated operating budget for the operation of the resident services programs is provided.

Score

**18. MBE/WBE PROJECT PARTICIPATION** (5 points)

0\_\_\_\_\_

**5 points:** Development Team includes one or more certified City of Austin minority- or woman-owned business enterprises (M/WBE).

**TOTAL SCORE** \_\_\_\_\_ **167** \_\_\_\_\_



## Office of the Secretary of State

### Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Articles Of Incorporation for MGroup Holdings, Inc. (file number [REDACTED]), a Domestic For-Profit Corporation, was filed in this office on May 18, 1995.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on November 25, 2014.



*NANDITA BERRY*

Nandita Berry  
Secretary of State



### About the Proposed Housing

*The Monarch* is proposed as a newly constructed mixed income urban infill Transit Oriented Development of 141 units located on North Lake Creek Parkway and Lakeline Mall Blvd in Austin, Texas. The development site consists of gently rolling land with numerous Heritage oak trees that will be preserved and utilized as site amenities. The proposed 5 story mid rise structure is located to take advantage of the tree preserves as well as provide Austin skyline views.

The location offers superb access to major retail centers in the Lakeline area, employment opportunities, restaurants and recreation areas. The prime location in the Lakeline retail center allows residents to walk to the Metro Rail transit center or several Capital metro bus stops adjacent to the site. Residents living at the Monarch will also benefit from the High Opportunity Area due to access to the acclaimed Round Rock ISD and attendance at Anderson Mill Elementary, Noel Grisham Middle and McNeil High School. The development site is approximately 5.5 acres and is well suited for an urban midrise development.

The project will target a mix of incomes as follows:

# of units	Type	Square Footage	Rent	Income Eligibility
11	1 Br/1 Ba	653 sq. ft.	\$424	30% of median
30	1 Br/1 Ba	653 sq. ft.	\$707	50% of median
11	1 Br/1 Ba	700 sq. ft.	\$849	60% of median
17	1 Br/1 Ba	700sq. ft.	\$900	market
2	1 Br/1 Ba	900sq. ft.	\$1025	market
15	2 Br/1 Ba	896 sq. ft.	\$848	50% of median
34	2 Br/2 Ba	1090 sq. ft.	\$900	60% of median
12	2 Br/2 Ba	1200sq. ft.	\$1400	market
9	3Br/2 Ba	1300 sq.ft.	\$1176	60% OF median

141 total units	50% one bedroom
79% affordable 21% market rate	43% two bedroom
110 total affordable units	7% three bedroom

Currently, the income eligibility level (depending on household size) for a 50% unit is between \$26,400 and \$43,750. The 60% income level is between \$31,380 and \$52,100. Market rate units have no income restrictions. These limits are adjusted annually and are income only calculated based on sources of income, distributions from investments, employment, etc. Assets are not used for qualifying income.

Each apartment unit will include 9' ceilings, deluxe kitchens with gourmet islands and stainless appliance package, washer/dryer hookups, ceiling fans, computer desks for home office applications, upgraded finish packages to include designer hardwood floors, stain concrete in select units, crown moldings, granite counters in select units, designer plumbing and lighting fixtures. Select units will be universally designed to accommodate mobility impaired persons with features such as roll in accessible showers, grab bars and special plumbing fixtures. All units will have oversized doors and circulation routes for mobility access and adaptability throughout. The project's common area amenities include:



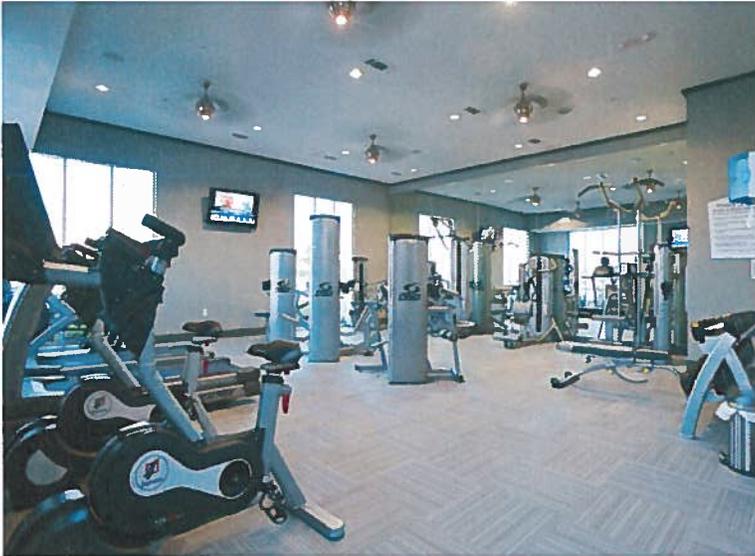
Typical common area

- ❖ State of the art leasing and community center
- ❖ Wi-fi café, on-site Starbucks coffee, morning newspapers
- ❖ Wi-fi enabled common area including the pool and outdoor area
- ❖ Fully equipped fitness and Wellness facility open 24-hours
- ❖ Theater and media room
- ❖ Sports room with shuffle board and pool table
- ❖ Business center with high speed internet access, faxing, scanning and business software available at no charge to residents
- ❖ Resort style pool, outdoor cooking center
- ❖ Gated entry with 24 hour video surveillance and security
- ❖ City of Austin S.M.A.R.T housing and Green building complaint

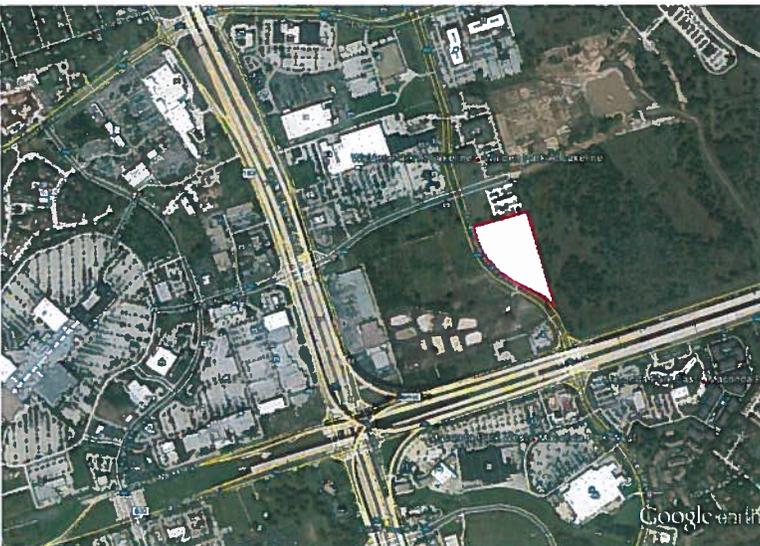
### About Sustainability

*The Monarch* will deliver features and amenities common to the local area, while also creating a community that seamlessly integrates new building technologies and techniques that help reduce energy and water consumption, and improve indoor environmental quality.

Through LEED certification for Homes, MGroup expects significant energy savings will be realized by installing and using Energy Star rated windows and appliances, high-efficiency HVAC units, compact fluorescent and LED lighting. Additionally, MERV 8 air filters, CRI Green Label Plus carpets, bamboo flooring and low-VOC paints will enhance the quality of the indoor environment.



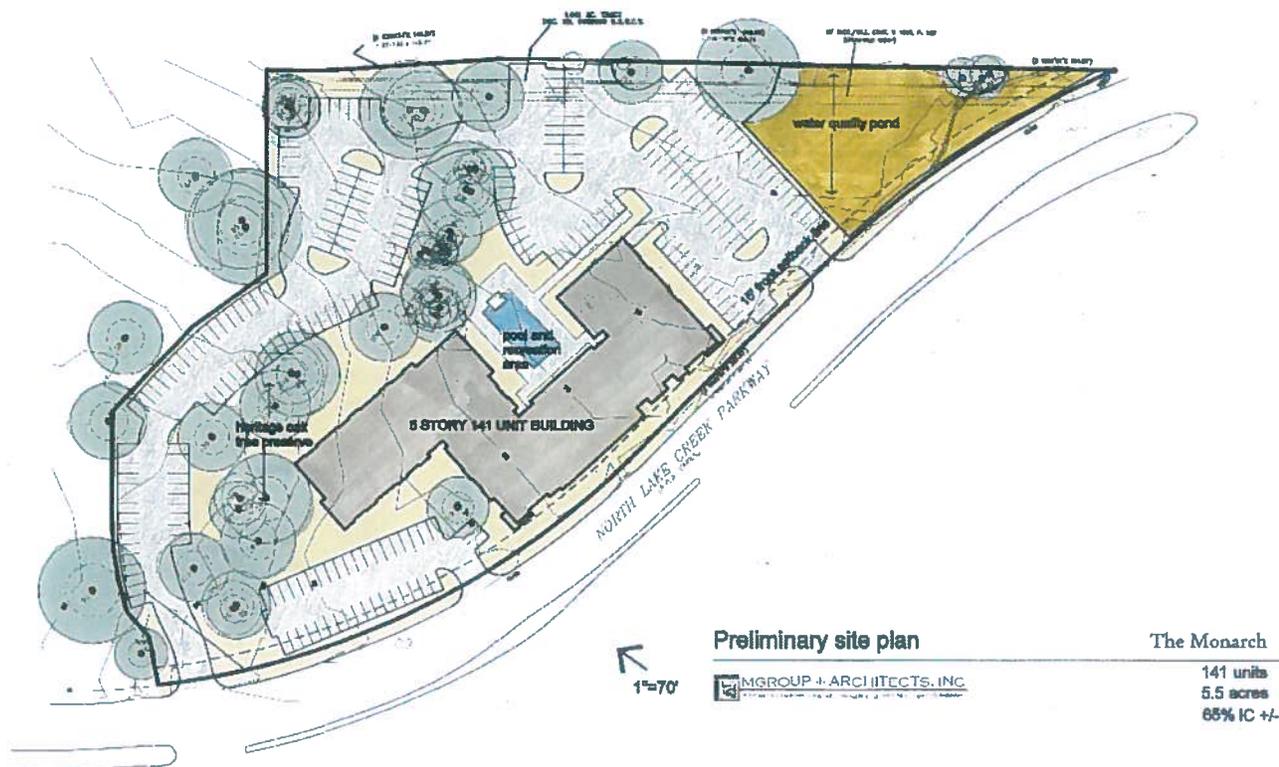
As part of MGroup's commitment to Green Building and minimizing development impact to the environment, *The Monarch* will undertake numerous exterior and site elements to improve overall energy savings and building performance. In addition to minimum City of Austin Green Building requirements, alternative energy options are being explored such as combined heating and power (CHP), and photo-voltaic panels to offset much of the electricity used in the community's shared common areas. Additionally, the design will consider rain harvest collection systems, high efficiency drip irrigation systems, limiting conventional turf and using local and drought tolerant plants.



Map location of site

**About the Development Team**

Development services will be provided by MGroup Holdings, Inc. MGroup has successfully developed over 3000 units of market rate and affordable housing in over 25 communities throughout Texas. Construction services will be provided by Camden Builders Inc., one of the largest multifamily REIT's in the nation with headquarters in Houston. MGroup has also originated and sold over 195 million dollars of housing tax credits to direct investors including Boston Financial, Bank of America, Wachovia/Wells Fargo and Capital One. MGroup provides in-house architecture, development and construction services which ensure a high level of quality and budget control.



**About the Financing**

Monarch Housing Partners, Ltd. will be applying to the Texas Department of Housing and Community Affairs (TDHCA) for funding under the Housing Tax Credit program. This program, established by the Congress in 1986, provides incentives to the private sector for investing in affordable housing. The program is regulated by the Internal Revenue Service and administered by State Housing Finance Agencies such as TDHCA. Private investors infuse equity into the affordable developments, receiving tax credits for their equity contributions. This infusion of equity insures that the property have a relatively low mortgage, allowing the development to charge rents that are affordable to persons with incomes at or below 60% of the Area Median.

Monarch Housing Partners, Ltd. will also receive private financing of approximately \$20,250,000 from Capital One Bank N.A. for construction and permanent financing and \$14, 535,000 from Boston Financial for tax credit investment. Gap financing in the amount of \$2,500,000 will be provided by the City of Austin Housing Finance Corporation.

Under these programs, this development will pay property taxes with no abatement or exemption.



Typical unit interior



Typical unit interior

#### About the Economic Impact and key development plan characteristics

*The Monarch* will cost over Twenty five million dollars to construct and will create numerous short term construction jobs, but also numerous permanent jobs when opened. Economic stimulus to the local area, retail, hospitality and commercial industries will be significant.

*The Monarch* will offer a rental price point for working individuals that is otherwise not being met in the rapid growing Lakeline corridor of Austin. Many low to moderate income individual's work in and around the Lakeline area but are otherwise not able to live in close proximity to their workplace due to the extremely high rental rates in the sub market. Comparable rental rates at properties are in some cases over a \$1000 more per month for the exact same size and quality of units proposed at *The Monarch*.

The proposed development will allow the City of Austin to meet its goals and vision for integrated affordable housing as follows:

- ❖ Adjacency to Neighborhoods of Opportunity. Location is considered a Very High Opportunity Area
- ❖ Mixed income quality rental housing with 110 units designated as affordable
- ❖ Direct access to numerous metro transit stops and walking distance to Lakeline rail station
- ❖ Significant development opportunities underway and will be further enhanced by this development
- ❖ Close proximity to outdoor recreation parks and facilities
- ❖ Zoned to Anderson Mill Elementary School in Round Rock ISD, a recognized academic excellence school
- ❖ Immediate proximity to major retail in the Lakeline retail core
- ❖ Highly experienced development team with proven track record working with HUD and governmental entities.
- ❖ Integrates and promotes fair housing choices

For additional information, contact Mark Musemeche at 713-522-4141 or by mail at 1013 Van Buren, Houston, Texas 77019.





Select a Route

383-RESEARCH, Northbound, Weekday

Saturday Sunday

Northbound		Southbound				
North Lamar	Burnet / Research	Great Hills / Research	Pavilion Park And Ride	Millwright / Wenchs Way	Lakeline Station	To Garage
1	2	3	4	5	6	
4:50a	4:58a	5:09a	5:18a	5:35a	5:50a	
5:23a	5:31a	5:42a	5:51a	6:08a	6:23a	
5:56a	6:04a	6:15a	6:24a	6:41a	6:56a	
6:29a	6:37a	6:48a	6:57a	7:14a	7:29a	
7:02a	7:12a	7:24a	7:37a	7:57a	8:13a	
7:35a	7:45a	7:57a	8:10a	8:30a	8:46a	
8:08a	8:18a	8:30a	8:43a	9:03a	9:19a	
8:41a	8:51a	9:03a	9:16a	9:36a	9:52a	



Schedules and Maps

- MetroBus
- MetroRapid
- MetroRail
- UT Shuttles
- Schedule Book

Rider's Guide

- MetroBus
- MetroRapid
- MetroRail
- Vanpool and Carpool
- MetroAccess
- Paying the Fare
- Accessibility
- Bike By Bus/Train
- Guaranteed Ride Home
- Benefits of Public Transit
- Exploring Austin

About Us

- Leadership
- Data and Statistics
- Finance and Audit Info
- Sunset Commission Progress Report
- Media Center
- Jobs at Capital Metro

Business

- Vendor's Guide
- Purchasing
- Surplus Property
- Disadvantaged Business Enterprise
- Advertising With Us
- MetroWorks

Public Involvement

- Board Meetings
- Community Involvement
- Access Advisory Committee
- Customer Satisfaction Advisory Committee
- Contact Us

Plans & Progress

- Service Changes
- Service Plan 2020
- MetroLabs
- Project Connect
- Transit-Oriented Development





Select a Route ▶

214-NORTHWEST FLEX, Eastbound, Weekday

Eastbound

Westbound

Dawn / Thunderbird	Crossbow / Paseo De Vaca	Park / Crestview Jonestown	ACC Cypress Creek	Lakeline Station	To Garage
1	2	3	4	5	
5:12a	—	5:24a	5:43a	5:55a	
5:51a	—	6:03a	6:22a	6:34a	
6:53a	—	7:05a	7:24a	7:36a	
7:35a	—	7:46a	8:04a	8:15a	
8:56a	—	9:07a	9:25a	9:36a	
9:36a	—	9:47a	10:05a	10:16a	
10:36a	—	10:47a	11:05a	11:16a	
11:26a	—	11:37a	11:55a	12:06p	



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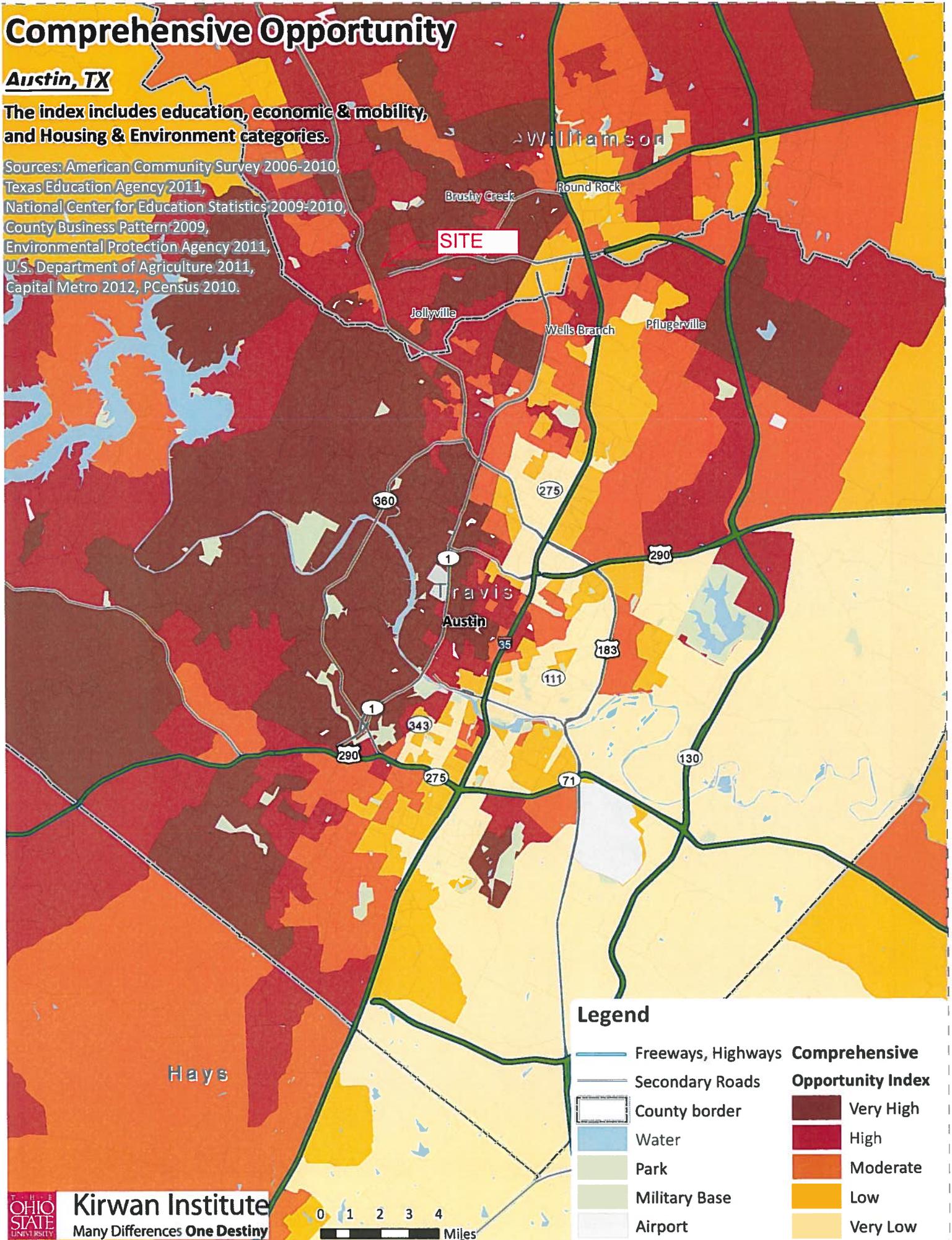


# Comprehensive Opportunity

## Austin, TX

The index includes education, economic & mobility, and Housing & Environment categories.

Sources: American Community Survey 2006-2010, Texas Education Agency 2011, National Center for Education Statistics 2009-2010, County Business Pattern 2009, Environmental Protection Agency 2011, U.S. Department of Agriculture 2011, Capital Metro 2012, PCensus 2010.



### Legend

- Freeways, Highways
  - Secondary Roads
  - County border
  - Water
  - Park
  - Military Base
  - Airport
- Comprehensive Opportunity Index**
- Very High
  - High
  - Moderate
  - Low
  - Very Low



# Williamson Central Appraisal District

625 FM 1460, Georgetown TX 78626-8050  
 Austin Metro: 512.930.3787 Taylor Metro: 888.331.7807



- Home
- General Information
- News
- FAQ

## Assessment History ( R056479 )

**Account Number**  
 R-16-0551-0000-0007

**Situs Address**  
 13310 RR 620  
 AUSTIN, TX 78729

### Searches

- Property ID Search
- Account Search
- Owner Search
- Address Search
- Advanced Search

### Property Data

- Detail Sheet
- Datasheet

	2014	2013	2012	2011
<b>Improvement HS</b>	\$0	\$0	\$0	\$2,200
<b>Improvement NHS</b>	\$0	\$0	\$0	\$0
<b>Land HS</b>	\$1,786,664	\$1,701,585	\$1,701,585	\$2,762,014
<b>Land NHS</b>	\$0	\$0	\$0	\$0
<b>Agricultural Mkt</b>	\$0	\$0	\$0	\$0
<b>Agricultural Use</b>	\$0	\$0	\$0	\$0
<b>Timber Market</b>	\$0	\$0	\$0	\$0
<b>Timber Use</b>	\$0	\$0	\$0	\$0
<b>Market Value</b>	\$1,786,664	\$1,701,585	\$1,701,585	\$2,764,214
<b>Homestead Limit</b>				
<b>Assessed</b>	\$1,786,664	\$1,701,585	\$1,701,585	\$2,764,214
<b>Exemptions</b>				
<b>Tax Units</b>	CAD,CAU,GWI,J01	CAEVC,SBRFGW0901	CAEVC,SBRFGW0901	CAEVC,SBRFGW0901,I
<b>Legal Description</b>	AW0551 AW0551 - Saul, R. Sur., ACRES 9.621			



# Williamson Central Appraisal District

625 FM 1460, Georgetown TX 78626-8050  
 Austin Metro: 512.930.3787 Taylor Metro: 888.331.7807



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[Property ID Search](#)

[Account Search](#)

[Owner Search](#)

[Address Search](#)

[Advanced Search](#)

[Property Data](#)

[Detail Sheet](#)

[Datasheet](#)

Property Detail Sheet (R056479)



[History](#)



[GIS Map](#)



[Datasheet](#)



[Comp Sales](#)



[File HS Exemption](#)

**Owner Information**

Owner ID: **O0412323**

Owner Name: **620/183 LIMITED PARTNERSHIP**

Owner Address: **PO BOX 29119  
 AUSTIN, TX 78755-6119**

Property Address: **13310 RR 620  
 AUSTIN, TX 78729**

**Parcel Information**

Legal Description: **AW0551 AW0551 - Saul, R. Sur., ACRES 9.621**

Neighborhood: **R45QN( R45QN - Rr Lakeline Nom-imp )**

Acreage: **9.621**

Cross Reference: **R-16-0551-0000-0007**

Undivided Interest:

**Exemption Codes:**

Entity Codes: **CAU (City of Austin)  
 GWI (Williamson CO)  
 J01 (Aus Comm Coll)  
 RFM (Wmsn CO FM/RD)  
 SRR (Round Rock ISD)  
 W09 (Upper Brshy Cr WC&ID # 1A)**

Deed Type: **Special Warranty Deed**

Deed Book:

Deed Page: **2007028431**

Map Page: **4-6618**

Links:

[Click here](#) to view your 2014 certified values and prior history.

**Land**

ID	Type	SPTB	Acres	Market
<b>Land1</b>	C (Commercial)	F1 (F1 - Real, Commercial)	8.42100	<i>Unavailable</i>
<b>Land2</b>	C (Commercial)	F1 (F1 - Real, Commercial)	1.20000	<i>Unavailable</i>



A recent version of Adobe Acrobat Reader is required to view PDF documents. Acrobat Reader is a free program available [here](#).



# CITY OF AUSTIN - ZONING VERIFICATION LETTER

For questions concerning zoning compliance or any development criteria contact the Development Assistance Center of the City of Austin at (512) 974-6370.

This letter is to verify that the parcel listed is covered by the listed zoning classification on the date the letter was created.

## Party Requesting Verification

Name: M Group Holdings, Inc. Ofelia Elizondo  
Mailing Address:  
1013 Van Buren  
Houston, TX 77019

## Tax Parcel Identification Number

Agency: WCAD  
Parcel ID: R056479

## Zoning Classification(s)

Find definitions at <http://www.austintexas.gov/page/zoning-districts>

MF-6

## Zoning Case Number(s)

Look up case info at [https://www.austintexas.gov/devreview/a\\_queryfolder\\_permits.jsp](https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp)

C14-2014-0012

## Zoning Ordinance Number(s)

Look up ordinances at <http://austintexas.gov/edims/search.cfm>

20140515-051, 99-0225-70 (b)

For Address Verification visit:

<http://austintexas.gov/addressverification>

To access zoning ordinance documentation visit:

<http://austintexas.gov/edims/search.cfm>

To access zoning overlay documentation (Land Development Code Chapter 25-2 Division 6) visit:

<http://austintexas.gov/department/austin-city-code-land-development-code>

<http://austintexas.gov/department/zoning>

This letter was produced by the City of Austin Communication Technology Management Department on behalf of the Planning and Development Review Department.

I, Ben Vanderford, of the Communications and Technology Management Department for the City of Austin, do hereby certify that the above information reflects the data and records on file in this office.

1/7/2015

820672



## DEVELOPMENT EXPERIENCE

### MGROUP HOLDINGS, INC.

MGroup Holdings, Inc. is an Owner/Operator of real estate investment property focused primarily in the affordable housing market. The principals of MGroup have over 24 years of experience with all facets of owning, managing and developing multi-family housing including market rate, public housing, LIHTC and Section 202/811 senior housing programs administered through the Department of Housing & Urban Development. The principals of MGroup have successfully completed over \$260,000,000 of multi-family developments and currently own and operate over 3,000 rental units.

MGroup Holdings, Inc. was formed in 1995 and is operated by Mark and Laura Musemeche. MGroup is certified by the Texas Building & Procurement Commission as a Historically Underutilized Business (HUB).

MGroup's development and operating partnership experience to date includes the following:

Type	Project	#Units	Location	Status	Tax Credits
Market Rate	Palm Bluff Apartments	250	Portland, Texas	Development	NA
Market Rate	Catalon at Lago Mar	217	Texas City, Texas	Development	NA
LIHTC	Catalon	142	Houston, Texas	Development	\$1,500,000
LIHTC	The Huntington Sienna	132	Missouri City, Texas	Construction	\$1,300,000
LIHTC	Tower Village	36	Nacogdoches, Texas	Construction	\$ 805,000
LIHTC	Briarbend	40	Beaumont, Texas	Completed	\$ 748,902
LIHTC	The Huntington	120	Missouri City, Texas	Completed	\$1,274,000
LIHTC	Allegre Point	184	Austin, Texas	Completed	\$1,476,708
LIHTC/TCAP	Crestshire Village	74	Dallas, Texas	Completed	\$1,116,000
LIHTC/TCAP	The Huntington	120	Buda, Texas	Completed	\$ 977,325
LIHTC/Exchange	Jackson Village	96	Lake Jackson, Texas	Completed	\$ 988,807
LIHTC	Gardens at Sienna	120	Beaumont, Texas	Completed	\$1,247,000
LIHTC	Tuscany Park	176	Buda, Texas	Completed	\$1,320,000
Market Rate	Sienna Trails	176	Beaumont, Texas	Completed	NA
LIHTC	Timber Creek	36	Beaumont, Texas	Completed	\$ 490,990
LIHTC	La Villita Phase II	80	Brownsville, Texas	Completed	\$ 555,478
LIHTC	Park Estates	36	Nacogdoches, Texas	Completed	\$ 414,113
LIHTC	La Villita Apartments	128	Brownsville, Texas	Completed	\$ 851,428
LIHTC/HTF	King's Crossing	120	Kingsville, Texas	Completed	\$ 777,472
LIHTC/HTF	Saddle Creek at Kyle	104	Kyle, Texas	Completed	\$ 448,615
LIHTC	Residences on Stillhouse	76	Paris, Texas	Completed	\$ 356,659
LIHTC	Beacon Bay Townhomes	76	Port Isabel, Texas	Completed	\$ 492,235
LIHTC	LaVista Townhomes	76	Del Rio, Texas	Completed	\$ 534,892
LIHTC	Rancho del Cielo	130	Brownsville, Texas	Completed	\$ 725,213
LIHTC	Rancho del Cielo II	120	Brownsville, Texas	Completed	\$ 487,070
Market Rate	Saddle Creek Apartments	224	Austin, Texas	Completed	NA
LIHTC	Courts of Las Palomas	128	Kingsville, Texas	Completed	\$ 536,427
PHA	Low Rent Public Housing	40	Sunland Park, NM	Completed	
PHA	Horizon Village	20	Kingsville, Texas	Completed	
PHA	Low Rent Public Housing	22	Silver City, NM	Completed	
PHA	Low Rent Public Housing	30	Woodville, Texas	Completed	
PHA	Low Rent Public Housing	38	Nacogdoches, Texas	Completed	
PHA	Low Rent Public Housing	15	Breckenridge, Texas	Completed	
PHA	Low Rent Public Housing	20	Madisonville, Texas	Completed	

## RESUME

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### **MARK D. MUSEMECHE, A.I.A.**

Mr. Musemeche has been actively engaged in the practice of Architecture and real estate development for over twenty five years. For most of his career, Mr. Musemeche has specialized in the multi-family sector including the design and development of independent senior housing, assisted living facilities, conventional apartments, affordable and workforce housing, mixed use projects as well as raw land and subdivisions.

Mr. Musemeche currently serves as founder and managing member of MGroup, a diversified and full service real estate holding and development company. MGroup provides architectural and engineering design services, developer and development consulting, construction management, equity investment and structured finance solutions. MGroup currently owns and operates 25 multi-family assets in Texas and has successfully completed over \$260 million in real estate development. Led by Mr. Musemeche, MGroup expects to surpass the \$350 million development mark in 2015. MGroup has also originated and sold over \$195 million in low income housing tax credits to direct investors such as Boston Financial, MMA Financial, Wachovia, Wells Fargo, and Capital One Bank.

Mr. Musemeche holds a Bachelor of Science in Architecture from the Gerald D. Hines School of Architecture at the University of Houston. Mr. Musemeche is a registered Architect and Interior Designer in the State of Texas. His professional affiliations include the American Institute of Architects, the Texas Society of Architects, the Texas Housing Association, the Houston Chapter A.I.A and the Texas Affiliation of Affordable Housing Providers. Mr. Musemeche currently serves as a development board member to the University of Texas Health System (UT Health) and as an advisory council member to the Salvation Army Boys & Girls Club. He also served as past Board of Governor of Park Plaza Hospital and Westwood Golf Club.

Mr. Musemeche is an avid outdoorsman and enjoys golfing, fishing and travelling with Laura his wife of 25 years. The Musemeche's reside in Houston, Texas.

# CAPSTONE

## REAL ESTATE SERVICES, INC.

*"Our mission is to enhance our client's investments and create quality living and working environments."*

### PROFILE

Capstone Real Estate Services, Inc. is a full-service, third-party management firm presently managing approximately **35,000 multi-family units and 300,000 square feet of commercial space**. Founded in 1969, Capstone maintains 11 offices across 4 states and employs approximately 850 people in the field of property management, and our portfolio extends to over 75 cities. The size of our portfolio ranks us as one of the **15<sup>th</sup> largest third-party management firms** in the nation.

♦Austin ♦Abilene ♦Albuquerque ♦Brownsville ♦Corpus Christi ♦Dallas ♦El Paso ♦Miami ♦Houston ♦Laredo ♦San Antonio

**Neither Capstone nor its principals owns, buys or sells investment real estate and we have no conflicts with our clients' interests in this regard.** This distinguishes us from many competing firms and enables us to provide the personalized service each property deserves, without the distraction that ownership can cause. Consequently, we focus on the client's goals beginning with take-over. **Third-party real estate management** is the business on which we have built our reputation, and we are committed to providing the highest standards of service and integrity to our clients.

### PROPERTY MANAGEMENT SERVICES

#### Pre-Acquisition Due Diligence Services

Interior Walk Through, Market Analysis, Operating Projections, Lease File Review, Exterior Observations

#### New Development Planning

Project Design Consulting, Marketing Consulting, Lease-up Specialists

#### Full Service Property Management

Traditional Multifamily Housing, Student Housing, Seniors Housing, Military Housing, Renovation Supervision, Manufactured Home Parks, Homeowners Associations, High/Mid Rises, Office, Retail

### AFFORDABLE HOUSING

Capstone has significant experience with affordable housing units. Currently, Capstone manages affordable communities totaling over **19,000 units**, which ranks us as the **13<sup>th</sup> largest affordable housing management company** in the country. This includes the LIHTC Program, the RTC/AHDP Affordable Housing Program, Tax Exempt Bond, Home Programs, Section 8, Military Rent-Restricted, Public Housing, etc. To better serve its clients, Capstone has a Compliance Department to effectively monitor properties it manages with governmental reporting requirements. We understand the importance of being **"in compliance"** and the process that accompanies it.

### NEW CONSTRUCTION

Capstone's apartment new construction management experience is extensive. The firm's new development background includes project design consulting, pre-construction planning, décor consulting, promotion and full lease-up for **125+ properties totaling over 31,000 units in 58 cities and 6 states since 1994.**

### COMMERCIAL

Capstone's Commercial Division manages approximately 300,000 square feet of space. Our experience includes every property type from office buildings, retail centers, industrial parks and warehouse facilities to downtown buildings, neighborhood centers and malls.

## PROFESSIONAL PERSONNEL DEVELOPMENT

The key to quality client service is motivated and well-trained personnel. Our **training department** conducts extensive monthly seminars to each of our regional offices covering:

- ◆ Leasing & Marketing
- ◆ Risk Management
- ◆ Resident Retention
- ◆ Fair Housing
- ◆ Accounting Software
- ◆ Performance Evaluation

Our corporate-wide incentive program, "Accelerating Income Monthly" (AIM), rewards on-site staff for increasing the property's economic occupancy. The program aligns on-site staff, District Manager and Owner objectives into one concise statement; increase property income and value.

## ACCREDITATIONS

Accredited Management Organization (AMO®), Institute of Real Estate Management (IREM®)  
Certified Property Manager (CPM®), Certified Public Accountant (CPA)  
Accredited Resident Manager (ARM®), Certified Apartment Manager (CAM®)  
Certified Occupancy Specialist (COS®), Assisted Housing Professional (AHP)  
Tax Credit Specialist (TCS), Housing Credit Certified Professional (HCCP®)  
National Compliance Professional (NCP), Certified Professional of Occupancy (CPO)  
Continuing Certified Credit Compliance Professional (C4P)

## LEVERAGED EXPENSE CONTROL

Capstone's National Accounts has saved our clients millions of dollars by leveraging our portfolio with the industry's most recognized vendors. We have negotiated highly competitive contracts and volume discounts for the recurring top expenses a community has, such as property insurance, utilities, flooring, maintenance supplies, paint supplies, office supplies, among many more. Our auditing program recaptures expenses such as utility bill overages, residents' electricity, and through a thorough waste management review. Our clients enjoy the assurance that routine operating expenses are closely monitored and significantly discounted through Capstone's National Accounts.

- ◆ Volume Purchasing Program
- ◆ Negotiated Service Contracts Software
- ◆ Master Insurance Program
- ◆ Utility Management
- ◆ Operating Revenue Enhancement Programs

James W Berkey, *President*  
Grant Berkey, *Chief Executive Officer*  
Hugh A. Cobb, *Chief Operating Officer*  
Matthew C. Lutz, *Executive Vice President*  
Steven Roach, *Vice President*  
Deborah Wiatrek, *Vice President*

Regional Vice Presidents: Joy Lamb, Jim Weissmiller, Sam Shannon, Patti Thomas-Shaw,  
V.J. Hopson, Lita Rodriguez

**Our experience works for you.**

## CONTACT INFORMATION



ACCREDITED  
MANAGEMENT  
ORGANIZATION

*Hugh A. Cobb, Chief Operating Officer*  
*hugh.cobb@capstonemanagement.com*  
210 Barton Springs Road, Suite 300, Austin, Texas 78704  
(512) 646-6700 (512) 646-6798 fax  
[www.capstonemanagement.com](http://www.capstonemanagement.com)



CERTIFIED  
PROPERTY  
MANAGER®

**Detailed Development cost Breakdown**

DEVELOPMENT NAME:

**The Monarch at Lakeline**

TOTAL DEVELOPMENT SUMMARY		
Total Cost	Eligible Basis (If Applicable)	
	Acquisition	New/Rehab.

**ACQUISITION**

Site acquisition cost  
Existing building acquisition cost  
Closing costs & acq. legal fees  
broker/finding fee  
Subtotal Acquisition Cost

3,700,000		
0		
0		
\$3,700,000	\$0	\$0

**OFF-SITES<sup>3</sup>**

Subtotal Off-Sites Cost

\$0	\$0	\$0.00
-----	-----	--------

**SITE WORK<sup>4</sup>**

Demolition

Subtotal Site Work Cost

\$2,600,000	\$2,600,000	\$18,440
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**DIRECT CONSTRUCTION COSTS<sup>5</sup>:**

**HARD COSTS**

parking garage

building Hard Costs

0	0	0
\$9,569,997	\$9,569,997	\$74.98

**OTHER CONSTRUCTION COSTS**

General requirements (<6%) 5.99%  
Construction overhead (<2%) 2.00%  
Contractor profit (<6%) 5.99%  
Contingency

730,200	730,200	
243,400	243,400	
730,200	730,200	
832,428	832,428	
\$2,536,227	\$2,536,227	\$19.87

**INDIRECT CONSTRUCTION COSTS<sup>6</sup>**

Architectural - Design fees  
Architectural - Supervision fees  
Engineering fees  
Real estate attorney/other legal fees  
Accounting fees  
Impact Fees  
Parkland dedication fee  
Appraisal  
Market analysis  
Environmental assessment  
Soils report  
Survey/platting  
Marketing  
Course of construction insurance  
Hazard & liability insurance  
Real property taxes  
Personal property taxes  
Building and platting fees  
Flood insurance  
Subtotal Indirect Const. Cost

		\$115.22
325,000	325,000	
75,000	75,000	
220,000	220,000	
150,000	150,000	
35,000	35,000	
0	0	
91,000	91,000	
0	0	
8,000	8,000	
4,500	4,500	
8,000	8,000	
55,000	55,000	
0		
225,000	225,000	
0	0	
80,000	80,000	
	0	
238,000	238,000	
290,000	290,000	
\$1,804,500	\$1,804,500	\$0

total construction costs with contingency

**FINANCING:**

**CONSTRUCTION LOAN(S)<sup>7</sup>**

Interest  
Loan origination fees  
Title & recording fees  
Closing costs & legal fees  
Inspection fees  
Credit Report  
Discount Points  
App and underwriting fee

690,625	690,625	
130,000	130,000	
115,000	40,000	
40,000	40,000	
17,000	17,000	
	0	
	0	
25,000	25,000	

**PERMANENT LOAN(S)**

Loan origination fees  
Title & recording fees  
Closing costs & legal  
Loan Broker fee(GP)

72,500		
0		
30,000		
0		
0		

Discount points  
Credit enhancement fees  
Prepaid MIP  
conversion fee

**BRIDGE LOAN(S)**

Interest

0	0	
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TOTAL DEVELOPMENT SUMMARY		
Total Cost	Eligible Basis (If Applicable)	
	Acquisition	New/Rehab.
Loan origination fees	0	0
Title & recording fees	0	0
Closing costs & legal fees	0	0
lender fees	0	0

**OTHER FINANCING COSTS<sup>4</sup>**

Tax credit fees	64,230		
Tax and/or bond counsel	0	0	
App fee	0		
Performance bonds	169,122	169,122	
Credit enhancement fees	0	0	
Mortgage insurance premiums		0	
Cost of underwriting & issuance	0	0	
Syndication organizational cost	0		
Tax opinion			
soft cost contingency	90,000	90,000	
<b>Subtotal Financing Cost</b>	<b>\$1,443,477</b>	<b>\$1,201,747</b>	<b>\$0</b>

**DEVELOPER FEES<sup>5</sup>**

Housing consultant fees <sup>5</sup>		0	
General & administrative		0	
Front or fee	2,656,871	2,656,871	
<b>Subtotal Developer Fees</b>	<b>\$2,656,871</b>	<b>\$2,656,871</b>	<b>\$0</b>

**RESERVES**

Rent-up	330,000		
Operating (Investor required)	573,338		
HUD working capital	0		
Escrows (tax and insurance)	0		
<b>Subtotal Reserves</b>	<b>\$903,338</b>	<b>\$0</b>	<b>\$0</b>

**TOTAL DEVELOPMENT COSTS<sup>6</sup>**

	<b>\$25,214,410</b>	<b>\$20,369,342</b>	
- Commercial Space Costs <sup>7</sup>			
<b>TOTAL RESIDENTIAL COSTS</b>	<b>\$25,214,410</b>		

If the contractor is guaranteeing financing for the transaction for a fee, such fees are:

\$ -

The following calculations are for HTC Applications only.

**Deduct From Basis:**

Fed. grant proceeds used to finance costs in eligible basis		0	
Fed. B.M.R. loans used to finance costs in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units (42.(d)(5))			
Historic Credits (residential portion only)			
<b>Total Eligible Basis</b>		<b>\$20,369,342</b>	<b>\$0</b>
High Cost Area Adjustment (100% or 130%)		130%	
<b>Total Adjusted Basis</b>		<b>\$26,480,145</b>	<b>\$0</b>
Applicable Fraction <sup>8</sup>		77.58%	
<b>Total Qualified Basis</b>	<b>\$20,544,446</b>	<b>\$20,544,446</b>	<b>\$0</b>
Applicable Percentage <sup>9</sup>		8.00%	
<b>Eligible credits</b>	<b>\$1,643,556</b>	<b>\$1,643,556</b>	<b>\$0</b>

**Initial allocation**

Additional credits allocated	\$ -
<b>Total allocated</b>	<b>\$ 1,500,000</b> \$ 2,017,153

Equity Pricing	97.00%
Partnership interest sold	99.90%
Equity	\$ 14,535,450
Perm Loan Amount projected	\$ 7,250,000
Home Grant or Loan	\$ 2,500,000
Deferred dev fee	\$ 928,960
<b>Total sources</b>	<b>\$ 25,214,410</b>

**Total uses** \$ 25,214,410

**MGroup LLC**

The Monarch at Lakeline Station  
 Scenario: 9% HTC

**Sources and Uses**

<b>Project Statistics:</b>	
Units:	141
5th Year Cash Flow:	\$ 188,205
Construction cost per unit:	\$ 98,396
Source paid dev fees:	\$ 1,727,911
Market rate percent:	22.42%
Construction start date:	12/30/2015
Construction completion date:	3/1/2017
Clubhouse Delivery date:	1/1/2017
Stabilization/Perm Conversion:	1/1/2018

**Sources and Uses**

			<i>Construction</i>		<i>Permanent</i>
<b>Sources of Funds</b>					
Construction : conv	4.25% all in rate	\$	13,000,000		
Permanent: conv	6.00% all in rate			\$	7,250,000
Loan # 2: COA	0.00% 40 yr	\$	-	\$	2,500,000
Loan # 3:					
Tax Credit Equity - Federal		\$	9,448,043	\$	14,535,450
Tax Credit Equity - State					
Income during construction					
Soft Loan #1:		\$	-		
Soft Loan #2:					
Soft Loan #3:					
Deferred Development Fee				\$	928,960
		\$	22,448,043	\$	25,214,410

**Uses of Funds**

Land Acquisition Costs	\$	3,700,000	\$	3,700,000	
Construction / Demo Costs	\$	12,169,997	\$	12,169,997	
Construction Fees and contingency	\$	2,536,227	\$	2,536,227	
Indirect Construction Costs	\$	1,804,500	\$	1,804,500	
Financing Costs	\$	1,120,125	\$	1,120,125	
Tax credit fees	\$	64,230	\$	64,230	
Bonds and assurance of completion	\$	169,122	\$	169,122	
soft cost contingency	\$	90,000	\$	90,000	
Development Fees	\$	664,218	\$	2,656,871	15% of Eligible Basis
Reserves and Other	\$	-	\$	903,338	
	\$	22,318,419	\$	25,214,410	

**Surplus (Deficit) Cash**

	\$	129,623		
Source Paid Developer Fees	\$	664,218	\$	1,727,911
15 year cash flow after Mortgage DS	\$	3,480,500	\$	3,480,500
Deferred Developer Fee			\$	928,960
15 Year cash Flow available for Deferred Developer Fees			\$	2,784,400



**RENTAL INCOME**

Type Of Unit	AMI %	Number Of Units	Sq./Unit	Total Sq. Ft.	Gross Monthly Rent	Utility Allowance	Net Monthly Rent	Total Annual Rent
A1 1br/1ba	30.00%	11	653	7,183	424	87	337	44,484
A1 1br/1ba	50.00%	18	653	11,754	707	87	620	133,920
A2 1br/1ba	50.00%	12	653	7,836	707	87	620	89,280
A2 1br/1ba	60.00%	11	730	8,030	849	87	762	100,584
A2 1br/1ba	mkt	17	730	12,410	875	0	875	178,500
A3 1b2/1ba	mkt	2	900	1,800	1,025	0	1,025	24,600
B1 2br/1ba	50.00%	5	896	4,480	848	113	735	44,100
B2 2br/2ba	50.00%	10	1,090	10,900	848	113	735	88,200
B2 2br/2ba	60.00%	34	1,090	37,060	1,018	113	905	369,240
B3 2br/2ba	60.00%	0	1,200	0	1,018	113	905	0
B3 2br/2ba	mkt	12	1,200	14,400	1,400	147	1,400	201,600
C1 3br 2ba	60.00%	9	1,309	11,781	1,176	147	1,029	111,132
C1 3br 2ba				0	0	0	0	0
C1 3br 2ba				0	0	0	0	0
Manager's Unit		0						
<b>TOTAL</b>		<b>141</b>		<b>127,634</b>	<b>10,685</b>	<b>947</b>	<b>9,948</b>	<b>1,385,640</b>

Type of Unit	Commercial
Total Sq. Ft.	0
Net Monthly Rent	0
Total Annual Rent	0

Annual Increase	102.00%
Vacancy	7.50%
Parking Revenue	900
Food and Beverage Revenue	0
Telephone Revenue	0
Other Income	15
Commercial	0

\$1800 is for water/sewer reimbursement market units

**OPERATING EXPENSES**

Rooms	0	Increase Thereafter	103.00%
Food and Beverage	0	Management Fee	3.50%
Telephone	0	Replacement Reserves Per Unit	250
Property Taxes	130,000	Annual Increase	100.00%
Insurance	31,800	Incentive Management Fee	90.00%
Utilities	38,700	Asset Management Fee: LP	5,000
Repairs and Maintenance	60,000	Annual Increase	1.00%
Payroll and Employee Benefits	206,000	Asset Management Fee: GP	0
General and Administrative	59,000	Annual Increase	1.00%
Advertising	20,000	Incentive Leasing Fee: GP	NA
Audit Expenses	12,000	6 Months Oper. Exp./RR/Debt Serv	436,583
Legal Expenses	0		
Other Expenses	21,540		
<b>Total</b>	<b>579,040</b>		
Management Fee	46,031		
Replacement Res.	35,250		
<b>Total</b>	<b>660,321</b>		
Expenses Per Unit	4,683		

**OTHER**

Operations Commence	2015	Number of Buildings	1
Closing Year	2016		
Year Commence Operati	2016		
Tax Credit Begins	2016		
Sales Date	#####		
Month	1		
# of Months in 1st Yr.	12		

**Rental Housing Development Assistance  
Application For Rental Development Financing**

Monarch at Lakeline Station  
Austin, Texas

**Tab 8**

Attached are executed agreements with Portfolio Services, the proposed service provider. Portfolio Services is an established supportive services provider and currently provides resident services to our existing Austin facility called “Allegre Point”.

Operation costs and budgeting for the services is included in the annual operation expenses under Tab 7.

## RESIDENT SERVICES AGREEMENT

This Resident Services Agreement ("Agreement") entered into this 5 day of January, 2015 (the "Agreement Date") by and between The Monarch. ("Owner") and Portfolio Resident Services, Inc., ("Provider") a Texas non-profit corporation.

**WHEREAS**, the Owner seeks to provide resident supportive services at a 141 (unit) Multi-Family/New (type) property known as: The Monarch ("Apartments") located, at the 9800 block of North Lake Creek Parkway (address), Austin (city) Travis (county), TX (state) and 78717 (zip code); Ellie Miles (PRS Representative); Mark Musemeche (Customer), 713-522-4141 (telephone), mgroupinc@sbcglobal.net (email), and,

**WHEREAS**, the Owner wishes to engage the services of Provider in order to provide a resident supportive services program ("Program"), aka the Good Neighbor Program ("GNP"), including the services noted in Owner's attached LURA.

**NOW, THEREFORE**, the parties hereby agree to the following:

**1. Independent Contractor.** The parties agree that Provider's relationship to the Owner created by this Agreement is that of an independent contractor, and nothing contained in this Agreement shall be construed as establishing a joint venture, partnership or an employer-employee relationship. Owner shall not exercise material control or direction over the methods by which Provider shall perform its services. This Agreement does not authorize Provider to act for the Owner as its agent or make commitments for the Owner. Provider understands and agrees that: (i) Provider shall not participate in any employee fringe benefit or retirement plan provided to Owner's employees; (ii) Owner will not withhold, on behalf of Provider, any sums for income taxes, unemployment insurance, social security, or any other withholding applicable to employees of the Provider; (iii) all local, state, and federal taxes, self-employment income and employment taxes shall be Provider's sole responsibility; and (iv) Owner shall not treat Provider as an employee for purposes of workers' compensation benefits.

**2. Term.** (a) Services shall commence within forty-five (45) calendar days of the latter of the Agreement Date or the date the Apartments first accept an occupant ("Start Date") or as stated in "Appendix LUR" and shall continue thereafter for one (1) year ("Initial Term"). Owner or Owner's Managing Agent will provide Provider written notification of occupancy. This Agreement shall continue thereafter on a month-to-month basis ("Renewal Periods") unless on or before thirty (30) days prior to the end of any Renewal Period either party shall notify the other party in writing of its intent to terminate this Agreement ("Termination Notice"). Notwithstanding the foregoing, (i) Owner may terminate this Agreement if the Provider is in default of this Agreement as provided in Section 7(b) below which is not cured by Provider within thirty (30) days after written notice of such violation from Owner to Provider; or (ii) Provider may terminate this Agreement if Provider determines, in its sole discretion, there is lack of funding to provide the services contemplated herein; or, (iii) Provider may terminate this Agreement in the event of default by Owner. In those cases, the terminating party shall provide a Termination Notice.

(b) In the event a party provides a Termination Notice, each party shall continue to comply with the terms of this Agreement through the termination date identified in the Termination Notice.

**3. Services.** (a) The Provider agrees to make available on-site educational and supportive programs for the residents of the Apartments which shall include, at a minimum, the services outlined for resident services in any Land Use Restriction Agreement attached or Owner's specific directive as written in "Appendix LUR". Provider further agrees to assist, only at the Owner's request, in the correction, if any, of any compliance or delivery deficiencies

reported to Provider. Owner understands and recognizes that the Provider does not function as a daycare facility and all are restricted from promoting the Program as a daycare program.

(b) The Provider shall provide the appropriate 58 program and administration hours per month, and shall create, retain and make available to Owner all records of services provided in an appropriate binder format. Hiring, staffing and training shall be solely at the discretion of Provider and Provider shall notify Owner's Management Agent of any staff replacement. (Provider's normal conditions coordinator replacement SOP is: Urban sites can expect a replacement coordinator by 21 days of event; rural sites can expect a replacement coordinator by 60 days of event. After these anticipated usual coordinator replacement days, during the next 30 days, one-half of that periods' hours may be made up; however, should there be no replacement or substitute during the makeup 30 day period, Provider issues credits for that period and continues with credits until the site is staffed). The staffing process is rigorous.

(c) Owner and its Management Agent at the Apartments agree to coordinate with Provider to inform residents about the Program and specific dates and times of specific services and maintain a professional and civil work environment. To ensure the most efficient and cost effective environment Owner and its Management Agent shall strive to communicate timely and respectfully with Provider's staff. Owner and its Management Agent shall provide the Apartments' occupancy information to Provider so that Provider can show the increase in occupancy and increase in stability as a result of Providers' Program. Owner or Owner's Management Agent confirms that it has made complete Owner Disclosure of all LURA(S), findings, audits and suggestions in "Appendix LUR".

4. **Compensation.** (a) Owner shall pay the Provider a one-time Start-Up Fee of \$2,198 payable via a confirmed funds no later than fifteen (15) days before the Start Date, plus a Monthly Fee of \$1,795ACH in advance of service. Additional requested hours, if any, shall be agreed by separate agreement and billed hourly. Provider will extend a ten percent (10%) reduction if advance payment for 100% of 12 months' Monthly Fee is made. ACH is required or a five percent (5%) Monthly Fee charge shall be added. With ACH, monthly fees will be debited via ACH transaction on the seventh (7<sup>th</sup>) day of each month and an invoice will be sent. If the Start-Up Fee is not timely received, it will be added to the Monthly Fee payment with an additional twenty percent (20%) late fee. Payments processed or received on or after the 8th day of each month are late. In the event any payment is not received or processed in a timely manner, a late charge of one and one-half percent (1.5%) compounding per month will be assessed. Upon request, invoices shall be sent as a courtesy to the Apartments. However the Monthly Fee, same as prior month unless changed by written notice, is due on the 1<sup>st</sup> and non-receipt of an invoice does not change the aforementioned payment terms.

(b) The Monthly Fee shall automatically increase three percent (3%) per year, effective January 1<sup>st</sup> of each year after completion of 1 year of Services to address our professionals' compensation, but only if the Apartments are cash flowing. If the Apartments are not cash flowing the fee shall remain the same. If, on an annual basis, the Apartments are not producing cash and if the Owner provides documentation of same to Provider, then the 3% increase shall be waved. (None of Owner's financial or operational statements are ever required to be available to Provider. However, if collaboration with these documents can be achieved, often the Owner's cash flow will increase as a result of Provider's Services.)

(c) Provider reserves the right to give a thirty (30) day notice of a fee increase in excess of the automatic annual increase, between September 1st and October 31st, of any year. Such increase will usually be based upon an unexpected increase in the CPI-U (US city average), as determined by the Bureau of Labor Statistics' CPI Inflation Calculator. Any fee increase in excess of the automatic 3% increase as described in Section 4(b) must be approved by Owner in writing before becoming effective.

5. **Community Center.** (a) Owner agrees to make available adequate space to provide services on the premises of the Apartments. The space must be a permanent, indoor, air-conditioned space with access to all utilities and

restrooms, and be the greater of: four hundred square feet, (400 sf) or space equivalent to the product of the number of units at the Apartments multiplied by five (5) square feet.

(b) Owner shall take all necessary action to adequately prepare and maintain the community center for Provider including, but not limited to, daily facility cleaning, painting, repairing or replacing articles deemed part of the community center or designated as storage space prior to and after Start date. Failure by the Owner to adequately prepare or maintain the space for services as described in this Agreement may delay the commencement of services and such delay shall not be considered an act of default by Provider. Provider shall notify Owner's Management Agent of a delay, if any.

(c) Owner shall make the community center available to Provider, subcontractors or volunteers, for the purpose of performing the services provided under this Agreement;

(d) Owner shall be responsible for all building and capacity code compliance, daily facility cleaning, maintenance, utility expenses, and providing access and use of fax and copy machines, computers, paper, telephone lines and internet access at no cost to the Provider and Provider agrees to notify Owner's Management Agent of any issues prohibiting same;

(e) Once the conditions above have been met by the Owner, the space shall be maintained in a presentable condition by the Provider by means of organizing program supplies and restoring the facility after activities to the orderly condition. Provider does not complete heavy cleaning to include but not limit to, window washing, moping, vacuuming, and dusting; and

(f) Provider agrees not to use the Community Center for any illegal purposes. Use of the facility shall be in compliance with any rules and regulations of Owner for the Apartments or facility, which may be established or revised from time to time.

**6. Furnishings.** (a) Owner shall provide all necessary furnishings to be used by the Provider in the community center including, but not limited to, suitable tables and chairs; one (1) flat-screen TV (26" or greater); one (1) DVD player; one (1) computer and peripheral equipment (monitor, keyboard, mouse and speakers with current Windows Office, current Browser and current operating system) FOR EVERY FORTY (40) apartment units (examples: 72 units requires 2 computers; 100 units requires 3 computers); one (1) laser or ink-jet printer FOR EVERY EIGHTY (80) apartment units; high-speed internet connection via DSL, ISDN or cable; AND access to copy machine, fax, telephone, and secured storage space. Owner agrees to keep all equipment in good working order and provide suitable replacement within seven (7) days, if equipment does not operate, is damaged, lost, or stolen. Provider will adhere to Owner's Computer Policies. Owner's finances allow its computer choice to be FORTY (40) apartment units for one (1) computer. Provider shall use reasonable efforts to protect Owner's property when using same. Provider shall cooperate with Owner to obtain additional equipment. Owner agrees to keep high-speed internet in good working order and provide suitable replacement within three (3) days, if internet is disrupted. Provider agrees to provide Owner's Management Agent notice if any furnishings as described herein are missing or not in working order.

(b) Provider shall provide all resident services supplies for use in the community center or office at no additional cost to Owner.

(c) All furnishings and computer equipment provided by Owner shall remain the property of the Owner. All furnishings, copies of records, Provider's proprietary information, and computer equipment provided by Provider shall remain the property of the Provider.

**7. Default.** (a) Owner shall be in default of this Agreement if: (i) Owner defaults in payments of the fees described herein; (ii) fails to provide the space or necessary furnishings and equipment described herein; or (iii) if the Provider, in its sole discretion, determines that the Owner's Managing Agent hinders the reasonable operations of the Provider, resulting in Provider encountering unusual conditions (i.e. excessive Provider's staff turnover as a result of on-site conflict between management and Provider),



(b) Provider shall be in default of this Agreement if Provider: (i) violates any of the terms, covenants or conditions of this Agreement which is not cured by Provider within thirty (30) days after written notice of such violation from Owner to Provider; (ii) uses the office or community center, as the case may be, in an unlawful manner or in a manner which is a violation of the rules and regulations of the Apartments or which, in any other way is inconsistent with the terms of this Agreement which is not cured by Provider within thirty (30) days after written notice of such violation from Owner to Provider, provided, however, Provider shall not be responsible for the conduct (including criminal acts) of residents, guests, invitees, contractors, subcontractors or other third parties at the Apartments,

(c) Upon any event of default, either party shall have the right to immediately terminate this Agreement. In the event of such termination by Owner, Provider's right to occupy the office or use the space provided for services shall immediately cease and Provider shall promptly vacate the office and either party may offer cure within fifteen (15) days via a separate agreement between the parties hereto.

**8. Discrimination.** Owner and the Provider hereby represent that they will comply with all applicable discrimination laws including those that prohibit discrimination based upon race, color, religion, national origin, sex, disability or familial status.

**9. Indemnification.** (a) Provider hereby indemnifies and holds harmless the Owner, as well as its directors, officers, partners, employees, agents, successors and assigns from and against all suits, fines, penalties, actions or claims of any character, type or description, brought or made on account of any injuries or damages received or sustained by any person(s) or property arising directly out of or occasioned by the negligent acts of Provider at the Apartments under this Agreement.

(b) Owner hereby indemnifies and saves harmless the Provider, as well as their respective directors, officers, partners, employees, agents, successors and assigns from and against all suits, fines, penalties, actions or claims of any character, type or description, brought or made on account of any injuries or damages received or sustained by any person(s) or property arising directly out of or occasioned by the negligent acts of the Owner, its employees or its agents with regards to the Apartments.

**10. Insurance.** (a) Provider carries a two million dollar (\$2,000,000.00) General Liability Policy that covers Managers, Landlords, or Lessors of Premises. Also covered is any "person or organization" with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased, rented, or provided to Provider subject to the following exclusions:

(b) This coverage does not apply to (i) Any "occurrence" which takes place after Provider ceases to be a tenant in that premises; or (ii) Structural alterations, new construction or demolition operations performed by or on behalf of that "person or organization".

(c) A copy of the Certificate of Insurance for verification of coverage purposes is attached. Provider does not have a practice of adding named or additional insured, as Provider understands that such additions are not needed. If, however, Owner desires Provider do so, Provider shall require a one hundred dollar (\$100.00) annual fee for this administration.

**11. Implementation.** (a) This Agreement may not be amended, except in writing, signed by the parties hereto. Neither party may assign its rights or obligations hereunder without the written consent of the other.

(b) All notices required to be given under this Agreement shall be deemed sufficient if given in writing and sent via hand delivery, or certified mail, to the respective address set forth below. Email may be used as timely communications between the parties, but does not replace the prior notice requirement.

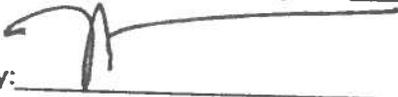
(c) This Agreement represents the entire Agreements of the parties. This Agreement merges and supersedes all prior and contemporaneous agreements, undertakings, covenants, or conditions, whether written or oral, expressed or implied, between the Owner and Provider.



(d) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any action under this Agreement shall be in Harris County, Texas.

By its General Partner or Owner: Mark Musemeche

Or By its Management Agent: Mike Castro

By: 

Name: Mark Musemeche

Title: General Partner/Owner

Address: 1013 Van Buren, Houston, TX, 77019

Date: 1-5-2015

Portfolio Resident Services, Inc. \*

By: 

Name: Ellie Miles

Title: Resident Services Director

Date: 1/5/15

Fill: Jan 5, 2015

**See Attachments:**

Application

Appendix LUR (showing key information for compliance and needs)

ACH enrolment

Copy / copies of relevant information from actual LURA(S) regarding services

Owner's Management Agent "Property Manager's statement of financial responsibility waiver" (if required)

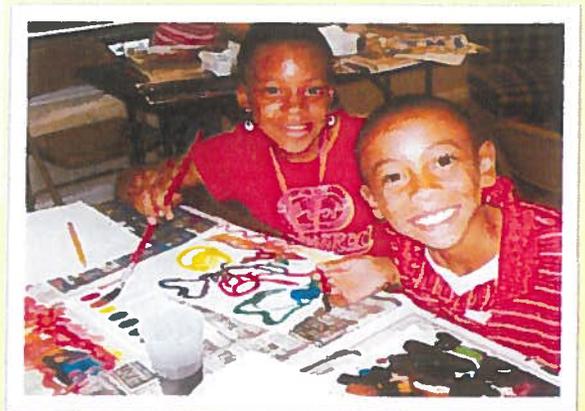
Customer Process Descriptions / Deposits (if required)



**PORTFOLIO™**  
RESIDENT SERVICES



*Welcome to the Good Neighbor Program*





# PORTFOLIO™

RESIDENT SERVICES

Dear Property Manager,

Welcome to the *Good Neighbor Program*! We would be delighted to work alongside your management team and owner to serve as your apartment community's resident services provider. We would like to take this opportunity to introduce our program and all of its benefits to you.

The *Good Neighbor Program* is a premier resident services program that provides free, on-site activities that emphasize community enrichment and promote self-sufficiency. While this program is designed to directly affect the lives of residents, it is also designed to support your team's new resident initiatives and resident retention efforts. We invite you to tour the community center with prospects and present the program as an added amenity that sets your community apart from the competition.

Should we be brought on board, we would detail how your team can take advantage of the program's various benefits, introduce you to the key members of the team assigned to your community, and provide a framework for how you can expect the program to operate on a daily basis. Our experienced team will ensure that the specific needs and areas of interest within the community are addressed, in addition to maintaining all service related compliance standards and documentation.

Although we will assume responsibility for providing an array of quality activities in your community, we cannot do so successfully without your support. We encourage you to provide feedback and contact us with any questions or concerns. We remain committed to supporting your management team by creating a thriving atmosphere through our educational programs and activities, within your apartment community.

Should you have any questions regarding our specific services or organization, please feel free to contact me directly at 214-442-1680 or [emiles@portfolioresidentservices.org](mailto:emiles@portfolioresidentservices.org).

Sincere Regards,

**Ellie Miles**

**Resident Services Director**

2904 Floyd Street, Dallas, Texas, 75204

Phone 214.442.1680

Fax to email 888.866.3862

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

Members of the Larger Portfolio Group

[Like us on Facebook!](#)

## MAINTAINING A HIGHLY SUCCESSFUL RESIDENT SERVICES PROGRAM

The *Good Neighbor Program*, Portfolio Resident Services' premier resident services program, is your one-stop shop for quality resident programs and activities, agency compliance, an extensive partnership network, and added value for your apartment community. Our comprehensive approach makes certain service and quality are not compromised. By partnering with the owner, management team, and residents, we ensure residents' personal needs and interests are addressed and the apartment community benefits having the financial and social boost it needs to remain competitive.

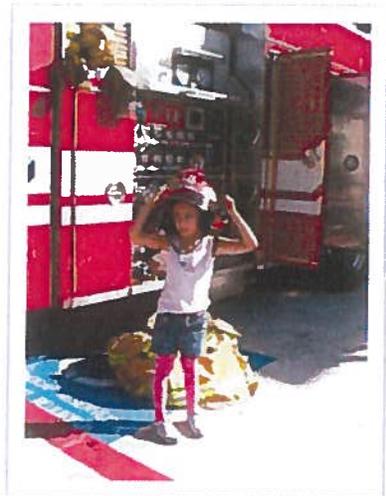
### PROGRAM BENEFITS

**Activities for Residents** Our team creates, promotes, and facilitates a wide variety of activities for residents of all ages and backgrounds, including LURA requirements and other specific program requests. Resident surveys help our team to identify needs and interests within the community and evaluate the relevance of the activities offered. Calendars and flyers are posted in common areas and provided for management distribution each month.

**Compliance** Quality and experience matter to you and they matter to us. Each month, a report is generated detailing the activities offered and those who participated. All compliance documentation, including Monthly Reports, Calendars and Flyers, Resident Sign-In Sheets, and Registration Forms, is maintained on-site in the event of an audit.

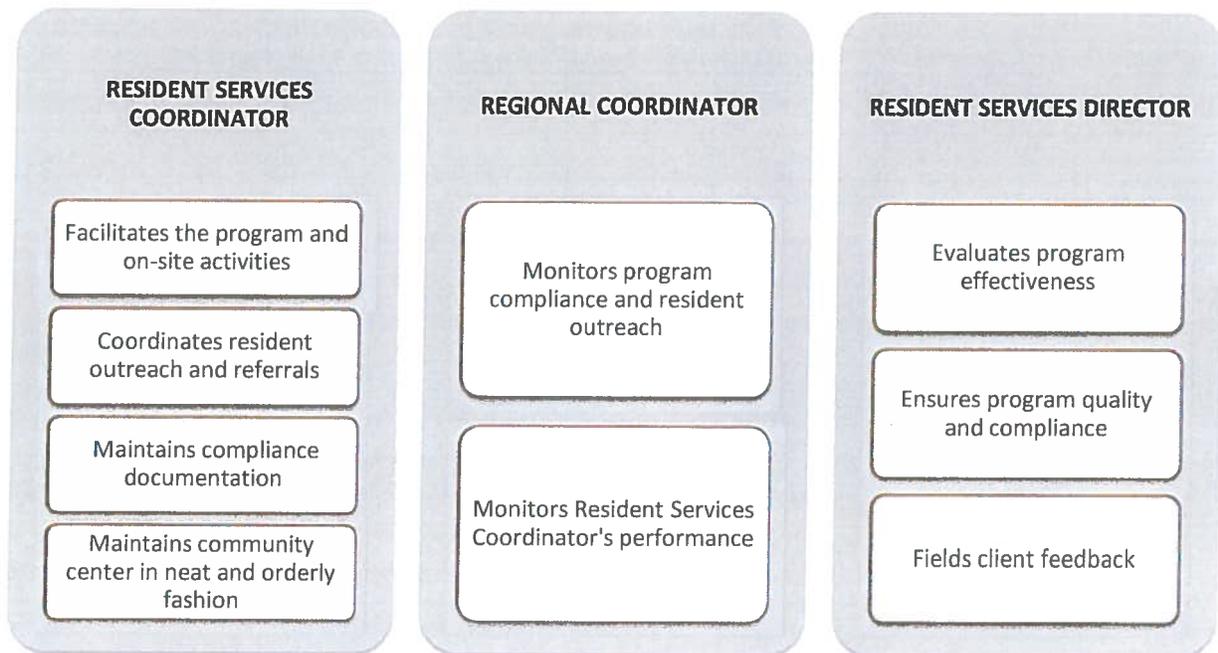
**Partnerships** Our team actively pursues partnership opportunities with local and state agencies and members of the community at large. Our partnership network allows us to procure specialized programming, donations, volunteers, and guest speakers that may of interest within your apartment community. Local resource information is readily available in every community center for easy reference by residents.

**Added Value** As residents become aware of the availability and take advantage of the program, their roots within your apartment community grow deeper. The effects of the program extend beyond the community center's door. Whether residents learn and try something new, meet a neighbor, or acquaint themselves with employment opportunities in the surrounding area, residents and prospects alike will associate your apartment community with an amenity and support system valued well beyond their rental dollars.



### ***A SUCCESSFUL TEAM, A SUCCESSFUL PROGRAM***

The Resident Services Coordinator, our on-site expert, handles all aspects of activity selection, scheduling, marketing and compliance. Each Resident Services Coordinator is supported locally by a Regional Coordinator and monitored corporately by a Resident Services Director. These additional layers of oversight allow us to ensure the program provided at your apartment community is highly successful and well-received by residents and the community at large. Our team members are available to assist with all aspects of the program.



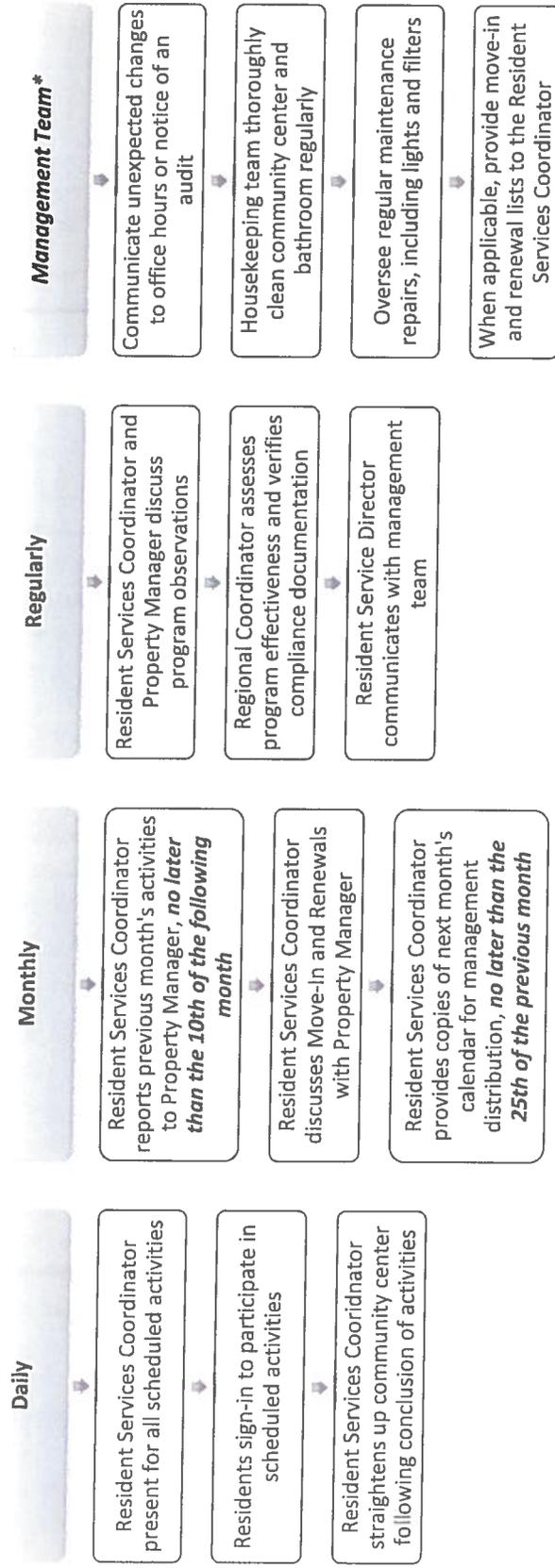
### ***YOUR SUPPORT MAKES A SUCCESSFUL PROGRAM POSSIBLE***

- Use the program as a selling tool! Highlight the program as an amenity unique to your apartment community. Tour the community center with prospects and introduce the Resident Services Coordinator. Prospects will be enthused to learn all activities are offered free of charge to residents.
- Cheer our team on! Encourage residents to participate in activities.
- Ask questions! Read the Resident Services Agreement, look through compliance documentation, and observe the program in action. We enjoy talking about the program and the potential outcomes it can produce in your apartment community.
- Provide feedback! Communicate with our team regularly. Our team values and utilizes your feedback to constantly improve the program and guarantee the best available resident services product within your community.



**WHAT TO EXPECT FROM THE PROGRAM**

Program Schedule



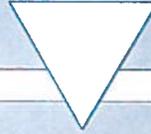
## TOP 10 THINGS TO DO AND KNOW ABOUT THE Good Neighbor Program



1. Do your part to make it a TEAM effort! Please inform any of our team members of any upcoming TDHCA or regulatory agency audits, or of any office closings that may affect the program's schedule.
2. Make an effort and encourage your staff to volunteer in large events, i.e. Operation Back 2 School, National Night Out, and Spirit of Giving among others.
3. Take advantage of the program and ALL its potential benefits, including using it as a marketing tool. to prospects or to remind residents up for renewals what sets your community apart from the competition.
4. Call us! We appreciate hearing your feedback about the program at all levels. We've found that communicating with the Resident Services Coordinator regularly is best. If there is a sensitive issue, including Resident Services Coordinator performance, feel free to contact the Regional Coordinator or Resident Services Director.



5. Although the program caters to children, it is not a daycare. We provide exciting and beneficial activities for residents of all ages.
6. Although the Resident Services Coordinator will see to the day-to-day functions of the program, we must enlist your team's assistance in distributing marketing materials and overseeing housekeeping of the community center.
7. Activities are scheduled during normal business hours. Arrangements will be made in advance for special events. We thank you in advance for your cooperation and notice should a management event prohibit scheduled activities from occurring.
8. Per the Resident Services Agreement, the Resident Services Coordinator will need access to a phone, fax, and copier. Other electronic equipment listed should always be in working order to avoid interruptions to scheduled activities.
9. Two sets of compliance documentation are maintained on-site for easy access and as backup.





City of Austin  
JAN 08 2015  
NHCD / AHFC

January 7, 2015

Mr. David Potter  
Austin Housing Finance Corporation  
1000 East 11<sup>th</sup> Street, 2<sup>nd</sup> floor #200  
Austin, Texas 78702

RE: Monarch at Lakeline Station  
Austin, Texas

Dear Mr. Potter,

Please find one original copy of the Rental housing Development Assistance Application for Rental Development Financing. The Monarch at Lakeline Station is a proposed 141 unit midrise development in the Lakeline Transit Oriented District. Our funding request will help leverage 110 affordable units including 56 units targeted to very-low and extremely-low families. The Monarch will be located at a very desirable location on North Lake Creek Parkway with immediate and close proximity to every major retail, restaurant, employment and transit option. The City's goals of locating affordable housing in a Very High Opportunity area with direct access to Capital Metro and highly rated schools can all be met with The Monarch.

MGroup has a proven track record in originating, developing and operating affordable housing throughout the State of Texas. We are proud to honor this year as our 20<sup>th</sup> year of active participation in the TDHCA Housing Tax Credit Program. Most recently we completed Allegre Point, a 184 unit affordable property in North Austin on IH-35 and Wells Branch Parkway. The rapid lease up, long wait list and stabilization to 96% + occupancy in less than 6 months demonstrates that the demand for quality affordable housing in Austin is not being met.

We appreciate your consideration of our funding application. If you have any questions regarding the application or should you need additional information, please contact me directly at 713.522.4141 x 3.

Sincerely,

MGROUP HOLDINGS, INC.

A blue ink handwritten signature that reads 'Mark D. Musemeche'.

Mark D. Musemeche

MDM/oe  
Enclosure