

**Real Estate Analysis Division**

February 2, 2026

Addendum to Underwriting ReportTDHCA Application #: **21614** Program(s): **TDHCA Bonds/4% HTC****Murdeaux Villas**Address/Location: 125 S Murdeaux LnCity: Dallas County: Dallas Zip: 75217Population: General Program Set-Aside: General Area: Urban
Activity: Acquisition/Rehab Building Type: Garden (Up to 4-story) Region: 3

		APPLICATION HISTORY					
Report Date		PURPOSE					
02/02/26		Amendment-Supplemental Bonds					
04/01/21		New Application - Initial Underwriting					

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION					
	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm. Lien	Const. Term
Private Activity Bonds (TDHCA Issuer Only)	\$35,000,000	4.55%	40	17	\$40,000,000					
LIHTC (4% Credit)	\$2,218,728				\$3,687,762					

* 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

1 Receipt and acceptance before Determination Notice:

- Approval of the Recommended Credit Allocation requires Board approval of the requested waiver as recommended.

Status: Cleared.

- Board approval of a waiver to the rule 11.304(a)(2) - requiring Appraisals to be reviewed in accordance with USPAP Standard 3 and Standard 4, by a review appraiser as selected by the Department from an approved list of review appraisers.

Status: Cleared.

2 Receipt and acceptance by Cost Certification:

- Certification that an ongoing Mold and Moisture Minimization Plan has been implemented.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	301

ANALYSIS

The Applicant is requesting \$5M in supplemental tax exempt bonds and \$1.5M in additional annual 4% housing tax credits. Additional debt and equity sources were obtained primarily to cover the \$24M increase in building cost and the \$12M increase in financing costs. Michael Hamra has also been added as a 33% member to Trinity Housing Development Texas LLC, which is a Guarantor and Developer. In addition, Murdeaux Villas Landowner, LLC (for-profit) has replaced the Garland Housing Finance Corporation (non-profit) as General Partner, impacting the Project's ability to be exempt from Property Taxes.

One of the existing 3 Bedroom units will not be reconfigured but will be designated as a two bedroom unit and will be offered at the two-bedroom rent to households with a need for an accessible two-bedroom unit.

Operating Pro Forma

Applicant updated 2021 rents to 2025 rents which increased income \$1.15M or 36%. Applicant also provided updated utility allowances. Existing HTC restriction is at 60% AMI. However, Applicant elected set-asides of 100% at 50% AMI, as originally submitted in 2021.

Total expenses increased \$671k since initial underwriting on 4/01/2021. Payroll and Electric were based on local comps expenses from 2023-2024. Applicant's proforma numbers were used for purposes of underwriting Water/Trash and Insurance expenses. Original application assumed a full tax exemption while updated supplemental bond application assumes no exemption which increases expenses by \$487k. Also, Insurance expenses have increased by \$133k since the last Underwriting. Overall Net Operating Income increased by \$430k primarily due to the increase in 50% max program rents from 2021 to 2025.

As underwritten, 15-year residual cash flow is \$2.5M after deferred developer fee is paid off in year 11.

Development Cost

Building cost increased by \$24M or 167% (\$80k/unit).

Total development cost increased by \$35M, which was primarily driven by a \$24M increase in building cost and a \$12M increase in financing costs.

Sources of Funds

To cover the \$35M increase in total development costs, new sources include:

- Insurance Proceeds of \$639k which reflects recoverable depreciation and not actual payment on an insured loss;
- Interest earnings of \$626k;
- A subordinate cash flow loan of \$2.4M;
- A Seller Note of \$12.9M;
- An equity increase of \$12.9M; and
- A permanent debt increased with the request of \$5M in supplemental bonds.

The DA Davidson 2026 B subordinate loan is paid from the Surplus Fund after the payment of deferred developer fee.

The Seller Note or capital contribution other than syndication equity will not be deemed to be a part of, and therefore added to, the Deferred Developer Fee for feasibility purposes under §11.302(i)(2) of this chapter since the contribution is a seller note (\$12.9M) less than the acquisition price of the subject Development (\$17.5M). The Applicant provided letters from a Third Party CPA, contributor banks, and certifications from contributors as required under the QAP. The contributors are Ryan and Douglas Hamilton.

Applicant included \$625k for interest earned on bonds drawn in 12/2021. The interest expense on these bonds is included as an eligible expense. Net Income during rehab is based on 87.5% of projected income from August 2025 through anticipated loan conversion in May 2026 (10 months).

Recommendation

Underwriter recommends a TDHCA bond allocation of \$40,000,000 (\$35,000,000 previously allocated plus \$5,000,000 in Supplemental Bonds) along with an annual 4% tax credit allocation of \$3,687,762 as requested by Applicant.

Underwriter: Eric Weiner

Manager of Real Estate Analysis: Gregg Kazak

Director of Real Estate Analysis: Jeanna Adams

UNIT MIX/RENT SCHEDULE

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

LOCATION DATA	
CITY:	Dallas
COUNTY:	Dallas
Area Median Income	\$83,100
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	
Eff	40	13.3%	0	0	
1	82	27.2%	0	0	
2	64	21.3%	0	0	
3	88	29.2%	0	0	
4	27	9.0%	0	0	
5	-	0.0%	0	0	
TOTAL	301	100.0%			-

50%		Average Income		50%	
Income	# Units	%	Total	Income	# Units
20%	-	0.0%			
30%	-	0.0%			
40%	-	0.0%			
50%	301	100.0%			
60%	-	0.0%			
70%	-	0.0%			
80%	-	0.0%			
MR	-	0.0%			
TOTAL	301	100.0%			

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	907 sf

UNIT MIX / MONTHLY RENT SCHEDULE																			
HTC		UNIT MIX			APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS			TDHCA PRO FORMA RENTS			MARKET RENTS					
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Mkt Analyst			
TC 50%	\$1,027	40	0	1	508	\$1,027	\$67	\$960	\$0	\$1.89	\$960	\$38,400	\$960	\$1.89	\$0	\$1,027	\$2,02		
TC 50%	\$1,100	82	1	1	650	\$1,100	\$78	\$1,022	\$0	\$1.57	\$1,022	\$83,804	\$83,804	\$1.57	\$0	\$1,100	\$1.69		
TC 50%	\$1,320	32	2	2	960	\$1,320	\$103	\$1,217	\$0	\$1.27	\$1,217	\$38,944	\$38,944	\$1.27	\$0	\$1,320	\$1.38		
TC 50%	\$1,320	32	2	2	990	\$1,320	\$103	\$1,217	\$0	\$1.23	\$1,217	\$38,944	\$38,944	\$1.23	\$0	\$1,320	\$1.33		
TC 50%	\$1,525	88	3	2	1,158	\$1,525	\$128	\$1,397	\$0	\$1.21	\$1,397	\$122,936	\$122,936	\$1.21	\$0	\$1,525	\$1.32		
TC 50%	\$1,701	27	4	2	1,300	\$1,701	\$154	\$1,547	\$0	\$1.19	\$1,547	\$41,769	\$41,769	\$1.19	\$0	\$1,701	\$1.31		
TOTALS/AVERAGES	301					273,024					\$0	\$1,34	\$1,212	\$364,797	\$1,212	\$1.34	\$0	\$1,315	\$1.45

ANNUAL POTENTIAL GROSS RENT:

64

STABILIZED PRO FORMA

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

DEBT / GRANT SOURCES

APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE

POLITY DOCUMENTS

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CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant	TDHCA	Construction Rehabilitation
	Acquisition	Construction Rehabilitation	Acquisition
ADJUSTED BASIS	\$16,300,000	\$58,380,033	\$16,300,000
Deduction of Federal Grants	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$16,300,000	\$58,380,033	\$16,300,000
High Cost Area Adjustment		130%	
TOTAL ADJUSTED BASIS	\$16,300,000	\$75,894,042	\$16,300,000
Applicable Fraction	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	\$16,300,000	\$75,894,042	\$16,300,000
Applicable Percentage	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	\$652,000	\$3,035,762	\$652,000
CREDITS ON QUALIFIED BASIS	\$3,687,762		\$3,687,762

ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS			FINAL ANNUAL LIHTC ALLOCATION		
Method	Annual Credits	Proceeds	Credit Price	\$0.0649	Variance to Request
Eligible Basis	\$3,687,762	\$31,895,948	Credit Allocation	Credits	Proceeds
Needed to Fill Gap	\$4,199,982	\$36,325,949	----	----	----
Applicant Request	\$3,687,762	\$31,895,948	\$3,687,762	\$0	\$0

25% Test for Bond Financing for 4% Tax Credits					
Tax-Exempt Bond Amount	\$40,000,000	Applicant	TDHCA	Percent Financed by Tax-Exempt Bonds	Applicant 55.7% TDHCA 55.7%
Land Cost	\$1,200,000		\$1,200,000		
Depreciable Bldg Cost	\$70,505,032		\$70,505,032		
Aggregate Basis for 25% Test	\$71,705,032		\$71,705,032		
				amount aggregate basis can increase before 25% test fails	\$8,204,968 \$8,204,967 11.4% 11.4%

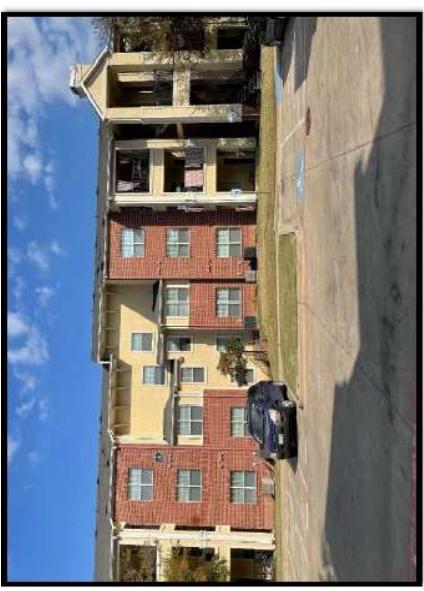
Long-Term Pro Forma

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

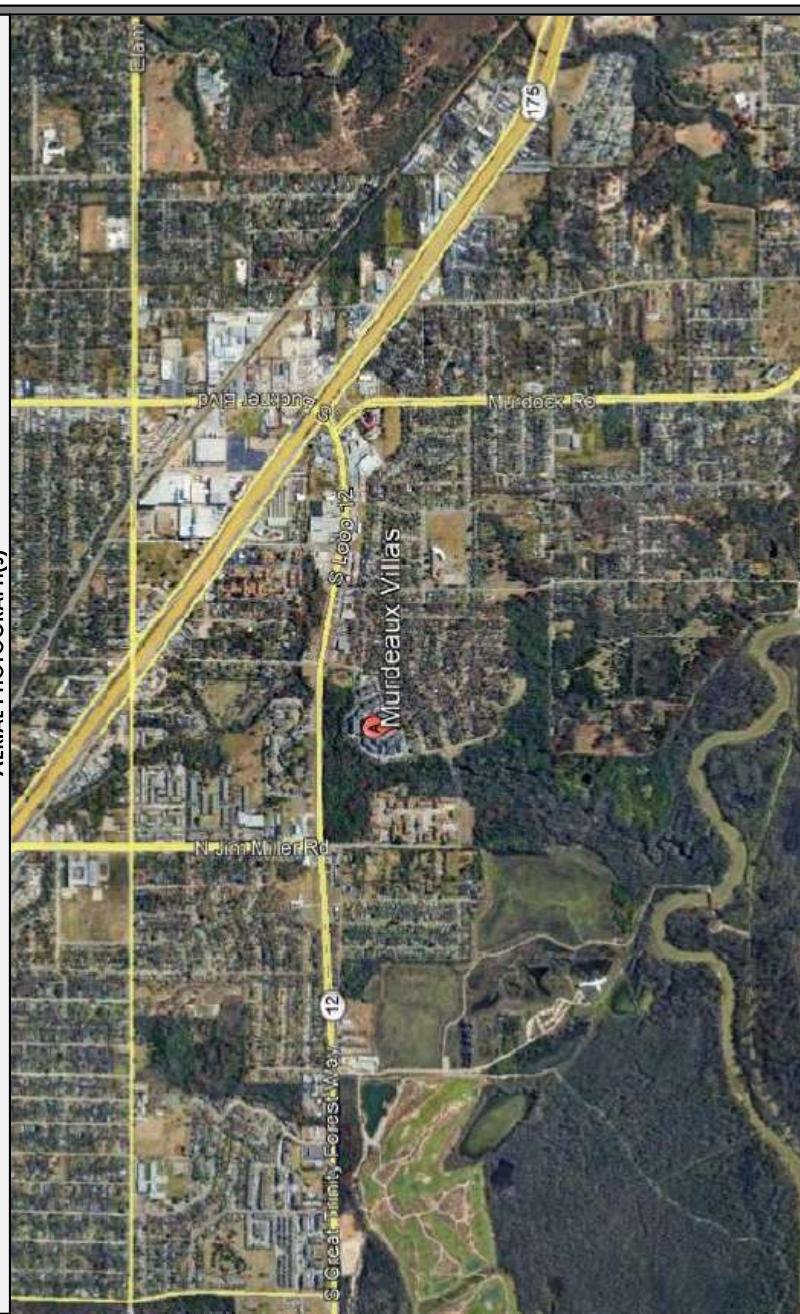
	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$4,149,480	\$4,232,469	\$4,317,119	\$4,403,461	\$4,491,530	\$4,959,012	\$5,475,150	\$6,045,008	\$6,674,178	\$7,368,831	\$8,135,785	\$8,982,564
TOTAL EXPENSES	3.00%	\$1,965,405	\$2,022,915	\$2,143,074	\$2,205,825	\$2,548,479	\$2,944,806	\$3,403,260	\$3,933,634	\$4,547,266	\$5,257,293	\$6,078,927	
NET OPERATING INCOME ("NOI")	\$2,184,075	\$2,209,554	\$2,260,388	\$2,285,706	\$2,410,534	\$2,530,345	\$2,641,748	\$2,740,544	\$2,821,565	\$2,878,492	\$2,903,637		
EXPENSE/INCOME RATIO	47.4%	47.8%	48.2%	48.7%	49.1%	51.4%	53.8%	56.3%	58.9%	61.7%	64.6%	67.7%	
MUST PAY DEBT SERVICE													
TOTAL DEBT SERVICE		\$1,898,351	\$1,898,091	\$1,897,819	\$1,897,532	\$1,895,476	\$1,893,224	\$1,890,334	\$1,886,625	\$1,881,865	\$1,875,757	\$1,867,917	
DEBT COVERAGE RATIO		1.15	1.16	1.18	1.19	1.20	1.27	1.34	1.40	1.45	1.50	1.53	1.55
ANNUAL CASH FLOW	\$285,724	\$311,463	\$337,179	\$362,856	\$388,475	\$515,058	\$637,121	\$751,414	\$853,919	\$939,700	\$1,002,735	\$1,035,720	
Deferred Developer Fee Balance		\$4,144,277	\$3,832,814	\$3,495,635	\$3,132,779	\$2,744,304	\$420,936	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$2,522,949	\$6,056,284	\$10,125,500	\$14,660,244	\$19,558,307	\$24,684,602

21614 Murdeaux Villas - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 1, 2021

PROPERTY IDENTIFICATION		RECOMMENDATION		KEY PRINCIPALS / SPONSOR																															
Application #	21614	TDHCA Program		Request																															
Development	Murdeaux Villas	IHTC (4% Credit)		\$2,238,085																															
City / County	Dallas / Dallas	\$2,218,728		\$7,371/unit																															
Region/Area	3 / Urban	\$0.85																																	
Population	General																																		
Ser-Aside	General																																		
Activity	Acquisition/Rehab (Built in 2004)	Private Activity Bonds																																	
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SITE PLAN																																			
REHABILITATION COSTS / UNIT		<table border="1"> <thead> <tr> <th>Category</th><th>Cost</th><th>Percentage</th><th>Notes</th></tr> </thead> <tbody> <tr> <td>Site Work</td><td>\$4K</td><td>6%</td><td>Finishes/Fixture</td></tr> <tr> <td>Building Shell</td><td>\$24K</td><td>41%</td><td>Amenities</td></tr> <tr> <td>HVAC</td><td>\$3K</td><td>6%</td><td>Total Exterior</td></tr> <tr> <td>Appliances</td><td>\$3K</td><td>5%</td><td>Total Interior</td></tr> <tr> <td></td><td></td><td></td><td>\$23K 42%</td></tr> </tbody> </table>				Category	Cost	Percentage	Notes	Site Work	\$4K	6%	Finishes/Fixture	Building Shell	\$24K	41%	Amenities	HVAC	\$3K	6%	Total Exterior	Appliances	\$3K	5%	Total Interior				\$23K 42%						
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DEBT (Must Pay)				CASH FLOW DEBT / GRANT FUNDS				EQUITY / DEFERRED FEES														
Source	Term	Rate	Amount	Source	Term	Rate	Amount	Source	Term	Rate	Amount											
Bellweather Enterprise	17/40	4.55%	\$27,500,000	1.15	Cash flow from Occupied units	0/0	0.00%	\$350,000	1.15	42 Equity Partners	\$18,860,229											
										Hamilton Development Corporation	\$4,699,052											
TOTAL DEBT (Must Pay)			\$27,500,000							TOTAL EQUITY SOURCES	\$23,559,281											
										TOTAL DEBT SOURCES	\$27,850,000											
										TOTAL CAPITALIZATION	\$51,409,281											
CONDITIONS																						
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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.																						
BOND RESERVATION / ISSUER																						
Issuer	TDHCA																					
Expiration Date	7/27/2021																					
Bond Amount	\$35,000,000																					
BRB Priority	1A																					
Bond Structure	Freddie Mac Tax-Exempt Loan																					
% Financed with Tax-Exempt Bonds	82.1%																					
RISK PROFILE																						
STRENGTHS/MITIGATING FACTORS																						
Overall Feasibility Indicators																						
□ Low gross capture rate of new unit mix.																						
□ 10% Contingency																						
□ Developer Experience																						
WEAKNESSES/RISKS																						
□ Feasibility dependent on tax exemption																						
□ Low historical occupancy of large units																						



**Real Estate Analysis Division****Underwriting Report**

April 1, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #:

21614

Program(s):

TDHCA Bonds/4% HTC**Murdeaux Villas**Address/Location: 125 S Murdeaux LnCity: DallasCounty: DallasZip: 75217Population: General

Program Set-Aside:

GeneralArea: UrbanActivity: Acquisition/Rehab

Building Type:

Garden (Up to 4-story)Region: 3Analysis Purpose: New Application - Initial Underwriting**ALLOCATION**

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
Private Activity Bonds	\$35,000,000	4.55%	35	17	\$35,000,000	4.55%	40	17	0
LIHTC (4% Credit)	\$2,238,085				\$2,218,728				

Staff recommends Board approval of a waiver of the following rule:

- a) 11.304(a)(2) - requiring Appraisals to be reviewed in accordance with USPAP Standard 3 and Standard 4, by a review appraiser as selected by the Department from an approved list of review appraisers.

CONDITIONS

- 1 Receipt and acceptance before Determination Notice:
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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.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	301

DEVELOPMENT SUMMARY

Murdeaux Villas Apartments is an existing affordable housing development in year 16 of the HTC LURA, and is an attempted workout of a troubled asset in jeopardy of being foreclosed by the current lender.

The proposed amendment is tied to a purchase and sale agreement to be financed with an allocation of 4% credits and tax exempt bonds. NRA SF will remain the same, but the unit count will increase. Three and four-bedroom units with a history of low occupancy will be converted to one bedroom and studio units. The number of affordable units will increase from the current 240 units to 301 units. The building footprints will not change consistent with a rehabilitation.

The existing LURA restricts rents at 50% AMI and incomes at 60% AMI. The new HTC LURA will restrict all units at 50% AMI rent and income. The bond priority for the proposed transaction requires the new bond LURA to restrict half the units at 50% AMI rent and income, and half the units at 60% AMI rent and income. For the HTC program, existing households that were income eligible under the initial allocation of credits, are considered eligible under the new allocation of credits.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
▫ Overall Feasibility Indicators	▫ Feasibility dependent on tax exemption
▫ Low gross capture rate of new unit mix.	▫ Low historical occupancy of large units
▫ 10% Contingency	▫
▫ Developer Experience	▫

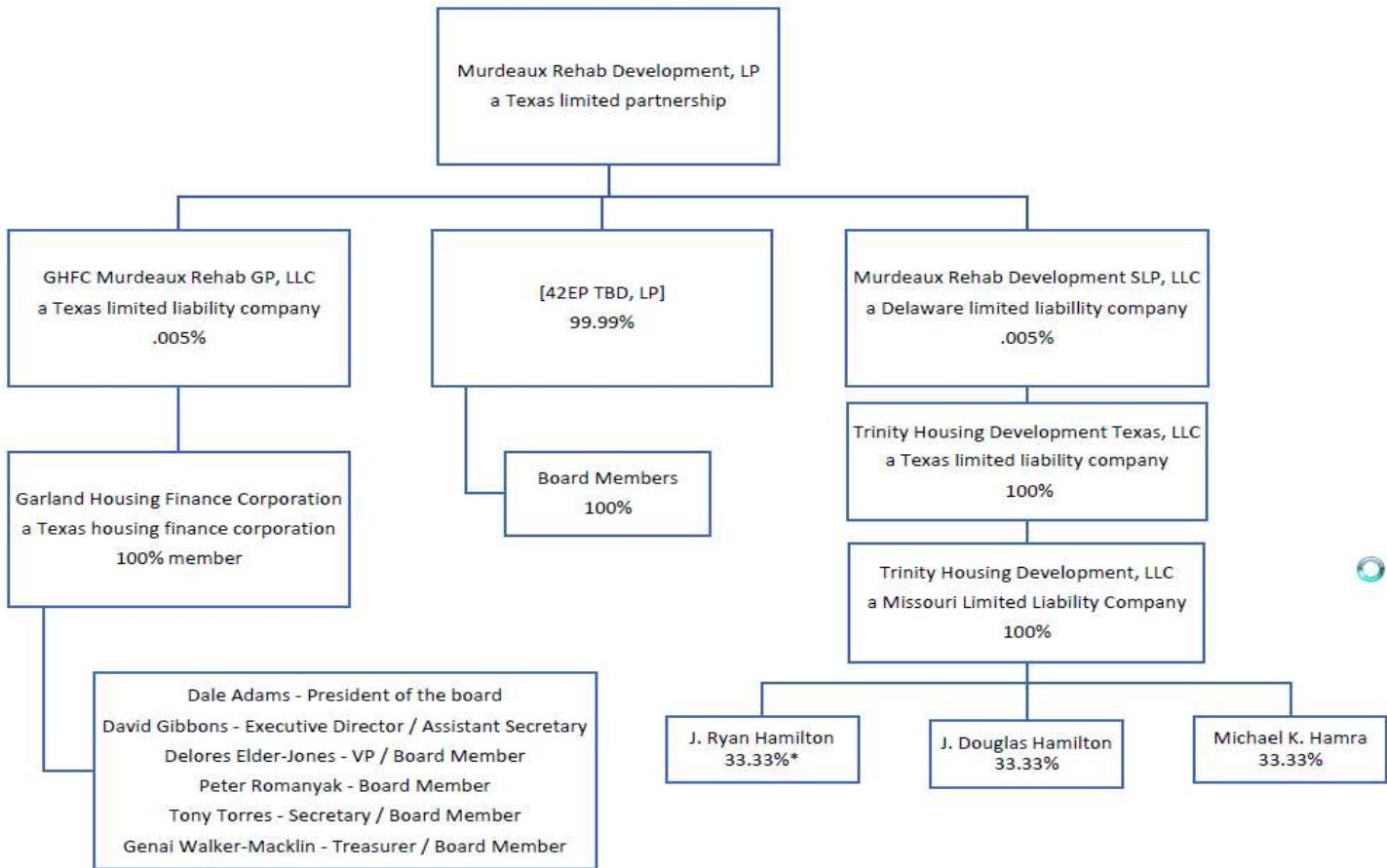
DEVELOPMENT TEAM

PRIMARY CONTACTS

Name: J. Ryan Hamilton
 Phone: (417) 882-1701
 Relationship: Principle

Name: Douglas Hamilton
 Phone: -
 Relationship: Principle

OWNERSHIP STRUCTURE



- Garland Housing Finance Corp is the Sole Member of the GP. GHFC participation will facilitate a 100% property tax exemption.

Trinity Housing Development Texas, LLC, a subsidiary of Hamilton Development Corp., has completed or is in the process of developing 12 Texas HTC properties over the past 6 years.

DEVELOPMENT SUMMARY

SITE PLAN

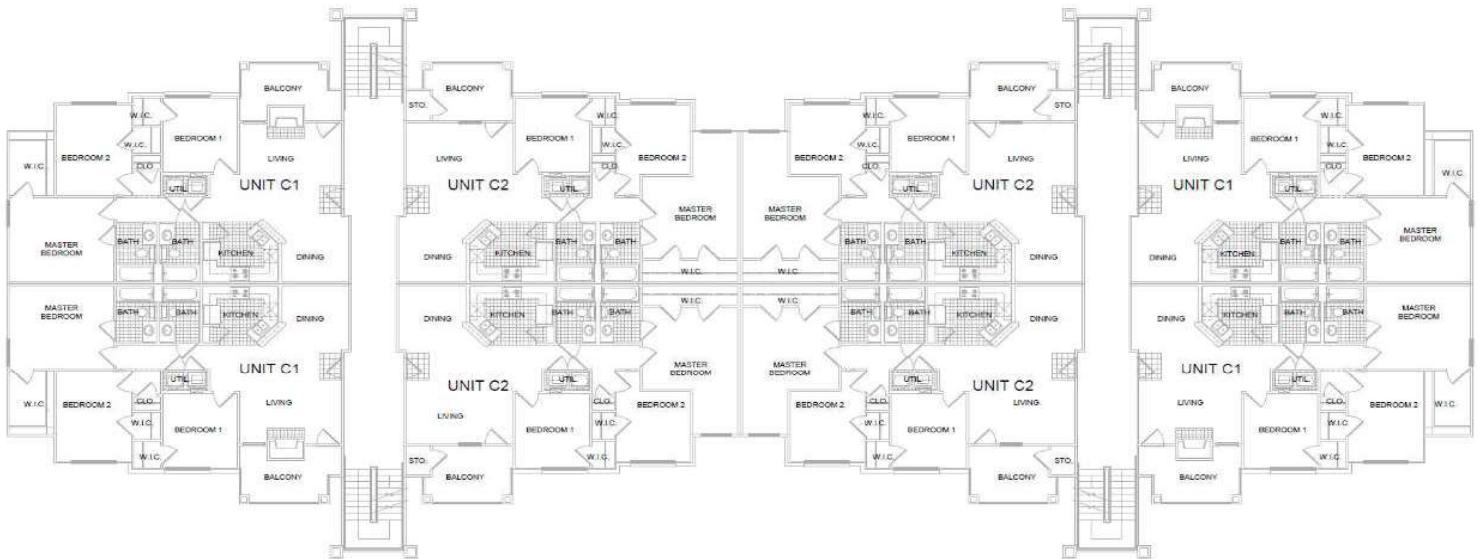


Comments:

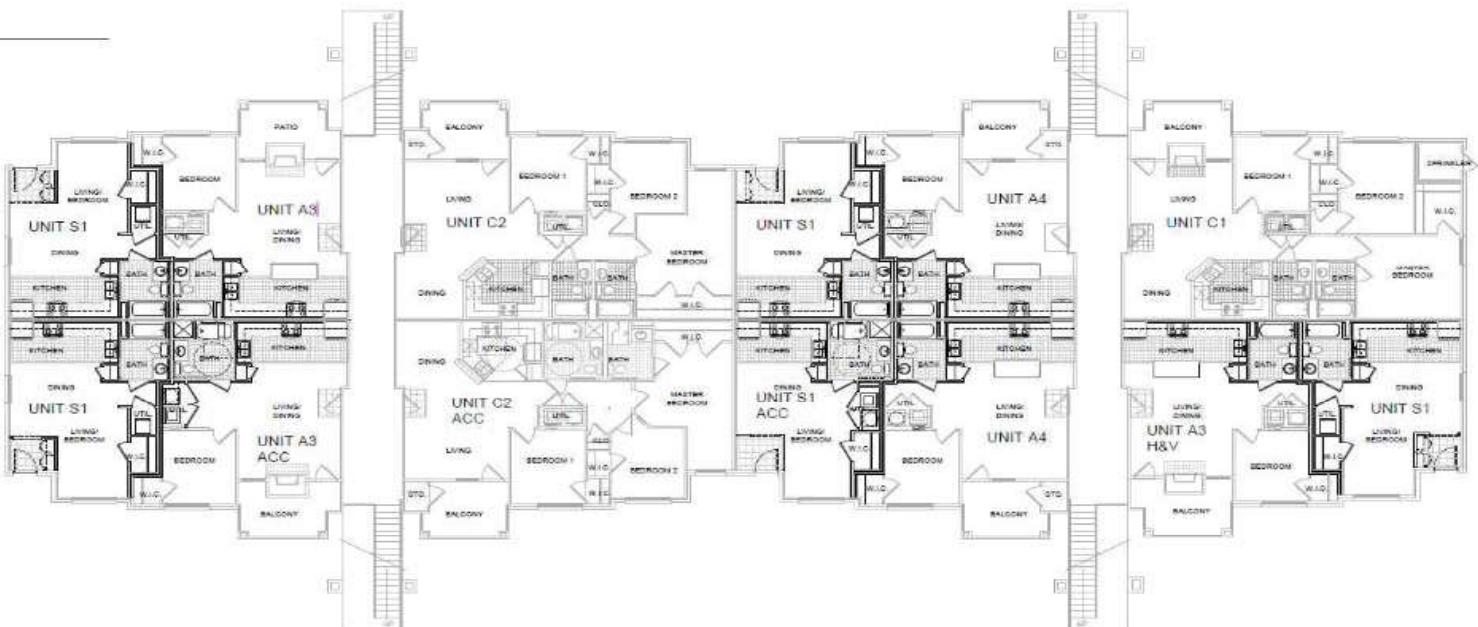
Existing 468 parking spaces consist of 324 standard spaces, 32 van accessible spaces, 62 carports and 50 garage spaces. The Applicant reports that the City has determined the development is compliant with the 460 spaces originally approved for Murdeaux because no space is being added to or subtracted from any buildings. The City has approved the plan submitted and the development is permit ready.

The QAP requires that the minimum parking required by local code must be available free of charge to the tenants. Since City approval is based on 460 spaces, no more than eight of the garages or carports can be rented for a fee.

BUILDING PLAN (Existing)



BUILDING PLAN (Post-Rehab)



Comments:

The existing unit mix does not include any efficiency or one-bedroom units. Forty existing 3-bedroom units and twenty-one existing 4-bedroom units will be reconfigured into forty efficiency units and eighty-two one-bedroom units. One existing accessible three-bedroom unit will not be reconfigured, but will be designated as a two-bedroom unit and will be offered at the two-bedroom rent to households with a need for an accessible two-bedroom unit.

BUILDING ELEVATION



Comments:

Two- and three-story, walk-up garden style buildings. Two(2), three (3) and four (4) bedroom units are all non-rectangular. Re-configuration of units will be accomplished within the existing building footprint maintaining significant building articulation. Exteriors are masonry, stucco, and fiber cement. Ceiling height is 8 feet typical of this era construction.

BUILDING CONFIGURATION

Building Type	TYPE I	TYPE II	TYPE III												Total Buildings
Floors/Stories	3	2	2												
Number of Bldgs	8	4	2												14
Units per Bldg	29	12	11												
Total Units	231	48	22												301
Avg. Unit Size (SF)	907 sf			Total NRA (SF)	273,024			Common Area (SF)*							4,718

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage:	Development Site:	18.04	acres	Density:	16.7	units/acre
Site Control:	18.04	Site Plan:	18.04	Appraisal:	18.04	ESA: 18.04
Control Type:	Purchase Agreement			Contract Expiration:	5/1/2021	
Tract 1:	18.038	acres		Seller:	Murdeaux Villas, LP	
Tract 2:	3.678	acres		Seller:	Murdeaux Villas, LP	
Total Acquisition:	21.72	acres		Cost:	\$17,750,000	
Development Site:	18.04	acres		Cost:	\$17,470,000	\$58,040 per unit
Seller:	Murdeaux Villas, LP					
Buyer:	Trinity Housing Development, LLC					
Related-Party Seller/Identity of Interest:	No					

Comments:

The existing Development Site is 18.038 acres. The Purchase Agreement also includes an adjacent 3.68-acre unimproved tract that will not be included as part of the post-rehabilitation Development Site. The Acquisition Cost for the proposed transaction is adjusted by the appraised value of the additional tract.

APPRAISED VALUE

Appraiser:	BBG, Inc.	Date:	11/11/2020
Land as Vacant:	18.04 acres	\$1,200,000	Per Unit: \$3,987
Existing Buildings: (as-is)		\$16,500,000	Per Unit: \$54,817
Total Development: (as-is)		\$17,700,000	Per Unit: \$58,804

Comments:

The 2021 QAP requires the appraisal to be reviewed in accordance with USPAP Standards. Staff is recommending a waiver of this rule. At the time of this underwriting, the process to implement this requirement is not yet in place. Until a process is established and a list of approved review appraisers has been identified, REA Staff will continue to review application appraisals to insure compliance with the QAP.

SITE INFORMATION

Flood Zone:	X / AE	Scattered Site?	No
Zoning:	MF-1(A)	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	2004	Title Issues?	No

Current Uses of Subject Site:

Subject development

Surrounding Uses:

North: Vacant land / multifamily / single family residential

East: single family residential / retail / church

South: Vacant land / single family residential

West: Vacant land / multifamily / SFR

Other Observations:

All improvements are located outside the floodplain. An undeveloped portion on the west side and northwest corner of the site is located in floodzone AE.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider:	Partner Engineering and Science, Inc.	Date:	2/14/2020
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Recognized Environmental Conditions (RECs) and Other Concerns:

- None.

Comments:

Property management reported four down apartment units at the time of the site reconnaissance. The down units were in various stages of construction with large areas of water damage including deteriorated/missing drywall, damaged/missing flooring, etc. evident in each unit. Areas of minor suspect microbial growth were noted in the four down apartment units. Partner recommends, that a Mold, Moisture & Minimization Plan be implemented at the subject property.

MARKET ANALYSIS

Provider: Affordable Housing Analysts
Contact: Bob Coe

Date: 7/27/2020
Phone: 281-387-7552

Market Analyst calculates a Gross Capture Rate of 6.65%, which is below the 10% maximum. Underwriter reviewed the market study for compliance.

Capture rate limits do not apply to existing affordable housing that is at least 50% occupied and that provides a leasing preference to existing tenants. Since the subject renovations will be a rolling rehab, occupancy will remain at, or close to, stabilized and absorption will not take place in the traditional sense.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$1,754,323	Avg. Rent:	\$892	Expense Ratio:	42.5%
Debt Service:	\$1,521,680	B/E Rent:	\$823	Controllable Expenses:	\$2,943
Net Cash Flow:	\$232,643	UW Occupancy:	92.5%	Property Taxes/Unit:	\$0
Aggregate DCR:	1.15	B/E Occupancy:	85.4%	Program Rent Year:	2020

All units underwritten at maximum HTC 50% Rents.

Underwriter's estimates for operating expenses primarily based on the actual expenses.

Applicant anticipates a full property tax exemption facilitated by ground lease of the site from the GP, an affiliate of the Garland Housing Finance Corp. Without the tax exemption, debt coverage would drop to 0.87 times and the development would be infeasible.

Applicant's \$1,800 franchise tax expense excluded by Underwriter because it is treated as a partnership expense rather than an operating expense of the property.

Annual deposit for Replacement Reserve \$350 per unit as specified by equity provider.

Related-Party Property Management Company: Yes

Revisions to Rent Schedule: 6

Revisions to Annual Operating Expenses: 6

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	\$66,526/ac	\$58,538/unit	\$17,620,000	Contractor Fee	\$2,500,806
Off-site + Site Work		\$7,027/unit	\$2,115,150	Soft Cost + Financing	\$6,371,250
Building Cost	\$52.14/sf	\$47,291/unit	\$14,234,675	Developer Fee	\$6,093,500
Contingency	9.93%	\$5,395/unit	\$1,623,900	Reserves	\$850,000
Total Development Cost		\$170,795/unit	\$51,409,281	Rehabilitation Cost	\$54,318/unit
Qualified for 30% Basis Boost?				Located in QCT with < 20% HTC units/HH	

Acquisition:

Total Purchase Price is \$17,750,000 for the subject and an additional 3.678-acre adjacent site. Cost stated in the Development Cost Schedule excludes the \$280,000 appraised value for the additional tract.

\$1,200,000 is allocated to the subject site land, and \$16,270,000 allocated to eligible building cost.

Site Work:

Underwriter's Site Work costs from applicant's Scope and Cost Review.

Building Cost:

Report costs full replacement of most systems as determined by the SCR provider and the project architect.

42% of Hard Cost budgeted for unit interior improvements will directly impact resident experience.

REHABILITATION COSTS / UNIT - % HARD COST							
Site Work	\$1,062,250	\$3,529/unit	6%	Finishes/Fixtures	\$4,979,000	\$16,542/unit	28%
Building Shell	\$7,352,475	\$24,427/unit	41%	HVAC	\$997,200	\$3,313/unit	6%
Amenities	\$1,052,900	\$3,498/unit	6%	Appliances	\$906,000	\$3,010/unit	5%
Total Exterior	\$9,467,625	\$31,454/unit	58%	Total Interior	\$6,882,200	\$22,864/unit	42%

SCOPE & COST REVIEW

Provider: Dan Burbine and Associates Date: 10/15/2020

Contingency:

Eligible Contingency Cost is limited to 10% of eligible Hard Cost. The Applicant overstated eligible contingency by \$30,000.

Contractor Fee:

Eligible Contractor Fees are limited to 14% of eligible Hard Cost plus Contingency. The Applicant overstated eligible contractor fees by \$46,200.

Soft Costs:

\$1,010/unit toward Architecture & Engineering, along with \$911/unit for Building Permits / Impact Fees.

\$500K set aside for temporary relocation of tenants during the rehabilitation.

Developer Fee:

Applicant included \$6.1M Total Developer Fee with rehabilitation cost. Underwriter re-allocated \$2.4M as acquisition cost. The acquisition portion does not receive the 30% basis boost, reducing the credit recommendation.

Comments:

All TDHCA Costs were provided by the independent Scope and Cost Review.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$51,409,281	\$46,984,582	\$2,218,728

Related-Party Contractor: Yes

Related-Party Cost Estimator: Yes

Rewvisions to Development Cost Schedule:	3
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UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	Amount	Reservation Date	Priority
Texas Dept of Housing and Community Affairs	\$35,000,000	1/28/2021	1A
Closing Deadline	Bond Structure		
7/27/2021	Freddie Mac Tax-Exempt Loan		

Percent of Cost Financed by Tax-Exempt Bonds	82.1%
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Comments:

TDHCA will issue a \$35,000,000 of Tax Exempt Bonds and will impose a 0.10% annual Bond Issuer Fee on the outstanding balance throughout the 40-year term.

Tax exempt bonds will finance 82% of the aggregate basis of the project, exceeding the 50% required to qualify for 4% housing tax credits.

INTERIM SOURCES				
Funding Source	Description	Amount	Rate	LTC
IBC Bank	Tax Exempt Loan	\$35,000,000	4.75%	68%
42 Equity Partners	HTC	\$10,843,520	\$0.85	21%
Hamilton Development Corporation	Deferred Developer Fee	\$4,564,936		9%
Cash flow from Occupied units	Continuing Operations	\$190,000		0%
			\$51,298,456	Total Sources

Comments:

IBC Bank will provide \$35,000,000 interim construction loan at 4.75% interest. At conversion to permanent financing, \$7,500,000 of the bonds will be redeemed, leaving \$27,500,000 in permanent debt.

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Bellweather Enterprise	\$27,500,000	4.43%	40	17	\$27,500,000	4.55%	40	17	53%
Cash flow from Occupied units	\$350,000				\$350,000				1%
Total	\$27,850,000				\$27,850,000				

Comments:

Bellwether Enterprise has provided a conditional commitment for a \$27,500,000 Forward Freddie Mac Tax Exempt Loan.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN				
	Amount	Rate	% Def	Amount	Rate	% TC	% Def	
42 Equity Partners	\$19,023,720	\$0.85		\$18,860,229	\$0.85	37%		
Hamilton Development Corporation	\$4,424,736		73%	\$4,699,052		9%	77%	
Total	\$23,448,456				\$23,559,281			
					\$51,409,281			
					Total Sources			

Credit Price Sensitivity based on current capital structure

\$1.053	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.784	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

42 Equity Partners will provide tax credit equity at \$0.85 per credit.

As underwritten, the Developer will defer 77% of the Developer Fee.

Revisions to Sources Schedule:	6
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CONCLUSIONS

Gap Analysis:

Total Development Cost	\$51,409,281
Permanent Sources (debt + non-HTC equity)	\$27,850,000
Gap in Permanent Financing	\$23,559,281

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$18,860,229	\$2,218,728
Needed to Balance Sources & Uses	\$23,559,281	\$2,771,527
Requested by Applicant	\$19,024,770	\$2,238,085

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$18,860,229	\$2,218,728

Deferred Developer Fee	\$4,699,052	(77% deferred)
Repayable in	13 years	

Comments:

Tax Credit recommendation is \$2,218,728 as determined by eligible basis.

The Applicant's request for credits was revised to reflect the 4.00% applicable percentage set by federal legislation passed at the end of 2020.

Underwriter:

Greg Stoll

Manager of Real Estate Analysis:

Jeanna Adams

Director of Real Estate Analysis:

Thomas Cavanagh

UNIT MIX/RENT SCHEDULE

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

LOCATION DATA					
CITY:	Dallas				
COUNTY:	Dallas				
Area Median Income	\$83,100				
PROGRAM REGION:	3				
PROGRAM RENT YEAR:	2020				
TOTALS/AVERAGES:	301	100.0%	3	-	

UNIT DISTRIBUTION					
# Beds			# Units	% Total	Assisted
Eff	40	13.3%	0	0	0
1	82	27.2%	0	0	30%
2	65	21.6%	1	0	40%
3	87	28.9%	2	0	50%
4	27	9.0%	0	0	60%
5	-	0.0%	0	0	70%
					80%
					MR
					-
TOTAL	301	100.0%	3	-	TOTAL
					301
					100.0%

50% Average Income					
Income	# Units	% Total	MDL		
20%	-	0.0%	0	Revenue Growth	2.00%
			0	Expense Growth	3.00%
			0	Basis Adjust	130%
			0	Applicable Fraction	100%
			0	APP % Acquisition	4.00%
			0	APP % Construction	4.00%
			0	Average Unit Size	907 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC	APPLICABLE PROGRAM RENT				APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS				
	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max Rent	Rent psf	Total Monthly Rent	Rent per Unit	Rent per psf	Delta to Max	Underwritten	Mrkt Analyst	
TC 50%	\$755	20	0	1	508	\$755	\$49	\$706	\$0	\$1.39	\$706	\$14,120	\$1.39	\$0	\$810	\$1.59	
TC 50%	\$808	41	1	1	650	\$808	\$59	\$749	\$0	\$1.15	\$749	\$30,709	\$1.15	\$0	\$1,075	\$1.65	
TC 50%	\$970	16	2	2	960	\$970	\$75	\$895	\$0	\$0.93	\$895	\$14,320	\$0.93	\$0	\$1,320	\$1.38	
TC 50%	\$970	16	2	2	990	\$970	\$75	\$895	\$0	\$0.90	\$895	\$14,320	\$0.90	\$0	\$1,350	\$1.36	
TC 50%	\$1,120	42	3	2	1,158	\$1,120	\$87	\$1,033	\$0	\$0.89	\$1,033	\$43,386	\$0.89	\$0	\$1,575	\$1.36	
TC 50%	\$1,250	13	4	2	1,300	\$1,250	\$105	\$1,145	\$0	\$0.88	\$1,145	\$14,885	\$1.145	\$0.88	\$0	\$1,750	\$1.35
TC 50%	\$1,120	2	3	2	1,158	\$1,120	\$87	\$1,033	\$0	\$0.89	\$1,033	\$2,066	\$1,033	\$0.89	\$0	\$1,350	\$1.17
TC 50%	\$755	20	0	1	508	\$755	\$49	\$706	\$0	\$1.39	\$706	\$14,120	\$1.39	\$0	\$810	\$1.59	
TC 50%	\$808	41	1	1	650	\$808	\$59	\$749	\$0	\$1.15	\$749	\$30,709	\$1.15	\$0	\$1,075	\$1.65	
TC 50%	\$970	16	2	2	960	\$970	\$75	\$895	\$0	\$0.93	\$895	\$14,320	\$0.93	\$0	\$1,320	\$1.38	
TC 50%	\$970	16	2	2	990	\$970	\$75	\$895	\$0	\$0.90	\$895	\$14,320	\$0.90	\$0	\$1,350	\$1.36	
TC 50%	\$1,120	43	3	2	1,158	\$1,120	\$87	\$1,033	\$0	\$0.89	\$1,033	\$44,419	\$1.033	\$0.89	\$0	\$1,575	\$1.36
TC 50%	\$1,250	14	4	2	1,300	\$1,250	\$105	\$1,145	\$0	\$0.88	\$1,145	\$16,030	\$1.145	\$0.88	\$0	\$1,750	\$1.35
TC 50%	\$970	1	2	2	1,158	\$970	\$75	\$895	\$0	\$0.77	\$895	\$895	\$0.77	\$0	\$1,350	\$1.17	
TOTALS/AVERAGES:	301									\$0.98	\$892	\$268,619	\$892	\$0.98	\$0	\$1,300	\$1.43
ANNUAL POTENTIAL GROSS RENT:																	
\$3,223,428																	

STABILIZED PRO FORMA

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

STABILIZED FIRST YEAR PRO FORMA										VARIANCE	
COMPARABLES			APPLICANT			TDHCA			VARIANCE		
Database	2019 T12	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT											
Pet and Late fees, forfeitures, fines, vendin					\$10.00	\$36,120				0.0%	\$0
Vouchers and parking (current operations)					\$10.00	\$36,120					
Total Secondary Income					\$20.00	\$72,240	\$20.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$3,295,668	\$3,295,668			0.0%	\$0
Vacancy & Collection Loss					7.5% PGJ	(247,175)	(247,175)	7.5% PGJ		0.0%	-
EFFECTIVE GROSS INCOME						\$3,048,493	\$3,048,493			0.0%	\$0

General & Administrative	\$113,309	\$376/Unit	\$121,731	\$404	2.75%	\$0.31	\$278	\$83,800	\$121,731	\$404	\$0.45	3.99%	-31.2%	(37,931)
Management	\$105,446	3.9% EGI	\$83,294	\$277	4.00%	\$0.45	\$405	\$121,940	\$121,940	\$405	\$0.45	4.00%	0.0%	-
Payroll & Payroll Tax	\$348,900	\$1,159/Unit	\$319,491	\$1,061	11.48%	\$1.28	\$1,163	\$350,000	\$350,000	\$1,163	\$1.28	11.48%	0.0%	-
Repairs & Maintenance	\$163,872	\$544/Unit	\$375,696	\$1,248	4.66%	\$0.52	\$472	\$142,000	\$195,650	\$650	\$0.72	6.42%	-27.4%	(53,650)
Electric/Gas	\$81,841	\$272/Unit	\$41,130	\$137	1.31%	\$0.15	\$33	\$40,000	\$41,130	\$137	\$0.15	1.35%	-2.7%	(1,130)
Water, Sewer, & Trash	\$188,670	\$627/Unit	\$261,634	\$869	8.86%	\$0.99	\$97	\$270,000	\$261,634	\$869	\$0.96	8.58%	3.2%	8,366
Property Insurance	\$95,886	\$0.35 /sf	\$120,617	\$401	4.92%	\$0.55	\$498	\$150,000	\$120,617	\$401	\$0.44	3.96%	24.4%	29,383
Property Tax (@ 0%)	2,7336	\$202,076	\$671/Unit	\$79,930	\$598	0.00%	\$0.00	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Reserve for Replacements				\$0	3.47%	\$0.39	\$351	\$105,700	\$105,350	\$350	\$0.39	3.46%	0.3%	350
Cable TV				\$0	0.12%	\$0.01	\$12	\$3,600	\$12,080	\$40	\$0.01	0.12%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)				\$0	0.40%	\$0.04	\$40	\$12,040	\$12,040	\$40	\$0.04	0.39%	0.3%	40
Bond Trustee Fees				\$0	0.25%	\$0.03	\$25	\$7,500	\$7,500	\$25	\$0.03	0.25%	0.0%	-
TOTAL EXPENSES				42.45%	\$4.74	\$4,300	\$1,294,170	\$1,353,717	\$4,497	\$4.96	44.41%	-4.4%	\$ (59,547)	
NET OPERATING INCOME ("NOI")				57.55%	\$6.43	\$5,828	\$1,754,323	\$1,694,776	\$5,630	\$6.21	55.59%	3.5%	\$ 59,547	
CONTROLLABLE EXPENSES								\$2,943/Unit						
									\$3,223/Unit					

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant	TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition
ADJUSTED BASIS	\$ 8,705,831	\$28,008,106	\$18,705,831
Deduction of Federal Grants	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$ 8,705,831	\$28,008,106	\$18,705,831
High Cost Area Adjustment		130%	
TOTAL ADJUSTED BASIS	\$ 8,705,831	\$36,410,538	\$18,705,831
Applicable Fraction	100.00%		100.00%
TOTAL QUALIFIED BASIS	\$ 8,705,831	\$36,410,538	\$18,705,831
Applicable Percentage	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	\$748,233	\$1,456,422	\$748,233
CREDITS ON QUALIFIED BASIS	\$2,204,655		\$2,218,728

ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION	
Method	Annual Credits	Credit Price	\$0.8500
Eligible Basis	\$2,218,728	\$18,860,229	Variance to Request
Needed to Fill Gap	\$2,771,527	\$23,559,281	(\$164,541)
Applicant Request	\$2,238,985	\$19,924,770

50% Test for Bond Financing for 4% Tax Credits			
Tax-Exempt Bond Amount	\$35,000,000	Percent Financed by Tax-Exempt Bonds	Applicant TDHCA
Land Cost	Applicant \$1,200,000	TDHCA \$1,200,000	82.3% 82.1%
Depreciable Bldg Cost	\$41,226,206	\$41,437,031	
Aggregate Basis for 50% Test	\$42,526,206	\$42,637,031	
		amount aggregate basis can increase before 50% test fails	\$27,473,794 64.6% 64.2%

Long-Term Pro Forma

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

	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%	\$3,084,933	\$3,109,463	\$3,171,652	\$3,235,085	\$3,299,787	\$3,643,231	\$4,022,422	\$4,441,079	\$4,903,310	\$5,413,650	\$5,977,107	\$6,599,209
TOTAL EXPENSES	3.00%	\$1,294,170	\$1,331,776	\$1,370,485	\$1,410,331	\$1,451,347	\$1,675,224	\$1,934,000	\$2,233,156	\$2,579,035	\$2,978,983	\$3,441,506	\$3,976,453
NET OPERATING INCOME ("NOI")	\$1,754,323	\$1,777,687	\$1,801,167	\$1,824,754	\$1,848,440	\$1,968,007	\$2,088,421	\$2,207,923	\$2,324,274	\$2,434,667	\$2,535,601	\$2,622,756	
EXPENSE/INCOME RATIO	42.5%	42.8%	43.2%	43.6%	44.0%	46.0%	48.1%	50.3%	52.6%	55.0%	57.6%	60.3%	
MUST PAY DEBT SERVICE													
TOTAL DEBT SERVICE	\$1,521,680	\$1,521,432	\$1,521,173	\$1,520,901	\$1,520,617	\$1,518,985	\$1,516,936	\$1,514,366	\$1,511,140	\$1,507,063	\$1,502,013	\$1,495,638	
DEBT COVERAGE RATIO	1.15	1.17	1.18	1.20	1.22	1.30	1.38	1.46	1.54	1.62	1.69	1.75	
ANNUAL CASH FLOW	\$232,643	\$256,255	\$279,994	\$303,853	\$327,823	\$449,023	\$571,485	\$693,556	\$813,134	\$927,574	\$1,033,588	\$1,127,118	
Deferred Developer Fee Balance	\$4,466,409	\$4,210,155	\$3,930,160	\$3,626,307	\$3,298,484	\$1,296,556	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW	\$0	\$0	\$0	\$0	\$0	\$0	\$1,315,740	\$4,539,920	\$8,367,918	\$12,779,568	\$17,739,600	\$23,194,044	

PRIMARY MARKET AREA MAP

