



October 15, 2024

Mr. Cody Campbell
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
211 E 11th Street
Austin, TX 78701

Re: TDHCA Application #23089-Candlewood Village-HVM 2023 Frankston, LLC
TDHCA Application #23090-Country Villa-HVM 2023 Freer, LLC

Dear Mr. Campbell,

The two referenced applications for Tax Credits, HVM 2023 Frankston, LLC and HVM 2023 Freer, LLC (the "Owner") received allocations of Tax Credits from the Texas Department of Housing and Community Affairs ("TDHCA") for the rehabilitation of Candlewood Village Apartments and Country Villa Apartments (the "Developments"). The Owner is required to meet the 10% test by December 22, 2024, and place the Development in service by December 31, 2025. However, due to circumstances concerning delays with closing the acquisition transfer with USDA-RD, the Owner will not meet the deadlines required by Section 42(h)(1)(E)(i) and Section 42(h)(1)(E)(ii) of the Internal Revenue Code. The need for requesting an extension to meet the required 10% test and placed in service deadline is the result of events that we believe qualify under Section 11.6(5) of the 2022 Qualified Allocation Plan ("QAP") relating to Force Majeure.

Event Descriptions

The Candlewood Village Apartments are situated in Frankston, Texas, in Anderson County.

The Country Villa Apartments are situated in Freer, Texas, in Duval County.

Tax Credits were applied for during the 2023 TDHCA cycle for both. Credits were awarded to the properties. The process for transferring ownership with USDA Rural Development ("RD") had begun in February of 2023 with the notification of the Tax Credit Application. The final complete Applications to USDA-RD for transfer was submitted October 2, 2023, with a first response from USDA on October 30, 2023. The review Branch at RD gave the applications to their Underwriting Branch on June 21, 2024. RD underwriting has issued the Conditional Commitment for HVM 2023 Freer, LLC on October 10, 2024, and we anticipate at the time of this request to receive the Conditional Commitment for HVM 2023 Frankston, LLC soon. USDA-RD anticipates an estimated closing timeframe of February 2025.

Our Delay:

We filed our application for transfer/rehab with the USDA-RD on September 29, 2023. The first response we received from USDA-RD was October 30, 2023.

1. RD's application process for a transfer/rehab is very involved, with full underwriting and review just like a new loan application. Please note: RD is not providing any new funds. It has become a slow process partially because RD has been understaffed. *See attached letter from USDA.
2. USDA-RD's Reorganization slowed them even further and is another contribution to the problem in their slow response time over the last couple of years. Reorganization involved the



dissolving of the individual state office organization and moving to a regional and national organizational structure.

3. With the new reorganization came several new application items to the process.
4. A timeline of all the correspondence with RD can be provided if requested, however, please see the attached letter from USDA-RD for a full explanation of the reason for the delay.

In Summary, with our application to RD on September 29, 2023, and the first response from USDA-RD was not until October 30, 2023, the owner, just receiving Conditional Commitment this week on HVM 2024 Freer, LLC and have not yet received one for HVM 2024 Frankston, LLC. They are both in Underwriting which we are hopeful now they will go to their Office of General Counsel so that they can issue closing instructions; at which time we respond with any requests they may have; then we schedule closing.

We will not be able to close by December 22, 2024, our 10% test deadline. And, of course depending on when RD allows us to close the transfer, our Placed In-Service deadline of 12/31/2025 is also in jeopardy.

We request that the Owner be permitted to return the Tax Credits allocated in 2023 and that TDHCA reallocate those Tax Credits to the Owner in the current year in accordance with §11.6(5) of the 2023 QAP relating to Force Majeure. 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 the 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 that is a direct result of the delays.
4. The Force Majeure threatens to prevent the Owner from meeting the 10% Test and Place in Service requirements of the original allocation.
5. The requested current year Carryover Agreement would allocate the same amount of Tax Credits as those that would be returned.



If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at 512-756-6809 ext. 212 or dennishoover@hamiltonvalley.com.

Sincerely,

A handwritten signature in cursive script that reads "Dennis Hoover".

Dennis Hoover, Member
HVM Housing LLC, Managing Member
HVM 2022 Little River, LLC



United States Department of Agriculture

Rural Development

October 17, 2024

Jonathan D. Bell
Director

Joel Cortez
209 S West Street
PO Box 190
Burnet, TX 78611

Processing and
Report Review
Branches

Production and
Preservation Division
Multifamily Housing

Leann Chance
TDHCA
PO Box 13941
Austin, TX 78711

Rural Housing Service

RE: HVM 2023 Freer, LLC and HVM 2023 Frankston
Transfer of Ownership Applications

Dear Mr. Cortez and Ms. Chance:

This office received the transfer of ownership applications for the subject properties on October 2, 2023. The transfer applications are for existing USDA Rural Development Section 515 properties. The transfer applications also include a proposed recapitalization with the primary source being Low-Income Housing Tax Credits (LIHTC).

The Processing and Report Review Branch (PRR) handed off these applications to the Underwriting Branch on June 21, 2024. The applications remained in PRR for an extended period in order to compile a complete application. The Underwriting Branch has begun their review and issued a Conditional Commitment on HVM 2023 Freer, LLC on October 10, 2024. Once the Underwriting Branch has issued the Conditional Commitment for HVM 2023 Frankston, the applications will be handed off to the Closing Branch to schedule the closing. Multifamily Housing anticipates an estimated closing timeframe of February 2025.

The Agency would like to reiterate our support for these transactions and the completion of these projects. We are appreciative of our industry partners who assist in providing funding for the rehabilitation of affordable housing in our rural communities.

If you have any questions regarding the above, please feel free to contact Jonathan Bell, Director, Processing and Report Review Branches, at jonathan.bell@usda.gov.

Sincerely,

JONATHAN BELL

Digitally signed by JONATHAN
BELL

Date: 2024.10.17 13:29:37 -04'00'

JONATHAN D. BELL
Director

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