

RENTAL HOUSING DEVELOPMENT ASSISTANCE

Application for G. O. Bond Financing – Rev. 10/17/08

Project Name: Malibu Apartments

Project Address: 8600 North Lamar Blvd. Zip Code 78753

Total # units to be assisted: 215 units Total # units in project/property: 476 units

Project type: Acquisition Rehabilitation New construction Refinance Rent Buy-Down

Amount of funds requested: \$3,000,000 Terms: Deferred Payment/Forgivable Loan/0% Interest
99 Years

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).

TMG-TX Austin I, L.P. - Developer / TMG Malibu GP, LLC - General Partner / The Mulholland Group, LLC - Lead Organization
Name

141-07 Twentieth Avenue - Suite 507
Street

| | | | |
|-------------------|-----------------|--------------|----------------------|
| <u>Whitestone</u> | <u>New York</u> | <u>11357</u> | <u>(212)661-5051</u> |
| City | State, Zip | | Telephone # |

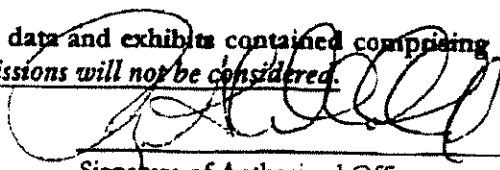
| | | |
|----------------------|-----------------------|----------------------|
| <u>Laurie Gordon</u> | <u>(201) 310-8943</u> | <u>(201)251-3165</u> |
| Contact Person | Contact's Telephone # | Fax # |

26-4007253

Federal Tax ID Number or SS#

The applicant/developer certifies that the data and exhibits contained comprising this application are true and correct. Unsigned/undated submissions will not be considered.

TMG-TX Austin I, LP
Legal Name of Developer


Signature of Authorized Officer

Principal- The Mulholland Group, LLC
Title

2/10/09
Date

PROJECT DESCRIPTION

- a. The property is an existing apartment community located at 8600 North Lamar Blvd. Austin, Texas. (See attached)
- b. The development will be a multi-family affordable rental housing complex. This development is 476 units comprised of 21 two-story residential buildings and includes a clubhouse with management/leasing and maintenance offices. The development consists of efficiencies, one-bedroom and two bedroom units. The Gross Building Area is approximately 234,780 SF. (See attached for additional building design and construction materials specified in the market study).
- c. Malibu Apartments contains 476 units which will serve the low income population at all income levels. The following is a breakdown of the income levels for the development

| <u>Units</u> | <u>%MFI</u> |
|--------------|--------------------|
| 22 | 30% |
| 193 | 50% |
| 213 | 60% |
| 5 | 80% |
| <u>43</u> | <u>Market Rate</u> |
| 476 | |

- d. The development is currently 95% occupied. We anticipate on qualifying a 100% of the current tenants for income verification under the LIHTC regulations so that the tenants can remain at the complex. There will be some limited short-term relocation required. (Attached is the Relocation Plan)

We have performed a Lease Audit of the approximately 65% of the tenants in order to determine the income levels of the tenancy. (Attached are the results of the survey)
- e. Attached is the "Opportunity Map of Austin" which indicates the location of Malibu Apartments. We are specified in the "Low" area. However, as noted below, Malibu is in an area where planned transit improvements should result in a marked improvement in access to jobs and opportunity for residents in the coming years.
- f. Malibu Apartments will meet the Transit Oriented Development (TOD) based on its proximity to the light rail system. The Malibu is 1.5 miles north of the TOD at the Crestview Station of the Capital Metro Rail. The address 6920 North Lamar Boulevard is where Airport Boulevard ends and Crestview Station begins. Located at the "Y" of Airport and Lamar, Crestview Station promises to be one of the Red Line's busiest stations. Crestview Station is adjacent to Trammel Crow's Midtown Commons residential and retail development. This station will be four stops north of downtown Austin, two stops north of the University of Texas main campus and one stop south of the "Domain" mixed use development, JJ Pickles Research Campus of University of Texas and the IBM Campus.

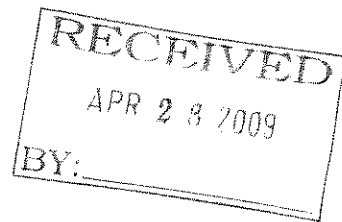
In addition, to the local 1 and 101 buses, the "All Systems Go Plan" of the Capitol Metro calls for a Metro Rapid Bus System to be built that will provide Malibu residents an easy commute downtown or to a nearby Metro Rail Station. One of the first two Metro Rapid bus lines to be developed in the Spring of 2010 are the North Lamar to South Congress route, which will have its Hub within a very short walk of Malibu Apartments. (See attached map for location of light rail and bus routes to the property)

- g. Malibu Apartments will provide an additional 476 of affordable housing units to this area of Austin. This development will preserve these units for low income families and individuals for a minimum of 99 years.
- h. Attached is a letter indicating that Malibu Apartments is properly zoned for the use of multi-family housing.
- i. We will work with all the appropriate agencies and will provide units to families and individuals on the Section 8 Waiting List.
- j. We will work with tenants to assist in their needs.
- k. Attached is a copy of a letter from the City of Austin regarding Malibu Apartments compliance with the Neighborhood Plan.
- l. Malibu Apartments will be funded by various different sources. The total project costs for this development is \$35,160,716. We have applied for 9% Low Income Housing Tax Credits on February 28, 2009. We anticipate on obtaining a permanent loan in the amount of \$12,301,360. We will fill the gap with Go Bonds and a Federal Home Loan Bank Loan. We are requesting \$3,000,000 from the Go Bonds which will be used for 429 units of affordable housing. The funds will be used for rehabilitation of the units.

- g. Malibu Apartments will provide an additional 476 of affordable housing units to this area of Austin. This development will preserve these units for low income families and individuals for a minimum of 99 years.



The Mulholland Group, LLC



April 23, 2009

Gary Adrian
Financial Consultant
Austin Housing Finance Corporation
1000 East 11th Street, Suite 200
Austin, TX 78702

RE: Malibu Apartments

Dear Mr. Adrian

Please be advised that as an important part of the rehabilitation of the above captioned development we will provide units for persons with mobility disabilities, hearing and/or visual disabilities. We will make 10% of all of our rehabilitated units accessible for persons with mobility disabilities. Additionally we will provide 2% of all of our rehabilitated units for persons with hearing and/or visual disabilities.

As an individual who was born to a person with polio. I am extremely sensitive to the needs of the disabled community. It is our intention to create a model community that you can be proud of.

Sincerely

Royce A Mulholland

8. **Development Schedule.** Complete the grid below. Re-order the steps according to the appropriate sequence for your project, and add in any other significant steps integral to your project's development. If the development schedule differs across several properties to be involved in the project, provide a development schedule for each property.

| | DATE(S) |
|--|--------------------------|
| Acquisition and/or holding | September 1, 2009 |
| Environmental and/or historic review (AHFC) | August 1, 2009 |
| Securing and packaging project financing | August 1, 2009 |
| Construction Specifications and Cost estimates | July 1, 2009 |
| Construction Bids | August 1, 2009 |
| Construction Start | September 1, 2009 |
| Anticipated Draws (list all) | Monthly |
| End Construction | December 31, 2010 |
| Start of Rent-up | September 1, 2009 |
| Completion & Operation | December 31, 2010 |

CORPORATE OVERVIEW

OBJECTIVE

The Mulholland Group, LLC and its affiliates (collectively "TMG") own or control 2,350 residential multi-family apartment units in three states. These units have been acquired on a one-off basis using conventional debt or tax-exempt bond financing with low income tax credit equity (Section 42 IRS code). Ultimately, TMG desires to expand its portfolio to a level of 25,000 units within five to six states while limiting its concentration to no more than 5,000 units per state. To assist in this acquisition process, and to gain more operational control and focus, TMG has developed significant relationships among professionals in the industry, including management companies and construction companies. TMG intends to use these relationships to acquire individual properties as well as portfolios that present value added opportunities. TMG will operate the properties providing high quality affordable housing during the investment period and then apply a series of proven exit strategies to the portfolio to maximize value at sale or refinancing. TMG intends to expand into two additional markets within the next two to three years.

HISTORY

TMG commenced business in late 1991 raising equity for low and moderate-income projects, primarily in New York State, through the sale of the Low Income Housing Tax Credit. TMG raised nearly \$50 million dollars in equity to finance 820 units of housing in its first six years of existence. Soon after, TMG entered into a joint venture, which closed its first acquisition at the end of the first quarter, 1998. To date, TMG has acquired or facilitated the acquisition of over 6500 units in 21 transactions within five states and eleven different submarkets. Properties we acquire generally range in quality from B to C and are leased to low, moderate and middle-income persons. Seventeen properties were acquired using private activity bonds and tax credit equity, with TMG acting as the general partner or managing member of the ownership entity. The remaining properties were acquired using tax-exempt 501 (C) 3 bonds, with TMG acting as Owner's Representative for the non-profit owner under a long-term contract. In all cases, TMG sources the property, secures the financing, and oversees the acquisition and renovation process. TMG provides all the earnest money and funds the due diligence from its own equity as a typical Owner would. TMG further manages the renovation and acts as the Owner's Representative throughout the ownership period.

TMG has obtained credit enhancement for some of its bond transactions with Radian (formerly Asset Guaranty Insurance Company), American Capital Access, MBIA Insurance Company, Red Stone Partners, Prudential, and FHA. In addition, TMG has financed its other deals with unrated bonds, with Nuveen, Lord Abbett, Rochester Funds and Salomon Smith Barney among the primary bond purchasers. We maintain continuous contact with investment bankers, bond investors, and credit enhancers such as RBC Dain Rauscher, Ferris Baker Watts, and Raymond James in order to monitor the current market conditions and most beneficial financing structures.

TMG has completed nearly \$200 million in tax-exempt bond financing. The current portfolio consists of more than 1,600 units in three states and four sub markets. Additionally, we currently have five properties totaling 1,009 units in Texas, Tennessee and Virginia under contract. Since its inception TMG has been involved in the acquisition or financing of over 6,500 units of multi-family housing with a total development cost of nearly \$500 million dollars.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Royce A. Mulholland is the President and Chief Executive Officer of TMG. He has over 20 years experience in the affordable housing field in both the public and private sectors. He established Royce Affiliates in 1991 for the purpose of developing and financing residential real property for persons of low to moderate financial means. Mr. Mulholland is a recognized expert in Tax Credits, 501 (c) 3 tax exempt bond financing and private activity bonds. He served in the executive branch of the government of the State of New York for eight and half years, under the administration of then-Governor Mario Cuomo. Mr. Mulholland served as Chairman of the Governor's Housing Sub-Cabinet (highest state housing post). His duties included developing the Governor's housing policies and program legislation and negotiating the successful passage of housing legislation and housing budgets. Extensive work was performed with the National Council of State Housing Finance Agencies (NCSHFA) and the Department of Housing and Urban Development (HUD). During his tenure, New York State received national recognition for programs such as: the Housing New York Program, the Housing Trust Fund, the Affordable Home Ownership Program, the Permanent Housing for Homeless Families Program, and the Infrastructure Demonstration Program. He participated in the revision of the New York City Rent Stabilization Code and the New York State Building Code.

Mr. Mulholland is a licensed real estate salesperson in the states of Arizona and New York. He currently serves on several boards of charitable organizations, including: Providence House, Inc., The New York Athletes Fund, Inc., and OWUFF, Inc. These charities provide numerous services including; assisting minority women and their infant children, supporting our United States Olympic Athletes and providing educational scholarships in the memory of two individuals that perished in the September 11th tragedy.

CHIEF OPERATING OFFICER

Michael O'Donnell serves as Chief Operating Officer and has overall responsibility for corporate operations for the affordable housing portfolio. He is responsible for asset management, finance, maintenance, capital projects, budgeting and compliance issues. Specifically, in this capacity Mr. O'Donnell is responsible for the 12 communities in three states, consisting of 1,600 units, nearly 70 staff with gross receipts of over \$10 million. Mr. O'Donnell joined TMG in the spring of 2003.

Prior to joining TMG in 2003 Mr. O'Donnell was Executive Vice President and Chief Operating Officer for the Doe Fund, Inc., a New York homeless services and housing provider, and managed and directed the organization during a period of significant growth. At the end of Mr. O'Donnell's tenure he oversaw a \$47 million dollar operating budget, a \$50 million capital budget and a staff of over 150 persons.

From 1984 to 1996 Mr. O'Donnell served in various senior level management positions within the New York City government. As Assistant Budget Director for Housing, Economic Development and Transit, Mr. O'Donnell was responsible for the operating and capital budget programs of eight city agencies with annual budgets of nearly five billion dollars. Additionally, this position was responsible for the evaluation of existing programs and the implementation of creative revenue enhancing mechanisms including securitizing \$150 million in Mitchell-Lama mortgages, the City's largest middle class housing portfolio. Prior to his tenure at the Office and Management and Budget, Mr. O'Donnell was the Director of Housing Operations for the Department of Housing Preservation and Development. He oversaw a portfolio of 2,800 buildings with over 30,000 apartment units. In this position he was directly responsible for a staff of 1,200, an annual operations budget of over \$200 million, and an annual capital budget of over \$80 million. He received his BS in Mechanical Engineering from Brown University and a Master of Science in Urban Policy Analysis and Management from New School University.

Volume 1, Tab 3. ACTIVITY OVERVIEW

Part A. Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the eligible basis columns and the Requested Credit calculation below.

DEVELOPMENT NAME:

Malibu Apartments

ACQUISITION

- Site acquisition cost
- Existing building acquisition cost
- Closing costs & acq. legal fees
- Other^c (specify)

Subtotal Acquisition Cost

| TOTAL DEVELOPMENT SUMMARY | | |
|---------------------------|--------------------------------|------------|
| Total Cost | Eligible Basis (If Applicable) | |
| | Acquisition | New/Rehab. |
| 1,755,000 | | |
| 11,745,000 | 11,745,000 | |
| \$13,500,000 | \$11,745,000 | \$0 |

Expected Payee Taxpayer Identification Number (TIN)¹
(and % of cost if item involves multiple payees)

OFF-SITES³

- Off-site concrete
- Storm drains & devices
- Water & fire hydrants
- Off-site utilities
- Sewer lateral(s)
- Off-site paving
- Off-site electrical
- Other^c (specify)

Subtotal Off-Sites Cost

| \$0 | \$0 | \$0 |
|-----|-----|-----|

SITE WORK⁴

- Demolition
- Rough grading
- Fine grading
- On-site concrete
- On-site electrical
- On-site paving
- On-site utilities
- Decorative masonry
- Bumper stops, striping & signs
- Landscaping
- Pool and decking
- Athletic court(s), playground(s)
- Fencing
- Other^c (specify)

Subtotal Site Work Cost

| | | | |
|-------------|-----|-------------|-----|
| 227,573 | | 227,573 | TBD |
| 464,000 | | 464,000 | TBD |
| 265,000 | | 265,000 | TBD |
| 100,000 | | 100,000 | TBD |
| 450,000 | | 450,000 | TBD |
| 210,000 | | 210,000 | TBD |
| 100,000 | | 100,000 | TBD |
| 50,000 | | 50,000 | TBD |
| \$1,866,573 | \$0 | \$1,866,573 | |

DIRECT CONSTRUCTION COSTS*:

- Concrete
- Masonry
- Metals
- Woods and Plastics
- Thermal and Moisture Protection
- Roof Covering
- Doors and Windows
- Finishes
- Specialties
- Equipment

| | | | |
|-----------|--|-----------|-----|
| 161,772 | | 161,772 | TBD |
| 61,295 | | 61,295 | TBD |
| 785,100 | | 785,100 | TBD |
| 969,028 | | 969,028 | TBD |
| 2,593,106 | | 2,593,106 | TBD |
| 352,000 | | 352,000 | TBD |
| 12,000 | | 12,000 | TBD |

DIRECT CONSTRUCTION COSTS (Continued):

- Furnishings
- Special Construction
- Conveying Systems (Elevators)
- Mechanical (HVAC; Plumbing)
- Electrical

Individually itemize costs below:

- Accessory Buildings
- Carports and/or Garages
- Lead-Based Paint Abatement
- Asbestos Abatement
- Other (Specify)

Subtotal Direct Const. Costs

TOTAL DIRECT CONST. & SITE WORK

OTHER CONSTRUCTION COSTS

- General requirements (<6%)
- Field supervision (within GR limit)
- Contractor overhead (<2%)
- G & A Field (within overhead limit)
- Contractor profit (<6%)
- Contingency (<5%)

Subtotal Ancillary Hard Costs

TOTAL DIRECT HARD COSTS

INDIRECT CONSTRUCTION COSTS⁴

- Architectural - Design fees
- Architectural - Supervision fees
- Engineering fees
- Real estate attorney/other legal fees
- Accounting fees
- Impact Fees
- Building permits & related costs
- Appraisal
- Market analysis
- Environmental assessment
- Soils report
- Survey
- Marketing
- Course of construction insurance
- Hazard & liability insurance
- Real property taxes
- Personal property taxes
- Tenant relocation expenses
- Other (specify)

Subtotal Indirect Const. Cost

DEVELOPER FEES⁴

- Housing consultant fees⁵
- General & administrative
- Profit or fee

Subtotal Developer's Fees

| TOTAL DEVELOPMENT SUMMARY | | | Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees) |
|---------------------------|--------------------------------|------------|--|
| Total Cost | Eligible Basis (If Applicable) | | |
| | Acquisition | New/Rehab. | |

| | | | |
|---------------------|------------|---------------------|-----|
| 878,300 | | 878,300 | TBD |
| 416,240 | | 416,240 | TBD |
| 0 | | 0 | |
| 2,427,860 | | 2,427,860 | TBD |
| 615,980 | | 615,980 | TBD |
| \$10,128,681 | \$0 | \$10,128,681 | |
| \$11,995,254 | \$0 | \$11,995,254 | |

| | | | | |
|-------|---------------------|------------|---------------------|-----|
| 5.99% | 718,516 | | 718,516 | TBD |
| 1.99% | 238,706 | | 238,706 | TBD |
| 5.99% | 718,516 | | 718,516 | TBD |
| 7.42% | 890,000 | | 890,000 | TBD |
| | \$2,565,737 | \$0 | \$2,565,737 | |
| | \$14,560,991 | \$0 | \$14,560,991 | |

| | | | |
|------------------|------------|------------------|-----|
| 100,000 | | 100,000 | TBD |
| 0 | | 0 | |
| 0 | | 0 | |
| 75,000 | | 75,000 | TBD |
| 25,000 | | 25,000 | TBD |
| 0 | | 0 | |
| 80,000 | | 80,000 | TBD |
| 3,500 | | 3,500 | TBD |
| 7,500 | | 7,500 | TBD |
| 9,250 | | 9,250 | TBD |
| 0 | | 0 | |
| 3,500 | | 3,500 | TBD |
| 30,000 | | 30,000 | TBD |
| 40,000 | | 40,000 | TBD |
| 0 | | 0 | |
| 0 | | 0 | |
| 0 | | 0 | |
| 0 | | 0 | |
| \$373,750 | \$0 | \$373,750 | |

| | | | |
|--------------------|--------------------|--------------------|--|
| 135,000 | | 135,000 | |
| 4,115,000 | 1,605,379 | 2,509,621 | |
| \$4,250,000 | \$1,605,379 | \$2,644,621 | |

| TOTAL DEVELOPMENT SUMMARY | | | Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees ¹) |
|---------------------------|--------------------------------|------------|---|
| Total Cost | Eligible Basis (If Applicable) | | |
| | Acquisition | New/Rehab. | |

FINANCING:

CONSTRUCTION LOAN(S)⁴

- Interest
- Loan origination fees
- Title & recording fees
- Closing costs & legal fees
- Inspection fees
- Credit Report
- Discount Points
- Other² (specify)

| | | | |
|-----------|--|-----------|-----|
| 1,260,000 | | 1,260,000 | TBD |
| 185,000 | | 185,000 | TBD |
| 25,000 | | 25,000 | TBD |
| 50,000 | | 50,000 | TBD |
| 7,500 | | 7,500 | TBD |
| | | | |
| | | | |

PERMANENT LOAN(S)

- Loan origination fees
- Title & recording fees
- Closing costs & legal
- Bond premium
- Credit report
- Discount points
- Credit enhancement fees
- Prepaid MIP
- Other² (specify)

| | | | |
|---------|--|--|-----|
| 123,014 | | | TBD |
| 25,000 | | | TBD |
| 98,014 | | | TBD |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

BRIDGE LOAN(S)

- Interest
- Loan origination fees
- Title & recording fees
- Closing costs & legal fees
- Other² (specify)

| | | | |
|--------|--|--------|-----|
| 94,830 | | 94,830 | TBD |
| 23,737 | | 23,737 | TBD |
| 15,000 | | 15,000 | TBD |
| | | | |
| | | | |

OTHER FINANCING COSTS⁴

- Tax credit fees
- Tax and/or bond counsel
- Payment bonds
- Performance bonds
- Credit enhancement fees
- Mortgage insurance premiums
- Cost of underwriting & issuance
- Syndication organizational cost
- Tax opinion
- Contractor Guarantee Fee
- Developer Guarantee Fee
- Other⁴ (specify)

| | | | |
|-------------|-----|-------------|-------|
| 135,923 | | | TDHCA |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| \$2,043,017 | \$0 | \$1,661,067 | |

RESERVES

- Rent-up
- Operating
- Replacement
- Escrows

| | | | |
|-----------|-----|-----|-----|
| 146,518 | | | TBD |
| 286,440 | | | TBD |
| \$432,958 | \$0 | \$0 | |

TOTAL HOUSING DEVELOPMENT COSTS⁹

- Commercial Space Costs¹

| | | |
|--------------|--------------|--------------|
| \$35,160,716 | \$13,350,379 | \$19,240,429 |
|--------------|--------------|--------------|

TOTAL RESIDENTIAL DEVELOPMENT COSTS

| | | |
|--------------|--|--|
| \$35,160,716 | | |
|--------------|--|--|

| TOTAL DEVELOPMENT SUMMARY | | | Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees) |
|---------------------------|--------------------------------|------------|--|
| Total Cost | Eligible Basis (If Applicable) | | |
| | Acquisition | New/Rehab. | |

The following calculations are for HTC Applications only.

Deduct From Basis:

- Fed. grant proceeds used to finance costs in eligible basis
- 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)

Total Eligible Basis

**High Cost Area Adjustment (100% or 130%)

Total Adjusted Basis

Applicable Fraction^o

Total Qualified Basis

Applicable Percentage^o

Owner's Requested Credits

| | | |
|-------------|--------------|--------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | \$13,350,379 | \$19,240,429 |
| | | 130% |
| | \$13,350,379 | \$25,012,558 |
| | 3% | 9% |
| \$2,689,023 | \$437,892 | \$2,251,130 |
| | 89.92% | 89.92% |
| \$2,417,862 | \$393,735 | \$2,024,126 |

Applicant and contractor certify that, to the best of their knowledge, the provided costs and supporting information represent an accurate, uninflated estimate of the costs associated with this development. They also certify that no fees, other than for activities identified in this form, will be paid to the contractor.

Development Owner Name

Contractor Name

By: _____
Signature
Its: _____
Date

By: _____
Signature
Its: _____
Date

Volume 1, Tab 4. Funding Request

PART A. Summary Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources

Development Name: **Malibu Apartments**

| Source # | Funding Description | Priority of Lien | Construction or Rehab. Loan Stage Amt. | Permanent Loan Stage Amount | Financing Participants |
|-------------------------------|--|------------------|--|-----------------------------|-----------------------------------|
| 1 | Conventional Loan | | | | |
| 2 | Conventional Loan/FHA | 1 | \$ 19,347,097 | \$12,301,360 | Raymond James or other Lender |
| 3 | Conventional Loan/Letter of Credit | | | | |
| 4 | HOME | | | | |
| 5 | Housing Trust Fund | | | | |
| 6 | CDBG | | | | |
| 7 | Mortgage Revenue Bonds | | | | |
| 8 | HTC Syndication Proceeds | | | | |
| 9 | Historic Tax Credit Syndication Proceeds | | \$ 8,945,193 | \$ 17,890,386 | Raymond James or other Syndicator |
| 10 | USDA/ TXRD Loan(s) | | | | |
| 11 | Other Federal Loan or Grant | | | | |
| 12 | Other State Loan or Grant | | | | |
| 13 | Local Government Loan or Grant | 2 | \$ 1,758,036 | \$ 3,000,000 | City of Austin |
| 14 | Private Loan or Grant | 3 | \$ 700,000 | | Capstone Real Estate, LLC |
| 15 | Cash Equity | | | | |
| 16 | In-Kind Equity/Deferred Developer Fee | 4 | | \$ 1,968,970 | Deferred Dev Fee |
| TOTAL SOURCES OF FUNDS | | | | \$ 1,968,970 | |
| TOTAL USES OF FUNDS | | | \$ 30,750,326 | \$ 35,160,716 | |
| | | | | \$ 35,160,716 | |

⁽¹⁾ Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure funds used only for off-site construction

TABLE C: LEVERAGE SUMMARY

| | |
|--------------------------|---------------------|
| TOTAL RHDA FUNDS | \$3,000,000 |
| TOTAL OTHER FUNDS | \$32,160,716 |
| LEVERAGE (%) | 9% |

Volume 1, Tab 2. ACTIVITY OVERVIEW

Part E. 30 Year Rental Housing Operating Proforma

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit. While the 30-year proforma projects 30 years of data, the Department's standard for financial feasibility is 15 years.

| Development Name: | City: Austin | | | | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|--|--|
| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 10 | YEAR 15 | YEAR 20 | YEAR 25 | YEAR 30 | | | |
| INCOME | | | | | | | | | | | | | |
| POTENTIAL GROSS ANNUAL RENTAL INCOME | | | | | | | | | | | | | |
| Secondary Income | \$3,008,652 | \$3,068,825 | \$3,130,202 | \$3,192,806 | \$3,256,662 | \$3,595,618 | \$3,969,852 | \$4,383,038 | \$4,839,228 | \$5,342,899 | | | |
| POTENTIAL GROSS ANNUAL INCOME | 200,882 | 204,910 | \$209,008 | \$213,188 | \$217,452 | \$240,085 | \$265,073 | \$292,662 | 323,122 | 356,753 | | | |
| Provision for Vacancy & Collection Loss | \$3,209,544 | \$3,273,735 | \$3,339,210 | \$3,405,994 | \$3,474,114 | \$3,835,702 | \$4,234,925 | \$4,675,700 | \$5,162,350 | \$5,699,652 | | | |
| Rental Concessions | 192,573 | 196,424 | 200,353 | 204,350 | 208,447 | 212,616 | 216,868 | 221,205 | 225,630 | 230,142 | | | |
| EFFECTIVE GROSS ANNUAL INCOME | \$3,016,971 | \$3,077,311 | \$3,138,857 | \$3,201,634 | \$3,265,667 | \$3,623,086 | \$4,018,057 | \$4,454,494 | \$4,936,721 | \$5,469,510 | | | |
| EXPENSES | | | | | | | | | | | | | |
| General & Administrative Expenses | | | | | | | | | | | | | |
| Management Fee | \$ 70,617.00 | \$72,736 | \$74,918 | \$77,165 | \$79,480 | \$81,864 | \$84,903 | \$88,019 | \$91,254 | \$94,656 | | | |
| Payroll, Payroll Tax & Employee Benefits | 112,000 | \$115,360 | \$118,821 | \$122,385 | \$126,057 | \$129,839 | \$150,519 | \$174,492 | \$202,284 | \$234,503 | | | |
| Repairs & Maintenance | 404,600 | \$416,738 | \$429,240 | \$442,117 | \$455,381 | \$469,042 | \$543,749 | \$630,354 | \$730,753 | \$847,143 | | | |
| Electric & Gas Utilities | 268,100 | \$276,143 | \$284,427 | \$292,960 | \$301,749 | \$310,801 | \$360,304 | \$417,691 | \$484,218 | \$561,342 | | | |
| Water, Sewer & Trash Utilities | 130,500 | \$134,415 | \$138,447 | \$142,601 | \$146,879 | \$151,285 | \$175,381 | \$203,315 | \$235,698 | \$273,238 | | | |
| Annual Property Insurance Premiums | 289,500 | \$296,185 | \$307,131 | \$316,344 | \$325,835 | \$335,610 | \$389,064 | \$451,032 | \$522,869 | \$606,149 | | | |
| Property Tax | 50,000 | \$51,500 | \$53,045 | \$54,636 | \$56,275 | \$57,964 | \$67,196 | \$77,898 | \$89,306 | \$104,689 | | | |
| Reserve for Replacements | 253,860 | \$261,476 | \$269,320 | \$277,400 | \$285,722 | \$294,293 | \$341,167 | \$395,506 | \$458,499 | \$531,526 | | | |
| Other Expenses: | 142,800 | \$147,084 | \$151,497 | \$156,041 | \$160,723 | \$165,544 | \$181,911 | \$222,476 | \$257,913 | \$298,991 | | | |
| TOTAL ANNUAL EXPENSES | 36,240 | \$37,327 | \$38,447 | \$39,600 | \$40,788 | \$42,012 | \$48,704 | \$56,461 | \$65,453 | \$75,879 | | | |
| NET OPERATING INCOME | \$1,758,217 | \$1,810,964 | \$1,865,292 | \$1,921,251 | \$1,978,889 | \$2,038,255 | \$2,362,897 | \$2,739,245 | \$3,175,535 | \$3,681,316 | | | |
| DEBT SERVICE | | | | | | | | | | | | | |
| 1st Deed of Trust Annual Loan Payment | \$1,258,754 | \$1,266,347 | \$1,273,565 | \$1,280,383 | \$1,286,778 | \$1,584,831 | \$1,655,160 | \$1,715,249 | \$1,761,165 | \$1,788,194 | | | |
| 2nd Deed of Trust Annual Loan Payment | \$1,007,003 | \$1,007,003 | \$1,007,003 | \$1,007,003 | \$1,007,003 | \$1,007,003 | \$1,007,003 | \$1,007,003 | \$1,007,003 | \$1,007,003 | | | |
| 3rd Deed of Trust Annual Loan Payment | | | | | | | | | | | | | |
| 4th Annual Required Payment: | | | | | | | | | | | | | |
| NET CASH FLOW | \$251,751 | \$259,344 | \$266,561 | \$273,379 | \$279,775 | \$577,828 | \$648,157 | \$708,246 | \$754,182 | \$781,190 | | | |
| bt Coverage Ratio | 1.25 | 1.26 | 1.26 | 1.27 | 1.28 | 1.67 | 1.64 | 1.70 | 1.75 | 1.78 | | | |

Tenant Supportive Services

In accordance with the Low Income Housing Tax Credit Program, the developer will provide an array of social services to tenants that will assist them in their everyday lives. The following are types and examples of services provided to tenants in prior developments that will also be made available to low-income individuals and families residing in the Malibu Apartments.

Literacy Program-The Mulholland Group has formed a partnership with Lifeworks Literacy to provide to the tenants a comprehensive learning program. This will include evaluation of the needs of the individuals and providing the appropriate level of education that is necessary for them to secure a high school degree or higher. Lifeworks will also offer English as a Second Language classes for those individuals that need to strengthen their English speaking skills. We will provide classroom space on the site, materials and storage space for Lifeworks. Attached is a letter from Lifeworks outlining the aspects of our partnership.

Counseling Services-Providing tenants with counseling in areas such as personal and professional development, self-direction, decision making and conflict resolution will contribute toward enabling tenants to improve their lives.

Health and Nutritional Courses-Providing tenants with courses in health and nutrition will assist them in creating a beneficial lifestyle for them and their children. We anticipate hiring a medical professional or non-profit organization that promotes health awareness (e.g. American Heart Association, American Red Cross) to come to the site and offer these courses to the tenants. At our site in Richmond, Virginia we work with the Capital Area Health Network that devised an exercise program in conjunction with a nutritional program to assist tenants with their physical wellness.

Health Screening Services-This service will work together with health and nutritional courses made available to tenants. A medical professional will assist tenants in addressing issues such as awareness and understanding of risky health behaviors, and disease prevention and overall promotion of quality healthcare. Preventative screening will include onsite screenings for blood sugar levels and high cholesterol.

Scholastic Tutoring-Providing tutoring to the tenants will enhance their ability to obtain jobs in the future. School-aged children will be given the opportunity to work one-on-one with a tutor after-school to assist them with difficulties they may be encountering in school. The Mulholland Group has provided this type of program at our development in Richmond, Virginia. Dorothy's Place is an enrichment center that provides tutoring to school aged children that will enable them to compete at the highest levels of their education.

Organized Team Sports-We anticipate sponsoring a sports team for the youth at the development. We will work with a local organization and collaborate with them on providing youth with a constructive recreational outlet. We have provided this type of service at our Richmond, Virginia site as well. We are very supportive of organized sports for the youth at our developments.

Notary Public Services-Our manager on staff will provide Notary Public Services to the tenants.

In summary, we are in the process of working with local non-profits and professionals in order to finalize the details of these services. We may, however, change some of the services based on the needs of tenants as we move forward in completing the project.