

J-H REALTY PARIS, LP

2964 Peachtree Road NW, Atlanta, GA 30305

July 12, 2024

Mr. Cody Campbell
Director of Multifamily Finance
TDHCA
221 East 11th Street
Austin, TX 78701

Via Email: cody.campbell@tdhca.state.tx.us

Re: **Placed-In-Service Extension & Carryforward Request
Celebration Paris, Paris, Lamar County
TDHCA# 22219/23814**

Dear Cody,

J-H Realty Paris, LP (the “Owner”) received a 2022 allocation of Housing Tax Credits from the Texas Department of Housing and Community Affairs (“TDHCA”) for the construction of Celebration Paris (the “Development”). The Owner executed a 2023 Carryover Allocation Agreement stipulating a December 31, 2025 placed in service date. Additionally, the TDHCA Board approved an Ownership Transfer and Material Amendment request on March 7, 2024 and the Asset Management Department released its addendum to the underwriting report on April 26, 2024 approving the revised project structure.

As you are fully aware, the unforeseen construction and financial market upheaval have had a significant negative impact on affordable housing developments across Texas. Celebration Paris is not immune to these challenges. Material changes in ownership, design and project size were absolutely necessary to return Celebration Paris back to a viable and feasible transaction. This has taken significant time and resources to accomplish. We are within 45 - 60 days of a financial closing with Sterling Bank and Freddie Mac and commencement of construction. However, all parties are concerned with the placed in service deadline, leaving only 13 - 14 months to construct the community. While that construction timeline is possible under perfect conditions, it leaves no room for delays caused by weather, supply chain or labor shortages. Without an extension to the placed in service date, Freddie Mac will not formally approve their loan and HTC investment commitments and close the transaction.

Adding to the delay was the record rain fall that northeast Texas received this Spring. Lamar County received a disaster declaration on May 22, 2024 for the impacts it received from severe storms and flooding. The declaration is attached. The Geotechnical engineer could not mobilize their drilling rig due to the excessive rain and resulting field conditions. Without the geotechnical report, the structural engineer could not finalize their plans, which in turn impacted the architect’s ability to submit for building permits. This was a 30 – 45 day delay.

Therefore, the Owner is requesting a 6 month extension to the placed in service date and that the Owner be permitted to return the Tax Credits and that TDHCA reallocate the Tax Credits to the Owner in the current year in accordance with §11.6(5) of the 2023 QAP relating to Force Majeure.

Actions Taken Since Material Amendment and Asset Management Underwriting Approval

Since Board and Asset Management approval we have been fully engaged in closing this transaction and the following has been accomplished:

- Debt and equity commitments with Sterling Bank, Freddie Mac and Berkadia Mortgage have been executed
- All due diligence and 3rd party reports are underway and will be delivered by July 15 with the exception of the Plan & Cost Review
- All legal counsel teams have been fully engaged and draft equity, debt and ground lease documents have been circulated. Weekly closing calls are underway with the entire closing group
- The site's subdivision has been approved by the City of Paris
- ALTA surveys have been prepared and circulated to all legal teams
- Title commitments have been updated
- Architectural, civil and landscape plans have been submitted to the City of Paris for permitting
- General Contractor is actively bidding the project for final construction contract amount

As you can see, we are fully engaged and rapidly approaching a closing date. However, Freddie Mac has a 30-day review and final approval process, making a closing before Labor Day unlikely. With a September 2024 closing, this leaves a 13 - 14 month construction window to meet the December 31, 2025 PIS deadline.

We believe the Owner and Development meet all the requirements in Section 11.6(5), in that:

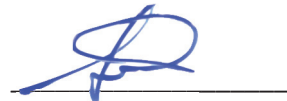
1. The events that caused the delay occurred before issuance of 8609s and were sudden, unforeseen circumstances outside the control of the Development Owner.
2. The delays were not caused by willful negligence or acts of Owner, any Affiliate, or any other Related Party.
3. The Owner has provided evidence and a timeline of the events that was the direct result of the delays.
4. Though there was little that could be done to mitigate the effects of weather and the COVID-19 Pandemic, the Owner has been working diligently with the City of Paris, the Architect, and the General Contractor to value-engineer and redesign the overall site plan to help offset the volatility of current market conditions, making the Development feasible once again. The Owner has also been working diligently with lenders and investors to close the transaction
5. The Force Majeure threatens to prevent the Owner from meeting the Place in Service requirements of the 2023 Carryover Agreement.
6. The requested current year Carryover Agreement would allocate the same amount of Tax Credits as those that would be returned.

7. There have not been any insurance proceeds received related to the Force Majeure event.

We are within 60 days of financial closing and commencement of construction. But, our financial partners will not close the transaction without the requested 6-month extension and tax credit carryforward. Time is of the essence, and we request to be heard at the TDHCA Board meeting to be held September 5, 2024.

Thank you for your careful consideration and partnership as we bring much needed, and long awaited, high-quality elderly housing to the City of Paris. Please let us know if you need any additional information at this time.

Sincerely,



Alan Naul
Javelin Group, LLC



C. Breck Kean
Rea Ventures Group, LLC

Attachments:

- 1. Berkadia Debt & Equity Assurance Letters**
- 2. Lamar County Disaster Declaration and Announcement**



July 11, 2024

Mr. Cody Campbell
Director of Multifamily Finance
TDHCA
221 East 11th Street
Austin, TX 78701

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TDHCA# 22219/23814

Mr. Campbell,

Berkadia Affordable Tax Credit Solutions (BATCS) has been engaged in review and consideration of a LIHTC equity investment in Celebration Paris since June 2023 and recently executed an LOI (June 2024) after receiving preliminary approval to proceed from its most active equity investor, Freddie Mac.

Since executing the LOI, BATCS has initiated formal due diligence and underwriting and anticipates delivering an investment package to Freddie Mac for final approval in the coming weeks. BATCS has closed 7 LIHTC equity transactions with Freddie Mac representing \$260 million in equity since December 2022 and is confident in their ability to close this transaction.

Please note that all due diligence and 3rd party reports are underway and will be delivered by late July. BATCS legal counsel has circulated the first draft of the LPA for discussion, and we are targeting a closing date in mid-September.

However, given the passage of time and delays in the initial underwriting and due diligence phase, coupled with the 30-day review requirement for the investment package, the current December 31, 2025, placed-in-service deadline has emerged as a significant barrier to closing this transaction because the current timeline does not adhere to the investor's risk tolerance policy. Therefore, we respectfully request an extension of the placed-in-service deadline to June 30, 2026. Receipt of this extension will enable us to proceed swiftly toward closing this transaction in September 2024. Thank you for your consideration of this request and please let us know if you need any additional information at this time.

Sincerely,

A handwritten signature in dark ink, appearing to read "Brian Blanchard", written over a horizontal line.

Brian Blanchard
Senior Director – Acquisitions
Berkadia Affordable Tax Credit Solutions



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Director of Multifamily Finance
TDHCA
221 East 11th Street
Austin, TX 78701

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Mr. Campbell,

Berkadia Affordable Mortgage Banking has been engaged and under application to provide the permanent financing for Celebration Paris since May 2024 as Seller/Servicer on behalf of Freddie Mac.

Since executing the application, Berkadia Mortgage Banking is finalizing our underwriting and closing package for Freddie Mac's issuance of their Commitment to Permanent Financing. Berkadia has closed over \$3 Billion in Affordable Housing transaction in 2023, making us the largest Affordable Lender with Freddie Mac, Fannie Mae and HUD. We are confident in our ability to close Paris Celebration within the coming months, targeting a closing in September.

With a targeted closing of September 2024, the placed-in-service deadline is a significant barrier to closing this transaction because the current timeline does not adhere to the investor's risk tolerance policy. Therefore, we respectfully request an extension of the placed-in-service deadline to June 30, 2026. Receipt of this extension will enable us to proceed swiftly toward closing this transaction in September 2024. Thank you for your consideration of this request and please let us know if you need any additional information at this time.

Sincerely,

A handwritten signature in cursive script that reads "Heather Olson".

Heather Olson
Managing Director – Mortgage Banking – Affordable Housing

5100 Town Center Circle
Suite 500
Boca Raton, FL 33486
Email: heather.olson@berkadia.com
Direct: (770) 286-6446



DECLARATION OF DISASTER

WHEREAS, the County of Lamar on May 8th through 9th, 2024, has suffered severe damage, injury, or loss of life or property, or there is imminent threat of the same that exists, resulting from severe weather event that has occurred from the time period beginning on May 8th through 9th, 2024 and continues to exist at the time of this declaration, including damages to residences, businesses, personal property, agricultural crops, and injuries, and;

WHEREAS, the County Judge of Lamar has determined that extraordinary measures must be taken to alleviate the suffering of people and to protect or rehabilitate property, agricultural crops; and

NOW, THEREFORE, BE IT PROCLAIMED by the County Judge of Lamar County, Texas:

1. That a local state of disaster is hereby declared for Lamar County, Texas pursuant to section 418.108(a) of the Texas Government Code.
2. Pursuant to section 418.108(b) of the Government Code, the state of disaster shall continue for a period of not more than seven days from the date of this declaration unless continued or renewed by the Commissioners' Court of Lamar County, Texas.
3. Pursuant to section 418.108(c) of the Government Code, this declaration of a local state of disaster shall be given prompt and general publicity and shall be filed promptly with the County Clerk.
4. Pursuant to section 418.108(d) of the Government Code, this declaration of a local state of disaster activates the Lamar County Emergency Management Plan.
5. That this proclamation shall take effect immediately from and after its issuance.

DECLARED and ORDERED by the County Judge of Lamar County, Texas this 16th day of May, 2024.

A handwritten signature in blue ink that reads "Brandon Bell".

Brandon Bell, County Judge

A handwritten signature in blue ink that reads "Ruth Sisson".

Ruth Sisson, County Clerk

ATTEST:

2024 MAY 16 PM 4:02
Lamar County, Texas

FILED FOR RECORD
Lamar County, Texas



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Governor Abbott Adds Counties To Disaster Declaration For Severe Storms

May 22, 2024 | Austin, Texas | [Press Release](#)

Provides Update On State's Ongoing Response, Recovery Efforts

Governor Greg Abbott today announced that he has added Calhoun, Delta, Jones, and Lamar counties to the state's disaster declaration for counties impacted by severe storms and flooding that began on April 26. Additional counties may be added as damage assessments are completed.

"As communities across the state continue to recover from recent severe weather, I have added four counties to the state's disaster declaration to ensure impacted Texans have access to the resources they need to rebuild," said Governor Abbott. "I thank our federal and local partners for working with us to provide necessary assistance to communities across Texas and the hundreds of emergency response personnel who continue to work around-the-clock to help their fellow Texans. Impacted Texans can report damage to their homes and businesses using the iSTAT damage survey and apply for FEMA assistance at disasterassistance.gov. The State of Texas will continue to deploy all resources and support needed to help communities move forward from the recent devastation."

Additionally, the Federal Emergency Management Agency (FEMA) has approved an additional portion of the Governor's request for FEMA Individual Assistance programs. Qualifying Texans in the following counties are eligible to apply: Eastland, Hardin, Harris, Jasper, Jones, Lamar, Liberty, Montgomery, Polk, San Jacinto, Trinity, Walker, and Waller counties.

At the Governor's direction and following a review of damage assessments in additional impacted communities which show they exceed federal criteria for disaster assistance, Texas Emergency Management (TDEM) Chief Nim Kidd has requested the addition of six counties to become eligible for FEMA Individual Assistance programs. Those additional counties include Austin, Ellis, Kaufman, Navarro, Newton, and Tyler. FEMA's Individual Assistance program funding assists with expenses such as temporary housing, emergency home repairs, uninsured and underinsured personal property losses, disaster legal services, disaster unemployment assistance, and medical, dental, and funeral expenses caused by the disaster.

The Governor's request for Individual Assistance remains under review for eight Texas counties. Additional counties may be added to the Governor's request as additional damage assessments are completed in affected communities. At the request of local officials, will continue to support additional federal Disaster Survivor Assistance Teams coming into affected areas to provide information on applying for FEMA assistance. Texans can apply for FEMA disaster assistance online at disasterassistance.gov or by calling 800-621-3362.

At Governor Abbott's direction, and through coordination by TDEM, the State of Texas continues to provide state emergency response and recovery resources to affected communities. More than 1,000 state responders from more than two-dozen state agencies are deployed across impacted communities in support of local response and recovery efforts. These personnel include emergency management responders, public works and transportation workers, search and rescue personnel, military support, long-term recovery personnel, public health staff, support for local fire/police/emergency services agencies, and animal services personnel. Additionally, the Public Utility Commission continues to coordinate with utility providers to restore power to affected areas as quickly as possible.

More than 600 state resource assets, including vehicles and equipment, are deployed across affected areas. Over 260 responding agencies have engaged in this response at the local and state levels. The State of Texas continues to provide commodities by the truck-load, including 41,000 bags of ice, 729,600 bottles of water, more than 125,000 ready-to-eat meals, and more than 1,100 tarps.

Texans who experienced property damage are urged to report their damages utilizing TDEM's online Individual State of Texas Assessment Tool (iSTAT) damage survey by visiting damage.tdem.texas.gov. This will help officials connect impacted Texans with resources and services. Additionally, once those damages are reported to the state, officials can work to determine whether they meet the federally-set thresholds for federal disaster assistance.

Governor Abbott continues to take action to provide all available resources to help support local communities from the impacts of severe weather, including:

- Readying state emergency response resources on April 25 ahead of wildfire and severe weather threats.
- Issuing a disaster declaration on April 30 for counties affected by recent storms and deploying additional state emergency response resources in anticipation of severe weather and flooding. The Governor first amended his disaster declaration on May 2, updated it further on May 7, amended it again on May 15, and added additional counties on May 20.
- Increasing the readiness level of the State Emergency Operations Center to help support local officials with requests for state assistance.
- Holding a briefing on May 6 with local and state officials from impacted areas and providing an update on the state's robust response efforts in support of local communities.
- Requesting a Presidential Disaster Declaration on May 15 for Texas communities impacted by severe storms.
- Securing partial approval of a Presidential Disaster Declaration on May 17 for areas of the state affected by severe weather.
- Requesting additional counties be added to the Presidential Disaster Declaration on May 19 for Texas communities impacted by severe storms.

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