



Real Estate Analysis Division

May 27, 2025

Addendum to Underwriting Report

TDHCA Application #: 25501_24030 Program(s): 9% HTC / MDL

2910 Motley Senior Living

Address/Location: 2910 Motley Drive

City: Mesquite County: Dallas Zip: 75150

| | APPLICATION HISTORY |
|-------------|--|
| Report Date | PURPOSE |
| 05/08/25 | Amendment & MDL Award - 2025-1 NOFA - NHTF |
| 07/19/24 | Initial Underwriting Report |

ALLOCATION

| TDHCA Program | Previous Allocation | | | | RECOMMENDATION | | | | | | |
|--|---------------------|-----------|-------|------|----------------|-----------|-------|------------|------------|-------------|-------------|
| | Amount | Int. Rate | Amort | Term | Amount | Int. Rate | Amort | Perm. Term | Perm. Lien | Const. Term | Const. Lien |
| MF Direct Loan Const. to Perm. (Repayable) | | | | | \$5,331,291 | 2.0% | 40 | 40.0 yrs | 2 | 24M | 2 |
| LIHTC (9% Credit) | \$2,000,000 | | | | \$2,000,000 | | | | | | |

* Multifamily Direct Loan and HOME ARP Terms:

* The term of a Multifamily Direct Loan or HOME ARP loan should match the term of any superior loan (within 6 months).

** Construction loan term cannot exceed the recommendation above, but may be less depending on actual closing date. Final construction term will be noted in the loan documents

CONDITIONS STATUS

- Receipt and acceptance before Direct Loan Closing:
 - a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.
 - b: Substantially final construction contract with Schedule of Values.
 - c: Updated term sheets with substantially final terms from all lenders.
 - d: Substantially final draft of limited partnership agreement.
 - e: Senior loan documents and/or partnership documents must contain a provision that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.0 DCR if subordinate to FHA financing.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

Previous Set-Asides

| TDHCA SET-ASIDES for HTC LURA | | |
|-------------------------------|------------|-----------------|
| Income Limit | Rent Limit | Number of Units |
| 30% of AMI | 30% of AMI | 9 |
| 50% of AMI | 50% of AMI | 36 |
| 60% of AMI | 60% of AMI | 35 |
| 70% of AMI | 70% of AMI | 6 |
| 80% of AMI | 80% of AMI | 2 |

NEW SET-ASIDES

| TDHCA SET-ASIDES for HTC LURA | | |
|-------------------------------|------------|-----------------|
| Income Limit | Rent Limit | Number of Units |
| 30% of AMI | 30% of AMI | 29 |
| 50% of AMI | 50% of AMI | 36 |
| 60% of AMI | 60% of AMI | 23 |

| TDHCA SET-ASIDES for DIRECT LOAN LURA | | |
|---------------------------------------|-------------|-----------------|
| Income Limit | Rent Limit | Number of Units |
| 30% of AMFI | 30% of AMFI | 29 |

ANALYSIS

The development originally received an annual 9% HTC allocation of \$2,000,000 in July 2024.

The applicant is requesting an amendment approval to change the minimum set-aside election from an Average Income election to a 40-60 election. With a change to the 40-60 set-aside, the number of Market Rate units can remain the same, the development can be eligible for MFDL funds and receive support from the City of Mesquite.

Since application in March 2024, Total Development Costs for this project have increased (potential tariffs and inflation), Equity pricing has decreased, and interest rates continue to rise. These factors resulted in a need to fill a funding gap, which the applicant has worked to fill through MFDL funding.

The applicant is now applying for a MDL 2025-1 NHTF loan of \$5,331,291 to remain financially feasible. The MDL loan will have a lower interest rate of 2% and longer amortization period of 40 years allowing this Project to be feasible under DCR requirements.

The common area square footage changed from 36,576 S.F. to 36,498 S.F. (Club decreased from 6,485 s.f. to 6,408 s.f., Laundry decreased from 494 s.f. to 0 s.f. and Storage increased from 3,320 s.f. to 3,813 s.f.)

The LURA will encompass all 5.841 acres of the site.

Operating Pro Forma

Using TDHCA ProForma. Underwriter used comparable Dallas county properties to estimate expenses. Underwriter is using the most current 2025 program rent limits for 9% HTC and 2025 limits for NHTF. The Applicant submitted a rent schedule using the 2024 program rent limits for 9% HTC however, the Underwriter updated the Applicant's rent schedule with the 2025 HTC rents.

The Utility Allowances for the one bedroom units decreased by \$5.00 and the two bedroom units decreased by \$7.00 from previous underwriting.

Effective Gross Income decreased by \$19k, Total Expenses increased by \$28k and as a result, Net Operating Income (NOI) decreased by \$47k. Expense per unit increased from \$6,195 to \$6,408.

The Applicant is not expecting to collect the full market rate for their market rents (MR). Underwrote the 45 MR units to the rents they expect to collect (1-BR at \$1,602 and 2-BR at \$1,865).

Development Cost

The applicant's Building Costs have increased by \$412,280 and Total Housing Development Costs have increased by \$767,707.

No change to the Developer Fee from previous underwriting.

A Schedule of Values or contract bid was not provided, therefore, the Underwriter recosted out the building using the Architectural Drawings provided in the application with the 2025 Marshall and Swift's costs.

Sources of Funds

The construction loan lender did not change (Regions Bank - HUD 221(d)4).

Construction loan decreased from \$15,785,400 to \$11,430,000 and the interest rate increased from 5.25% to 5.80%.

Application was submitted with MDL construction interest of 2% - per Multifamily Direct Loan rule 13.8(b)(2) "No interest will accrue during the construction term;"

Underwriter adjusted construction interest from 2% to 0%.

The permanent loan lender did not change (Regions Bank - HUD 221(d)4). Permanent loan amount decreased from \$15,785,400 to \$11,430,000 and the interest increased from 5.25% to 5.80%. This loan remains in the first lien position.

The senior financing is a PNC FHA 221(d)4 construction-to-permanent loan and has a separate MIP fee of 0.25%.

Applicant is now including \$5,331,291 MDL NHTF loan construction to permanent loan 0% during construction and 2% in the permanent period. The construction period is in the **second** lien position and the permanent period is in the second lien position.

The Debt Coverage Ratio on the senior debt is 1.34 times. The Combined DCR for a Multifamily Direct Loan subordinate to FHA debt is determined based on 75% of Surplus Cash remaining after the senior debt service. The Combined DCR is 1.00 as required by the QAP.

The equity bridge loan lender did not change (Regions Bank). Equity bridge loan decreased from \$14,502,272 to \$13,850,061 and the interest increased from 5.00% to 6.78%.

The Equity Investor is still Regions Bank. The capital contribution decreased by \$399,960 and the credit price decreased from \$0.91 to \$0.89.

The Deferred Developer Fee increased by \$191,776 and pays off in 14 years.

Recommendation

Underwriter recommends a second lien, fully amortized Multifamily Direct Loan of \$5,331,291 at 2.00% interest, 40 year term, and a 40 year amortization period. Under these terms, the annualized debt service payment is \$193,734. The construction term is assumed at 24 months. The MDL funding is 2025-1 NHTF funds.

In addition, Underwriter recommends that the 9% LIHTC allocation of \$2,000,000 remains the same.

Underwriter: Mario Castellanos

Manager of Real Estate Analysis: Robert Castillo

Director of Real Estate Analysis: Jeanna Adams

| UNIT MIX/RENT SCHEDULE |
|---|
| 2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501_24030 |

| LOCATION DATA | |
|--------------------|-----------|
| CITY: | Mesquite |
| COUNTY: | Dallas |
| Area Median Income | \$117,300 |
| PROGRAM REGION: | 3 |
| PROGRAM RENT YEAR: | 2025 |

| UNIT DISTRIBUTION | | | | | | |
|-------------------|------------|---------------|----------|-----------|----------|-----------|
| # Beds | # Units | % Total | Assisted | NHTF | ARP | Match |
| Eff | - | 0.0% | 0 | 0 | 0 | 0 |
| 1 | 62 | 46.6% | 0 | 13 | 0 | 5 |
| 2 | 71 | 53.4% | 0 | 16 | 0 | 6 |
| 3 | - | 0.0% | 0 | 0 | 0 | 0 |
| 4 | - | 0.0% | 0 | 0 | 0 | 0 |
| 5 | - | 0.0% | 0 | 0 | 0 | 0 |
| | | | | | | |
| TOTAL | 133 | 100.0% | - | 29 | - | 11 |

| PRO FORMA ASSUMPTIONS | |
|-----------------------|--------|
| Revenue Growth | 2.00% |
| Expense Growth | 3.00% |
| Basis Adjust | 130% |
| Applicable Fraction | 64.41% |
| APP % Acquisition | 4.00% |
| APP % Construction | 9.00% |
| Average Unit Size | 855 sf |

| | | | | | | | | | | |
|----------------|----------------|------|-------|------|-------|-------|------|------|---------|---------------|
| 46% | Income | 20% | 30% | 40% | 50% | 60% | 70% | 80% | EO / MR | TOTAL |
| Average | # Units | - | 29 | - | 36 | 23 | - | - | 45 | 133 |
| Income | % Total | 0.0% | 21.8% | 0.0% | 27.1% | 17.3% | 0.0% | 0.0% | 33.8% | 100.0% |

| UNIT MIX / MONTHLY RENT SCHEDULE | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------|------------|-----------------|------------|-------------|----------|--------|---------|-----|-------------------------|---------------|----------------------|-----------------------------|----------|-------------------|--------------------|-----------------------|---------------|----------|--------------|--------------|---------|--------------|---------|
| HTC | | MFDL NHTF Units | | Match Units | UNIT MIX | | | | APPLICABLE PROGRAM RENT | | | APPLICANT'S PRO FORMA RENTS | | | | TDHCA PRO FORMA RENTS | | | | MARKET RENTS | | | |
| Type | Gross Rent | Type | Gross Rent | Match Units | # Units | # Beds | # Baths | NRA | Gross Rent | Utility Allow | Max Net Program Rent | Delta to Max | Rent psf | Net Rent per Unit | Total Monthly Rent | Total Monthly Rent | Rent per Unit | Rent psf | Delta to Max | Underwritten | | Mrkt Analyst | |
| TC 30% | \$660 | NHTF 30% | \$660 | 0 | 13 | 1 | 1 | 706 | \$660 | \$64 | \$596 | \$0 | \$0.84 | \$596 | \$7,748 | \$7,748 | \$596 | \$0.84 | \$0 | \$1,602 | \$2.27 | \$1,780 | |
| TC 50% | \$1,100 | | | 2 | 32 | 1 | 1 | 706 | \$1,100 | \$64 | \$1,036 | \$0 | \$1.47 | \$1,036 | \$33,152 | \$33,152 | \$1,036 | \$1.47 | \$0 | \$1,602 | \$2.27 | \$1,780 | |
| TC 60% | \$1,320 | | | 3 | 3 | 1 | 1 | 706 | \$1,320 | \$64 | \$1,256 | \$0 | \$1.78 | \$1,256 | \$3,768 | \$3,768 | \$1,256 | \$1.78 | \$0 | \$1,602 | \$2.27 | \$1,780 | |
| MR | | | | 0 | 14 | 1 | 1 | 706 | \$0 | \$64 | | NA | \$2.27 | \$1,602 | \$22,428 | \$22,428 | \$1,602 | \$2.27 | NA | \$1,602 | \$2.27 | \$1,780 | |
| TC 30% | \$792 | NHTF 30% | \$792 | 0 | 16 | 2 | 2 | 984 | \$792 | \$84 | \$708 | \$0 | \$0.72 | \$708 | \$11,328 | \$11,328 | \$708 | \$0.72 | \$0 | \$1,865 | \$1.90 | \$2,072 | |
| TC 50% | \$1,320 | | | 0 | 4 | 2 | 2 | 984 | \$1,320 | \$84 | \$1,236 | \$0 | \$1.26 | \$1,236 | \$4,944 | \$4,944 | \$1,236 | \$1.26 | \$0 | \$1,865 | \$1.90 | \$2,072 | |
| TC 60% | \$1,584 | | | 6 | 20 | 2 | 2 | 984 | \$1,584 | \$84 | \$1,500 | \$0 | \$1.52 | \$1,500 | \$30,000 | \$30,000 | \$1,500 | \$1.52 | \$0 | \$1,865 | \$1.90 | \$2,072 | |
| MR | | | | 0 | 18 | 2 | 2 | 984 | \$0 | \$84 | | NA | \$1.90 | \$1,865 | \$33,570 | \$33,570 | \$1,865 | \$1.90 | NA | \$1,865 | \$1.90 | \$2,072 | |
| MR | | | | 0 | 13 | 2 | 2 | 990 | \$0 | \$84 | | NA | \$1.88 | \$1,865 | \$24,245 | \$24,245 | \$1,865 | \$1.88 | NA | \$1,865 | \$1.88 | \$2,080 | |
| TOTALS/AVERAGES: | | | | | 133 | | | | 113,714 | | | | \$0 | \$1.51 | \$1,287 | \$171,183 | \$171,183 | \$1,287 | \$1.51 | \$0 | \$1,742 | \$2.04 | \$1,937 |

| | | | |
|-------------------------------------|--------------------|--------------------|--|
| ANNUAL POTENTIAL GROSS RENT: | \$2,054,196 | \$2,054,196 | |
|-------------------------------------|--------------------|--------------------|--|

*MFDL units float among Unit Types

** Match Units will be restricted at 50 percent income/Low HOME rents, and 60 percent income/High HOME rents.

STABILIZED PRO FORMA

2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501_24030

| | | STABILIZED FIRST YEAR PRO FORMA | | | | | | | | | | | | | | |
|-------------------------------------|--|---------------------------------|--------------|--|-----------|--------|----------|--------------|-------------|-------------|-------------|----------|--------|----------|------|-----|
| | | COMPARABLES | | | APPLICANT | | | PRIOR REPORT | | TDHCA | | | | VARIANCE | | |
| | | Database | County Comps | | % EGI | Per SF | Per Unit | Amount | Applicant | TDHCA | Amount | Per Unit | Per SF | % EGI | % | \$ |
| POTENTIAL GROSS RENT | | | | | | \$1.51 | \$1,287 | \$2,054,196 | \$2,074,944 | \$2,074,944 | \$2,054,196 | \$1,287 | \$1.51 | | 0.0% | \$0 |
| Application, Pet, Late and NSF Fees | | | | | | | \$15.90 | \$25,380 | 25,152 | | | | | | | |
| Laundry, Vending, Cable | | | | | | | \$9.10 | \$14,520 | 14,520 | | | | | | | |
| Total Secondary Income | | | | | | | \$25.00 | | | 39,672 | \$39,900 | \$25.00 | | | 0.0% | \$0 |
| POTENTIAL GROSS INCOME | | | | | | | | \$2,094,096 | \$2,114,616 | \$2,114,616 | \$2,094,096 | | | | 0.0% | \$0 |
| Vacancy & Collection Loss | | | | | | | 7.5% PGI | (157,057) | (158,596) | (158,596) | (157,057) | 7.5% PGI | | | 0.0% | - |
| EFFECTIVE GROSS INCOME | | | | | | | | \$1,937,039 | \$1,956,020 | \$1,956,020 | \$1,937,039 | | | | 0.0% | \$0 |

| | | | | | | | | | | | | | | | | |
|---------------------------------------|-----------|--------------|-----------|---------|--------|--------|---------|-------------|-------------|-------------|-------------|---------|--------|--------|--------|-------------|
| General & Administrative | \$76,402 | \$574/Unit | \$54,426 | \$409 | 4.47% | \$0.76 | \$651 | \$86,554 | \$54,726 | \$54,426 | \$76,402 | \$574 | \$0.67 | 3.94% | 13.3% | 10,152 |
| Management | \$62,061 | 3.1% EGI | \$67,151 | \$505 | 4.00% | \$0.68 | \$583 | \$77,482 | \$97,801 | \$97,801 | \$77,482 | \$583 | \$0.68 | 4.00% | 0.0% | - |
| Payroll & Payroll Tax | \$192,196 | \$1,445/Unit | \$188,450 | \$1,417 | 10.06% | \$1.71 | \$1,465 | \$194,838 | \$194,838 | \$188,450 | \$188,450 | \$1,417 | \$1.66 | 9.73% | 3.4% | 6,388 |
| Repairs & Maintenance | \$107,169 | \$806/Unit | \$109,560 | \$824 | 4.43% | \$0.75 | \$645 | \$85,788 | \$85,788 | \$86,450 | \$86,450 | \$650 | \$0.76 | 4.46% | -0.8% | (662) |
| Electric/Gas | \$36,014 | \$271/Unit | \$32,097 | \$241 | 1.31% | \$0.22 | \$191 | \$25,450 | \$25,451 | \$32,097 | \$32,097 | \$241 | \$0.28 | 1.66% | -20.7% | (6,647) |
| Water, Sewer, & Trash | \$114,114 | \$858/Unit | \$93,802 | \$705 | 4.44% | \$0.76 | \$646 | \$85,977 | \$69,177 | \$93,802 | \$93,802 | \$705 | \$0.82 | 4.84% | -8.3% | (7,825) |
| Property Insurance | \$90,101 | \$0.79 /sf | \$91,085 | \$685 | 4.81% | \$0.82 | \$700 | \$93,100 | \$93,100 | \$91,085 | \$91,085 | \$685 | \$0.80 | 4.70% | 2.2% | 2,015 |
| Property Tax (@ 100%) 2.334446 | \$148,998 | \$1,120/Unit | \$219,536 | \$1,651 | 8.58% | \$1.46 | \$1,250 | \$166,250 | \$166,250 | \$148,998 | \$237,430 | \$1,785 | \$2.09 | 12.26% | -30.0% | (71,180) |
| Reserve for Replacements | | | | | 1.72% | \$0.29 | \$250 | \$33,250 | \$33,250 | \$33,250 | \$33,250 | \$250 | \$0.29 | 1.72% | 0.0% | - |
| TDHCA Compliance fees (\$40/HTC unit) | | | | | 0.18% | \$0.03 | \$26 | \$3,520 | \$3,520 | \$3,520 | \$3,520 | \$26 | \$0.03 | 0.18% | 0.0% | - |
| TOTAL EXPENSES | | | | | 44.00% | \$7.49 | \$6,408 | \$852,209 | \$823,901 | \$829,879 | \$919,968 | \$6,917 | \$8.09 | 47.49% | -7.4% | \$ (67,759) |
| NET OPERATING INCOME ("NOI") | | | | | 56.00% | \$9.54 | \$8,157 | \$1,084,830 | \$1,132,119 | \$1,126,141 | \$1,017,071 | \$7,647 | \$8.94 | 52.51% | 6.7% | \$ 67,759 |

| | | | | | | | | | | | | | | | | |
|-----------------------|--|--|--|--|--|--|--------------|--|--|--|--|--------------|--|--|--|--|
| CONTROLLABLE EXPENSES | | | | | | | \$3,599/Unit | | | | | \$3,588/Unit | | | | |
|-----------------------|--|--|--|--|--|--|--------------|--|--|--|--|--------------|--|--|--|--|

| |
|---|
| <div>CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS</div> <div>2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501_24030</div> |
|---|

| | | DEBT / GRANT SOURCES | | | | | | | | | | | | | | | | | | |
|----------------------------|-------|---|-----------|----------------------------|----------------------------|-------|------|--------------|--------------------|--------------|--------------------------------------|--------------------|-------|-------|-----------|------------|------------|-------------|----------|---------------|
| | | APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE | | | | | | | | | AS UNDERWRITTEN DEBT/GRANT STRUCTURE | | | | | | | | | |
| | | | | | | | | | | | | | | | | | Cumulative | | | |
| DEBT (Must Pay) | Fee | Cumulative DCR | | Pmt | Rate | Amort | Term | Principal | Prior Underwriting | | Principal | Term | Amort | Rate | Pmt | Cumulative | | | | |
| | | UW | App | | | | | | Applicant | TDHCA | | | | | | DCR | LTC | | | |
| Regions Bank - HUD 221(d)4 | 0.25% | 1.33 | 1.42 | 764,214 | 5.80% | 40 | 40.0 | \$11,430,000 | \$15,785,400 | \$15,785,400 | \$11,430,000 | 40.0 | 40.0 | 5.80% | \$764,214 | 1.33 | 31.4% | | | |
| TDHCA MDL - 2025-1 NHTF | | 1.06 | 1.13 | \$193,734 | 2.00% | 40 | 40.0 | \$5,331,291 | | | \$5,331,291 | 40.0 | 40.0 | 2.00% | \$193,734 | 1.00 | 14.6% | | | |
| CASH FLOW DEBT / GRANTS | | | | | | | | | | | | | | | | | | | | |
| City of Mesquite | | 1.06 | 1.13 | | 0.00% | 0 | 0.0 | \$500 | | | \$500 | 0.0 | 0.0 | 0.00% | | 1.00 | 0.0% | | | |
| City of Mesquite | | 1.06 | 1.13 | | 0.00% | 0 | 0.0 | \$0 | \$500 | \$500 | \$0 | 0.0 | 0.0 | 0.00% | | 1.00 | 0.0% | | | |
| GP Equity | | 1.06 | 1.13 | | 0.00% | 0 | 0.0 | \$0 | \$100 | \$100 | \$0 | 0.0 | 0.0 | 0.00% | | 1.00 | 0.0% | | | |
| | | | | \$957,948 | TOTAL DEBT / GRANT SOURCES | | | \$16,761,791 | \$15,786,000 | \$15,786,000 | \$16,761,791 | TOTAL DEBT SERVICE | | | \$957,948 | 1.00 | 46.0% | | | |
| NET CASH FLOW | | \$59,123 | \$126,882 | TDHCA NET OPERATING INCOME | | | | | | | | | | | | | | \$1,017,071 | \$59,123 | NET CASH FLOW |

| | EQUITY SOURCES | | | | | | | | | | | | |
|------------------------|---------------------------------------|--------|----------------|--------------|--------------|--------------------|--------------|----------------------------------|----------------|---------------|-------------------------------------|----------------------------------|---------------------|
| | APPLICANT'S PROPOSED EQUITY STRUCTURE | | | | | | | AS UNDERWRITTEN EQUITY STRUCTURE | | | | | |
| | DESCRIPTION | % Cost | Annual Credit | Credit Price | Amount | Prior Underwriting | | Amount | Credit Price | Annual Credit | % Cost | Annual Credits per Unit | Allocation Method |
| Applicant | | | | | | TDHCA | | | | | | | |
| EQUITY / DEFERRED FEES | | | | | | | | | | | | | |
| Regions Bank | LIHTC Equity | 48.9% | \$2,000,000 | \$0.89 | \$17,798,220 | \$18,198,180 | \$18,198,180 | \$17,798,220 | \$0.8899 | \$2,000,000 | 48.9% | \$15,038 | Previous Allocation |
| GP Equity | | 0.0% | | | \$100 | | | \$100 | | | 0.0% | | |
| RIVA/The Land Experts | Deferred Developer Fees | 5.1% | (50% Deferred) | | \$1,865,941 | \$1,674,165 | \$1,674,165 | \$1,865,941 | (50% Deferred) | | 5.1% | Total Developer Fee: \$3,708,278 | |
| TOTAL EQUITY SOURCES | | 54.0% | | | \$19,664,261 | \$19,872,345 | \$19,872,345 | \$19,664,261 | | | 54.0% | | |
| TOTAL CAPITALIZATION | | | | | \$36,426,052 | \$35,658,345 | \$35,658,345 | \$36,426,052 | | | 15-Yr Cash Flow after Deferred Fee: | | \$279,303 |

| | | DEVELOPMENT COST / ITEMIZED BASIS | | | | | | | | | | | | | | | | | |
|---|--|-----------------------------------|------------------|------------------|--------|-----------------|--------------------|--------------|--------------|--------------------------|--------|------------------|-------------|-----------------|----------------|--------------|--------------|------|-----------|
| | | APPLICANT COST / BASIS ITEMS | | | | | | | | TDHCA COST / BASIS ITEMS | | | | COST VARIANCE | | | | | |
| | | Eligible Basis | | Total Costs | | | Prior Underwriting | | Total Costs | | | Eligible Basis | | | | | | | |
| | | Acquisition | New Const. Rehab | | | | Applicant | TDHCA | | | | New Const. Rehab | Acquisition | | | % | \$ | | |
| Land Acquisition | | \$0 | | \$31,579 / Unit | | \$4,200,000 | \$4,200,000 | \$4,200,000 | \$4,200,000 | \$31,579 / Unit | | | 0.0% | \$0 | | | | | |
| Building Acquisition | | | | \$ / Unit | | \$0 | \$0 | \$0 | \$0 | \$ / Unit | | | \$0 | 0.0% | \$0 | | | | |
| Broker Fees | | | | | | \$126,000 | \$126,000 | \$126,000 | \$126,000 | | | | | 0.0% | \$0 | | | | |
| Off-Sites | | | | \$ / Unit | | \$0 | \$0 | \$0 | \$0 | \$ / Unit | \$0 | | | 0.0% | \$0 | | | | |
| Site Work | | | | \$1,579,473 | | \$11,876 / Unit | \$1,579,473 | \$1,579,474 | \$1,579,474 | \$1,579,473 | | | | \$11,876 / Unit | \$1,579,473 | 0.0% | \$0 | | |
| Site Amenities | | | | \$962,239 | | \$7,235 / Unit | \$962,239 | \$935,923 | \$935,923 | \$962,239 | | | | \$7,235 / Unit | \$962,239 | 0.0% | \$0 | | |
| Building Cost | | | | \$15,552,581 | | \$136.77 /sf | \$116,937/Unit | \$15,552,581 | \$15,140,301 | \$16,904,829 | | | | \$15,054,753 | \$113,194/Unit | \$132.39 /sf | \$15,054,753 | 3.3% | \$497,828 |
| Contingency | | | | \$802,775 | | 4.44% | 4.44% | \$802,775 | \$690,666 | \$690,666 | | | | \$802,775 | 4.56% | 4.56% | \$802,775 | 0.0% | \$0 |
| Contractor Fees | | | | \$2,533,202 | | 13.41% | 13.41% | \$2,533,202 | \$2,471,798 | \$2,471,798 | | | | \$2,533,202 | 13.77% | 13.77% | \$2,533,202 | 0.0% | \$0 |
| Soft Costs | | \$0 | \$2,747,523 | \$22,115 / Unit | | \$2,941,273 | \$2,543,038 | \$2,543,038 | \$2,941,273 | \$22,115 / Unit | | \$2,747,523 | \$0 | 0.0% | \$0 | | | | |
| Financing | | \$0 | \$1,387,725 | \$20,647 / Unit | | \$2,746,110 | \$2,717,277 | \$2,717,277 | \$2,746,110 | \$20,647 / Unit | | \$1,387,725 | \$0 | 0.0% | \$0 | | | | |
| Developer Fee | | | \$0 | \$3,708,278 | 14.50% | 14.50% | \$3,708,278 | \$3,708,278 | \$3,708,278 | \$3,708,278 | 14.79% | 14.79% | \$3,708,278 | \$0 | 0.0% | \$0 | | | |
| Reserves | | | | 8 Months | | \$1,274,121 | \$1,545,590 | \$1,545,590 | \$1,274,121 | 8 Months | | | | 0.0% | \$0 | | | | |
| TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS) | | \$0 | \$29,273,796 | \$273.880 / Unit | | \$36,426,052 | \$35,658,345 | \$37,422,873 | \$35,928,224 | \$270,137 / Unit | | \$28,775,968 | \$0 | 1.4% | \$497,828 | | | | |
| Acquisition Cost | | \$0 | | | | \$0 | \$0 | | | | | | | | | | | | |
| Contingency | | | \$0 | | | \$0 | \$0 | | | | | | | | | | | | |
| Contractor's Fee | | | \$0 | | | \$0 | \$0 | | | | | | | | | | | | |
| Financing Cost | | | \$0 | | | | | | | | | | | | | | | | |
| Developer Fee | | | \$0 | | | \$0 | \$0 | | | | | | | | | \$0 | | | |
| Reserves | | | | | | \$0 | \$0 | | | | | | | | | \$0 | | | |
| ADJUSTED BASIS / COST | | \$0 | \$29,273,796 | \$273.880/unit | | \$36,426,052 | \$35,658,345 | \$37,422,873 | \$35,928,224 | \$270,137/unit | | \$28,775,968 | \$0 | 1.4% | \$497,828 | | | | |
| | | | | | | | | | | | | | | | | | | | |
| TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): | | | | | | \$36,426,052 | | | | | | | | | | | | | |

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501_24030

| CREDIT CALCULATION ON QUALIFIED BASIS | | | | |
|---------------------------------------|-----------------------------|--------------|--------------|--------------|
| Applicant | | TDHCA | | |
| Acquisition | Construction Rehabilitation | Acquisition | Construction | |
| ADJUSTED BASIS | \$0 | \$29,273,796 | \$0 | \$28,775,968 |
| Deduction of Federal Grants | \$0 | \$0 | \$0 | \$0 |
| TOTAL ELIGIBLE BASIS | \$0 | \$29,273,796 | \$0 | \$28,775,968 |
| High Cost Area Adjustment | | 130% | | 130% |
| TOTAL ADJUSTED BASIS | \$0 | \$38,055,935 | \$0 | \$37,408,758 |
| Applicable Fraction | 64.41% | 64.41% | 64% | 64% |
| TOTAL QUALIFIED BASIS | \$0 | \$24,513,438 | \$0 | \$24,096,564 |
| Applicable Percentage | 4.00% | 9.00% | 4.00% | 9.00% |
| ANNUAL CREDIT ON BASIS | \$0 | \$2,206,209 | \$0 | \$2,168,691 |
| CREDITS ON QUALIFIED BASIS | \$2,206,209 | | \$2,168,691 | |

| ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS | | | FINAL ANNUAL LIHTC ALLOCATION | | |
|--|----------------|--------------|-------------------------------|---------------------|----------|
| Method | Annual Credits | Proceeds | Credit Price \$0.8899 | Variance to Request | |
| | | | Credit Allocation | Credits | Proceeds |
| Eligible Basis | \$2,206,209 | \$19,633,300 | ---- | ---- | ---- |
| Needed to Fill Gap | \$2,209,677 | \$19,664,161 | ---- | ---- | ---- |
| Previous Allocation | \$2,000,000 | \$17,798,220 | \$2,000,000 | \$0 | \$0 |

| BUILDING COST ESTIMATE | | | | |
|------------------------------------|-----------------|----------------|-------------|--------------|
| CATEGORY | FACTOR | UNITS/SF | PER SF | |
| Base Cost: | Elevator Served | 113,714 SF | \$90.93 | 10,340,333 |
| Adjustments | | | | |
| Exterior Wall Finish | 2.80% | | 2.55 | \$289,529 |
| Elderly | 9.00% | | 8.18 | 930,630 |
| 9-Ft. Ceilings | 3.35% | | 3.05 | 346,401 |
| Roof Adjustment(s) | | | (0.25) | (28,429) |
| Subfloor | | | (0.21) | (24,259) |
| Floor Cover | | | 3.75 | 426,428 |
| Breezeways | \$54.04 | 21,696 | 10.31 | 1,172,555 |
| Balconies | \$53.36 | 9,446 | 4.43 | 503,999 |
| Plumbing Fixtures | \$1,460 | 346 | 4.44 | 505,160 |
| Rough-ins | \$715 | 266 | 1.67 | 190,190 |
| Built-In Appliances | \$2,200 | 133 | 2.57 | 292,600 |
| Exterior Stairs | \$4,250 | 10 | 0.37 | 42,500 |
| Heating/Cooling | | | 4.11 | 467,365 |
| Storage Space | \$54.04 | 3,813 | 1.81 | 206,073 |
| Carports | \$21.40 | 13,608 | 2.56 | 291,211 |
| Garages | \$41.00 | 0 | 0.00 | 0 |
| Common/Support Area | \$122.99 | 6,408 | 6.93 | 788,108 |
| Elevators | \$129,800 | 2 | 2.28 | 259,600 |
| Other: | | | 0.00 | 0 |
| Fire Sprinklers | \$4.60 | 145,631 | 5.89 | 669,903 |
| SUBTOTAL | | | 155.39 | 17,669,898 |
| Current Cost Multiplier | 1.00 | | 0.00 | 0 |
| Local Multiplier | 1.00 | | 0.00 | 0 |
| Reserved | | | | 0 |
| TOTAL BUILDING COSTS | | | 155.39 | \$17,669,898 |
| Plans, specs, survey, bldg permits | 3.30% | | (5.13) | (\$583,107) |
| Contractor's OH & Profit | 11.50% | | (17.87) | (2,032,038) |
| NET BUILDING COSTS | | \$113,194/unit | \$132.39/sf | \$15,054,753 |

Long-Term Pro Forma

2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501_24030

| | Growth Rate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 10 | Year 15 | Year 20 | Year 25 | Year 30 | Year 35 | Year 40 |
|-------------------------------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| EFFECTIVE GROSS INCOME | 2.00% | \$1,937,039 | \$1,975,780 | \$2,015,295 | \$2,055,601 | \$2,096,713 | \$2,314,941 | \$2,555,882 | \$2,821,900 | \$3,115,605 | \$3,439,880 | \$3,797,906 | \$4,193,195 |
| TOTAL EXPENSES | 3.00% | \$919,968 | \$946,792 | \$974,405 | \$1,002,831 | \$1,032,094 | \$1,191,851 | \$1,376,571 | \$1,590,180 | \$1,837,225 | \$2,122,968 | \$2,453,508 | \$2,835,903 |
| NET OPERATING INCOME ("NOI") | | \$1,017,071 | \$1,028,988 | \$1,040,890 | \$1,052,770 | \$1,064,619 | \$1,123,090 | \$1,179,311 | \$1,231,720 | \$1,278,381 | \$1,316,912 | \$1,344,398 | \$1,357,291 |
| EXPENSE/INCOME RATIO | | 47.5% | 47.9% | 48.4% | 48.8% | 49.2% | 51.5% | 53.9% | 56.4% | 59.0% | 61.7% | 64.6% | 67.6% |
| MUST -PAY DEBT SERVICE | | | | | | | | | | | | | |
| Regions Bank - HUD 221(d)4 | | \$764,214 | \$764,027 | \$763,830 | \$763,620 | \$763,398 | \$762,073 | \$760,303 | \$757,940 | \$754,784 | \$750,569 | \$744,939 | \$737,422 |
| TDHCA MDL - 2025-1 NHTF | | \$193,734 | \$193,734 | \$193,734 | \$193,734 | \$193,734 | \$193,734 | \$193,734 | \$193,734 | \$193,734 | \$193,734 | \$193,734 | \$193,734 |
| TOTAL DEBT SERVICE | | \$957,948 | \$957,762 | \$957,564 | \$957,354 | \$957,132 | \$955,807 | \$954,037 | \$951,674 | \$948,518 | \$944,303 | \$938,674 | \$931,156 |
| DEBT COVERAGE RATIO | | 1.0 | 1.01 | 1.01 | 1.02 | 1.03 | 1.08 | 1.13 | 1.17 | 1.21 | 1.24 | 1.27 | 1.29 |
| ANNUAL CASH FLOW | | | | | | | | | | | | | |
| Deferred Developer Fee Balance | | \$59,123 | \$71,226 | \$83,326 | \$95,416 | \$107,487 | \$167,283 | \$225,273 | \$280,045 | \$329,863 | \$372,609 | \$405,724 | \$426,135 |
| Deferred Developer Fee Balance | | \$1,806,818 | \$1,735,592 | \$1,652,266 | \$1,556,850 | \$1,449,363 | \$732,065 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CUMULATIVE NET CASH FLOW | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$279,303 | \$1,571,594 | \$3,123,649 | \$4,904,506 | \$6,871,322 | \$8,966,944 |