

Parkside Deal Book (Prototype Excerpt)

Property Name	Parkside Apartments Limited Partnership
Description	150 -unit affordable housing community (with commercial spaces) located in White Plains, NY. Major funding sources include LIHTC, tax exempt (and taxable) bonds and ground lease. Rent subsidies provided by a HAP contract. Property is controlled by Affordable Housing Partners (AHP) and key partners are HUD (HAP contract and mortgage insurance), NYSHFA (lender), NEF (LIHTC syndicator) and AHP (ground lease).
Ownership	<p><u>GP</u>: AHP Development Corp (.01%), <u>Investor LP</u>: NY Equity Fund 2000 LLC, Series F (99.99%)</p> <ul style="list-style-type: none"> • Partnership formed 1/21/2001 • LP capital contribution of \$7,801,557, anticipated IRR of 7.3% (LPA) <p><u>Lender</u>: NYS HFA</p> <ul style="list-style-type: none"> • Tax ID: 04-45374647 • Project Number: 00-007-R Parkside Apts.
Units	<ul style="list-style-type: none"> • 150 Units & Commercial Space (Audit) <ul style="list-style-type: none"> ○ 170 designated for low income (Audit) ○ LPA – 168 units for occupancy by low income households (<60% AMI) , 13 units for moderate income households (<80% AMI) and approx. 5,000 sf of commercial space (LPA \$3) • Property Locations: <ul style="list-style-type: none"> ○ 100 West Dedham St. ○ 50-58 West Dedham St. ○ 1-9, 4-10, 11-23, 23-40, San Juan St. ○ 389-397 Shawmut St ○ 91-111 West Brookline St. ○ 3-5, 4-22, 7-9 Aguadilla St. • Tax Credit – 40%/60% Election (R&O §Rider A) • Land Area: 134,400 sf – 3.09 acres (White Plains Assessor) • Assessed Value (2014): <ul style="list-style-type: none"> ○ Total: \$40,207,200 – Land: \$20,772,400, Buildings: \$19,433,800
Utilities	<ul style="list-style-type: none"> • Owner pays Gas & Electric
Funding & Use Restriction	<ul style="list-style-type: none"> • Low Income Housing Tax Credits, <ul style="list-style-type: none"> ○ \$936,926 annually – 2001-2011 (Audit 2012) • NYSHFA Loan (Tax Exempt Bond) 30-year use restriction • NYSHCD 30 Year use restriction (Restrictive Covenant)
Subsidy	<ul style="list-style-type: none"> • HAP Contract, All Units - expires 1/1/2021 (HAP Contract)) <ul style="list-style-type: none"> ○ S8 Project #: MA06-M000-126, FHA Proj #: 023-44101 <ul style="list-style-type: none"> ▪ 20 Year Contract - 1/1/2001 – 12/31/2020 ○ OCAF increase, with Comp Study each 5th Year.

Rev 12/10/2015

Parkside Deal Book (Prototype Excerpt)

Mortgage Note	<ul style="list-style-type: none"> • NYSHFA (w/ HUD Mortgage Insurance – (HUD 542) HUD/MH Risk Sharing Program) (Audit 2012) <ul style="list-style-type: none"> ○ Initial Balance \$17,600,000 <ul style="list-style-type: none"> ▪ Balance 12/31/15 (2014 net of current) \$15,824,778 (Audit 2014) ○ Rate 6.833% + 0.5% Override/Service Fee (Audit Note §2) ○ Term: 40 Yrs./Amort 40 Years - Final Payment 5/1/2043 (Note) ○ 15 Year Lockout – 1% prepayment penalty thereafter (Note §3) <ul style="list-style-type: none"> ▪ Lockout Date: 4/27/2016 ○ Monthly Payment: \$107,244 • Tax Exempt Bond \$13.5M / Taxable Bonds 4.1M (Audit 2012) 																					
Ground Lease	<ul style="list-style-type: none"> • Base Ground Lease Rent (>2019) is \$690,000 (Audit 2014) • Initial Base Rent is lesser of \$600,000 or operating cash flow. (GL §7.2(a)) • 55-Year Ground Lease with IBA, executed on 4/27/2001, Exp 4/27/2056 (GL) • Payment made annually from available distributions, in arrears w/i 120 days. (GL §7.2(c)) • Unpaid Ground Lease accrues @ 8% until paid. (GL §7.2(a)) • Ground Lease rent increased every 10th anniversary by 10-yr CPI, but increase will not exceed \$90,000 in first increase 2011. (GL §7.2(a)) <table border="1" data-bbox="505 884 1157 1031"> <thead> <tr> <th></th> <th><u>GL Earned</u></th> <th><u>Paid</u></th> <th><u>Accrued Total</u></th> </tr> </thead> <tbody> <tr> <td>2012</td> <td></td> <td>753,200</td> <td></td> </tr> <tr> <td>2013</td> <td></td> <td>635,432</td> <td>815,544</td> </tr> <tr> <td>2014</td> <td>690,000</td> <td>666,856</td> <td>849,920</td> </tr> </tbody> </table>		<u>GL Earned</u>	<u>Paid</u>	<u>Accrued Total</u>	2012		753,200		2013		635,432	815,544	2014	690,000	666,856	849,920					
	<u>GL Earned</u>	<u>Paid</u>	<u>Accrued Total</u>																			
2012		753,200																				
2013		635,432	815,544																			
2014	690,000	666,856	849,920																			
LIHTC	<ul style="list-style-type: none"> • Tax Credits – ten years @ \$936,926 commenced in 2001 and ended in 2011 (Audit 2014). • Capital contributions of \$7,801,557, based on IRR of 7.3% (Audit 2014) • Applicable Fraction 92.8% (Restrict Covenants Recitals) 																					
Replacement Reserves	<ul style="list-style-type: none"> • Held by MassHousing, increase by 3% per year (R&O §8) <ul style="list-style-type: none"> ○ Recent Activity & Balance: (Audit 2014) <table border="1" data-bbox="599 1360 1105 1619"> <thead> <tr> <th></th> <th><u>2014</u></th> <th><u>2013</u></th> </tr> </thead> <tbody> <tr> <td>Start Balance</td> <td>2,005,821</td> <td>1,138,381</td> </tr> <tr> <td>Required</td> <td>142,607</td> <td>139,129</td> </tr> <tr> <td>Additional</td> <td>695,404</td> <td>990,000</td> </tr> <tr> <td>Withdrawal</td> <td>442,404</td> <td>263,900</td> </tr> <tr> <td>Interest</td> <td>3,574</td> <td>2,211</td> </tr> <tr> <td>End Balance</td> <td>2,405,002</td> <td>2,005,821</td> </tr> </tbody> </table> ○ Capitalized: \$500K (LPA), Initial Deposit \$7,542/Mo (R&O §8) <p>2015 Due: \$146,885 (2014 x 1.03)</p>		<u>2014</u>	<u>2013</u>	Start Balance	2,005,821	1,138,381	Required	142,607	139,129	Additional	695,404	990,000	Withdrawal	442,404	263,900	Interest	3,574	2,211	End Balance	2,405,002	2,005,821
	<u>2014</u>	<u>2013</u>																				
Start Balance	2,005,821	1,138,381																				
Required	142,607	139,129																				
Additional	695,404	990,000																				
Withdrawal	442,404	263,900																				
Interest	3,574	2,211																				
End Balance	2,405,002	2,005,821																				
Operating Deficit Reserve	<ul style="list-style-type: none"> • For use in funding operating deficits – Operating Reserve Minimum is ≥50% of Project Expenses (paid or payable) during the prior fiscal year (Audit 2012) (LPA §7.12) 																					

Parkside Deal Book (Prototype Excerpt)

Partnership Management Fee	<ul style="list-style-type: none"> • \$25,000 annually (escalated by 3% annually), paid to Sponsor from net cash flow, per waterfall (Mgmt Fee Agr §2). • Cumulative without interest for next two years. (Mgmt Fee Agr §2). • Partner Management Fee Activity (Audit 2012, 2014) <table border="1" data-bbox="505 342 967 527"> <thead> <tr> <th></th> <th><u>Earned</u></th> <th><u>Paid</u></th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>33,598</td> <td>0</td> </tr> <tr> <td>2012</td> <td>34,606</td> <td>66,217</td> </tr> <tr> <td>2013</td> <td>35,644</td> <td>0</td> </tr> <tr> <td>2014</td> <td>36,713</td> <td>0</td> </tr> </tbody> </table>		<u>Earned</u>	<u>Paid</u>	2011	33,598	0	2012	34,606	66,217	2013	35,644	0	2014	36,713	0
	<u>Earned</u>	<u>Paid</u>														
2011	33,598	0														
2012	34,606	66,217														
2013	35,644	0														
2014	36,713	0														
Incentive Management Fee	<ul style="list-style-type: none"> • Sponsor earns Incentive Management Fee of 5% of Gross Revenues each year. Fee is non-cumulative and paid from NCF per waterfall (Inc Fee Agr §4) • Incentive Fee Activity (Audit 2012, 2014) <table border="1" data-bbox="505 674 967 858"> <thead> <tr> <th></th> <th><u>Earned</u></th> <th><u>Paid</u></th> </tr> </thead> <tbody> <tr> <td>2011</td> <td></td> <td>0</td> </tr> <tr> <td>2012</td> <td></td> <td>4,118</td> </tr> <tr> <td>2013</td> <td></td> <td>0</td> </tr> <tr> <td>2014</td> <td>264,898</td> <td>0</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ○ 2012 Incentive Fee: \$4,118 2011 Incentive Fee: \$0 ○ 12/2012 Balance Due: 0 (Audit 2012) 		<u>Earned</u>	<u>Paid</u>	2011		0	2012		4,118	2013		0	2014	264,898	0
	<u>Earned</u>	<u>Paid</u>														
2011		0														
2012		4,118														
2013		0														
2014	264,898	0														
Net Cash Flow, Waterfall	<ul style="list-style-type: none"> • Net Cash Flow (NCF) defined as Gross Revenues plus Operating Reserves withdrawn (and spent) less sum of Project Expenses (including required reserve contributions) and Debt Service (LPA §2 Definitions) • Waterfall from Net Cash Flow for Distribution: (LPA §7.03(p)) <ol style="list-style-type: none"> 1. Required deposits to the Operating Reserve (to min bal of 50% expenses) 2. Deferred developer fee (None) 3. Ground Lease rent 4. Partnership Management Fee 5. Incentive Management Fee 6. Additional deposits to operating reserve <p>>> Potential distributions beyond 10% "borrower equity" to Excess Equity Account (R&O §7)</p> <ol style="list-style-type: none"> 7. (=EQUALS=) <i>Distributable Net Cash Flow</i> (LPA § 10.03) <ol style="list-style-type: none"> a. To GP for Operating Deficit Capital Contributions (to aggregate deficit contribution not yet repaid) b. Balance distributed 99.99% to LP / 0.01 to GP 															
Reports	<ul style="list-style-type: none"> • Tax information, including K-1 to LP by March 1, Tax Return filed by March 15 (LPA §13(a)) • Audit to MH by March 15 (LPA §13(b)), March 31 (R&O §14) • Quarterly Financial & Occupancy Reports to LP (LPA §13(c)) • At MH Request, quarterly financial and occupancy reports (R&O §14) • Budget to LP (and MH?) by November 1 (LPA §13.05) 															

Parkside Deal Book (Prototype Excerpt)

Guarantees	<ul style="list-style-type: none"> • GP Guarantees LIHTC to Investor Limited Partner (Audit) <ul style="list-style-type: none"> ○ \$936,926 for each of ten years (Audit Note 1(a)). • GP has fiduciary responsibility for all Partnership funds. (LPA §7.03(c)). • GP guarantees operating deficits, less interest on the MHFA loan (LPA §7.03(l)) • GP obligation to fund Operating Deficit Reserve (Audit – look at LPA)
Other Commitments	<ul style="list-style-type: none"> • 50% of annual project expenses for goods and services to MBEs and 50% of rehab funds. (LPA §7.03(q)).
Insurance Requirements	<ul style="list-style-type: none"> • Liability ≥ \$3M per occurrence, combined single limit, deductible ≤ \$5K. • Property all-risk, replacement cost, agreed-amount endorsements, building laws coverage and rental insurance (≥ 1 Yr), w/ deductible \$5K. (LPA § 7.03(t)) (GL §9.2)
Partner Authority and Consent	<ul style="list-style-type: none"> • LP is authorized to require: <ul style="list-style-type: none"> ○ Removal of GP for cause (LPA §11.03) ○ Removal of management agent for cause (LPA §8.03) ○ Removal of auditor (LPA §8.04) • LP Consent required for (LPA §7.05) <ul style="list-style-type: none"> ○ Auditor selection or change ○ Insurance claim or judgment settlement ≥\$100,000 ○ Indebtedness ≥\$100,000 ○ Termination or replacement of management agent or material changes to management agreement or management plan • Management Contract must include Lender (MH) authority to terminate contract without cause within 30 days (R&O §9(b)). • NYSHFA must approve any loans by partners to Partnership (LPA §16.11(a)) • NYSHFA may terminate management agent, and must approve any changes in management agent and management fees. (LPA §16.11(e))
Purchase Option	<ul style="list-style-type: none"> • <u>Right of Refusal and Purchase Option Agreement</u> outlines IBA/ETC rights on purchase or transfer.